

**Uttar Pradesh Electricity Regulatory Commission
Lucknow**

Petition No. 2319 of 2025



Order under Section 62 and 64 of the Electricity Act, 2003

on

True Up for FY 2024-25,
Annual Performance Review for FY 2025-26,
&
Aggregate Revenue Requirement and SLDC Charges for FY 2026-27

for

Uttar Pradesh State Load Despatch Centre

April 15th, 2026

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BEFORE

UTTAR PRADESH ELECTRICITY REGULATORY COMMISSION

Petition No.: 2319 of 2025

In the matter of:

Determination of Annual Revenue Requirement (ARR) & LDC Charges for the FY 2026-27, Annual Performance Review (APR) for FY 2025-26 and True-up for the FY 2024-25 (Petition No. 2319 of 2025) of Uttar Pradesh State Load Despatch Centre (UPSLDC).

And

In the matter of:

Uttar Pradesh State Load Despatch Centre, Lucknow (UPSLDC)

Order

The Commission, having deliberated upon the above Petition and the subsequent filings by the Petitioner, admitted the Petition on January 23, 2026. Further, having considered the views/comments/suggestions/objections/representations received from the stakeholders during the course of the above proceedings, including the Public Hearing held on February 25, 2026, the Commission hereby passes this Order in exercise of the powers vested to it under Electricity Act, 2003 (hereinafter referred to as 'the Act') read with UPERC (Fees & Charges of State Load Despatch Centre and other related matters) Regulations, 2025 .

The Petitioner, in accordance with Regulation 3(7) of the UPERC (Fees & Charges of State Load Despatch Centre and other related matters) Regulations, 2025, shall publish the Charges approved by the Commission within three working days after approval by the Commission in at least two (2) English and two (2) Hindi daily newspapers having wide circulation in the State of Uttar Pradesh. Further, UPSLDC shall upload the approved Charges on its website in English and Hindi.

The LDC Charges, so published, shall come into force after seven days from the date of such publication of the Charges and unless amended or revoked, shall continue to be in force till the next Order becomes effective. However, in case this tariff Order comes in to force from any date during the currency of this month, the monthly LDC Charges prescribed for the Users

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(except short term Open Access) shall be effective for the entire month. The Commission may issue clarification / corrigendum / addendum to this Order as it deems fit from time to time with the reasons to be recorded in writing.



1. INTRODUCTION AND HISTORICAL BACKGROUND

1.1. INTRODUCTION

1.1.1. This Order has been issued on the Petition filed by Uttar Pradesh State Load Despatch Centre (hereinafter referred to as 'UPSLDC' or the 'Petitioner') - Petition No. 2319 of 2025 for True Up of FY 2024-25, Annual Performance Review of FY 2025-26, approval of ARR & determination of SLDC Charges for FY 2026-27.

1.2. HISTORICAL BACKGROUND

1.2.1. **Uttar Pradesh Electricity Regulatory Commission:** The Uttar Pradesh Electricity Regulatory Commission (hereinafter referred to as the 'UPERC' or 'the Commission') was constituted under Section 17 of the Electricity Regulatory Commission's Act, 1998 and came into being on September 10, 1998, vide Government of Uttar Pradesh (GoUP) Notification No. 2813-P-1/98-24. It was later deemed to have been appointed under Section 3 of Uttar Pradesh Electricity Reforms Act, 1999 and continues to be the State Commission under the first proviso of Section 82 Electricity Act, 2003 (hereinafter referred to as 'the Act' or 'EA, 2003').

1.2.2. **Historical Background of Reforms & Uttar Pradesh State Load Despatch Centre:** In pursuance of the reforms and restructuring process, the erstwhile Uttar Pradesh State Electricity Board (UPSEB) was unbundled into the following three separate entities through the Uttar Pradesh Electricity Reforms Transfer Scheme, 2000 dated January 14, 2000:

- Uttar Pradesh Power Corporation Limited (UPPCL): vested with the function of Transmission and Distribution within the State
- Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited (UPRVUNL): vested with the function of Thermal Generation within the State
- Uttar Pradesh Jal Vidyut Nigam Limited (UPJVNL): vested with the function of Hydro Generation within the State

1.2.3. Subsequently, the Uttar Pradesh Power Transmission Corporation Limited (UPPTCL), a Transmission Company (Transco), came into existence when in compliance to

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GoUP Letter No. 293 dated 16.05.2006, the name and object clause of the Memorandum of Association of the erstwhile Uttar Pradesh Vidyut Vyapar Nigam Limited (incorporated on 31.05.2004) was changed on 13.07.2006.

1.2.4. Further, the Government of Uttar Pradesh (GoUP), in exercise of powers vested under Section 30 of the Electricity Act, 2003, vide Notification No. 122/U.N.N.P/24-07 dated July 18, 2007, notified UPPTCL as the "State Transmission Utility" (STU) of Uttar Pradesh. Subsequently, on December 23, 2010, the GoUP notified the Uttar Pradesh Electricity Reforms (Transfer of Transmission and Related Activities Including the Assets, Liabilities and Related Proceedings) Scheme, 2010, which provided for the transfer of assets and liabilities from UPPCL to UPPTCL with effect from April 01, 2007.

1.2.5. The GoUP, in exercise of the powers vested under Section 31 of the Act, vide Notification No. 78/24-U.N.N.P.-11-525/08 dated January 24, 2011, notified the "Power System Unit" as the "State Load Despatch Centre" of Uttar Pradesh for the purpose of exercising the powers and discharging the functions provided under Part V of the Electricity Act, 2003.

1.2.6. The Commission, from time to time, directed UPPTCL to establish UPSLDC as an independent body separate from UPPTCL so that ring-fencing and functional autonomy of UPSLDC is ensured. Up to August 22, 2022, UPSLDC was operating as a part of the UPPTCL in its capacity as the STU of the State. UPSLDC was finally incorporated as a limited company on August 22, 2022, under the Companies Act, 2013.

1.2.7. Vide Notification No. 30/XXIV-U.N.N.P-23-525-2008 dated May 24, 2023, the GoUP notified UP Electricity Reform (Transfer of SLDC and Related Activities including the Assets, Liabilities, Personnel, and Related Proceedings) Scheme, 2023 providing for transfer from UPPTCL to UPSLDC.

1.3. SLDC TARIFF REGULATIONS

1.3.1. UPERC (Fees & Charges of State Load Despatch Centre and other related matters) Regulations, 2020 (hereinafter referred to as "UPERC SLDC Regulations, 2020") has



been notified on May 14, 2020, and is applicable for the period from April 1, 2021, to March 31, 2025, unless reviewed earlier or extended by the Commission.

- 1.3.2. These Regulations became applicable for the determination of True Up of FY 2024-25.
- 1.3.3. UPERC (Fees & Charges of State Load Despatch Centre and other related matters) Regulations, 2025 (hereinafter referred to as "UPERC SLDC Regulations, 2025") has been notified on June 20, 2025, and applicable for the period from April 1, 2025, to March 31, 2030, unless reviewed earlier or extended by the Commission.
- 1.3.4. These Regulations became applicable for the determination of Annual Performance Review of FY 2025-26 and approval of ARR & determination of SLDC Charges for FY 2026-27.

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2. FILING OF PETITIONS

2.1. ARR FOR FY 2026-27, APR FOR FY 2025-26, & TRUE-UP FOR FY 2024-25 AND ANNUAL CAPITAL INVESTEMENT PLAN FOR FY 2026-27

- 2.1.1. The Commission had notified the Uttar Pradesh Electricity Regulatory Commission (Fees & Charges of State Load Despatch Centre and other related matters) Regulations, 2020 (herein after referred as UPERC SLDC Regulations, 2020) on May 14, 2020. As per the provisions stipulated in the Regulation 6 of UPERC SLDC Regulations, 2020, the Petition for determination of True-Up, Annual Performance Review (APR) and Aggregate Revenue Requirement (ARR)/Tariff, complete in all respect has to be filed by UPSLDC for each year of the Control Period (FY 2021-22 to FY 2024-25) before the Commission on or before November 30th of concerned year.
- 2.1.2. Thereafter, the Commission had notified the UPERC (Fees and Charges of State Load Despatch Centre and Other Related Matters) Regulations, 2025 (hereinafter referred as 'UPSLDC Regulations 2025') on June 20, 2025. UPSLDC Regulations 2025 is applicable for the control period from April 01, 2025 to March 31, 2030, unless extended by the Commission.
- 2.1.3. In the present filing, Regulation, 2020, is applicable for True Up of FY 2024-25 and Regulation, 2025 is applicable for APR for FY 2025-26 & ARR/LDC Charges for FY 2026-27.
- 2.1.4. The Petitioner filed its Tariff Petition No. 2319/2025 seeking approval of the True-Up for FY 2024-25 along with the audited accounts for FY 2024-25, in accordance with the provisions of the Regulations, 2020.

Further, in the instant Petition, the Petitioner has filed the Annual Performance Review (APR) for FY 2025-26, Annual Capital Investment Plan for FY 2026-27 and ARR & Tariff for FY 2026-27 under the provisions of Regulations, 2025 before the Commission on November 28, 2025.

2.2. PRELIMINARY SCRUTINY OF THE PETITIONS

- 2.2.1. A preliminary analysis was conducted of Petition No. 2319/2025, wherein various deficiencies were observed in the Petition, and the deficiencies were communicated



to the Petitioner vide 1st deficiency dated December 22, 2025, 2nd deficiencies were raised vide Minutes of Meeting of Technical Validation Session dated January 22, 2026, and 3rd deficiency vide mail on dated. 02.02.2026.

- 2.2.2. The Petitioner has submitted its response to the deficiencies in respect of True-Up of FY 2024-25, APR for FY 2025-26 and ARR for FY 2026-27. TVS was conducted was conducted on January 22, 2026, which was attended by senior officials of the Commission and UPSLDC. During the TVS, the Petitioner clarified various issues raised in the deficiencies. Minutes of Meeting (MOM) dated January 22, 2026, of TVS meeting along with 2nd deficiency was also communicated to the Petitioner.
- 2.2.3. The Petitioner has submitted its response to the 1st, 2nd, and 3rd deficiency (raised through TVS MoM) vide letters Jan 05, 2026, January 29, 2026, and February 10, 2026. The TVS covering the Petition was conducted on January 22, 2026, respectively.
- 2.2.4. The Commission has scrutinized the Petition along with additional data/information and supporting documents, as submitted by the Petitioner, in response to the deficiencies identified and considered the same while passing this Order.

2.3. ADMITTANCE OF THE PETITIONS

- 2.3.1. The Commission admitted the Petition No. 2319 of 2025 vide its Order dated January 23, 2026 (**Annexed as: Annexure-I**) and directed the Petitioner to upload the Public Notice, Petitions filed before the Commission, regulatory filings, information, particulars, and related documents on its website. The Petitioner was also directed to publish a Public Notice consisting of summary and highlights of ARR & determination of SLDC charges for UPSLDC in at least two (2) English and two (2) Hindi daily newspapers having wide circulation in the State, inviting suggestions and objections from the stakeholders and public at large, within 21 days from the date of publication of the Public Notice.

2.4. PUBLICITY OF THE PETITIONS

- 2.4.1. The Petitioner has uploaded the above-mentioned Petitions on UPSLDC's official website (<https://www.upsldc.org>). In addition to the above, the Public Notices were

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subsequently issued by the Petitioner in various newspapers, and a period of twenty-one days (21) days was given to all the stakeholders and the general public to submit their comments/suggestions.

TABLE 2-1: LIST OF NEWSPAPERS AND DATES OF PUBLICATION OF PUBLIC NOTICES FOR SUBMITTING COMMENTS/VIEW

| Newspaper | Date of Publication |
|---|---------------------|
| Amar Ujala (Hindi) All editions of U.P. | January 28, 2026 |
| The Times of India (English) of Lucknow & Delhi | January 28, 2026 |
| Dainik Jagran (Hindi) All editions of U.P. | January 28, 2026 |
| Hindustan Times (English) of Lucknow & Delhi | January 28, 2026 |

2.4.2. The Petitioner has also published Public Notices in various newspapers for intimation for scheduling a Public Hearing for all the stakeholders and the general public.

TABLE 2-2: LIST OF NEWSPAPERS AND DATES OF PUBLICATION OF PUBLIC NOTICES FOR SCHEDULING A PUBLIC HEARING

| Newspaper | Date of Publication |
|---|---------------------|
| Amar Ujala (Hindi) All editions of U.P. | January 31, 2026 |
| The Times of India (English) of Lucknow & Delhi | January 31, 2026 |
| Dainik Jagran (Hindi) All editions of U.P. | January 31, 2026 |
| Hindustan Times (English) of Lucknow & Delhi | January 31, 2026 |



3. PUBLIC HEARING PROCESS

3.1. PUBLIC HEARING

3.1.1. The Commission, in order to achieve the twin objectives of observing transparency in its proceedings and protecting the interest of consumers, attaches importance to the views / comments / suggestions / objections / representations of the public on the True Up and ARR / SLDC Charges determination process.

3.1.2. The Commission, in order to have participation and views / comments / suggestions / objections from the public at large and all stakeholders, uploaded the Notice of Public Hearing dated February 04, 2026, on its website (www.uperc.org) and published the same in the following daily newspapers of following days:

| Newspaper | Date of Publication |
|--|---------------------|
| Amar Ujala (Hindi) UP Edition | February 4, 2026 |
| The Times of India (English) Lucknow Edition | February 4, 2026 |
| Dainik Jagran (Hindi) UP Edition | February 4, 2026 |
| Hindustan Times (English) Delhi Edition | February 4, 2026 |

3.1.3. The Commission held the "Public Hearing" for the Petitioner on February 25, 2026, after informing all the stakeholders and the public at large through advertisements in newspapers dated February 4, 2026 and on the Commission's website (**Annexed as: Annexure-II**). In the Public Hearing, various stakeholders as well as the general public were provided a platform where they were able to share their views/ comments/ suggestions/ objections/ representations on the proceedings on the True Up of FY 2024-25, APR for FY 2025-26, and ARR for FY 2026-27 and determination of SLDC Charges.

3.2. VIEWS / COMMENTS / SUGGESTIONS / OBJECTIONS / REPRESENTATIONS ON TRUE-UP OF FY 2024-25, APR FOR FY 2025-26, AND ARR FOR FY 2026-27 AND DETERMINATION OF LDC CHARGES

3.2.1. The Commission has considered the submissions made during the Public Hearing and written comments/ suggestions offered by various stakeholders and the public at large on the Petitions filed by the Petitioner on True Up for FY 2024-25, APR for FY 2025-26, and ARR for FY 2026-27 and determination of LDC Charges, including

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the response of the Petitioner thereon on such comments. The comments/suggestions of various stakeholders, the replies/response by the Petitioner, and the views of the Commission thereon are summarized below:

LACK OF TRANSPARENCY IN UPLOADING THE PETITION

Comment/Suggestion of the stakeholders

3.2.2. Shri Avadhesh Kumar Verma, Chairman, UP Rajya Vidyut Upbhokta Parishad (UPRVUP), submitted that UPSLDC uploaded its ARR petition on its website only a few minutes before the hearing was scheduled to begin. Because of this, consumers and other concerned stakeholders did not get sufficient time to study the petition and submit their objections. This process is contrary to the principles of transparency.

Petitioner's Response

3.2.3. The Petitioner, during public hearing, submitted that the information related to ARR Petition had been uploaded on the website of UPSLDC. However, subsequently due to some technical reason, the information was not reflecting on the website for a period. As soon as this came to notice of the Petitioner, the technical issue was rectified, and information was made available on UPSLDC website. This was an unintentional error, which will not be repeated in the future.

Commission's View

3.2.4. The Commission has taken serious note of this issue and has expressed displeasure that information was not available on the website for a period.

3.2.5. The Commission is of the view that the ARR petition must be made available to all stakeholders well in advance and should be available for such duration as directed by the Commission to ensure a fair and transparent consultation process.

Further, the Commission also emphasizes that ensuring timely disclosure of all petition-related documents is the responsibility of the Petitioner. The Commission directs UPSLDC to establish stricter internal checks and ensure that such lapses do not occur in the future, failing which strict action as considered deemed fit will be taken by the Commission.



SHUTTING DOWN GENERATION UNITS CITING “LOW DEMAND” AND NON-COMPLIANCE OF CONSUMER RIGHTS RULE, 2020

Comment/Suggestion of the stakeholders

3.2.6. Shri Avadhesh Kumar Verma, Chairman UPRVUP, submitted that the roster system is still in force in the state, while several power generation units are being shut down citing “low demand.” This situation is a matter of serious concern for consumers because it is the responsibility of the system to ensure 24-hour electricity supply to consumers. Further, according to the Consumer Rights Rules 2020 issued by the Government of India, there is a provision to provide 24-hour electricity supply to all consumers. However, even today in the state, limited-hour electricity supply is being provided in rural areas. The Commission should ensure strict implementation of this provision.

Petitioner’s Response

3.2.7. The Petitioner submitted that regarding the above matter action is taken at the level of Uttar Pradesh Power Corporation Limited.

Commission’s View

3.2.8. The Commission, upon consideration of the issue, is of the view that the issue does not pertain to the instant Petition. The power purchase and demand scheduling of generation side is primarily responsibility of distribution licensee. Hence this issue cannot be dealt with here.

3.2.9. The Commission also notes the concern of the stakeholder regarding uninterrupted electricity supply under the provisions of the Electricity (Rights of Consumers) Rules, 2020. The Commission observes that UPSLDC, as system operator, is primarily responsible for maintaining grid security, optimum scheduling & despatch of electricity, while exercising supervision & control over transmission system. Further, SLDC is responsible for carrying out real time operations for grid control & despatch of electricity within the State through secure & economic operations in accordance with the Grid Code. Accordingly, UPSLDC must ensure the compliance of the Grid Code & Electricity Act, 2003 and Merit Order Despatch Regulations.

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DISCREPANCIES IN ARR FIGURES

Comment/Suggestion of the stakeholders

3.2.10. Shri Avadhesh Kumar Verma, Chairman UPRVUP, submitted that UPSLDC has shown an annual revenue requirement of approximately Rs. 5,150 Lakh for the year 2026-27, which includes a gap of Rs. 2,381 Lakh from the year 2024-25. The actual requirement is around Rs. 2,700 Lakh. Therefore, he requested that the Commission conduct an independent verification of the figures and get them corrected.

Petitioner's Response

3.2.11. The Petitioner submitted that the Director (Finance) and the Director (Technical) of UPSLDC have conveyed the required ARR-related data to the Hon'ble UPERC.

Commission's View

3.2.12. The Commission has considered the objections / suggestions made by the stakeholder and the reply of the Petitioner. It is pertinent to mention that each component of ARR is considered in line with the UPERC SLDC Regulations, 2025. The Commission has examined the Petition and various submissions of the Petitioner. The Commission has determined the ARR & LDC Charges for FY 2026-27 in line with the methodology as mentioned in Chapter 6, which is in line with provisions of UPERC SLDC Regulations, 2025.

ISSUE OF INDEPENDENCE OF UPSLDC

Comment/Suggestion of the stakeholders

3.2.13. Shri Avadhesh Kumar Verma, Chairman UPRVUP, submitted that earlier, the Commission had directed that UPSLDC should be made an independent entity, and a separate Managing Director should be appointed for it. However, at present, the Managing Director of the Transmission Corporation is also serving as the Managing Director of UPSLDC, which raises questions regarding transparency and independence.

Petitioner's Response

3.2.14. The Petitioner submitted that the necessary action on that point is under

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consideration at the management level of UPPCL.

Commission's View

3.2.15. The Commission is of the view that functional independence of UPSLDC is vital for maintaining transparency, neutrality, and efficiency in grid operations. The Commission also emphasizes that UPSLDC must ensure that its governance and decision-making processes remain free from any conflict of interest. The Commission also expects that the institutional framework of UPSLDC be periodically reviewed and strengthened so that its operations are carried out in line with the mandate of the Electricity Act, 2003 and the UPERC SLDC Regulations, ensuring accountability and independence in its functioning. Further, in order to have transparency & independence of UPSLDC, the Petitioner is directed to take appropriate action to have independent Managing Director for UPSLDC.

AVAILABILITY OF SHUTDOWN STATUS OF POWER GENERATION UNITS

Comment/Suggestion of the stakeholders

3.2.16. Shri Avadhesh Kumar Verma, Chairman UPRVUP, submitted that the operational status and shutdown status of power generation units should be regularly updated and made public.

Petitioner's Response

3.2.17. The Petitioner submitted that information regarding the operation and shutdown of generating units is regularly and publicly updated on the UPSLDC website.

Commission's View

3.2.18. The Commission notes the submission of the Petitioner that such information is already being updated regularly on the UPSLDC website. The Commission directs UPSLDC to ensure that this practice continues without interruption and that the information remains accurate, comprehensive, and consistently accessible to the public. The Commission will monitor compliance in future filings.

INCENTIVES

Comment/Suggestion of the stakeholders



3.2.19. Shri Avadhesh Kumar Verma, Chairman UPRVUP, submitted that the incentive system should be implemented at all levels, from top to bottom.

Petitioner's Response

3.2.20. The Petitioner submitted that for all certified officers/employees working under UPSLDC, incentives are provided as per the UPERC SLDC Regulations, 2025.

Commission's View

3.2.21. The Commission has noted the submission regarding the implementation of the incentive system across all levels of personnel in UPSLDC. In this regard, the Commission states that, as per the provisions of the UPERC SLDC Regulations, 2025, the incentive framework is applicable to all personnel posted in UPSLDC from top to bottom subject to the condition that such personnel obtain the Basic-level or Advance-level certifications in their area of specialization.



4. TRUING UP OF AGGREGATE REVENUE REQUIREMENT FOR FY 2024-25:

4.1. INTRODUCTION

4.1.1. Regulation 9 of the UPERC SLDC Regulations, 2020 provides as follows:

Quote

9. True-Up–

9.1 The SLDC shall file timely Petition for True-Up: Provided that the Petition shall include information in such form as may be stipulated by the Commission, together with the Accounting Statements, extracts of books of account and such other details, as per the Guidelines and Formats prescribed or directions given by the Commission.

9.2 The Commission shall carry out Truing-Up exercise of expenses and revenue based on audited annual accounts of the corresponding year subject to prudence check of the Commission.”

Unquote

4.1.2. The Petitioner has submitted the Petition for Truing Up of FY 2024-25 based on the Audited Accounts of UPSLDC for the period of FY 2024-25 (01.04.2024 to 31.03.2025) for the True Up.

4.1.3. The Commission, based on the provisions of the UPERC SLDC Regulations, 2020, has now carried out the True Up for FY 2024-25 for the Petitioner, taking into account the following:

- a. Annual Audited Accounts for FY 2024-25 in the manner indicated above;
- b. UPERC SLDC Regulations, 2020;
- c. Materials placed before the Commission;
- d. Methodology adopted in any relevant Regulations/Orders issued from time to time by the Commission.

4.1.4. As per Regulation 5.10 of UPERC SLDC Regulations, 2020, the annual LDC charges consist of following components:

- (a) Operation & Maintenance Expenses;
- (b) Depreciation;
- (c) Interest on Loan Capital;

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- (d) Interest on Working Capital;
- (e) Return on Equity Capital;
- (f) Income Tax;
- Minus;
- (g) Income from Open Access charges;
- (h) Non-Tariff Income.

4.1.5. The component-wise description of the Petitioner's submission and the Commission's analysis on the same is detailed in the subsequent sections.

4.2. OPERATION AND MAINTENANCE (O&M) EXPENSES

Petitioner's Submission

4.2.1. The Petitioner has submitted that Regulation 11 of the UPERC SLDC Regulations, 2020 provides that the Operation and Maintenance (O&M) Expenses shall comprise of the following elements:

- (a) Employee Expenses,
- (b) Repair and Maintenance (R&M) Expenses,
- (c) Administrative and General (A&G) Expenses

4.2.2. The Petitioner has submitted the details of O&M expenses under the above heads based on the Annual Audited Accounts. The Petitioner further submitted that the Commission in the Tariff Order for FY 2024-25 dated 10th October 2024 has computed the Normative O&M Expenses based on last five years i.e FY 2015-16 to FY 2019-20 of allocated expenses escalated by CPI and WPI and approved the lower of normative and actual expenses. As the Petitioner was incorporated as a separate company on 22nd August 2022 and it earlier functioned as part of UPPTCL without separately maintaining accounts, therefore certain common expenses were not reflected in the allocation statements, resulting in lower computation than actual. Post incorporation, the Petitioner has to incur such common expenses (Security, Office Maintenance, Housekeeping, Civil Works, etc.) as well as additional/new expenses (Audit Fees, Consultancy, Petition Filing Fees, ISO certification, Cyber Security, etc.) which were not considered in normative computation, leading to higher actual O&M expenses than normative.



- 4.2.3. The Petitioner further submitted that all the expenses attributable to the SLDC function are not reflected in the certified allocation statement of FY 2015-16 to FY 2019-20 due to common nature of certain expenses, which were borne centrally by Civil/Headquarter Units of UPPTCL. Therefore, computation of O&M expenses by considering the last 5-year expenses based on allocated expenses of FY 2015-16 to FY 2019-20 does not factor in all actual expenses of FY 2024-25 attributable to its functioning. Accordingly, considering the above allocated expenses as base and escalating the same with the escalation factors as provided in the UPERC SLDC Regulations, 2020 does not reflect the actual levels of expenses which the Petitioner is essentially required to incur for discharging its functions mandated by the Electricity Act, 2003.
- 4.2.4. Hence, actual O&M expenses of FY 2024-25 are higher than those computed on normative basis on account of common expenses such as Security Expenses, Maintenance of Office Equipment, Buildings, Pest Control and Sanitation, Maintenance of Park & Plantation, House Keeping, Civil Maintenance Work etc. The Petitioner has computed the actual variations of such common expenses during the FY 2019-20 and FY 2024-25 and the same has been duly certified by the Chartered Accountants (CA Certificate).
- 4.2.5. The Petitioner further submitted that in view of the ever changing technology and cyber security conditions and after being incorporated as a separate company, it also has to incur additional/new expenses i.e. Audit Fees, Consultancy Services, Petition Filing Fees, ISO certification, Cyber Security Expenses, etc. which were previously not incurred by UPSLDC function during FY 2015-16 to FY 2019-20 and hence not factored in while calculating the Normative Expenses during Truing Up. Accordingly, the Petitioner has computed such new expenses incurred after FY 2019-20 and the same has been duly certified by the Chartered Accountants (CA Certificate). Further, the Commission vide its Tariff Order for the FY 2025-26 observed as follows:

“The Commission has observed that Petitioner from time to time has revised claim on this account during various submissions and has not submitted any documentary evidence to substantiate the revised figures. Accordingly, the



Commission is of the considered view that such unverified and unsubstantiated claims cannot be passed on in the ARR. Therefore, the Commission directs the Petitioner to submit these common expenses along with the requisite audited accounts/CA certificates at the time of filing the next True-up Petition, whereupon the Commission may consider the same if considered deemed fit."

4.2.6. In view of the above facts, the Petitioner submitted the CA Certificate in respect of increased Common Expenses and additional expenses incurred after FY 2020-21. Further, the revised norms for O&M expenses shall be higher than the actual expenses incurred by the Petitioner during FY 2024-25.

4.2.7. **Employee Expenses:** The Petitioner has submitted that the Employee expenses comprise of costs towards salaries, dearness allowances, medical expense reimbursement, pension & gratuity, department training and other allowances.

Further, the UP-Electricity Reforms (Transfer of SLDC and Related Activities including the Assets, Liabilities, Personnel and Related Proceedings) Scheme 2023 provides that out of total 281 No. of sanctioned post, 107 No. (56 No. of Computer Operators and 51 No. of Peons) of employees would be contractual. The Petitioner has engaged contractual manpower for the above services including Security Guards. This outsourced contractual manpower is deployed against sanctioned post under UP-Electricity Reforms Schemes, 2023.

Accordingly, for preparation of the Truing up exercise for the FY 2024-25, UPSLDC has separated these expenses into Outsourced Manpower against sanctioned post and Security Guards and claimed Outsourced manpower against the sanctioned post under Employee Expenses and outsourced manpower towards Security Guard under A&G Expenses for the FY 2024-25.

4.2.8. The actual employee expenses of the Petitioner for FY 2024-25 are shown in the below Table:

TABLE 4-1: EMPLOYEE EXPENSES OF FY 2024-25 SUBMITTED BY THE PETITIONER (Rs. LAKH)

| S. N. | Employee Expenses | Approved in Tariff Order dated. 10.10.2024 | Actual Claimed for FY 2024-25 |
|-------|-----------------------|--|-------------------------------|
| 1 | Salaries & Allowances | 2,779.29 | 1,216.66 |

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| S. N. | Employee Expenses | Approved in Tariff Order dated. 10.10.2024 | Actual Claimed for FY 2024-25 |
|-------|--|--|-------------------------------|
| 2 | Dearness Allowance | | 635.84 |
| 3 | Other Allowances | | 117.16 |
| 4 | Pension & Gratuity | | 70.53 |
| 5 | Medical Expenses (Re-imburement) | | 15.94 |
| 6 | Earned Leave Encashment | | 258.73 |
| 7 | Contribution to provident & Other Funds | | 143.16 |
| 8 | Superannuation Gratuity (Employees under CPF Scheme) | | 179.65 |
| 9 | Department Training | | 10.22 |
| 10 | Grand Total | 2,779.29 | 2,647.89 |
| | Add: Expenses towards Outsourced Manpower for sanctioned post | - | 312.52 |
| 11 | Net Employee Expenses | 2,779.29 | 2,960.41 |

4.2.9. **Repairs and Maintenance (R&M) Expenses:** The Petitioner has submitted that R&M Expenses are expenses on repair and maintenance of Plant and Machinery, Software, and Office Equipment. It is important for UPSLDC to incur the R&M expenses in order to perform its duties as defined in the Electricity Act, 2003 and other governing Regulations thereof. The actual R&M expenses for FY 2024-25 are tabulated below:

TABLE 4-2: R&M EXPENSES OF FY 2024-25 SUBMITTED BY THE PETITIONER (Rs. LAKH)

| S.N. | Particular | Approved in Tariff Order dated. 10.10.2024 | Actual claimed for FY 2024-25 |
|------|-------------------------------|--|-------------------------------|
| 1 | Office Buildings | | 40.96 |
| 2 | Plant & Machinery | | 83.27 |
| 3 | Software | 354.39 | 140.25 |
| 4 | Office Equipment | | 7.03 |
| 5 | Total R&M Expenses | 354.39 | 271.51 |

4.2.10. **Administrative and General (A&G) Expenses:** The Petitioner has submitted that A&G Expenses comprise of expenses towards Communication Charges, Conveyance and Travelling expenses, Electricity Charges, Miscellaneous Expenses, Legal Charges, and Printing & Stationery expenses.

Further, the UP-Electricity Reforms (Transfer of SLDC and Related Activities including the Assets, Liabilities, Personnel and Related Proceedings) Scheme, 2023 provides



that out of total 281 No of sanctioned post, 107 No. (56 No. of Computer Operator and 51 No. of Peon) of employees will be contractual. Accordingly, UPSLDC has engaged contractual manpower for the above services including Security Guard. However, UPSLDC has inadvertently booked total expense towards outsourced manpower in A&G Expenses in the Audited Annual Accounts of UPSLDC for the FY 2024-25.

Therefore, for preparation of the Truing up exercise for the FY 2024-25, UPSLDC has separated these expenses into Outsourced Manpower against sanctioned post and Security Guard and accordingly, claimed Outsourced Manpower against the sanctioned post under Employee Expenses and outsourced manpower towards Security Guard under A&G Expenses for the FY 2024-25.

- 4.2.11. Based on the above, the actual A&G expenses computed by UPSLDC based on the annual audited accounts of FY 2024-25 are as follows:

TABLE 4-3: A&G EXPENSES OF FY 2024-25 SUBMITTED BY THE PETITIONER (Rs. LAKH)

| S.N. | Particular | Approved in Tariff Order dated. 10.10.2024 | Actual expense as incurred by UPSLDC in FY 2024-25 |
|------|--|---|---|
| 1 | Auditors Remuneration | 399.91 | 9.07 |
| 2 | Advertisement Expenses | | 11.65 |
| 3 | Communication Charges | | 24.34 |
| 4 | Consultancy Charges | | 38.70 |
| 5 | Electricity Expenses | | 125.20 |
| 6 | Legal Charges | | 17.87 |
| 7 | Total Outsourced Manpower (including security guards) | | 378.94 |
| 8 | Miscellaneous Expenses | | 3.26 |
| 9 | Printing & Stationery | | 8.31 |
| 10 | Technical Fees & Professional Charges | | 4.88 |
| 11 | Travelling & Conveyance | | 21.35 |
| 12 | Vehicle Expenditure | | 43.73 |
| 13 | Property Related Expenses | | 12.20 |
| 14 | Other Expenses & Losses | | 7.47 |
| 15 | Gross A&G Expenses | | 399.91 |
| | Less: Expenses towards Outsourced Manpower for sanctioned post | - | 312.52 |
| 16 | Total A&G Expenses | 399.91 | 394.45 |



4.2.12. **Summary of Operation & Maintenance (O&M) Expenses:** The Petitioner submitted that it has claimed the actual O&M expenses based on the audited annual accounts for truing up of FY 2024-25. The summary of the actual O&M expenses as per the claim and Normative approval of the Commission are shown below:

TABLE 4-4: O&M EXPENSES OF FY 2024-25 SUBMITTED BY THE PETITIONER (Rs. LAKH)

| S. N. | Particulars | Approved in Tariff Order dated. 10.10.2024 | Actual expense as incurred by UPSLDC in FY 2024-25 |
|-------|-------------------|--|--|
| 1 | Employee Expenses | 2,779.29 | 2,960.41 |
| 2 | R&M Expenses | 354.39 | 271.51 |
| 3 | A&G Expenses | 399.91 | 394.45 |
| 4 | Total | 3,533.58 | 3,626.37 |

4.3. NORMATIVE OPERATION AND MAINTENANCE (O&M) EXPENSES

4.3.1. The Petitioner has submitted that Regulation 11.2 & 11.3 of the UPERC SLDC Regulations, 2020 provides the norms for computation of the Normative Operation and Maintenance (O&M) Expenses for FY 2024-25. Based on these provisions, the Petitioner has computed the Normative O&M expenses for FY 2024-25. The detailed computation of the base year expenses (i.e FY 2020-21) is as follows:

TABLE 4-5: NORMATIVE O&M EXPENSES FOR THE BASE YEAR FY 2020-21 SUBMITTED BY THE PETITIONER (Rs. LAKH)

| Sl. No. | Particulars | FY 2015-16 | FY 2016-17 | FY 2017-18 | FY 2018-19 | FY 2019-20 | Normative Expenses (upto Base Year) | | | |
|---------|---|-----------------|-----------------|-----------------|-----------------|-----------------|-------------------------------------|-----------------|-----------------|------------------------|
| | | | | | | | FY 2017-18 (Mid-Year) | FY 2018-19 | FY 2019-20 | FY 2020-21 (Base Year) |
| 1 | Employee Expenses | 1,564.68 | 1,617.62 | 1,916.27 | 2,142.26 | 2,371.66 | 1,922.50 | 2,022.50 | 2,149.90 | 2,241.73 |
| 2 | R&M Expenses | 75.40 | 146.19 | 214.75 | 314.49 | 311.55 | 212.47 | 223.53 | 237.61 | 247.76 |
| 3 | A&G Expenses | 174.61 | 261.90 | 215.14 | 224.44 | 322.75 | 239.77 | 252.24 | 268.13 | 279.58 |
| 4 | Total O&M Expenses | 1,814.69 | 2,025.71 | 2,346.16 | 2,681.19 | 3,005.96 | 2,374.74 | 2,498.27 | 2,655.63 | 2,769.07 |
| 5 | Weighted Average Inflation Index (40%*WPI+ 60%*CPI) | | | | | | | 5.20% | 6.30% | 4.27% |

4.3.2. Further, the Petitioner has submitted that Regulation 11.4 of the UPERC (Fee & Charges of State Load Despatch Centre and Other Related Matters) Regulations,

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2020 provides:

“11.4 The One-time expenses such as expense due to change in accounting policy, wage arrears paid due to Pay Commissions, the expenses beyond the control of the SLDC such as dearness allowance, terminal benefits etc. in Employee cost may be allowed by the Commission over and above normative Operation & Maintenance Expenses after prudence check.”

4.3.3. In terms of the aforesaid provision, the Petitioner has submitted that expenditure towards Terminal Benefits was beyond the control of UPSLDC. Accordingly, UPSLDC had claimed the Terminal Benefit expenses based on the actual expenditure incurred, as reflected in the audited annual accounts of UPSLDC for FY 2024-25, over and above the normative employee expenses for FY 2024-25.

4.3.4. Further, the Petitioner has submitted that the Regulation 11.7, 11.8 and 11.9 provides the methodology to arrive at the applicable normative O&M expenses for the respective year from the base year. The details of the same are as follows:

TABLE 4-6: NORMATIVE O&M EXPENSES FOR FY 2024-25 (Rs. LAKH)

| Sl. No. | Particulars | FY 2020-21 (Base Year) | FY 2021-22 | FY 2022-23 | FY 2023-24 | FY 2024-25 |
|---------|---|------------------------|-----------------|-----------------|-----------------|-----------------|
| 1 | Employee Expenses | 2,241.73 | 2,356.70 | 2,499.34 | 2,628.96 | 2,717.92 |
| 2 | Add: Terminal Benefit (as per Regulation 11.4 of UPERC SLDC Tariff Regulations, 2020) | - | - | - | - | 438.38 |
| 3 | Total Employee Expenses | - | - | - | - | 3,156.30 |
| 4 | R&M Expenses | 247.76 | 279.96 | 306.30 | 304.07 | 310.98 |
| 5 | A&G Expenses | 279.58 | 315.91 | 345.64 | 343.13 | 350.93 |
| 6 | Total O&M Expenses | 2,769.07 | 2,952.57 | 3,151.28 | 3,276.16 | 3,818.21 |
| 7 | Actual CPI Index (For Employee Expenses) | - | 5.13% | 6.05% | 5.19% | 3.38% |
| 8 | Actual WPI Index (For R&M and A&G Expenses) | - | 13.00% | 9.41% | -0.73% | 2.27% |

4.3.5. The Petitioner has submitted that after its incorporation as a separate company, it is required to incur several expenses which were earlier common in nature prior to



its incorporation, including security services, maintenance of office equipment and buildings, housekeeping, sanitation, civil maintenance works, and related activities. In addition, UPSLDC has also incurred new and additional expenses such as audit fees, consultancy charges, petition filing fees, ISO certification expenses, and cyber security expenses, which were not previously allocated to the SLDC function.

- 4.3.6. The Petitioner has further submitted that, in view of the above, the computation of Normative O&M Expenses based on allocation statements for the pre-incorporation period, i.e., FY 2015-16 to FY 2019-20, does not reflect the actual expenses being incurred by UPSLDC during FY 2024-25. Accordingly, the Petitioner has requested the Commission to allow the O&M Expenses based on the annual accounts audited.

Commission's Analysis

- 4.3.7. **Normative Computation:** The Commission, in its previous Tariff Order dated October 10, 2024, had already shown the computation of normative O&M Expenses in line with Regulation 9.2 of the UPERC SLDC Regulations, 2020. The relevant extract of the Order is quoted below:

"Regulation 9.2 of UPERC SLDC Regulations, 2020 provides for carrying out the Truing-Up exercise of expenses and revenue based on audited annual accounts of the corresponding year subject to the prudence check of the Commission. Further, Regulation 11.2 of the UPERC SLDC Regulations, 2020 provides that the Commission may consider normalizing of O&M Expenses based on the data of other States' SLDCs. Furthermore, regulations provide that O&M Expenses shall be normalised by excluding abnormal O&M variations/spikes. The Commission on comparing the O&M expenditure with SLDCs of other states of Bihar, Gujarat, Odisha and Rajasthan has prima facie observed that the Audited O&M Expenses of the Petitioner are on higher side. Further, in order to ascertain if there is any abnormality in the O&M Expenses as it is the first Tariff Order of UPSLDC, the Commission has carried out prudence check of each component and has also benchmarked it with the normative values, that are computed subsequently."

- 4.3.8. The Commission has computed normative O&M expenses as provided under Regulation 11 of UPERC SLDC Regulations, 2020. Accordingly, normative O&M Expenses for the Base Year (FY 2020-21) were computed in Tariff Order dated. 10.10.2024 for FY 2024-25. The computation of base year is being reiterated here for the sake of clarity. The base year is first computed considering the WPI and CPI

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inflation rate notified by Labour Bureau, Government of India (GoI) (http://labourbureau.gov.in/LBO_indexes.htm) and Economic Advisor, GoI (<https://eaindustry.nic.in/>) respectively for different years as shown in Table below:

TABLE 4-7: WPI INDICIES INFLATION RATES CONSIDERED BY THE COMMISSION

| Month | Wholesale Price Index | | | | | | |
|-----------------------|-----------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | FY20 | FY21 | FY22 | FY23 | FY24 | FY25 | FY26 |
| April | 121.10 | 119.20 | 132.00 | 152.30 | 151.10 | 152.90 | 154.20 |
| May | 121.60 | 117.50 | 132.90 | 155.00 | 149.40 | 153.50 | 153.70 |
| June | 121.50 | 119.30 | 133.70 | 155.40 | 148.90 | 154.00 | 153.70 |
| July | 121.30 | 121.00 | 135.00 | 154.00 | 152.10 | 155.30 | 154.40 |
| August | 121.50 | 122.00 | 136.20 | 153.20 | 152.50 | 154.40 | 155.20 |
| September | 121.30 | 122.90 | 137.40 | 151.90 | 151.80 | 154.70 | 154.90 |
| October | 122.00 | 123.60 | 140.70 | 152.90 | 152.50 | 156.70 | 154.80 |
| November | 122.30 | 125.10 | 143.70 | 152.50 | 153.10 | 156.40 | - |
| December | 123.00 | 125.40 | 143.30 | 150.50 | 151.80 | 155.70 | - |
| January | 123.40 | 126.50 | 143.80 | 150.70 | 151.20 | 155.00 | - |
| February | 122.20 | 128.10 | 145.30 | 150.90 | 151.20 | 154.90 | - |
| March | 120.40 | 129.90 | 148.90 | 151.00 | 151.40 | 154.80 | - |
| Average | 121.80 | 123.38 | 139.41 | 152.53 | 151.42 | 154.86 | 154.41 |
| Inflation Rate | 1.68% | 1.29% | 13.00% | 9.41% | -0.73% | 2.27% | -0.29% |

TABLE 4-8: CPI INDICIES INFLATION RATES CONSIDERED BY THE COMMISSION

| Month | Consumer Price Index | | | | | | |
|-----------------------|----------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | FY20 | FY21 | FY22 | FY23 | FY24 | FY25 | FY26 |
| April | 312.00 | 329.00 | 345.89 | 367.78 | 386.50 | 401.47 | 413.28 |
| May | 314.00 | 330.00 | 347.33 | 371.52 | 387.94 | 402.91 | 414.72 |
| June | 316.00 | 332.00 | 350.50 | 372.10 | 392.83 | 407.23 | 417.60 |
| July | 319.00 | 336.00 | 353.66 | 374.11 | 402.34 | 410.98 | 421.92 |
| August | 320.00 | 338.00 | 354.24 | 374.98 | 400.90 | 410.69 | 423.65 |
| September | 322.00 | 340.13 | 355.10 | 378.14 | 396.00 | 412.70 | 424.22 |
| October | 325.00 | 344.16 | 359.71 | 381.60 | 398.59 | 416.16 | 425.38 |
| November | 328.00 | 345.31 | 362.02 | 381.60 | 400.61 | 416.16 | - |
| December | 330.00 | 342.14 | 361.15 | 381.02 | 399.74 | 413.86 | - |
| January | 330.00 | 340.42 | 360.29 | 382.46 | 400.03 | 412.42 | - |
| February | 328.00 | 342.72 | 360.00 | 382.18 | 400.90 | 411.26 | - |
| March | 326.00 | 344.45 | 362.88 | 383.90 | 400.03 | 411.84 | - |
| Average | 322.50 | 338.69 | 356.06 | 377.62 | 397.20 | 410.64 | 420.11 |
| Inflation Rate | 7.53% | 5.02% | 5.13% | 6.05% | 5.19% | 3.38% | 2.31% |

4.3.9. Further, as per the said Regulations, the normative O&M Expenses are to be derived

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by considering the average of the last five (5) financial years (without efficiency gain/loss) ending March 31, 2020 subject to prudence check by the Commission. Further, the average of such O&M expenses is to be considered as O&M Expenses for the mid-year and shall be escalated year on year with the escalation factors considering CPI and WPI of respective years in the ratio of 60:40, for subsequent years up to FY 2020-21. In order to arrive at the value of the base year, the escalation factor for FY 2018-19, FY 2019-20, and FY 2020-21 is computed in the Table below:

TABLE 4-9: ESCALATION FACTOR FOR FY 2018-19, FY 2019-20 & FY 2020-21 AS COMPUTED BY THE COMMISSION (%)

| FY | INDEX | | INFLATION RATE (C)=40%*(A)+60%*(B) | Escalation Factor (D)=Current Year/Previous Year |
|------------|------------|------------|---------------------------------------|---|
| | WPI (A) | CPI (B) | | |
| | FY 2017-18 | 114.88 | 284.42 | 216.60 |
| FY 2018-19 | 119.79 | 299.92 | 227.87 | 5.20% = {(227.87/216.60)-1} % |
| FY 2019-20 | 121.80 | 322.50 | 242.22 | 6.30% = {(242.22/227.87)-1} % |
| FY 2020-21 | 123.38 | 338.69 | 252.57 | 4.27% = {(252.57/242.22)-1} % |

4.3.10. Further, the value of mid-year (FY 2017-18) is computed by taking the average of each component of O&M Expenses for 5 years period i.e. from FY 2015-16 to FY 2019-20. The actual O&M Expenses of these years are considered as per Trial Balance jointly certified by UPPTCL & UPSLDC. Thereafter, the escalation factor derived in the above Table is applied on respective years for computing values of the base year. The computation is shown in Table below: -

TABLE 4-10: COMMISSION APPROVED -BASE YEAR O&M EXPENSES (Rs. LAKH)

| Particulars | FY 2015-16 | FY 2016-17 | FY 2017-18 | FY 2018-19 | FY 2019-20 | Normative Expenses (up to Base Year) | | | |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|---|-----------------|-----------------|---------------------------|
| | | | | | | FY 2017-18 (Mid-Year) | FY 2018-19 | FY 2019-20 | FY 2020-21 (Base-Year) |
| Employee Expenses | 1,564.68 | 1,617.62 | 1,916.27 | 2,142.26 | 2,371.66 | 1,922.50 | 2,022.50 | 2,149.90 | 2,241.73 |
| R & M Expenses | 75.40 | 146.19 | 214.75 | 314.49 | 311.55 | 212.47 | 223.53 | 237.61 | 247.76 |
| A&G Expenses | 174.61 | 261.90 | 215.14 | 224.44 | 322.75 | 239.77 | 252.24 | 268.13 | 279.58 |
| O&M Expenses | 1,814.69 | 2,025.71 | 2,346.16 | 2,681.19 | 3,005.96 | 2,374.74 | 2,498.27 | 2,655.63 | 2,769.07 |
| Weighted Average Inflation Index (40%*WPI+60%*CPI) | - | - | - | - | - | - | 5.20% | 6.30% | 4.27% |



4.3.11. Once the value of the base year is derived, the norms for each component of O&M expenses for FY 2021-22, FY 2022-23, FY 2023-24 & FY 2024-25 are derived as per Regulations 11.7, 11.8, and 11.9 of the UPERC SLDC Regulations, 2020 which are explained in subsequent paras.

4.3.12. **Employee Expenses:** The Commission observes that the Petitioner in its petition has claimed to shift the amount of Rs. 312.52 lakh towards the contractual manpower deployed against sanctioned posts in Employee expenses from A&G expenses. The said amount is booked under the A&G expenses under the Audited Accounts and for the purposes of True –up, the same has been claimed under employee expenses whereas it has been deducted from actual expenses of A&G expenses. The Commission vide data gap dated 05.01.2026 & 29.01.2026, had sought justification and supporting documents. In response, the Petitioner submitted that it has separated the contractual manpower into outsourced manpower against sanctioned post and other outsourced manpower towards security guards. Therefore, the expenses towards the salaries of those outsourced manpower which are against sanctioned post has been claimed under employee expenses. Further, the Petitioner while submitting the above information has revised the claimed amount to Rs. 312.99 lakh from Rs. 312.52 lakh, stating that the earlier figure was due to an inadvertent error at the time of submission. The Petitioner has also submitted an agreement executed with a manpower service provider of Rs. 312.99 lakh as documentary evidence for providing manpower on contractual basis in support of the claim.

After prudence check of the submission made by the Petitioner, it is pertinent to mention that as per the UP-Electricity Reforms (Transfer of SLDC and Related Activities) Scheme, 2023, out of the 281 sanctioned posts of UPSLDC, 107 posts are to be manned through contractual personnel. However, the manpower service agreement submitted by the Petitioner indicates that 124 posts are filled on a contractual basis. On this, the Petitioner has submitted that some categories of personnel, namely Junior Engineer, Accountant, and Office Assistant are regular posts but the same have also been arranged through service provider. Further, some



of computer operator have been engaged in excess of the Transfer Scheme provisions, in accordance with the approval of the Board of Directors dated 24.10.2017 and some Junior Engineer, Peon, Accountant and Office Assistant are engaged to meet the manpower requirements of State Power Committee and to ensure its smooth functioning. The Commission has observed that as per conduct of business rules of SPC and 3rd State Power Committee minutes of Meeting held on 04.01.2024, the running expenditure of manpower, office set up and other overheads is met from an adhoc contribution from its members. Thus, such expenses and contribution on account of running expenditure of State Power Committee are not to be part of ARR.

In view of above, the Commission is of the view that since the Petitioner has not furnished any valid documentary evidence in support of its claim moreover True Up of FY 2024-25 being the last year of control period under the UPERC SLDC Regulations, 2020, it is not inclined to allow any shifting of expenses under Employee Expenses towards outsourced manpower otherwise norms of entire control period will have to be revisited. Hence, the Commission does not consider the proposed shifting of expenses. For the sake of clarity, it is placed on record that the expenditure towards outsourced manpower, sought to be shifted to employee expenses head, already forms part of actual A&G expenses under Audited balance sheet, based on which the normative benchmarking of A&G expenses for FY 2024-25 has been done. Further, the Commission clarifies that the running expenditure on manpower of State Power Committee (SPC) has not been allowed under A&G expenses. Therefore, expenditure of Rs. 40 Lakh approximately on account of engaging manpower on head of SPC is disallowed in A&G expenses.

- 4.3.13. Nevertheless, for the subsequent control period commencing from FY 2025-30 under UPERC SLDC Regulations, 2025, the Petitioner has an opportunity to satisfy the Commission about shifting of these expenses as no True-Up has been undertaken so far. Moreover, Regulation 6(4) provides an exception where UPSLDC may propose norms with justification in case data required for establishing norms are not available. UPSLDC is a small organisation which was earlier functioning

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under UPPTCL and in the year FY 2022-23 was incorporated as an independent organisation. The Commission understands that the Petitioner may have challenges in establishing data of previous years however, some rationale and justification needs to be furnished in case Petitioner faces issues in norms framed for A&G expenses.

4.3.14. Accordingly, the normative Employee Expenses for FY 2024-25 have been computed by escalating the normative Employee Expenses for FY 2023-24 (as per normative Employee Expenses computed in True-Up for FY 2023-24 in Tariff Order dated September 08, 2025), with inflation factor of 3.38% i.e., inflation factor (CPI) for FY 2024-25 as per Regulation 11.7 of UPERC SLDC Regulations, 2020.

4.3.15. **R&M Expenses:** The Commission has computed the normative R&M Expenses for FY 2024-25 by escalating the normative R&M Expenses for FY 2023-24 (as per normative R&M Expenses computed in True-Up for FY 2023-24 in Tariff Order dated September 08, 2025) with inflation factor of 2.27% i.e. Wholesale Price Index (WPI) for FY 2024-25 as per Regulation 11.8 of UPERC SLDC Regulations, 2020.

4.3.16. **A&G Expenses:** The Commission notes that the Petitioner, while claiming the A&G expenses, has separated an amount of Rs. 312.52 lakh which was later revised to Rs. 312.99 lakh towards the contractual manpower deployed against sanctioned posts. However, the shifting of expenses from A&G to Employee expenses has not been considered by the Commission, for the reasons detailed in paragraph 4.3.12 under Employee expenses.

The Commission has noted that the A&G Expenses, as per the audited accounts, are Rs. 706.97 lakh. However, the expenditure of Rs. 40.00 lakh towards manpower engaged for the State Power Committee (SPC) is not admissible for inclusion in the ARR, as discussed under the Employee cost head. Accordingly, the amount of Rs. 40.00 lakh has been excluded from the audited A&G Expenses, and the revised A&G Expenses are determined as Rs. 666.97 lakh for FY 2024-25.

4.3.17. Notwithstanding this adjustment, the Commission has allowed the A&G Expenses for FY 2024-25 on a normative basis based on lower of the actual (audited accounts) and normative value of A&G Expenses (Table 4-15).



TABLE 4-11: COMPUTATION OF A&G EXPENSES AFTER ADJUSTING EXPENDITURE ON MANPOWER OF SPC (Rs. LAKH)

| Sr. No | Particulars | Derivation | Amount |
|--------|--|----------------------|--------|
| 1 | A&G Expenses | A (Audited Accounts) | 706.97 |
| 2 | Expenditure on manpower of State Power Committee | B | 40.00 |
| 3 | Net A&G Expenses | C = A-B | 666.97 |

4.3.18. Accordingly, the Commission has computed the normative A&G Expenses for FY 2024-25 by escalating the normative A&G Expenses for FY 2023-24 (as per normative A&G Expenses computed in True-Up for FY 2023-24 in Tariff Order dated September 08, 2025) with inflation factor of 2.27% i.e. WPI for FY 2024-25 as per Regulation 11.9 of UPERC SLDC Regulations, 2020.

4.3.19. **O&M Expenses:** Accordingly, the Commission has computed the normative O&M Expenses as shown in the Table below:

TABLE 4-12: NORMATIVE O&M EXPENSES COMPUTED BY THE COMMISSION FOR FY 2024-25 (Rs. LAKH)

| Particulars | Derivation | Approved Normative Values for FY 2021-22* (A) (Table 4-10) | Normative Computation for FY 2022-23 | | | Normative Computation for FY 2023-24 | | | Normative Computation for FY 2024-25 | | |
|-------------------------------------|-----------------|--|--------------------------------------|--------------------|---------------------------------------|--------------------------------------|--------------------|---------------------------------------|--------------------------------------|--------------------|---------------------------------------|
| | | | WPI | CPI | Approved Normative Values | WPI | CPI | Approved Normative Values | WPI | CPI | Normative Values |
| | | | (B) (Table 4-7) | (C) (Table 4-8) | (D) =(A)*(1+C) or =(A)*(1+B) | (E) (Table 4-7) | (F) (Table 4-8) | (G) =(D)*(1+F) or =(D)*(1+E) | (H) (Table 4-7) | (I) (Table 4-8) | (J) =(G)*(1+H) or =(G)*(1+I) |
| Employee Expenses | A | 2,356.70 | | 6.05% | 2,499.34 | | 5.19% | 2,628.96 | | 3.38% | 2,717.92 |
| Less: Employee Expenses Capitalised | B | - | | | - | | | - | | | - |
| Net Employee Expenses | C=A-B | 2,356.70 | | 6.05% | 2,499.34 | | 5.19% | 2,628.96 | | 3.38% | 2,717.92 |
| Net R&M Expenses | D | 279.96 | 9.41% | | 306.30 | -0.73% | | 304.07 | 2.27% | | 310.98 |
| Net: A&G Expenses | E | 315.91 | 9.41% | | 345.64 | -0.73% | | 343.13 | 2.27% | | 350.93 |
| O&M Expenses | F=C+D +E | 2,952.57 | | | 3,151.28 | | | 3,276.16 | | | 3,379.83 |

*To derive the Normative values of FY 2021-22, considered the CPI 5.13% & WPI 13.00% of FY 2021-22

4.3.20. With respect to the Petitioner claim of Terminal benefits, the Commission notes that

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the Petitioner is claiming terminal benefits of Rs. 438.38 lakh in employee cost over and above the normative O&M expenses computed in accordance with the SLDC Regulations 2020; however, it has claimed actual O&M expenses based on the audited accounts for FY 2024-25. The relevant extract of the UPERC (Fee & Charges of State Load Despatch Centre and Other Related Matters) Regulations, 2020 is as below:

“11.4 The One-time expenses such as expense due to change in accounting policy, wage arrears paid due to Pay Commissions, the expenses beyond the control of the SLDC such as dearness allowance, terminal benefits etc. in Employee cost may be allowed by the Commission over and above normative Operation & Maintenance Expenses after prudence check.”

4.3.21. The Commission sought justification through data gaps regarding the claim of terminal benefits and whether such benefits were included in the normative expenses / trial balance for FY 2015-16 to FY 2019-20. In response, the Petitioner submitted the year wise breakup of Employee Expenses as follows:

TABLE 4-13: YEAR WISE RETIRED EMPLOYEES SUBMITTED BY THE PETITIONER (Rs. LAKH)

| Sl. No | Particulars | FY 2015-16 | FY 2016-17 | FY 2017-18 | FY 2018-19 | FY 2019-20 | Claimed FY 2024-25 |
|--------|--------------------------|------------|------------|------------|------------|------------|--------------------|
| 1. | Employee Expenses | 1535.85 | 1570.55 | 1859.58 | 2062.07 | 2326.72 | - |
| 2. | Terminal Benefits | 28.83 | 47.07 | 56.69 | 80.19 | 44.94 | 438.38 |
| 3. | No. of Retired Employees | 2 | 7 | 4 | 5 | 8 | 8 |

4.3.22. UPSLDC further submitted that the terminal benefits claimed for FY 2024-25 are based on actual retirement profile and applicable service rules and are not comparable with the numbers of retired person on a simple year-on-year basis with the terminal benefits incurred. Further, UPSLDC also submitted the post wise details of retired/ resigned/ expired for the FY 2015-16 to FY 2019-20 and FY 2024-25 which are as follows:

TABLE 4-14: POSTWISE RETIRED/RESIGNED EMPLOYEES SUBMITTED BY THE PETITIONER (IN NOS.)

| Sl. No. | Particulars | Designation |
|---------|-------------|-----------------|
| 1. | FY 2015-16 | 2 No. of OA - I |



| Sl. No. | Particulars | Designation |
|---------|-------------|---|
| 2. | FY 2016-17 | 3 No. of Peon, 1 No. of TPO, 1 No. of Steno, 1 No. of AE, 1 No. of OS |
| 3. | FY 2017-18 | 1 No. of EE, 1 No. of AE, 2 No. of OA - I |
| 4. | FY 2018-19 | 1 No. of Director, 2 No. of EE, 1 No. of Steno, 1 No. of Peon |
| 5. | FY 2019-20 | 1 No. of SE, 3 No. of AE, 1 No. of Steno, 3 No. of Peon |
| 6. | FY 2024-25 | 1 No. of CE, 2 No. of EE, 1 No. of SE, 2 No. of OA, 2 No. of Steno |

- 4.3.23. Further, during FY 2015-16 to FY 2019-20, the retired employees largely belonged to low and mid-level cadres predominantly including OA-I, Peon, Steno, AE and limited instances of senior officers. Further, during FY 2024-25, a total of eight employees are retired, which included senior officers such as one Chief Engineer, two Executive Engineers and one Superintending Engineer, in addition to other supervisory staff. The terminal benefits payable to these officers are substantially higher on account of last drawn pay, longer qualifying service. Further, terminal benefits such as gratuity and leave encashment are directly linked to the designation, pay scale and length of service of the employee as on the date of retirement. Accordingly, the terminal benefit for FY 2024-25 is comparatively higher due to the retirement of senior-level technical officers. Accordingly, UPSLDC requests the Commission to kindly consider the same and approve the Terminal Benefit of FY 2024-25 as claimed.
- 4.3.24. The Commission observes that the terminal benefit expenses were already subsumed within the O&M expenses for the base period from FY 2015-16 to FY 2019-20, which have been considered for determination of normative O&M in accordance with Regulations 11.2 and 11.3. Further, the audited accounts for FY 2024-25 reflect these terminal benefit expenses i.e Earned leave encashment & Superannuation Gratuity under Employee Expenses (Note-16 of Audited Accounts FY 2024-25). The audited accounts for FY 2024-25 indicate employee expenses of Rs. 2,647.89 lakh, which include payment of terminal benefits, while the normative Employee Expenses for FY 2024-25 have been determined at Rs. 2,717.92 lakh. Accordingly, there is no prudence & justification in allowing the same over and above the O&M expenses.
- 4.3.25. In view of the above, the Commission disallows the claim of terminal benefits

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amounting to Rs. 438.38 lakh over and above the normative expenses. The O&M expenses for FY 2024-25 have been determined by escalating the normative O&M with the applicable CPI and WPI inflation indices and allowing the same at the lower of the normative and the actual expenses, in line with the applicable Regulations.

4.3.26. Further, the Commission in its previous Tariff Order dated 10.10.2024 has benchmarked the O&M expenses with the Normative value. The said para of the Tariff Order is reproduced below:

“4.2.18 Further, as per prudence check, it is observed that R&M Expenses w.r.t. Plant and Machinery claimed by the Petitioner are even higher than the net fixed assets value (GFA less accumulated depreciation) of the Petitioner during the year. Thus, it seems that there is abnormality in R&M Expenses, therefore, as per Regulation 9.2, the Commission as part of the prudence check has benchmarked each component of O&M Expenses as per normative values computed above. The same has been compared with the actual/ audited figures, such that these do not exceed the normative values. Accordingly, the Commission has approved the net O&M Expenses for FY 2022-23 based on lower of the actual (audited accounts) and normative value of each component of O&M Expenses.”

4.3.27. As per above, the Commission has benchmarked actual individual O&M expenses with Normative values and accordingly, approved each component of O&M Expenses for FY 2024-25 based on the lower of the actual (audited accounts) and normative O&M Expenses.

4.3.28. It is observed that Employee Expense capitalized for the period is Nil as per audited accounts and the same has been considered for the purpose of True Up. Accordingly, the Commission approves the O&M Expenses of UPSLDC for FY 2024-25 as shown in the Table below:

TABLE 4-15: COMMISSION APPROVED - O&M EXPENSES FOR FY 2024-25 (Rs. LAKH)

| Particulars | Derivation | Approved in Tariff Order dated. 10.10.2024 (Table 6-10) | True-Up (FY 2024-25) | | | |
|-------------------|------------|--|----------------------|------------------|----------------------|--------------------------|
| | | | Petition True Up | Audited Accounts | Computed (Normative) | Approved (True up) |
| | | | (A) (Table 4-4) | (B) | (C) (Table 4-12) | (D) = Lower of (B) & (C) |
| Employee Expenses | A | 2,779.29 | 2,960.41 | 2,647.89 | 2,717.92 | 2,647.89 |



| Particulars | Derivation | Approved in Tariff Order dated. 10.10.2024 (Table 6-10) | True-Up (FY 2024-25) | | | |
|-------------------------------------|----------------|--|----------------------|------------------|----------------------|--------------------------|
| | | | Petition True Up | Audited Accounts | Computed (Normative) | Approved (True up) |
| | | | (A) (Table 4-4) | (B) | (C) (Table 4-12) | (D) = Lower of (B) & (C) |
| Less: Employee Expenses Capitalised | B | - | - | - | - | - |
| Net Employee Expenses | C=A-B | 2,779.29 | 2,960.41 | 2,647.89 | 2,717.92 | 2,647.89 |
| Net R&M Expenses | D | 354.39 | 271.51 | 271.51 | 310.98 | 271.51 |
| Net A&G Expenses | E | 399.91 | 394.45 | 666.97* | 350.93 | 350.93 |
| Total O&M Expenses | F=C+D+E | 3,533.58 | 3,626.37 | 3,626.37 | 3,379.83 | 3,270.33 |

* Based on the Table 4-11, the A&G expenses have been considered Rs. 666.97 lakh, in comparison to Rs. 706.97 lakh shown in the Audited Accounts for FY 2024-25.

4.4. CAPITAL WORK IN PROGRESS (CWIP) & GROSS FIXED ASSET (GFA)

Petitioner's Submission

4.4.1. The Petitioner has submitted that the Commission had approved Capex and Capitalisation of Rs. 3,057.00 Lakhs for FY 2024-25 vide Order dated. 10.10.2024. The Petitioner requests time extension for execution of the said project. The details of the same are as follows:

TABLE 4-16: CAPEX AND CAPITALISATION APPROVED BY THE COMMISSION VIDE TARIFF ORDER DATED. 10.10.2024 FOR FY 2024-25 (Rs. LAKH)

| Sl. No. | Particulars | Approved in Tariff Order dated 10.10.2024 | Mode of Finance |
|---------|---|---|-----------------|
| 1 | REMC Development | 357.00 | Internal Source |
| 2 | EASS Server Hardware plus Oracle database add on | 2,500.00 | State PSDF |
| 3 | IT Misc (API Server, Fibre Cable Etc.) and Other contingency purchase | 200.00 | Internal Source |
| 4 | Total Capitalisation approved by the Commission | 3,057.00 | - |

4.4.2. Further, the Petitioner has submitted that it has considered Capex and Capitalisation based on the Annual Audited Accounts for FY 2024-25. The summary of Capex and Capitalisation during FY 2024-25 is as follows:

**TABLE 4-17: CAPEX AND CAPITALISATION OF FY 2024-25 SUBMITTED BY THE PETITIONER (Rs. LAKH)**

| S. N. | Particulars | Actuals from 01.04.2024 to 31.03.2025 as per Audited Accounts | Actual expense in FY 2024-25 |
|-------|------------------------------|---|------------------------------|
| 1 | CWIP Opening Balance | 0.00 | 0.00 |
| 2 | Capital Investment | 22.97 | 22.97 |
| 3 | Less: Investment Capitalized | 22.97 | 22.97 |
| 4 | CWIP Closing Balance | 0.00 | 0.00 |

4.4.3. The Petitioner has considered the GFA balance as reflected in Annual Audited Accounts of FY 2024-25. Addition to GFA during the year has been considered based on the capitalisation of assets as discussed above. The following Table shows the GFA claimed by the Petitioner for FY 2024-25:

TABLE 4-18: GROSS FIXED ASSETS OF FY 2024-25 SUBMITTED BY THE PETITIONER (Rs. LAKH)

| S. N. | Particulars | Approved in Tariff Order dated. 10.10.2024 | Actual in FY 2024-25 |
|-------|-----------------------------|--|----------------------|
| 1 | Opening GFA | 1,075.20 | 1,075.18 |
| 2 | Addition during the year | 3,057.00 | 22.97 |
| 3 | Capitalisation of Expenses | - | - |
| 4 | Deduction/Adjustment | - | - |
| 5 | Total GFA at the end | 4,132.20 | 1,098.15 |

Commission's Analysis

4.4.4. The Commission observes that the Petitioner has sought time extension for various schemes approved in the Tariff Order dated 10.10.2024. However, the Petitioner has not submitted the status of these schemes in the instant petition. Accordingly, the Commission, through data gaps, sought the present status of the said schemes from the Petitioner, the response of Petitioner in this regard is as follows:

TABLE 4-19: STATUS OF VARIOUS SCHEMES APPROVED FOR FY 2024-25 SUBMITTED BY THE PETITIONER IN ITS DATAGAP (Rs. LAKH)

| Sl. No. | Particulars | Approved in Tariff Order dated 10.10.2024 | Mode of Finance | Current Status |
|---------|------------------|---|-----------------|---|
| 1 | REMC Development | 357.00 | Internal Source | UPSLDC has submitted that the project is being constructed by the UPPTCL. |

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| Sl. No. | Particulars | Approved in Tariff Order dated 10.10.2024 | Mode of Finance | Current Status |
|---------|---|---|-----------------|--|
| 2 | EASS Server Hardware plus Oracle database add on | 2,500.00 | State PSDF | <p>UPSLDC has submitted that the UPERC, vide its Order dated 03.12.2024 passed in Petition No. 2132 of 2024, approved the project cost of Rs. 37.82 Cr. for the upgradation of the IT Data Centre established for the EASS application and website. Out of the total approved project cost, an amount of Rs. 32.45 Crore was approved as capital expenditure, to be funded through State PSDF.</p> <p>Pursuant to the approval, an open tender was invited. M/s Tata Advanced Systems Limited (TASL) was selected as the lowest bidder (L1) and the Letter of Award (LoA) was issued on 28.06.2025 based on the L1 Price.</p> <p>Further UPSLDC has submitted that the total capital expenditure towards the same is higher by Rs. 1.23 Cr. from approved Capital expenditure of Rs. 32.45 Cr.</p> <p>UPSLDC has filed a petition before UPERC to approve additional Capex of Rs. 1.23 Cr. to be funded by the State PSDF.</p> <p>The upgraded system was successfully erected and running at DC (Data Centre) Lucknow from 19.11.2025. DR (Disaster Recovery) Modipuram Commissioning has been completed.</p> |
| 3 | IT Misc (API Server, Fibre Cable Etc.) and Other contingency purchase | 200.00 | Internal Source | <p>UPSLDC has submitted that it is meeting the requirements of API Server through EASS Server project. Accordingly, the said project has been dropped.</p> |
| 4 | Total Capitalisation approved by the Commission | 3,057.00 | - | - |

4.4.5. The Commission, in the Tariff Order dated 10.10.2024, had approved capital expenditure of Rs. 3,057.00 lakh for three schemes, namely (i) REMC Development, (ii) EASS Server Hardware along with Oracle database add-on, and (iii) IT Misc. (API Server, Fibre Cable, etc.). The Petitioner has submitted the latest status of these schemes. It is observed that the REMC Development work is being executed by UPPTCL, and no capitalisation has been claimed by UPSLDC against this scheme



during FY 2024-25. In respect of the EASS Server Hardware and Oracle database add-on, the Commission had subsequently approved the upgradation of the IT Data Centre vide Order dated 03.12.2024 in Petition No. 2132 of 2024, with the capital portion to be funded through State PSDF. The Petitioner has further submitted that the upgraded system has been installed at DC Lucknow & DR Modipuram is operational. The IT Misc. scheme has been dropped, as the requirement of the API Server is being met through the EASS project.

- 4.4.6. However, the Petitioner has submitted the actual capital expenditure majorly towards the Desktop & Printers and civil work. The overall capital expenditure details for FY 2024-25 as submitted by the Petitioner are mentioned below:

TABLE 4-20: SUMMARY OF CAPITAL EXPENDITURE SUBMITTED BY THE PETITIONER (Rs. LAKH)

| S.N. | Asset Description | Addition during FY 2024-25 |
|------|--|----------------------------|
| 1 | CCTV Installation | 2.54 |
| 2 | Desktop | 0.78 |
| 3 | Desktop | 0.78 |
| 4 | Desktop | 0.78 |
| 5 | Desktop | 0.78 |
| 6 | Desktop | 0.78 |
| 7 | Printer | 0.30 |
| 8 | Printer | 1.04 |
| 9 | Interactive panel | 3.83 |
| 10 | Lock, EM | 0.04 |
| 11 | System, Biometric and Access | 0.10 |
| 12 | Installation and Commissioning Charges | 0.03 |
| 13 | Lock, EM | 0.04 |
| 14 | MD Office Room Construction | 10.58 |
| 15 | 55-inch Television | 0.59 |
| 16 | Total | 22.97 |

- 4.4.7. The Commission observes that the Petitioner has submitted the capital expenditure details of FY 2024-25 as per the Audited Accounts of FY 2024-25. However, the Petitioner has claimed 'Nil' opening and closing CWIP for FY 2024-25.

- 4.4.8. The Commission, in its Tariff Order dated 08.09.2025 (Table 4-16), has already approved the closing Gross Fixed Assets (GFA) for FY 2023-24. Accordingly, for the sake of clarity, the corresponding opening GFA for FY 2024-25, derived therefrom,



is being reiterated in the Table below:

TABLE 4-21: CLOSING GFA FOR THE FY 2023-24 AS PER PREVIOUS TARIFF ORDER DATED. 08.09.2025 (Rs. LAKH)

| Particulars | Derivation | Computation of Closing GFA as on 31.03.2024 |
|--|---|---|
| Opening GFA as on 31.03.2023 | A (Refer Table 4-16 of previous Tariff Order dated. 08.09.2025) | 1,018.75 |
| GFA Addition from 01.04.2023 to 31.03.2024 | B (Refer Table 4-16 of previous Tariff Order dated. 08.09.2025) | 56.45 |
| Decapitalisation / Deduction from 01.04.2023 to 31.03.2024 | C (Refer Table 4-16 of previous Tariff Order dated. 08.09.2025) | 0.03 |
| Closing GFA as on 31.03.2024 | D=A+B-C | 1,075.17 |

4.4.9. Further, the Commission has considered the opening GFA, addition and decapitalization for the period from April 01, 2024 to March 31, 2025 as per the Audited Accounts of the Petitioner. The same is shown in the Table below:

TABLE 4-22: COMMISSION APPROVED - GFA FOR FY 2024-25 (Rs. LAKH)

| Particulars | Derivation | True Up (FY 2024-25) | | |
|--|----------------------|---|------------------|-----------------|
| | | Approved in Tariff Order dated 10.10.2024 | True Up Petition | GFA Computed |
| Opening GFA as on 31.03.2024 | A (Table 4-21) | 1,075.20 | 1,075.18 | 1,075.17 |
| GFA Addition from 01.04.2024 to 31.03.2025 | B (Audited Accounts) | 3,057.00 | 22.97 | 22.97 |
| Decapitalisation / Deduction from 01.04.2024 to 31.03.2025 | C (Audited Accounts) | - | - | - |
| Closing GFA as on 31.03.2025 | D=A+B-C | 4,132.20 | 1,098.15 | 1,098.14 |

4.5. CONSUMER CONTRIBUTION, CAPITAL GRANTS AND SUBSIDIES

Petitioner's Submission

4.5.1. The Petitioner has not submitted any details of consumer contribution/ capital grants or subsidies.

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**Commission's Analysis**

4.5.2. The Commission observes that there are no Consumer Contributions, Capital Subsidies, and Grants towards cost of capital assets in FY 2024-25 as per the Audited Accounts. Accordingly, the Commission has also not approved any Consumer Contribution, Capital Grants, and Subsidies for FY 2024-25.

4.6. DEBT-EQUITY RATIO OF CAPITALIZATION**Petitioner's Submission**

4.6.1. The Petitioner submitted that it has considered the actual addition for the FY 2024-25 as per the annual audited accounts as no loans have been availed by the Petitioner, as assets have been considered to be funded through internal resources. Since internal resources are part of the equity, equity employed is 100% (i.e more than 30%). Hence, the amount of equity for determination of charges has been limited to 30% and the balance has been considered as per the normative loan as per Debt-Equity ratio of 70:30 in accordance with the Regulation 10.2 of UPERC SLDC Regulations, 2020.

4.6.2. The computation of Normative Debt and Equity addition during FY 2024-25 is as follows:

TABLE 4-23: NORMATIVE DEBT AND EQUITY ADDITION FOR FY 2024-25 SUBMITTED BY THE PETITIONER (Rs. LAKH)

| S. N. | Particulars | FY 2024-25 |
|-------|--|------------|
| 1 | GFA addition During the Year | 22.97 |
| 2 | Less: Consumer Contribution/ Grant | - |
| 3 | GFA addition funded by debt and equity | 22.97 |
| 4 | Debt addition (%) | 70% |
| 5 | Debt addition (in Rs. Lakh.) | 16.08 |
| 6 | Equity addition (%) | 30% |
| 7 | Equity addition (in Rs. Lakh.) | 6.89 |

Commission's Analysis

4.6.3. Regulation 10.2 of the UPERC SLDC Regulations, 2020 provides that the Debt-Equity ratio shall be 70:30 for determination of charges. Where Equity employed is more



than 30%, the amount of Equity for determination of charges shall be limited to 30% and the balance shall be considered as the normative loan. In case where actual Equity employed is less than 30%, the actual Debt and Equity shall be considered for determination of charges.

- 4.6.4. The Commission has considered the details of Gross Fixed Assets (GFA), accumulated depreciation, consumer contributions, investments, and depreciation as per the Audited Accounts submitted by the Petitioner.
- 4.6.5. In the previous Tariff Order dated. 10.10.2024, the Commission had considered the equity base of the Petitioner as Rs. 1.00 lakh for the purpose of computation of RoE, based on the audited financial statements for FY 2022-23. The Petitioner had contended in a Review Petition that the opening GFA transferred to UPSLDC through the transfer scheme should be treated in the normative debt-equity ratio of 70:30, as was originally approved in the books of UPPTCL. However, in the absence of any documentary evidence substantiating the funding pattern of the transferred assets during the tariff determination exercise, the Commission did not accept the claim and the Review Petition was dismissed on the grounds of maintainability.
- 4.6.6. Subsequently, in the tariff proceedings dated. 08.09.2025, upon submission of a CA certificate and supporting records evidencing decapitalisation of assets in UPPTCL and corresponding capitalisation in UPSLDC, the Commission allowed the transferred assets to be considered in the normative debt-equity ratio of 70:30, in line with the treatment originally approved for UPPTCL. Accordingly, the opening equity was reset as 30% of the opening GFA and the balance was treated as normative debt (after adjusting for cumulative depreciation), with the revised treatment made applicable prospectively from FY 2023-24 onwards, in terms of Regulation 10.2 of the UPERC SLDC Regulations, 2020.
- 4.6.7. Further, the Commission had considered the opening Gross Fixed Assets (GFA) of Rs. 926.80 lakh as on 23.08.2022 and applied the normative debt-equity ratio of 70:30 in accordance with Regulation 10.2 of the UPERC SLDC Regulations, 2020. Accordingly, 30% of the opening GFA was considered as normative equity and the balance as normative debt. Further, after adjusting the accumulated depreciation of

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Rs. 672.77 lakh till 22.08.2022 as per annual audited accounts against the normative debt, the net normative loan as on 23.08.2022 was considered as 'Nil'.

- 4.6.8. The Commission for FY 2022-23, in its previous Tariff Order dated. 08.09.2025 (Table 4-20 to 4-23), had considered the GFA addition of Rs. 91.95 lakh as per the Audited Accounts, out of which equity addition of Rs. 1.00 lakh was considered, and the balance amount was treated as debt. After adjusting the depreciation for FY 2022-23 towards repayment of normative debt, the closing normative debt as on 31.03.2023 was determined at Rs. 40.75 lakh and the closing normative equity as on 31.03.2023 was determined at Rs. 279.04 lakh.

Further, the Commission observes that during FY 2023-24, no fresh equity infusion was made by the Petitioner and the equity continued to remain at Rs. 1.00 lakh only, as reflected in the Audited Accounts of FY 2023-24. Accordingly, the closing equity for FY 2023-24 remained unchanged at Rs. 279.04 lakh. The closing loan for FY 2023-24 has been determined at Rs. 40.22 lakh after considering the depreciation and loan additions during the said year. The aforesaid closing balances of Debt and Equity as on 31.03.2024, as approved by the Commission in the Tariff Order dated 08.09.2025, have been considered as the opening Debt and Equity for the subsequent year for the purpose of the present True-up exercise.

4.7. DEBT & EQUITY ADDITION DURING FY 2024-25

- 4.7.1. The Commission has considered the closing Debt and Equity as on 31.03.2024 as the Opening for FY 2024-25. Further, the Commission observed that there is no fresh Equity infusion made during the FY 2024-25 by the Petitioner and is same at Rs 1.00 Lakh only and the net addition to GFA from 01.04.2024 to 31.03.2025 was Rs 22.97 Lakh and the Petitioner has also not claimed any Consumer Contributions, Capital Subsidies, and Grants towards cost of capital assets. Therefore, the net addition to GFA has to be treated as having been provided through debt.
- 4.7.2. Accordingly, the Commission has considered the Debt-Equity Ratio for FY 2024-25 as per the below Table:

**TABLE 4-24: COMMISSION APPROVED - DEBT: EQUITY RATIO FOR FY 2024-25 (Rs. LAKH)**

| Particulars | Derivation | FY 2024-25 |
|--|-------------------|--------------------|
| | | Approved (True Up) |
| Capitalisation/GFA addition during FY 2024-25 | A (Table 4-22) | 22.97 |
| Less: Decapitalisation / Deduction during FY 2024-25 | B | 0.00 |
| Less: Consumer Contribution, Grants, & Capital Subsidies during FY 2024-25 | C | 0.00 |
| Net Capitalisation to be funded by Debt & Equity during the year | D=A-B-C | 22.97 |
| Debt addition during FY 2024-25 (as there is no Equity addition) | E=D | 22.97 |

4.8. DEPRECIATION

Petitioner's Submission

- 4.8.1. The Petitioner has submitted that it has considered Depreciation as per Regulation 12 of the UPERC SLDC Regulations, 2020.
- 4.8.2. The Petitioner has considered the Depreciation as per the Audited Annual Accounts of FY 2024-25. The summary of the Depreciation booked in the Audited Annual Accounts of FY 2024-25 is as follows:

TABLE 4-25: DEPRECIATION FOR FY 2024-25 AS SUBMITTED BY THE PETITIONER (Rs. LAKH)

| S. N. | Particulars | Approved in Tariff Order dated. 10.10.2024 | Claimed in FY 2024-25 |
|-------|---|--|-----------------------|
| 1 | Plant & Machinery | 29.85 | 14.28 |
| 2 | Furniture & Fixtures | 3.14 | 1.43 |
| 3 | Intangible Assets (Software) | 112.33 | 1.97 |
| 4 | Office Equipment | 27.65 | 8.88 |
| 5 | Other Assets | 42.40 | - |
| 6 | Less: Depreciation of Assets created from Consumer Contribution, Capital Grants and Capital Subsidies | 103.40 | - |
| 7 | Depreciation during the year | 111.98 | 26.56 |

Commission's Analysis

- 4.8.3. The Commission analyzed the depreciation data submitted by the Petitioner. The same is shown in the following table:

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TABLE 4-26: DEPRECIATION FOR FY 2024-25 AS SUBMITTED BY THE PETITIONER IN ITS DATA GAP REPLY (Rs. LAKH)

| Particulars | True Up FY 2024-25 | | | | | | |
|------------------------------|---|--------------|------------|-------------------------------------|---|--------------|---|
| | Gross Block | | | Depreciation | | | |
| | As at the beginning of the Financial Year | Additions | Deductions | As at the end of the Financial Year | Cumulative at the beginning of the Financial Year | For the year | Cumulative at the end of the Financial Year |
| Plants & Machinery | 233.45 | - | - | 233.45 | 33.64 | 14.28 | 47.92 |
| Furniture & Fixtures | 20.49 | 10.58 | - | 31.07 | 7.29 | 1.43 | 8.72 |
| Office Equipment | 184.02 | 12.39 | - | 196.41 | 150.79 | 8.88 | 159.67 |
| Other Assets | 327.97 | - | - | 327.97 | 327.97 | - | 327.97 |
| Intangible Assets (Software) | 309.25 | - | - | 309.25 | 299.40 | 1.97 | 301.37 |
| Total | 1,075.18 | 22.97 | - | 1,098.15 | 819.09 | 26.56 | 845.65 |

4.8.4. The Commission has computed the depreciation as per Regulation 12 of the UPERC SLDC Regulations, 2020.

4.8.5. The Commission has considered the Depreciation (from 01.04.2024 to 31.03.2025) for True Up of FY 2024-25 as per the Audited Accounts of FY 2024-25. The same is shown in the following Table:

TABLE 4-27: COMMISSION APPROVED - GROSS DEPRECIATION FOR ASSETS FROM 01.04.2024 TO 31.03.2025 (Rs. LAKH)

| Particular | TO dated. 08.09.2025 | FY 2024-25- True Up | | | | | | |
|------------------------|------------------------------|----------------------|-----------------------|------------------------------|-----------------|--|-------------------|--|
| | Opening GFA as on 01.04.2024 | Addition to GFA | Deduction/ Adjustment | Closing GFA as on 31.03.2025 | Average GFA | Cumulative Depreciation as on 31.03.2025 | Depreciation Rate | Depreciation from 01.04.2024 to 31.03.2025 |
| | A (Table 4-16) | B (Audited Accounts) | C (Audited Accounts) | D = A+B-C | E = (A+D)/2 | (Table 4-28) | F | G = E*F |
| Plant & Machinery | 233.45 | 0.00 | 0.00 | 233.45 | 233.45 | 40.16 | 5.28% | 12.33 |
| Furniture and Fixtures | 20.49 | 10.58 | 0.00 | 31.07 | 25.78 | 8.89 | 6.33% | 1.63 |
| Office Equipment | 184.01 | 12.39 | 0.00 | 196.40 | 190.21 | 152.45 | 6.33% | 12.04 |
| Other assets | 327.97 | 0.00 | 0.00 | 327.97 | 327.97 | 295.17* | 5.28% | 0.00* |
| Software (Intangible) | 309.25 | 0.00 | 0.00 | 309.25 | 309.25 | 309.25** | 15.00% | 0.00** |
| Total | 1,075.17 | 22.97 | 0.00 | 1,098.14 | 1,086.66 | 805.92 | 2.39% | 26.00 |

*Item depreciated equivalent to 90%

**Item depreciated equivalent to 100%

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4.8.6. Regulations 12.2 of the UPERC SLDC Regulations, 2020 provides that the salvage value of the asset shall be considered as 10% of the allowable capital cost and depreciation shall be allowed up to maximum of 90% of the allowable capital cost of the asset. Although, these Regulations do not specify for salvage value of software, it is pertinent to mention that these assets do not have any salvage value, which is also evident from principles specified by CERC in its CERC (Terms and Conditions of Tariff) Regulations 2019, wherein it is provided that the salvage value for IT equipment and software shall be considered as 'NIL' and 100% value of the assets shall be considered depreciable. Therefore, the Commission has considered the salvage value of software as 'Nil' and has allowed the cumulative depreciation of more than 90% of the corresponding GFA for the same. Hence, depreciation is taken as zero of those items whose depreciated value has already reached their salvage value.

4.8.7. Further, Regulation 12.5 of the UPERC SLDC Regulations, 2020 provides that Depreciation shall be calculated annually based on the Straight Line Method and at rates specified in Appendix-II of the said Regulations for the assets of the SLDC. The Commission has computed the cumulative depreciation for the purpose of restricting the depreciation to 90% of the GFA (for all assets except software) in accordance with the applicable provisions of Regulation 12 of the UPERC SLDC Regulations, 2020. Accordingly, the computation of cumulative depreciation is shown for reference purposes in the following Table:

TABLE 4-28: CUMULATIVE DEPRECIATION FOR ASSETS COMPUTED BY THE COMMISSION FROM 01.04.2024 TO 31.03.2025 (Rs. LAKH)

| Particular | FY 2024-25- True Up (01.04.2024 to 31.03.2025) | | | | | | |
|------------------------|--|---|---------------------------|------------------------------|--|--|---|
| | Opening Gross Fixed Asset as on 01.04.2024 | *Cumulative Depreciation as on 01.04.2024 | % of GFA as on 01.04.2024 | Closing GFA as on 31.03.2025 | Depreciation from 01.04.2024 to 31.03.2025 | Cumulative Depreciation as on 31.03.2025 | Cumulative Depreciation as a % of closing GFA |
| | A (Table 4-27) | B | C | D | E (Table 4-27) | F = B + E | G=F/D |
| Plant & Machinery | 233.45 | 27.83 | 11.92% | 233.45 | 12.33 | 40.16 | 17.20% |
| Furniture and Fixtures | 20.49 | 7.26 | 35.43% | 31.07 | 1.63 | 8.89 | 28.61% |
| Office Equipment | 184.01 | 140.41 | 76.31% | 196.40 | 12.04 | 152.45 | 77.62% |
| Other assets | 327.97 | 295.17 | 90.00% | 327.97 | 0.00 | 295.17 | 90.00% |

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| Particular | FY 2024-25- True Up (01.04.2024 to 31.03.2025) | | | | | | |
|-----------------------|--|---|---------------------------|------------------------------|--|--|---|
| | Opening Gross Fixed Asset as on 01.04.2024 | *Cumulative Depreciation as on 01.04.2024 | % of GFA as on 01.04.2024 | Closing GFA as on 31.03.2025 | Depreciation from 01.04.2024 to 31.03.2025 | Cumulative Depreciation as on 31.03.2025 | Cumulative Depreciation as a % of closing GFA |
| | A (Table 4-27) | B | C | D | E (Table 4-27) | F = B + E | G=F/D |
| Software (Intangible) | 309.25 | 309.25 | 100.00% | 309.25 | 0.00 | 309.25 | 100.00% |
| Total | 1,075.17 | 779.92 | 72.54% | 1,098.14 | 26.00 | 805.92 | 73.39% |

*Cumulative depreciation as on 01.04.2024 considered as per Table 4-27 of previous tariff order dated 08.09.2025.

4.8.8. The following Table summarizes the Depreciation as claimed by the Petitioner and as approved by the Commission for FY 2024-25 (from 01.04.2024 to 31.03.2025):

TABLE 4-29: NET DEPRECIATION APPROVED BY THE COMMISSION (Rs. LAKH)

| Particulars | Approved in Tariff Order dated. 10.10.2024 | FY 2024-25 (True Up) | |
|--|--|----------------------|--------------------|
| | | Petition (True Up) | Approved (True Up) |
| Net Depreciation of Assets (From 01.04.2024 to 31.03.2025) | 111.98 | 26.56 | 26.00 |

4.9. INTEREST ON LONG TERM LOANS:

Petitioner's Submission

4.9.1. The Petitioner has submitted that it has considered the opening and addition of Normative Loan as per Regulation 13.3 of the UPERC SLDC Regulations, 2020.

4.9.2. The Petitioner has submitted that the Commission has approved the closing Normative loan balance for the FY 2023-24 vide its Tariff Order dated. 08.09.2025. The Petitioner has considered the same as opening Normative loan balance for FY 2024-25. Also, it has considered the normative loan addition during the year. The Petitioner has also considered the repayment as equal to depreciation for the FY 2024-25 in line with UPERC SLDC Regulations, 2020.

4.9.3. The Petitioner has considered the SBI one-year MCLR applicable on 1st April 2024 for computing the interest rate on Normative Loan. The Petitioner has also submitted that the Commission vide its Tariff Order FY 2024-25 has approved Normative Loan based on the projected GFA addition. However, the actual GFA



addition for the FY 2024-25 was lower than the approved GFA addition for the year. Therefore, the Interest on Normative Loan for the FY 2024-25 is lower than the approved figure.

4.9.4. Interest on loan has been computed on this basis as detailed in the table below.

TABLE 4-30: INTEREST AND FINANCE CHARGES FOR FY 2024-25 SUBMITTED BY THE PETITIONER (Rs. LAKH)

| S. N. | Particulars | Approved in Tariff Order dated. 10.10.2024 | Interest Claimed for FY 2024-25 |
|-------|---|--|---------------------------------|
| 1 | Gross Opening Loan | 295.91 | 40.22 |
| 2 | Addition during the year | 389.90 | 16.08 |
| 3 | Normative Repayment (Equal to Depreciation) | 111.98 | 26.56 |
| 4 | Closing Loan | 573.83 | 29.74 |
| 5 | Average Loan | 434.87 | 34.98 |
| 6 | Interest Rate (%) | 8.50% | 8.65% |
| 7 | Interest on Loan | 36.96 | 3.03 |
| 8 | Other Finance Charges | - | - |
| 9 | Interest and Finance Charges | 36.96 | 3.03 |

Commission's Analysis

4.9.5. The Commission observes that UPSLDC does not have any loan from financial institutions. Therefore, in this regard Regulation 13.3 of UPERC SLDC Regulations, 2020 provides that if SLDC does not have actual long-term loan portfolio, then the rate of interest for the purpose of allowing the interest on the normative long-term loan will be the SBI MCLR prevailing on 1st April of the corresponding financial year of filing of the Petition. Thus, the Commission has considered SBI MCLR of 8.65% prevailing as on 01.04.2024 as WAROI for FY 2024-25. The deemed repayment is considered equal to the net depreciation approved during the financial year as per UPERC SLDC Regulations, 2020. Accordingly, the Commission has considered the Interest on Loan (from 01.04.2024 to 31.03.2025) for True Up of FY 2024-25 on pro-rate basis as per the Table below:

By.

**TABLE 4-31: COMMISSION APPROVED - INTEREST ON LOAN (Rs. LAKH)**

| Particulars | Derivation/ Remarks | Approved in Tariff Order dated 10.10.2024 | Petition (True-Up) | Approved (True-Up) |
|--|---|---|--------------------|--------------------|
| Opening Normative Loan as on 01.04.2024 | A (As per Table No 4-30 of previous Tariff Order dated. 08.09.2025) | 295.91 | 40.22 | 40.22 |
| Loan Additions during the Year | B (Table 4-24) | 389.90 | 16.08 | 22.97 |
| Less: Repayments (Depreciation for the year) | C (Table 4-29) | 111.98 | 26.56 | 26.00 |
| Closing Loan Balance as on 31.03.2025 | D=A+B-C | 573.83 | 29.74 | 37.19 |
| Average Loan | E= (Average A,D) | 434.87 | 34.98 | 38.71 |
| Interest Rate | F | 8.50% | 8.65% | 8.65% |
| Interest on Loan | G= F*E | 36.96 | 3.03 | 3.35 |
| Less: Interest Expense Capitalised | H | 0.00 | 0.00 | 0.00 |
| Interest on Loan | I= G-H | 36.96 | 3.03 | 3.35 |

4.10. INTEREST ON WORKING CAPITAL:**Petitioner's Submission**

4.10.1. The Petitioner has claimed Interest on Working Capital (IoWC) as per Regulation 14 of the UPERC SLDC Regulations, 2020. Further, the Petitioner has considered the Rate of IoWC equal to the weighted average SBI MCLR (1 Year) applicable during FY 2024-25. The computation of the weighted average rate of interest applicable for the working capital requirement has been given as follows:

TABLE 4-32: WEIGHTED AVERAGE RATE OF SBI MCLR ONE YEAR TENURE SUBMITTED BY THE PETITIONER

| From Date | To Date | No. of Days | Base Rate |
|------------|------------|-------------|-----------|
| 01-04-2024 | 14-04-2024 | 14 | 8.65% |
| 15-04-2024 | 14-05-2024 | 30 | 8.65% |
| 15-05-2024 | 14-06-2024 | 31 | 8.65% |
| 15-06-2024 | 14-07-2024 | 30 | 8.75% |
| 15-07-2024 | 14-08-2024 | 31 | 8.85% |
| 15-08-2024 | 14-09-2024 | 31 | 8.95% |
| 15-09-2024 | 14-10-2024 | 30 | 8.95% |
| 15-10-2024 | 14-11-2024 | 31 | 8.95% |
| 15-11-2024 | 14-12-2024 | 30 | 9.00% |

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| From Date | To Date | No. of Days | Base Rate |
|---|------------|-------------|---------------|
| 15-12-2024 | 14-01-2025 | 31 | 9.00% |
| 15-01-2025 | 14-02-2025 | 31 | 9.00% |
| 15-02-2025 | 14-03-2025 | 28 | 9.00% |
| 15-03-2025 | 31-03-2025 | 17 | 9.00% |
| Weighted Average Rate of Interest | | | 8.88% |
| Add: 250 Basis Point | | | 2.50% |
| Applicable Rate of Interest on Working Capital | | | 11.38% |

4.10.2. The Petitioner has computed the IoWC for FY 2024-25 as mentioned in the above Table:

TABLE 4-33: INTEREST ON WORKING CAPITAL FOR FY 2024-25 SUBMITTED BY THE PETITIONER (Rs. LAKH)

| S. N. | Particulars | Approved in Tariff Order dated 10.10.2024 | Claimed for FY 2024-25 |
|-------|------------------------------------|---|------------------------|
| 1 | O&M Expenses for one month | 294.47 | 302.20 |
| 2 | Receivables equivalent to 45 days | 465.87 | 239.99 |
| 3 | Total working capital | 760.33 | 542.19 |
| 4 | Rate of interest | 11.05% | 11.38% |
| 5 | Interest on Working Capital | 84.02 | 61.71 |

Commission's Analysis

4.10.3. The proviso to Regulation 14.3 of the UPERC SLDC Regulation, 2020 provides that for the purpose of Truing- Up for any year, simple interest on working capital shall be allowed at a rate equal to the weighted average SBI MCLR (1 Year) prevailing during the respective year plus 250 basis points. The same is shown in table below:

TABLE 4-34: COMMISSION APPROVED - INTEREST RATE ON WORKING CAPITAL FOR FY 2024-25 (%)

| From Date | To Date | Derivation | FY 2024-25 (True Up) | |
|---|------------|----------------------|----------------------|-------------|
| | | | SBI 1 Year MCLR* | No. of Days |
| 01.04.2024 | 31.03.2025 | A | 8.88% | 365 |
| Interest Rate on Working Capital Requirement | | B = A + 2.50% | 11.38% | - |

* Source: SBI MCLR (1 Year) prevailing during the year (FY 2024-25).

Link: <https://sbi.co.in/web/interest-rates/interest-rates/mclr-historical-data>

4.10.4. Further, Regulation 14 provides that for the purposes of Truing Up for any year, the Working Capital shall cover the O&M expenses for one month and receivables equivalent to 45 days of annual LDC charges as approved by the Commission in the



Truing Up. The working capital requirement and interest thereon has been computed as shown below:

**TABLE 4-35: COMMISSION APPROVED - INTEREST ON WORKING CAPITAL FOR FY 2024-25
(Rs. LAKH)**

| Particulars | Derivation | Approved in Tariff Order Dated 10.10.2024 | FY 2024-25 (True Up) | |
|---|-------------------|--|-----------------------|-----------------------|
| | | | Petition (True Up) | Approved (True Up) |
| O&M Expenses from 01.04.2024 to 31.03.2025 | A (Table 4-15) | 3,533.58 | 3,626.37 | 3,270.33 |
| Receivables (Net ARR) | B (Table 4-45) | 2,033.19 | 1,946.60 | 1,581.38 |
| O&M Expenses for one month | C = A*30/365 | 294.47 | 302.20 | 272.53 |
| Receivables equivalent to 45 days of Annual LDC Charges | D = (B/365)*45 | 465.87 | 239.99 | 194.97 |
| Working Capital Requirement | E = C+D | 760.33 | 542.19 | 467.49 |
| Interest Rate | F | 11.05% | 11.38% | 11.38% |
| Interest on Working Capital | G= E*F | 84.02 | 61.71 | 53.21 |

4.11. INCOME TAX

Petitioner's Submission

4.11.1. The Petitioner has submitted that it has not incurred any expenses towards Income Tax during FY 2024-25. Therefore, it has not considered any Income Tax for Truing-Up of FY 2024-25.

Commission's Analysis

4.11.2. Regulation 16 of UPERC SLDC Regulations, 2020 specifies the treatment of Income Tax. The Commission observes that the Petitioner has not claimed any expenses towards Income Tax for FY 2024-25. Accordingly, the Commission has not approved any expenses towards Income Tax for True Up of FY 2024-25.

4.12. RETURN ON EQUITY

Petitioner's Submission

4.12.1. The Petitioner has submitted that the Commission, vide its Tariff Order dated 8th September 2025, has approved closing equity balance for the FY 2023-24. The

Petitioner has considered the same as opening equity balance for the FY 2024-25.

4.12.2. The Petitioner has submitted that the Commission vide its Tariff Order FY 2024-25 has approved Normative Equity based on the projected GFA addition. However, the actual GFA addition for the FY 2024-25 was lower than the approved GFA addition for the year. Therefore, the Normative Equity addition for the FY 2024-25 is lower than the approved figure. However, since, the opening Equity balance for FY 2024-25 has been revised to the approved closing equity balance for the FY 2023-24 vide the Tariff Order dated 08.09.2025, the Return on Equity is higher than the approved figure.

4.12.3. Regulation 15.1 of the UPERC SLDC Regulations, 2020 provides that the rate of Return on Equity shall be 12.50% per annum. The Return on Equity for FY 2024-25 has thus been computed on this basis, as detailed in the table below.

TABLE 4-36: RETURN ON EQUITY (ROE) FOR FY 2024-25 AS SUBMITTED BY THE PETITIONER (Rs. LAKH)

| S. N. | Particulars | Approved in Tariff Order dated. 10.10.2024 | Claimed for FY 2024-25 |
|-------|--|--|------------------------|
| 1 | Opening Equity | 17.94 | 279.04 |
| 2 | Equity addition during the year | 167.10 | 6.89 |
| 3 | Closing Equity | 185.04 | 285.93 |
| 4 | Average Equity | 101.49 | 282.49 |
| 5 | Rate of Return on Equity % | 12.50% | 12.50% |
| 6 | Tax Rate % | 0.00% | 0.00% |
| 7 | Effective Rate of Return on Equity (%) | 12.50% | 12.50% |
| 8 | Return on Equity | 12.69 | 35.31 |

Commission's Analysis

4.12.4. The Commission, in its Tariff Order dated. 10.10.2024, while computing the Debt: Equity Ratio of Capitalisation had considered the Equity Share Capital of Rs. 1 Lakh only for FY 2022-23. However, the opening & closing of debt equity ratio of past period has been reset by the Commission considering documentary evidence submitted by the Petitioner and the same is dealt with in detail under heading of Debt: Equity in the Tariff Order dated. 08.09.2025.

4.12.5. The Petitioner has considered the closing equity balance for the FY 2023-24 as



opening equity balance for the FY 2024-25 approved vide Tariff Order dated 08.09.2025. Further, the Commission notes that there is no equity addition during FY 2024-25 as per the audited accounts.

4.12.6. Further, Regulation 15 of the UPERC SLDC Regulations, 2020 provides for computation of RoE. Accordingly, the Commission has determined the RoE for True-Up period (from 01.04.2024 to 31.03.2025) as per the Table below:

TABLE 4-37: COMMISSION APPROVED - RETURN ON EQUITY FOR FY 2024-25 (Rs. LAKH)

| Particulars | Derivation | Approved in Tariff Order dated. 10.10.2024 | FY 2024-25 (True Up) | |
|---------------------------------|--|--|----------------------|--------------------|
| | | | Petitioner (True Up) | Approved (True Up) |
| Opening Equity as on 01.04.2024 | A (As per Table No 4-22 of previous Tariff Order dated. 08.09.2025) | 17.94 | 279.04 | 279.04 |
| Addition during the year | B (Audited Accounts) | 167.10 | 6.89 | 0.00 |
| Closing Equity as on 31.03.2025 | C=A+B | 185.04 | 285.93 | 279.04 |
| Average Equity | D=(A+C)/2 | 101.49 | 282.49 | 279.04 |
| Rate of Return on Equity | E | 12.50% | 12.50% | 12.50% |
| Return on Equity | F=D*E | 12.69 | 35.31 | 34.88 |

4.13. NON-TARIFF INCOME

Petitioner's Submission

4.13.1. The Petitioner has considered the Non-Tariff Income in Truing-Up of FY 2024-25 as per the Annual Audited Accounts of FY 2024-25.

TABLE 4-38: NON-TARIFF INCOME OF FY 2024-25 SUBMITTED BY THE PETITIONER (Rs. LAKH)

| S. N. | Particulars | Approved in Tariff Order dated. 10.10.2024 | Claimed for FY 2024-25 |
|-------|---|--|------------------------|
| 1 | Interest from Banks | - | 51.89 |
| 2 | Miscellaneous Receipts (in form of Tender Fees) | 0.20 | 0.05 |
| 3 | Profit on Sale of Scrap | - | 1.20 |

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| S. N. | Particulars | Approved in Tariff Order dated. 10.10.2024 | Claimed for FY 2024-25 |
|-------|-------------------------------------|--|------------------------|
| 4 | Receipt for Transportation Facility | 0.27 | - |
| 5 | Other Misc. Receipt | 0.04 | - |
| 6 | Total | 0.51 | 53.14 |

Commission's Analysis:

4.13.2. Regulation 17 of UPERC SLDC Regulations, 2020 provides for Non-Tariff Income. The Commission has scrutinized the Audited Accounts of the Petitioner and observes that the claim of the Petitioner is in line with Regulation 17 of the UPERC SLDC Regulations, 2020. Thus, the Commission has approved the Non-Tariff Income for True Up of FY 2024-25 as per the Annual Audited Accounts of the Petitioner. The same is shown in the Table below:

TABLE 4-39: COMMISSION APPROVED - NON-TARIFF INCOME FOR FY 2024-25 (Rs. LAKH)

| Particulars | FY 2024-25 (True Up) | | |
|--------------------------|--|--------------------|--------------------|
| | Approved in Tariff Order dated. 10.10.2024 | Petition (True Up) | Approved (True Up) |
| Interest Income | 0.51 | 51.89 | 51.89 |
| Miscellaneous Receipts | | 0.05 | 0.05 |
| Profit on Sale of Scrap | | 1.20 | 1.20 |
| Non-Tariff Income | 0.51 | 53.14 | 53.14 |

4.14. OPEN ACCESS CHARGES**Petitioner's Submission**

- 4.14.1. The Petitioner has submitted that it has booked the Open Access Charges towards Annual Charges and Application fee/ Operating fee/ Registration fee/ SLDC Charges as per the restated Annual Audited Accounts for the period of FY 2024-25 i.e. 01.04.2024 to 31.03.2025.
- 4.14.2. The Petitioner has submitted the summary of the Open Access Charges received during FY 2024-25 as follows:

**TABLE 4-40: OPEN ACCESS CHARGES RECEIVED DURING FY 2024-25 AS SUBMITTED BY THE PETITIONER (Rs. LAKH)**

| S. N. | Particulars | Approved in Tariff Order dated. 10.10.2024 | Claimed for FY 2024-25 |
|-------|---|--|------------------------|
| 1 | Annual Charges | - | 157.47 |
| 2 | Application fee / Concurrence fee/ SLDC Charges | 217.28 | 1,595.77 |
| 3 | Operating fee | 1,198.24 | - |
| 4 | Registration fee | 330.30 | - |
| 5 | Total Open Access Charges | 1,745.52 | 1,753.24 |

Commission's Analysis:

4.14.3. The Commission observes that the Petitioner has submitted Open Access Charges as per the Annual Audited Accounts of UPSLDC for the period of FY 2024-25 i.e. 01.04.2024 to 31.03.2025.

4.14.4. The Commission has approved the Open Access Charges for True Up of FY 2024-25 (from 01.04.2024 to 31.03.2025) on the basis of Annual Audited Accounts of the Petitioner as shown in the Table below:

TABLE 4-41: COMMISSION APPROVED - OPEN ACCESS CHARGES RECEIVED DURING FY 2024-25 (Rs. LAKH)

| Particular | Approved in Tariff Order dated. 10.10.2024 | FY 2024-25 (True Up) | |
|---|--|----------------------|--------------------|
| | | Petition (True Up) | Approved (True Up) |
| Annual Charges | - | 157.47 | 157.47 |
| Application fee / Concurrence fee/ SLDC Charges | 217.28 | 1,595.77 | 1,595.77 |
| Operating fee | 1,198.24 | - | - |
| Registration fee | 330.30 | - | - |
| Total Open Access Charges | 1,745.52 | 1,753.24 | 1,753.24 |

4.15. REVENUE FROM OPERATION

4.15.1. The Petitioner has submitted that the Commission has approved LDC charges for FY 2024-25 vide its Tariff Order dated. 10.10.2024. The details of the LDC Charges for FY 2024-25 based on the annual audited accounts of FY 2024-25 and that approved by the Commission as tabulated below:

**TABLE 4-42: REVENUE FROM OPERATION (LDC CHARGES) OF FY 2024-25 (Rs. LAKH)**

| S. N. | Particulars | Approved in Tariff Order dated. 10.10.2024 | True Up (FY 2024-25) |
|-------|------------------------|--|----------------------|
| 1 | Revenue from Operation | 3,584.79 | 1,567.18 |

Commission's Analysis:

4.15.2. The Commission observes that the Petitioner has submitted Revenue from Operation (LDC Charges) as per the Annual Audited Accounts of UPSLDC for the period of FY 2024-25 i.e. 01.04.2024 to 31.03.2025.

4.15.3. Accordingly, the Commission has approved the Revenue from Operation (LDC Charges) for True Up of FY 2024-25 (from 01.04.2024 to 31.03.2025) on the basis of Annual Audited Accounts.

4.16. SUMMARY OF ANNUAL REVENUE REQUIREMENT AND GAP/(SURPLUS) FOR TRUE UP OF FY 2024-25 (FROM 01.04.2024 TO 31.03.2025)**Petitioner's Submission**

4.16.1. The Petitioner has claimed Aggregate Revenue Requirement for FY 2024-25 as shown in the Table below:

TABLE 4-43: AGGREGATE REVENUE REQUIREMENT FOR FY 2024-25 SUBMITTED BY THE PETITIONER (Rs. LAKH)

| S. N. | Particulars | Approved in Tariff Order dated. 10.10.2024 | Claimed for FY 2024-25 |
|-------|--|--|------------------------|
| 1 | Employee Expenses | 2,779.29 | 2,960.41 |
| 2 | Repair & Maintenance Expenses | 354.39 | 271.51 |
| 3 | A&G Expenses | 399.91 | 394.45 |
| 4 | Depreciation | 111.98 | 26.56 |
| 5 | Interest & Finance Charges | 36.96 | 3.03 |
| 6 | Interest on Working capital | 84.02 | 61.71 |
| 7 | Return on Equity | 12.69 | 35.31 |
| 8 | Total Cost | 3,779.22 | 3,752.98 |
| 9 | Less: Non-Tariff income | 0.51 | 53.14 |
| 10 | Less: Open Access Charges | 1,745.52 | 1,753.24 |
| 11 | Net Aggregate Revenue Requirement | 2,033.19 | 1,946.60 |



4.16.2. **Revenue Gap/ (Surplus) for FY 2024-25:** Based on the submissions made in the Petition, the Petitioner has computed the Revenue Gap for FY 2024-25 as below Table:

TABLE 4-44: REVENUE GAP/ (SURPLUS) FOR FY 2024-25 AS SUBMITTED BY THE PETITIONER (Rs. LAKH)

| S. N. | Particulars | Approved in Tariff Order dated. 10.10.2024 | True Up Petition (FY 2024-25) |
|-------|--|--|-------------------------------|
| 1 | Net Average Revenue Requirement for FY 2024-25 (A) | 2,033.19 | 1,946.60 |
| 2 | Add: Approved Revenue Gap of FY 2022-23 along with Carrying Cost (B) | 1,551.60 | 1,551.60 |
| 3 | Net ARR to be recovered C = A+B | 3,584.79 | 3,498.20 |
| 4 | Revenue from Operation (LDC Charges) (D) | 3,584.79 | 1,567.18 |
| 5 | Revenue Gap E = (C) - (D) | - | 1,931.02 |

4.16.3. The Petitioner has submitted the ARR with a Revenue Gap during the True Up of FY 2024-25 for approval of the Commission.

Commission's Analysis

4.16.4. The Commission, based on a prudence check and after carrying out a detailed analysis of each parameter, as shown above, has considered the True-Up of FY 2024-25. Accordingly, the following table summarizes the True-Up and Gap/(Surplus) for FY 2024-25 as submitted by the Petitioner vis-à-vis the values approved by the Commission.

TABLE 4-45: COMMISSION APPROVED SUMMARY OF TRUE UP FOR FY 2024-25 (Rs. LAKH)

| Particulars | Derivation | Approved in Tariff Order dated. 10.10.2024 | FY 2024-25 (True Up) | |
|-------------------------------|---------------------------------|--|----------------------|--------------------|
| | | | Petition (True Up) | Approved (True Up) |
| Employee Expenses | a1 | 2,779.29 | 2,960.41 | 2,647.89 |
| R&M Expense | b1 | 354.39 | 271.51 | 271.51 |
| A&G Expense | c1 | 399.91 | 394.45 | 350.93 |
| Total O&M expenses | A= a1+b1+c1 (Table 4-15) | 3,533.58 | 3,626.37 | 3,270.33 |
| Depreciation | B (Table 4-29) | 111.98 | 26.56 | 26.00 |
| Interest on Loan | C (Table 4-31) | 36.96 | 3.03 | 3.35 |
| Interest on Working Capital | D (Table 4-35) | 84.02 | 61.71 | 53.21 |
| Return on Equity | E (Table 4-37) | 12.69 | 35.31 | 34.88 |

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| Particulars | Derivation | Approved in Tariff Order dated. 10.10.2024 | FY 2024-25 (True Up) | |
|--|--------------------------------------|---|-----------------------|-----------------------|
| | | | Petition (True Up) | Approved (True Up) |
| Total Aggregate Revenue Requirement | F=A+B+C+D+E | 3,779.22 | 3,752.98 | 3,387.76 |
| Less: Non-Tariff Income | G (Table 4-39) | 0.51 | 53.14 | 53.14 |
| Less: Open Access Charges | H = (d1+d2+d3+d4) (Table 4-41) | 1,745.52 | 1,753.24 | 1,753.24 |
| Annual Charges | d1(Audited Accounts) | - | 157.47 | 157.47 |
| Application fee/ Concurrence fee/ SLDC Charges | d2 (Audited Accounts) | 217.28 | 1,595.77 | 1,595.77 |
| Operating fee | d3 (Audited Accounts) | 1,198.24 | - | - |
| Registration fee | d4 (Audited Accounts) | 330.30 | - | - |
| Net Aggregate Revenue Requirement | I = F - (G+H) | 2,033.19 | 1,946.60 | 1,581.38 |
| Add: Revenue Gap approved in Tariff Order dated. 10.10.2024 | J | 1,551.60 | 1,551.60 | -* |
| Net ARR with Revenue Gap | K = I + J | 3584.79 | 3,498.20 | 1,581.38 |
| Less: Revenue from Operations (LDC Charges) | L | 3584.79 | 1,567.18 | 1,567.18 |
| Net Gap /(Surplus) in FY 2024-25 | M = K - L | - | 1,931.02 | 14.20 |

*Revenue Gap treatment approved in Tariff Order dated. 10.10.2024 is carried out in Table 4-46.

4.16.5. In view of the above, the Commission approves the True Up of Rs. 1,581.38 lakh for the Petitioner for FY 2024-25, along with a net Revenue Gap of Rs. 14.20 lakh.

4.17. UPSLDC REVENUE GAP/(SURPLUS) UPTO FY 2024-25

4.17.1. The Commission has determined the year-wise revenue gap/(surplus) up to FY 2024-25 by considering the opening gap carried over from FY 2022-23, the additions during each year and the applicable carrying cost. The closing gap of each year has been treated as the opening gap for the subsequent year. The detailed computation of opening balance, addition during the year, carrying cost and closing balance of gap/(surplus), as approved by the Commission is shown in the Table below:

TABLE 4-46: COMMISSION APPROVED – TREATMENT OF GAP/(SURPLUS) UP TO FY 2024-25 (Rs. LAKH)

| Particulars | Derivation | FY 2022-23 | FY 2023-24 | FY 2024-25 |
|-----------------------|------------|------------|------------|------------|
| | | True Up | True Up | True Up |
| Opening Gap/(Surplus) | A | - | 1,267.88 | 3,218.57 |



| Particulars | Derivation | FY 2022-23 | FY 2023-24 | FY 2024-25 |
|--|-------------------|-----------------|-----------------|-----------------|
| | | True Up | True Up | True Up |
| Gap/(Surplus) addition during the year | B | 1,229.55* | 1,715.39** | 14.20 |
| Closing Gap /(Surplus) | C = A+B | 1,229.55 | 2,983.27 | 3,232.77 |
| Average Balance Gap/(Surplus) | D= {(A)+(C)}/2 | 614.78 | 2,125.58 | 3,225.67 |
| Carrying Cost (%) (Rate of Interest on IWC (%)) | E | 10.30% | 11.07% | 11.38% |
| Carrying Cost (Rs. Lakh) | F = D*E | 38.34*** | 235.30 | 367.15 |
| Closing Gap /(Surplus) with Carrying Cost | G = C+F | 1,267.88 | 3,218.57 | 3,599.93 |

* Gap consideration derived from the net true-up gap in Table 4-38 of Tariff Order dated. 10.10.2024.

** Gap consideration derived from the net true-up gap in Table 4-43 of Tariff Order dated. 08.09.2025.

***Apportionment Carrying cost has been considered as per Table 6-35 of Tariff Order dated. 10.10.2024.

4.17.2. Accordingly, the Commission considers a net gap of Rs. 3,599.93 lakh for the Petitioner at the end of FY 2024-25, inclusive of carrying cost.



5. ANNUAL PERFORMANCE REVIEW FOR FY 2025-26

5.1. INTRODUCTION

- 5.1.1. The Petitioner vide Petition No. 2319 of 2025 has sought approval for the Annual Performance Review (APR) for FY 2025-26.
- 5.1.2. The Petitioner has prepared its APR for FY 2025-26 in accordance with the Uttar Pradesh Electricity Regulatory Commission (Fees & Charges of State Load Despatch Centre and other related matters) Regulations, 2025. The Petitioner has submitted that it has considered applicable norms as provided in the UPERC SLDC Regulations, 2025 for computation of the ARR of FY 2025-26.
- 5.1.3. The Commission has analysed the Tariff Petition submitted for approval of APR for FY 2025-26 as per the provisions of UPERC SLDC Regulations, 2025. The detailed deliberation and element-wise analysis is presented in the subsequent sections of this chapter.
- 5.1.4. Further, the Commission has carried out a comparison of each component of APR as claimed by the Petitioner with that approved in Tariff Order for FY 2025-26 vide Order dated 08.09.2025. The Commission will carry out the detailed prudence check at the time of carrying out the Truing up for FY 2025-26. Accordingly, components of APR are discussed subsequently.

5.2. OPERATION AND MAINTENANCE (O&M) EXPENSES

Petitioner's Submission

- 5.2.1. The Petitioner has submitted that Regulation 6 of the UPERC SLDC Regulations, 2025 provides that the Operation & Maintenance Expenses shall comprise of the following elements:
- (a) Employee Expenses
 - (b) Repair and Maintenance (R&M) Expenses
 - (c) Administrative and General (A&G) Expenses
- 5.2.2. Further, the Petitioner has submitted that UPERC has approved methodology for computation of the base Normative O&M expenses applicable for the Control

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Period of FY 2025-26 to FY 2029-30 vide its Tariff Order for the FY 2025-26 dated. 08.09.2025. UPSLDC has followed the same methodology for computation of Normative O&M Expenses for FY 2025-26.

5.2.3. The Petitioner has submitted that it has considered Regulation 7, 8 & 9 of the UPERC SLDC Regulations, 2025 for computation of the Normative Employee expenses of FY 2025-26. Therefore, UPSLDC has considered Allocation Statement of FY 2020-21 and FY 2021-22, Allocation Statement for part of FY 2022-23 (i.e. 01.04.2022 to 22.08.2022) and audited annual accounts of FY 2022-23 (i.e. 23.08.2022 to 31.03.2023), restated audited annual accounts of FY 2023-24 and audited annual accounts of FY 2024-25 for computation of the Normative Employee Expenses for the base year (i.e. 2022-23). The detailed computation of the same are as follows:

TABLE 5-1- NORMATIVE O&M EXPENSES FOR MID-YEAR FY 2022-23 (Rs. LAKH)

| Sl. No. | Particulars | Trial Balance | | Audited Expenses | | | Mid-Year FY 2022-23 Average of last 5 years |
|---------|---------------------------------------|----------------------------|----------------------------|---|---------------------------------------|------------------------------|---|
| | | FY 2020-21 (Trial Balance) | FY 2021-22 (Trial Balance) | FY 2022-23 (Trial Balance and Restated Audited Account) | FY 2023-24 (Restated Audited Account) | FY 2024-25 (Audited Account) | |
| | | (a) | (b) | (c) | (d) | (e) | |
| 1 | Employee Expenses | 2,399.66 | 2,504.48 | 2,383.06 | 2,494.70 | 2,647.89 | 2,485.96 |
| 2 | A&G expenses | 268.46 | 236.01 | 426.16 | 797.99 | 706.97 | 487.12 |
| 3 | R&M expenses | 465.72 | 583.57 | 482.53 | 418.64 | 271.51 | 444.39 |
| 4 | Total O&M Expenses (1+2+3) | 3,133.84 | 3,324.06 | 3,291.75 | 3,711.33 | 3,626.37 | 3,417.47 |

5.2.4. Further, the UPERC SLDC Regulations, 2025 provides that the Average Employee Expenses shall be escalated year on year with the escalation factor considering CPI of respective years, for subsequent years up to FY 2024-25. For the purpose of ARR, the Average Employee Expenses shall be escalated by average of Consumer Price Index (CPI) for Industrial Workers (All India) as per Labour Bureau, Government of India for the immediately preceding three financial years. Accordingly, the details of CPI as considered by the Petitioner are as follows:



TABLE 5-2- CPI CONSIDERED FOR COMPUTATION OF NORMATIVE O&M EXPENSES OF FY 2025-26

| Particulars | Actuals | | | | APR |
|---------------------------------|------------|------------|------------|------------|--------------|
| | FY 2021-22 | FY 2022-23 | FY 2023-24 | FY 2024-25 | FY 2025-26 |
| Annual Average CPI Index | 356.06 | 377.62 | 397.20 | 410.64 | - |
| % increase (%) | - | 6.05% | 5.19% | 3.38% | - |
| Average of Last 03 Years | | | | | 4.87% |

5.2.5. Further, the UPERC SLDC Regulations, 2025 provides that for R&M and A&G expenses, Wholesale Price Index (WPI) as per the Office of Economic Advisor of Government of India shall be considered. Accordingly, the Details of WPI as considered by the Petitioner are as follows:

TABLE 5-3- WPI CONSIDERED FOR COMPUTATION OF NORMATIVE O&M EXPENSES OF FY 2025-26

| Particulars | Actuals | | | | ARR |
|---------------------------------|------------|------------|------------|------------|--------------|
| | FY 2021-22 | FY 2022-23 | FY 2023-24 | FY 2024-25 | FY 2025-26 |
| Annual Average WPI Index | 139.41 | 152.53 | 151.42 | 154.86 | |
| % increase (%) | | 9.41% | -0.73% | 2.27% | |
| Average of Last 03 Years | | | | | 3.65% |

5.2.6. Accordingly, the Petitioner has computed the Normative O&M Expenses for the FY2025-26 is as follows:

TABLE 5-4- NORMATIVE O&M EXPENSES COMPUTATION OF FY 2025-26 (Rs. LAKH)

| Particulars | Mid-Year FY 2022-23 Average of last 5 years | Escalation Factor | | Normative Expenses for FY 2024-25 | Escalation Factor of FY 2025-26 | Normative Expenses for FY 2025-26 |
|-------------------------------|---|-------------------|------------|-----------------------------------|---------------------------------|-----------------------------------|
| | | FY 2023-24 | FY 2024-25 | | | |
| Employee Expenses | 2,485.96 | 5.19% | 3.38% | 2,703.36 | 4.87% | 2,835.13 |
| A&G expenses | 487.12 | -0.73% | 2.27% | 494.57 | 3.65% | 512.63 |
| R&M expenses | 444.39 | -0.73% | 2.27% | 451.19 | 3.65% | 467.67 |
| Total O&M Expenses | 3,417.47 | | | 3,649.13 | | 3,815.43 |

Proposed Incentive for Employees of UPSLDC

5.2.7. The Petitioner has submitted Regulation 6(6) of the UPERC SLDC Regulations, 2025 provides the Incentive Policy for the employees of UPSLDC. The Commission has



also approved incentive policy for certified employees of UPSLDC for FY 2025-26.

- 5.2.8. The Petitioner has also submitted that it has computed the actual amount required towards incentive based on the actual no. of certified employees of UPSLDC and requests the Commission to consider the same over and above Normative O&M Expenses for FY 2025-26. The detail of the proposed incentive is as follows:

TABLE 5-5: PROPOSED INCENTIVE FOR CERTIFIED EMPLOYEES (IN RUPEES)

| Sl. No. | Pay Group | Certified No. of Employees (Having Basic Level) (A) | Certified No. of Employees (Having Specialist Level) (B) | Monthly Incentive for employees having NPTI Certification (Basic Level) (C) | Monthly Incentive for employees having NPTI Certification (Specialist Level) (D) | Annual Incentive for FY 2025-26 (E)= (A)*(C)*12 |
|---------|--------------------|---|--|---|--|---|
| 1 | Level 11 and above | 15 | - | 9,000.00 | 11,000.00 | 16,20,000.00 |
| 2 | Level 10 | 26 | - | 6,000.00 | 8,000.00 | 18,72,000.00 |
| 3 | Total (1+2) | 41 | - | - | - | 34,92,000.00 |

Additional AMC Expenses

- 5.2.9. The Petitioner has submitted that the Commission has approved Normative R&M expenses based on the norms for UPSLDC. However, such norms approved by considering the last 05 year expenses may not fully cover the actual R&M expenses of UPSLDC.

- 5.2.10. UPSLDC is in the process of implementation of advanced technologies such as SCADA/EMS upgradation, EASS hardware, and upcoming C-SOC facilities, which require continuous focus on cybersecurity and adoption of new innovations. Further, such advanced technologies need additional AMC cost including specialised manpower. Therefore, such expenses of new technologies may not be fully covered by the Normative R&M expenses considering past financial data.

- 5.2.11. Accordingly, UPSLDC has computed the total additional AMC Cost required to be incurred during FY 2025-26 for smooth function of UPSLDC. Further, the Petitioner has requested to approve the additional AMC expenses required for FY 2025-26 over and above Normative R&M Expenses as under:

TABLE 5-6: AMC EXPENSES SUBMITTED BY THE PETITIONER REQUIRED FOR FY 2025-26 (Rs. LAKH)

| Sl. No. | Particulars | Claimed for APR FY 2025-26 |
|---------|---|----------------------------|
| 1 | AMC of PSSE Software | 3.20 |
| 2 | AMC of EASS Hardware | 75.54 |
| 3 | AMC of EASS Software | 166.28 |
| 4 | AMC of IT Equipment (Computer, Printer, Switches, Bio-metric, Laptop) | 4.00 |
| 5 | AMC of API Server | 2.80 |
| 6 | AMC of SCADA Phase - II | 374.44 |
| 7 | P2P Link | 4.81 |
| 8 | Total AMC Expenses | 631.08 |

5.2.12. Accordingly, based on the above the Normative O&M Expenses for FY 2025-26 are as follows:

TABLE 5-7: NORMATIVE O&M EXPENSES AS SUBMITTED BY THE PETITIONER FOR THE FY 2025-26 (Rs. LAKH)

| Sl. No. | Particulars | Normative Expenses for FY 2025-26 |
|---------|---|-----------------------------------|
| 1 | Employee Expenses | 2,835.13 |
| 2 | Incentive Expenses | 34.92 |
| 3 | Total Normative Employees Expenses (1+2) | 2,870.05 |
| 4 | Normative A&G expenses | 512.63 |
| 5 | R&M expenses | 467.67 |
| 6 | Additional R&M Expenses (AMC Expenses) | 631.08 |
| 7 | Total Normative R&M Expenses | 1,098.75 |
| 8 | Total Normative O&M Expenses (3+4+7) | 4,481.43 |

Commission's Analysis

5.2.13. The Commission has provisionally computed the normative O&M Expenses in accordance with Regulation 6 of the UPERC SLDC Regulations, 2025. Further, clauses (7), (8) & (9) of Regulation 6 specify the methodology for normative computation of these expenses, wherein the normative Employee Expenses, R&M Expenses and normative A&G Expenses are to be derived by escalating the base year value of FY 2024-25 with the applicable escalation factor. The relevant provisions of Regulation 6 are reproduced below:

**"6. Operation and Maintenance Expenses**

...

(6) Employee Cost

- (a) The normative Employee Cost shall be derived on the basis of the average of the values in the Audited Accounts for the last five (5) financial years ending March 31, 2025 subject to prudence check by the Commission. However, if Audited Accounts are not available for FY 2024-25, Audited Accounts available for the last five (5) years will be considered and subsequently when the same becomes available the base year value (i.e. FY 2024-25) will be recomputed.
- (b) The average of such Employee Cost shall be considered as Employee Cost for the middle year of the previous Control Period (01.04.2020 to 31.03.2025) and shall be escalated year on year with the escalation factor considering CPI of respective years, for subsequent years up to FY 2024-25:

Provided that impact of one time expenses such as arrears due to impact of pay revision, change in pension scheme, etc. shall be removed from the base Employee Cost.

After arriving at the figure of FY 2024-25, the normative employee expenses shall be computed as per formula below:

$$EMP_n = EMP_{n-1} \times (1 + \text{CPI inflation})$$

Where:

EMP_n : Employee expense for the n^{th} year;

EMP_{n-1} : Employee expense for the $(n-1)^{\text{th}}$ year;

For the purpose of ARR, CPI inflation is the average of Consumer Price Index (CPI) for Industrial Workers (All India) as per Labour Bureau, Government of India for the immediately preceding three financial years.

For the purpose of True-Up, CPI inflation is the actual point to point inflation for the concerned financial year.

(7) Repairs and Maintenance Expense

- (a) The normative Repair and Maintenance expenses shall be derived on the basis of the average of the values in the Audited Accounts for the last five (5) financial years ending March 31, 2025 subject to prudence check by the Commission. However, if Audited Accounts are not available for FY 2024-25, Audited Accounts available for the last five (5) years will be considered and subsequently when the same becomes available the base year value (i.e. FY 2024-25) will be recomputed.
- (b) The average of such Repair and Maintenance expenses shall be



considered as Repair and Maintenance expenses for the middle year of the previous Control Period (01.04.2020 to 31.03.2025) and shall be escalated year on year with the escalation factor considering WPI of respective years, for subsequent years up to FY 2024-25:

After arriving at the figure of FY 2024-25, the normative R&M expenses shall be computed as per formula below:

$$R\&M_n = R\&M_{n-1} (1 + \text{WPI inflation})$$

Where:

R&M_n: Repairs & Maintenance expense for nth year;

R&M_{n-1}: Repairs & Maintenance expense for the (n-1)th year;

For the purpose of ARR, WPI inflation is the average of Wholesale Price Index (WPI) for immediately preceding three financial years as per the Office of Economic Advisor of Government of India:

For the purpose of True-Up, WPI inflation is the actual point to point inflation for the concerned financial year.

(8) Administrative and General Expenses

(a) The normative A&G Expenses shall be derived on the basis of the average of the values in the Audited Accounts for the last five (5) financial years ending March 31, 2025 subject to prudence check by the Commission. However, if Audited Accounts are not available for FY 2024-25, Audited Accounts available for the last five (5) financial years of previous Control Period (01.04.2020 to 31.03.2025) will be considered and subsequently when the same becomes available the base year value (i.e. FY 2024-25) will be recomputed.

(b) The average of such A&G Expenses shall be considered as A&G Expenses for the middle year of the previous Control Period (01.04.2020 to 31.03.2025) and shall be escalated year on year with the escalation factor considering WPI of respective years, for subsequent years up to FY 2024-25.

After arriving at the figure of FY 2024-25, the normative A&G expenses shall be computed as per formula below:

$$A\&G_n = A\&G_{n-1} (1 + \text{WPI inflation})$$

Where:

A&G_n: A&G expense for the nth year;

A&G_{n-1}: A&G expense for the (n-1)th year;

For the purpose of ARR, WPI inflation is the average of Wholesale Price Index (WPI) for immediately preceding three financial years as per the Office of Economic Advisor of Government of India:

For the purpose of True-Up, WPI inflation is the actual point to point inflation for the concerned financial year."

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5.2.14. The Commission has observed that in the APR submission for FY 2025-26, the Petitioner has considered audited accounts of Employee Expenses, R&M Expenses and A&G Expenses for the period FY 2023-24 to FY 2024-25, allocation statement for FY 2020-21 & FY 2021-22 and part Allocation statement (01.04.2022 to 22.08.2022) and part Audited accounts for balance period of FY 2022-23.

Further, the Commission notes the Petitioner's submissions as prior to its incorporation as a separate company, UPSLDC was functioning as part of UPPTCL, and common accounts were prepared for UPPTCL inclusive of the SLDC function. Accordingly, only allocation statements of the SLDC function for FY 2020-21, FY 2021-22 and FY 2022-23 (01.04.2022 to 22.08.2022) are available.

5.2.15. The Commission has computed the normative values of O&M expenses in line with SLDC Regulation 2025 wherein average of last five years was considered based on the allocation statement for FY 2020-21 & FY 2021-22, allocation statement for the period of 01.04.2022 to 22.08.2022 and restated audited accounts for the period 23.08.2022 to 31.03.2023 as audited data for such period was not available with the Petitioner considering UPSLDC was incorporated on 22.08.2022 and audited accounts for the period FY 2023-24 to FY 2024-25.

5.2.16. The Commission has computed normative O&M expenses as provided under SLDC Regulation 2025. Accordingly, normative O&M expenses for the Base Year (FY 2022-23) were computed in Tariff Order dated. 08.09.2025 for FY 2025-26. The computation of base year is being reiterated here for the sake of clarity. The computation of Mid-Year value for FY 2022-23 is shown in the Table Below:

TABLE 5-8: MID YEAR COMPUTATION FOR FY 2022-23 BY THE COMMISSION (Rs. LAKH)

| Particulars | Trial Balance/Audited Figures | | | | | Expenses for Mid Year |
|-------------------|-------------------------------|------------|------------|------------|------------|-------------------------------|
| | FY 2020-21 | FY 2021-22 | FY 2022-23 | FY 2023-24 | FY 2024-25 | FY 2022-23 |
| | (a) | (b) | (c) | (d) | (e) | (f) = [(a)+(b)+(c)+(d)+(e)]/5 |
| Employee Expenses | 2,399.66 | 2,504.48 | 2,383.06 | 2,494.70 | 2,647.89 | 2,485.96 |
| R&M Expenses | 465.72 | 583.57 | 482.53 | 418.64 | 271.51 | 444.39 |
| A&G Expenses | 268.46 | 236.01 | 426.16 | 797.99 | 706.97 | 487.12 |



5.2.17. Further, for computing normative values for the base year (i.e., FY 2024-25), the mid-year value (FY 2022-23) has been escalated on a yearly basis with the escalation factor considering actual CPI and WPI of respective years, for subsequent years up to FY 2024-25. Accordingly, the inflation rate computed for FY 2023-24 to FY 2024-25, as per Labour Bureau, GoI (<https://labourbureau.gov.in/all-india-general-index-1>) and Economic Advisor Government of India (https://eaindustry.nic.in/download_data_1112.asp) is shown in the Table below:

TABLE 5-9: INFLATION INDEX CONSIDERED BY THE COMMISSION (INDEX VALUE)

| Particulars | Wholesale Price Index | | | | Consumer Price Index | | | |
|---------------------------------|-----------------------|---------------|---------------|---------------|----------------------|---------------|---------------|---------------|
| | FY 2021-22 | FY 2022-23 | FY 2023-24 | FY 2024-25 | FY 2021-22 | FY 2022-23 | FY 2023-24 | FY 2024-25 |
| April | 132.00 | 152.30 | 151.10 | 152.90 | 345.89 | 367.78 | 386.50 | 401.47 |
| May | 132.90 | 155.00 | 149.40 | 153.50 | 347.33 | 371.52 | 387.94 | 402.91 |
| June | 133.70 | 155.40 | 148.90 | 154.00 | 350.50 | 372.10 | 392.83 | 407.23 |
| July | 135.00 | 154.00 | 152.10 | 155.30 | 353.66 | 374.11 | 402.34 | 410.98 |
| August | 136.20 | 153.20 | 152.50 | 154.40 | 354.24 | 374.98 | 400.90 | 410.69 |
| September | 137.40 | 151.90 | 151.80 | 154.70 | 355.10 | 378.14 | 396.00 | 412.70 |
| October | 140.70 | 152.90 | 152.50 | 156.70 | 359.71 | 381.60 | 398.59 | 416.16 |
| November | 143.70 | 152.50 | 153.10 | 156.40 | 362.02 | 381.60 | 400.61 | 416.16 |
| December | 143.30 | 150.50 | 151.80 | 155.70 | 361.15 | 381.02 | 399.74 | 413.86 |
| January | 143.80 | 150.70 | 151.20 | 155.00 | 360.29 | 382.46 | 400.03 | 412.42 |
| February | 145.30 | 150.90 | 151.20 | 154.90 | 360.00 | 382.18 | 400.90 | 411.26 |
| March | 148.90 | 151.00 | 151.40 | 154.80 | 362.88 | 383.90 | 400.03 | 411.84 |
| Average | 139.41 | 152.53 | 151.42 | 154.86 | 356.06 | 377.62 | 397.20 | 410.64 |
| Calculation of Inflation | | 9.41% | -0.73% | 2.27% | | 6.05% | 5.19% | 3.38% |

5.2.18. For computation of the average of CPI & WPI inflation, respective CPI & WPI percentages for the immediately preceding three Financial Years i.e. FY 2022-23 to FY 2024-25 are shown below:

TABLE 5-10: INFLATION INDEX CONSIDERED BY THE COMMISSION FOR FY 2025-26 (%)

| FY | INFLATION RATE | |
|------------|----------------|-------|
| | WPI | CPI |
| FY 2022-23 | 9.41% | 6.05% |
| FY 2023-24 | -0.73% | 5.19% |
| FY 2024-25 | 2.27% | 3.38% |

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| FY | INFLATION RATE | |
|--------------------------------------|----------------|-------|
| | WPI | CPI |
| FY 2025-26 (Avg. of last 3 Years) | 3.65% | 4.87% |

5.2.19. Subsequently, the norms for Employee Expenses, R&M Expenses and A&G Expenses for FY 2025-26 are derived based on the respective escalation factors shown in the Table above as per Regulation 6(7), 6(8) and Regulation 6(9) of UPERC SLDC Regulations, 2025, which is explained in later paras.

5.2.20. **Employee Expenses:** In order to compute the normative Employee Expenses for FY 2025-26, the Commission has taken the normative Employee Expenses of base year i.e FY 2024-25 (provisionally Computed) and escalated the same with the corresponding inflation factor (average of CPI for immediately preceding three Financial Years i.e. FY 2022-23 to FY 2024-25).

5.2.21. **R&M Expenses:** In order to compute the normative R&M Expenses for FY 2025-26, the Commission has taken the normative R&M Expenses of base year i.e FY 2024-25 (provisionally Computed) and escalated the same with the corresponding inflation factor (average of WPI for immediately preceding three Financial Years i.e. FY 2022-23 to FY 2024-25).

5.2.22. **A&G Expenses:** The normative A&G Expenses for FY 2025-26 have been calculated by escalating the normative A&G Expenses of Base Year i.e. FY 2024-25 (provisionally Computed) with the average of WPI for the immediately preceding three Financial Years (i.e., FY 2022-23 to FY 2024-25). The base year value has been arrived in a manner shown in the Table below:

TABLE 5-11: COMPUTATION OF NORMATIVE O&M EXPENSES BY THE COMMISSION FOR THE BASE YEAR I.E. FY 2024-25 (Rs. LAKH)

| Particulars | Mid-Year Value | Normative | | | | | |
|-------------------|--------------------|-------------------|-----|---|-------------------|-----|---|
| | | Escalation Factor | | FY 2023-24 | Escalation Factor | | FY 2024-25 |
| | (f) (Table 5-8) | CPI | WPI | (h)= [(f)*(1+ escalation factor for FY 2023-24) | CPI | WPI | (i)= [(h)*(1+ escalation factor for FY 2024-25) |
| Employee Expenses | 2,485.96 | 5.19% | | 2,614.89 | 3.38% | | 2,703.36 |



| Particulars | Mid-Year Value | Normative | | | | | |
|--------------|--------------------|-------------------|--------|---|-------------------|-------|---|
| | | Escalation Factor | | FY 2023-24 | Escalation Factor | | FY 2024-25 |
| | (f) (Table 5-8) | CPI | WPI | (h)= [(f)*(1+ escalation factor for FY 2023-24) | CPI | WPI | (i)= [(h)*(1+ escalation factor for FY 2024-25) |
| R&M Expenses | 444.39 | | -0.73% | 441.16 | | 2.27% | 451.19 |
| A&G Expenses | 487.12 | | -0.73% | 483.58 | | 2.27% | 494.57 |

5.2.23. **O&M Expenses:** Accordingly, the Commission has computed the O&M Expenses for FY 2025-26 based on the norms specified in Regulation 6 of UPERC SLDC Regulations, 2025 as shown in the Table below:

TABLE 5-12: NORMATIVE O&M EXPENSES COMPUTED BY THE COMMISSION (Rs. LAKH)

| Particulars | Derivation | FY 2024-25 (Normative) | FY 2025-26 | | |
|----------------------------------|----------------|---------------------------|---|-------|---|
| | | | Average of previous 3 years CPI and WPI | | Normative Computation |
| | | (j) (Table 5-11) | CPI | WPI | (k)= [(j)*(1+ 3 year Avg. of FY 22-23 to 24-25) |
| Employee Expenses | A | 2,703.36 | 4.87% | | 2,835.13 |
| R&M Expenses | B | 451.19 | | 3.65% | 467.67 |
| A&G Expenses | C | 494.57 | | 3.65% | 512.63 |
| Gross O&M Expenses | D=A+B+C | | 3,815.43 | | |
| Employee Expenses Capitalisation | E | | | | - |
| Net O&M Expenses | F=D-E | | 3,815.43 | | |

5.2.24. The Commission notes that the Petitioner has sought additional AMC Cost over and above the normative R&M Expense. In this regard, the relevant extract of UPERC SLDC Regulations, 2025 is reproduced below:

“Regulation 6

(5) UPSLDC may undertake Opex schemes for system automation, new technology and IT implementation, etc., and such expenses may be allowed over and above normative O&M Expenses, subject to prior approval and prudence check by the Commission:

Provided that UPSLDC shall submit detailed justification, cost benefit analysis, and life-cycle cost analysis of such schemes as against Capex schemes and savings in O&M Expenses, if any.”



5.2.25. The Commission, through data gaps, sought details as to whether the AMCs claimed pertain to new contracts, existing contracts, or represent additional amounts over and above the previously approved AMC rates. In case the AMCs pertain to existing contracts, the Petitioner was also directed to submit the previously finalized AMC rates for each such AMC. Accordingly, UPSLDC has resubmitted the revised details of AMC Expenses for FY 2025-26, as under:

TABLE 5-13: AMC EXPENSES SUBMITTED BY THE PETITIONER IN ITS DATAGAP REQUIRED FOR FY 2025-26 (Rs. LAKH)

| Sl. No | Particulars | Actual AMC Expenses in FY 2024-25 | Total AMC Expenses for FY 2025-26 | Revised Additional Amount Claim for FY 2025-26 | Remark for Additional Amount Claim for APR of FY 2025-26 |
|--------------|-------------------------|-----------------------------------|-----------------------------------|--|---|
| 1 | AMC of PSSE Software | 1.87 | 3.20 | 1.33 | Increased expenses due to fresh renewal of PSSE software AMC for the period from 2025-2030 of Rs. 5.46 Cr. with increased price applicable from Nov-2025. |
| 2 | AMC of EASS Hardware | 59.89 | 66.50 | 6.61 | This expense related to O&M expense for the Upgradation of EASS hardware in FY 2025-26. This is additional expenditure to the previous Year 2024-25 expenditure of Rs. 59.89 Lakh. Total cost of new AMC is Rs. 79.22 Cr. Applicable from Sep-25. |
| 3 | AMC of EASS Software | 49.50 | 166.28 | 116.78 | Increased expenses of Rs. 116.78 from the previous FY 2024-25 expenses of Rs. 49.50 Lakh |
| 4 | AMC of API Server | - | 2.80 | 2.80 | New Expenses for the Warranty/AMC extension of the servers |
| 5 | AMC of SCADA Phase - II | 41.92 | 374.44 | 332.52 | Increased expense of Rs. 332.52 Lakh for the SCADA -II AMC for the FY 2025-26 from the previous year expense of Rs. 41.92 Lakh due to Price increased in AMC extension for the FY 2025-26 by the M/s Siemens (Total cost of AMC for FY 2025-26 – Rs. 374.44 Lakh) |
| 6 | P2P Link | - | 4.81 | 4.81 | New Expenses for the Point-to-Point Connectivity between DC (Lucknow) -DR (Modipuram, Meerut) of EASS hardware from Nov 2025. (Total yearly cost is Rs. 11.55 Crs.) |
| Total | | 153.18 | 618.03 | 464.85 | - |

5.2.26. As per above, the Commission observes that the Petitioner has worked out the additional AMC requirement for FY 2025-26 after considering the actual AMC expenditure incurred in FY 2024-25. Against the AMC expenses of Rs. 153.18 lakh in FY 2024-25, the total AMC requirement for FY 2025-26 has been projected at Rs.

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618.03 lakh and the incremental claim of Rs. 464.85 lakh represents only the net increase after adjusting the base expenditure of the previous year. This variation is mainly on account of renewal of existing AMC contracts at revised rates, inclusion of AMC for upgraded systems, and new AMC services becoming operational during the year. Accordingly, the claim of the Petitioner pertains only to the additional financial impact over and above the earlier year's expenditure and does not represent the entire AMC cost for FY 2025-26.

5.2.27. The Commission has examined the submission of the Petitioner regarding the additional AMC expenses claimed in the APR of FY 2025-26 in the light of Regulation 6(5) of the UPERC SLDC Regulations, 2025. The said Regulation provides that UPSLDC may undertake Opex schemes for system automation, deployment of new technology and IT implementation, and such expenses may be allowed over and above the normative O&M expenses, subject to prudence check.

5.2.28. The Commission observes that the substantial increase in AMC expenses during FY 2025-26 is primarily on account of AMC of SCADA Phase-II, EASS upgradation, renewal of PSSE software with enhanced scope and price, extension of AMC of API servers and establishment of Point-to-Point connectivity between the Control Centre and Disaster Recovery Centre. These systems form the core IT and automation infrastructure for real-time grid operation, data management, system security and disaster recovery, and are essential for reliable and secure SLDC operations. The Commission further notes that these expenditures are not merely routine repair and maintenance in nature but are associated with technology upgradation, system automation and to ensure cyber-secure and uninterrupted functioning of SLDC.

5.2.29. The Petitioner has submitted the detailed justification for the increased cost along with the scope of work, and the Commission is satisfied that these expenses are in the nature of Opex schemes covered under Regulation 6(5). The Commission also notes that such expenditure would result in improved system availability, enhanced reliability, better data handling capability and reduced risk to grid operation, thereby yielding long-term operational and economic benefits.

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- 5.2.30. In view of the above, the Commission is of the view that additional AMC Expenses of Rs. 464.85 lakh can be considered provisionally over and above R&M Expenses for FY 2025-26. The same shall be finally allowed subject to prudence check at the time of true-up in accordance with Regulation 6(5) of UPERC SLDC Regulations, 2025. UPSLDC is directed to submit all relevant documents and supporting records in this regard at the time of filing its True-Up Petition.
- 5.2.31. Further, UPERC SLDC Regulations, 2025 provides for actual incentive expenses over and above on account of Employee Expenses for training and certification of personnel posted in UPSLDC. The relevant extract of the said provision is as follows:

“Regulation 6

(6) UPSLDC may undertake expenses towards participation in national and international conferences, publication of papers therein, facilitating higher education, availing institutional membership with national bodies and international bodies, training and mandatory certification of personnel posted in the load dispatch centres, to ensure that personnel deployed in UPSLDC are trained as per the MoP/CEA guidelines issued from time to time:

Provided that UPSLDC may submit the roadmap for planning of such expenses and shall propose incentives/ fixed retainer-ship amount for employees acquiring the certificate in accordance with CEA guidelines or as per applicable rules in the Annual Petition. The Commission may allow such incentives/ fixed retainer-ship amount in the tariff Order as it considers deemed fit:

Provided further that these expenses shall be booked separately under Employee expenses from the first year of the Control Period and shall be passed through on actual basis in ARR of respective financial year over and above the normative expenses.”

- 5.2.32. The Commission observes that the Petitioner has proposed an incentive amount of Rs. 34.92 lakh for FY 2025-26. The incentive scheme itself has already been approved by the Commission in the Tariff Order dated 08.09.2025. Upon reviewing the claim, the Commission notes that incentives have been sought only for employees who have obtained the required certifications, in accordance with the UPERC SLDC Regulations, 2025, the CEA guidelines, and other applicable rules. The Commission also notes that the Petitioner has claimed incentives solely for basic-level certifications. Upon a query from the Commission, UPSLDC submitted that currently no personnel hold specialist-level certifications. However, if any employee

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obtains specialist-level certifications in the future, the associated incentives will be considered during the next true-up exercise.

Accordingly, the Commission provisionally allows Rs. 34.92 lakh towards incentive expenses, over and above normative employee expenses. This amount shall be subject to truing-up in line with the UPERC SLDC Regulations, 2025.

- 5.2.33. Considering the above, the Commission provisionally computed the O&M Expenses for FY 2025-26 based on the norms specified in Regulation 6 of UPERC SLDC Regulations, 2025. The O&M expenses computed for FY 2025-26 by the Commission is shown in the Table below:

TABLE 5-14: PROVISIONALLY COMPUTED - O&M EXPENSES FOR FY 2025-26 (Rs. LAKH)

| Particulars | Derivation | Approved in Tariff Order dated. 08.09.2025 | FY 2025-26 (APR) | |
|-------------------------------------|--------------------------|---|------------------|------------------------------------|
| | | | Petition (APR) | Provisionally Computed (APR) |
| | | | (Table 5-7) | (Table 5-12) |
| Employee Expenses | a1 | 2,835.13 | 2,835.13 | 2,835.13 |
| Less: Employee Expenses Capitalised | b1 | 0.00 | - | - |
| Incentive Expenses | c1 | 34.92 | 34.92 | 34.92 |
| Net Employee Expenses | A=(a1+c1)- b1 | 2,870.05 | 2,870.05 | 2,870.05 |
| R & M Expenses | d1 | 467.67 | 467.67 | 467.67 |
| Additional AMC cost | d2 | 412.95 | 631.08 | 464.85 |
| Net R&M Expenses | B=(d1+d2) | 880.62 | 1,098.75 | 932.52 |
| Net A&G Expenses | C | 512.63 | 512.63 | 512.63 |
| Net O&M Expenses | D=A+B+C | 4,263.30 | 4,481.43 | 4,315.20 |

5.3. CAPITAL WORK IN PROGRESS & GROSS FIXED ASSET

Petitioner's Submission

- 5.3.1. The Petitioner has submitted that the Commission has approved Capital Expenditure and Capitalisation of Rs. 224.94 Lakhs for the FY 2025-26 vide its Tariff Order dated. 08.09.2025. The details of the same are as follows:

TABLE 5-15: APPROVED CAPEX AND CAPITALISATION OF FY 2025-26 (Rs. LAKH)

| Sl. No. | Particulars | Amount |
|--------------|--|---------------|
| 1 | Supply & Installation of 19 No. Of Desktop Computer | 14.93 |
| 2 | Supply & Installation of 7 No. of heavy-duty multi-function Printers | 20.39 |
| 3 | Supply & Installation of 2 No. of 86 Inch LED display with portable TV Trolley Stand | 6.21 |
| 4 | Installation of an FM-200 Fire suppression System | 15.12 |
| 5 | Installation of 1 No. Printer, 1 No. UPS and 1 No. Desktop | 1.29 |
| 6 | SCADA Equipment for Phase - 3 of Modipuram | 49.50 |
| 7 | Extension of Server Room, UPSLDC | 14.52 |
| 8 | Laptop Policy for all Sanctioned Post of UP SLDC Ltd. | 81.00 |
| 9 | Procurement of Desktop for 28 No. of Employees | 21.98 |
| Total | | 224.94 |

5.3.2. The Petitioner has already incurred Capital expenditure towards above projects except Laptop Policy for all sanctioned post of UPSLDC amounting to Rs. 81 Lakhs, which is projected to be capitalised during FY 2026-27.

5.3.3. Further, the Petitioner has submitted that it has considered closing CWIP of FY 2024-25 as opening balance of CWIP for FY 2025-26. The Petitioner has further added that the actual Capex and Capitalisation has been considered for computation of closing CWIP balance for FY 2025-26. The summary of the Capex and Capitalisation for FY 2025-26 is as follows:

TABLE 5-16: CAPEX AND CAPITALISATION OF FY 2025-26 AS SUBMITTED BY THE PETITIONER (Rs. LAKH)

| S.N. | Particulars | Approved in Tariff Order dated. 08.09.2025 | APR Petition (FY 2025-26) |
|------|-------------------------------------|--|---------------------------|
| 1 | Opening CWIP | - | - |
| 2 | Capital Expenditure during the year | 224.94 | 268.90 |
| 3 | Less: Capitalisation | 224.94 | 268.90 |
| 4 | Closing CWIP | - | - |

5.3.4. The Petitioner has considered the closing balance of GFA of FY 2024-25 as the opening balance of GFA for FY 2025-26. Further, addition to GFA during FY 2025-26 (as discussed above) has been considered to arrive at the closing GFA of the year. Following Table shows the GFA claimed by the Petitioner for FY 2025-26:

TABLE 5-17: GROSS FIXED ASSETS (GFA) FOR FY 2025-26 SUBMITTED BY THE PETITIONER (Rs. LAKH)

| S. N. | Particulars | Approved in Tariff Order dated. 08.09.2025 | APR Petition (FY 2025-26) |
|-------|-----------------------------|--|---------------------------|
| 1 | Opening GFA | 1,098.14 | 1,098.15 |
| 2 | Additions during the year | 224.94 | 268.90 |
| 3 | O&M Expenses Capitalisation | 0.00 | 0.00 |
| 4 | Closing GFA (1+2+3) | 1,323.08 | 1,367.05 |

Commission's Analysis

5.3.5. The Commission has considered closing GFA for FY 2024-25 as the opening GFA for FY 2025-26. The investment as claimed by the Petitioner for FY 2025-26 has been provisionally considered and GFA addition has been considered to arrive at the closing GFA for FY 2025-26. The same is subject to prudence check at the time of truing-up based on the applicable Regulations as shown in the Table below:

TABLE 5-18: GFA PROVISIONALLY COMPUTED FOR FY 2025-26 (Rs. LAKH)

| Particulars | Derivation | Approved in Tariff Order dated 08.09.2025 | APR (FY 2025-26) | |
|--------------------------|----------------|---|------------------|------------------------------|
| | | | Petition (APR) | Provisionally Computed (APR) |
| Opening GFA | A | 1,098.14 | 1,098.15 | 1098.14* |
| Addition during the year | B | 224.94 | 268.90 | 268.90 |
| Deduction/Adjustment | C | - | - | - |
| Closing GFA | D=A+B-C | 1,323.08 | 1,367.05 | 1,367.04 |

*Refer Table 4-22

5.3.6. The Petitioner, vide reply to the 1st data gap, has submitted that the Commission has approved capitalisation of Rs. 224.94 lakh during FY 2025-26 vide Tariff Order dated 08.09.2025.

5.3.7. Further, the Commission notes that UPSLDC has considered all the projects as approved by the Commission, except the project titled "Laptop Policy for all Sanctioned Posts of UP SLDC Ltd." The Petitioner has submitted that although the said project was approved for capitalisation during FY 2025-26, the same could not be completed during FY 2025-26. Accordingly, the capitalisation of the said project

has been deferred and considered during FY 2026-27.

5.3.8. The Petitioner has further submitted that civil works have been considered based on the operational requirements of UPSLDC. Accordingly, the revised capitalisation for FY 2025-26 is as follows:

TABLE 5-19: SUMMARY OF PROPOSED CAPITAL EXPENDITURE/ CAPITALISATION SUBMITTED BY THE PETITIONER IN ITS DATAGAP FOR FY 2025-26 (Rs. LAKH)

| Sl. No. | Particulars | Claimed for APR of FY 2025-26 | | |
|---------|---|-------------------------------|-------------------|--|
| | | Total Project Cost | Source of Funding | Remarks |
| 1 | Supply & Installation of 23 No. of Desktop Computers | 14.42 | Internal Resource | Procurement completed based on L-1 Price. |
| 2 | Supply & Installation of 8 No. of Heavy-Duty Multi-Function Printers | 17.03 | Internal Resource | Procurement completed based on L-1 Price. |
| 3 | Supply & Installation of 02 No. of 86 Inch display with portable TV Stand | 6.33 | Internal Resource | Procurement completed based on L-1 Price. |
| 4 | Installation of FM-200 Fire suppression system | 15.47 | Internal Resource | Procurement completed based on L-1 Price. |
| 5 | Procurement of Desktop for 28 Employees | 21.98 | Internal Resource | The file for approval is under process. Work will be completed by March 2026. |
| 6 | Work of Chemical Earthing at Main Control Room, SLDC, Lucknow and Backup Control Room & Supply, Installation, Commissioning of DB, Cable, Switching Protection at ALDC, Modipuram, Meerut | 18.84 | Internal Resource | The Financial Part has been opened. The process of awarding L-1 firm is under process. L-1 price is Rs. 17.16 Lakhs. |
| 7 | Civil Works for SCADA Upgradation UPSLDC Phase - III Project work at Backup ALDC, Modipuram, Meerut | 63.36 | Internal Resource | Work Completed |
| 8 | Extension of Server Room at UPSLDC Ltd. Gomtinagar, Lucknow | 17.72 | Internal Resource | Work Completed |
| 9 | Purchase of all-in-one PC for M.D. Office at UPSLDC Ltd., Gomtinagar, Lucknow | 1.14 | Internal Resource | Work Completed |
| 10 | Purchase of UPS for M.D. Office at UPSLDC Ltd., Gomtinagar, Lucknow | 0.06 | Internal Resource | Work Completed |



| Sl. No. | Particulars | Claimed for APR of FY 2025-26 | | |
|---------|---|-------------------------------|-------------------|---|
| | | Total Project Cost | Source of Funding | Remarks |
| 11 | Purchase of Printer for M.D. Office at UPSLDC Ltd., Gomtinagar, Lucknow | 0.32 | Internal Resource | Work Completed |
| 12 | Civil Work for shifting of ALDC Office and SE SC, SE PMC and SE R&A in UPSLDC building at UPSLDC Ltd. Gomtinagar, Lucknow | 45.72 | Internal Resource | Work Completed |
| 13 | Construction of IT section office in Control building at UPSLDC Gomtinagar, Lucknow | 40.18 | Internal Resource | File for approval is under process |
| 14 | Supply & Installation of 02 No of 86 Inch display with portable TV Stand | 6.33 | Internal Resource | File for approval is under process. Work will be completed by March 2026. |
| 15 | Total Capital Expenditure & Capitalisation | 268.90 | - | - |

5.3.9. The same is subject to prudence check at the time of truing-up based on the audited accounts and applicable Regulations.

5.4. CONSUMER CONTRIBUTION, CAPITAL GRANTS AND GRANTS

Commission's Analysis

5.4.1. The Commission observes that the Petitioner has not claimed any Consumer Contributions, Capital Subsidies, and Grants towards the cost of capital assets received during FY 2025-26. Accordingly, the Commission has also not computed any Consumer Contribution, Capital Grants, and Subsidies for FY 2025-26.

5.5. DEBT-EQUITY RATIO

Petitioner's Submission

5.5.1. The Petitioner has submitted that the entire capital expenditure for FY 2025-26 is funded through Internal Resources. Therefore, the Petitioner has considered the normative Debt Equity ratio of 70:30 as specified in Regulation 5(2) of UPERC SLDC Regulations, 2025 to compute the Equity and Loan addition during FY 2025-26. The details of computation of Loan and Equity addition during the year is provided below:

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**TABLE 5-20: DEBT-EQUITY FOR FY 2025-26 SUBMITTED BY THE PETITIONER (Rs. LAKH)**

| S. N. | Particulars | APR Petition (FY 2025-26) |
|-------|--|---------------------------|
| 1 | GFA addition During the Year | 268.90 |
| 2 | Less: Consumer Contribution/Grant | - |
| 3 | GFA addition funded by debt and equity | 268.90 |
| 4 | Debt addition (%) | 70% |
| 5 | Debt addition | 188.23 |
| 6 | Equity addition (%) | 30% |
| 7 | Equity addition | 80.67 |

Commission's Analysis

5.5.2. As discussed above, Debt-Equity ratio shall be 70:30 as per Regulation 5(2) of UPERC SLDC Regulations, 2025. Where Equity employed is more than 30%, the amount of Equity for determination of charges shall be limited to 30% and the balance shall be considered as the normative loan. In the case where actual Equity employed is less than 30%, the actual Debt and Equity shall be considered for the determination of charges.

5.5.3. The Commission has considered the closing Debt: Equity for FY 2024-25 as the opening position for FY 2025-26. Further, the Commission has considered the normative approach with Debt: Equity of 70:30, i.e., 70% of estimated Capitalisation during the FY 2025-26 is to be financed through term loan and balance 30% through Equity. GFA addition during the year as submitted by the Petitioner for FY 2025-26 has been considered to arrive at the closing Debt: Equity for FY 2025-26. The same is further subject to prudence check at the time of truing up based on audited accounts and applicable Regulations: -

TABLE 5-21: DEBT-EQUITY PROVISIONALLY COMPUTED FOR FY 2025-26 (Rs. LAKH)

| Particulars | Approved in Tariff Order dated 08.09.2025 | Petition (APR) | Provisionally Computed (APR) |
|---|---|----------------|------------------------------|
| GFA addition During the Year | 224.94 | 268.90 | 268.90 |
| Less: Decapitalisation / Deduction during FY 2025-26 | 0.00 | - | - |
| Less: Consumer Contribution, Grants & Capital Subsidies during FY 2025-26 | 224.94 | 268.90 | 268.90 |
| Debt addition (%) | 70% | 70% | 70% |

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| Particulars | Approved in Tariff Order dated 08.09.2025 | Petition (APR) | Provisionally Computed (APR) |
|--------------------------------|--|-------------------|------------------------------------|
| Debt addition (in Rs. Lakh) | 157.46 | 188.23 | 188.23 |
| Equity addition (%) | 30% | 30% | 30% |
| Equity addition (in Rs. Lakhs) | 67.48 | 80.67 | 80.67 |

5.6. DEPRECIATION

Petitioner's Submission

5.6.1. The Commission, vide Tariff Order dated 08.09.2025, directed UPSLDC to maintain individual asset-wise and part-wise Fixed Asset Register (FAR) in accordance with Regulation 7 of the UPERC SLDC Regulations, 2025, with Part-A covering assets capitalised up to 31.03.2025 and Part-B covering assets capitalised on or after 01.04.2025. In compliance with the said directions, UPSLDC has computed depreciation for FY 2025-26 based on the proposed capitalisation for the year and in accordance with the applicable regulatory provisions.

5.6.2. Accordingly, the depreciation on assets capitalised up to 31.03.2025 has been computed, the summary of which is presented below.

TABLE 5-22: DEPRECIATION FOR FY 2025-26 (PART-A – ASSETS CAPITALISED BEFORE 31.03.2025) AS SUBMITTED BY THE PETITIONER (Rs. LAKH)

| Particulars | APR FY 2025-26 (Depreciation on existing Assets Capitalised on or before 31.03.2025) | | | | | | | |
|------------------------------|---|-----------|------------|-------------------------------------|---|--------------|---|-------------------------------------|
| | Gross Block | | | | Depreciation | | | Applicable rate of Depreciation (%) |
| | As at the beginning of the Financial Year | Additions | Deductions | As at the end of the Financial Year | Cumulative at the beginning of the Financial Year | For the year | Cumulative at the end of the Financial Year | |
| Plants & Machinery | 233.45 | - | - | 233.45 | 47.92 | 12.33 | 60.25 | 5.28% |
| Furniture & Fixtures | 31.07 | - | - | 31.07 | 8.72 | 1.97 | 10.69 | 6.33% |
| Office Equipment | 196.41 | - | - | 196.41 | 159.67 | 12.43 | 172.10 | 6.33% |
| Other Assets | 327.97 | - | - | 327.97 | 327.97 | - | 327.97 | 5.28% |
| Intangible Assets (Software) | 309.25 | - | - | 309.25 | 301.37 | 7.88 | 309.25 | 15.00% |
| Total | 1,098.15 | - | - | 1,098.15 | 845.65 | 34.61 | 880.26 | 3.15% |

5.6.3. Further, UPSLDC has also computed depreciation on the assets capitalised after 31.03.2025. The Summary of the same are as follows.

TABLE 5-23: DEPRECIATION FOR FY 2025-26 (PART-B – ASSETS CAPITALISED AFTER 31.03.2025) AS SUBMITTED BY THE PETITIONER (Rs. LAKH)

| Particulars | APR FY 2025-26 (Depreciation on existing Assets Capitalised after 31.03.2025) | | | | | | | |
|-------------------|--|---------------|------------|-------------------------------------|---|--------------|---|-------------------------------------|
| | Gross Block | | | | Depreciation | | | Applicable rate of Depreciation (%) |
| | As at the beginning of the Financial Year | Additions | Deductions | As at the end of the Financial Year | Cumulative at the beginning of the Financial Year | For the year | Cumulative at the end of the Financial Year | |
| Other Civil Works | - | 166.98 | - | 166.98 | - | 2.79 | 2.79 | 3.34% |
| Office Equipment | - | 101.92 | - | 101.92 | - | 3.23 | 3.23 | 6.33% |
| Total | - | 268.90 | - | 268.90 | - | 6.01 | 6.01 | 4.47% |

5.6.4. Based on the above, the total depreciation claimed for APR of FY 2025-26 are tabulated below:

TABLE 5-24: TOTAL DEPRECIATION CLAIMED FOR FY 2025-26 (Rs. LAKH)

| Particulars | FY 2025-26 | |
|---|--|-----------------------------|
| | Approved in Tariff Order dated. 08.09.2025 | Estimated APR of FY 2025-26 |
| Depreciation of Assets upto 31.03.2025 | 26.73 | 34.61 |
| Depreciation of Assets capitalised after 31.03.2025 (as per UPERC SLDC Regulations, 2025) | 6.90 | 6.01 |
| Total Depreciation | 33.63 | 40.62 |

Commission's Analysis

5.6.5. The Commission has provisionally computed the depreciation in line with the methodology specified in Regulation 7 of UPERC SLDC Regulations, 2025. The relevant extract of the Regulation is as below:

"7 Depreciation:

(1) UPSLDC shall be permitted to recover Depreciation on the value of fixed assets used in their respective businesses, computed in the following manner:

(a) The approved original cost of the fixed assets shall be the base value for the calculation of Depreciation:



Provided that the Depreciation shall be allowed on the entire capitalised amount of new assets after reducing the approved original cost of the retired or replaced or de-capitalised assets.

(b) Depreciation shall be allowed annually based on the Straight- Line Method at the rates stipulated in Annexure-A for existing assets (capitalised on or before 31.03.2025) and at the rates stipulated in Annexure-B for assets capitalised during this Control Period:

Provided that UPSLDC shall ensure that once individual asset is depreciated to the extent of seventy percent, the remaining depreciable value as on 31st March of the year closing shall be spread over the balance Useful Life of the assets including the Extended Life, as per submission of UPSLDC and approval by the Commission.

(c) The salvage value of the asset shall be considered at 10% of the allowable capital cost and Depreciation shall be allowed up to a maximum of 90% of the allowable capital cost of the asset:

Provided that land owned shall not be treated as a Depreciable asset and shall be excluded from the capital cost while computing Depreciation:

Provided further that Depreciation shall be chargeable from the first year of commercial operation: Provided that the salvage value of the IT equipment, software and underground cable shall be considered as nil and value of such assets shall be considered 100% depreciable.

(d) Depreciation shall not be allowed on assets funded by Consumer Contributions or Subsidies/ Grants/ Deposit works.

(2) In case of existing assets, for the purpose of computation of depreciation, the opening value of GFA shall be taken as the closing value as on March 31, 2025 as approved by the Commission in its Tariff Order.

(3) In case of projected commercial operation of the assets for part of the year, depreciation shall be computed based on the average of opening and closing value of assets:

Provided that the depreciation shall be re-computed for assets capitalised at the time of Truing-Up, based on Accounting Statements and documentary evidence of assets capitalised by the Petitioner, subject to prudence check of the Commission."

- 5.6.6. The Regulation 7(1)(b) specifies for process of Computation of depreciation, wherein depreciation shall be computed annually based on the Straight - Line Method at the rates stipulated in the Regulations (Annexure-A for existing assets & Annexure-B for new assets) and UPSLDC has to ensure that once the individual asset is depreciated to the extent of seventy percent, remaining depreciable value as on 31st March of the year closing has to be spread over the balance Useful Life of the asset including the Extended Life.

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5.6.7. Further, the Commission has provisionally considered the Closing Gross Block of Fixed Assets for FY 2024-25 as the Opening Gross Block of Fixed Assets for FY 2025-26 under Part-A and accordingly computed the depreciation on Gross Fixed Assets up to 31.03.2025 (Part-A). However, the asset additions during FY 2025-26 have not been factored in for the calculation of Part-A depreciation, since as per Regulation 7(b) of the UPERC SLDC Regulations, 2025, any Gross Fixed Asset additions made after 31.03.2025 (Part-B) are required to be considered at the depreciation rates specified in Annexure-B of the said Regulations. The additions during the year have been duly considered separately as per the Gross Fixed Assets approved by the Commission under Section 5.3 of this Order.

5.6.8. The Commission has considered the salvage value of the asset as 10% of the allowable capital cost as the depreciation is allowed up to maximum of 90% of the allowable capital cost of the asset and the salvage value of the IT equipment, software and underground cable considered 100% depreciable as per the UPERC SLDC Regulations, 2025. Hence, depreciation is taken as zero of those items whose depreciated value has already reached their salvage value. The depreciation approved by the Commission for FY 2025-26 is as follows:

TABLE 5-25: PROVISIONALLY COMPUTED - GROSS DEPRECIATION (PART-A) (Rs. LAKH)

| Particular | FY 2025-26 | | | | | | | |
|------------------------|--|-----------------|-----------------------|------------------------------------|-----------------|--|-------------------|--|
| | Opening Gross Fixed Asset as on 01.04.2025 | Addition to GFA | Deduction/ Adjustment | Gross Fixed Asset as on 31.03.2026 | Average GFA | Cumulative Depreciation as on 31.03.2026 | Depreciation Rate | Depreciation from 01.04.2025 to 31.03.2026 |
| | A (Table 4-28) | B | C | D = A+B-C | E = (A+D)/2 | (Table 5-26) | F | G = E*F |
| Plant & Machinery | 233.45 | 0.00 | 0.00 | 233.45 | 233.45 | 52.48 | 5.28% | 12.33 |
| Furniture and Fixtures | 31.07 | 0.00 | 0.00 | 31.07 | 31.07 | 10.86 | 6.33% | 1.97 |
| Office Equipment | 196.40 | 0.00 | 0.00 | 196.40 | 196.40 | 164.88 | 6.33% | 12.43 |
| Other assets | 327.97 | 0.00 | 0.00 | 327.97 | 327.97 | 295.17 | 5.28% | 0.00** |
| Software (Intangible) | 309.25 | 0.00 | 0.00 | 309.25 | 309.25 | 309.25 | 15.00% | 0.00*** |
| Total | 1,098.14* | 0.00 | 0.00 | 1,098.14 | 1,098.14 | 832.64 | 2.43% | 26.73 |

*considered as per closing GFA as on 31.03.2025 as computed in the True Up for FY 2024-25.

** Item depreciated equivalent to 90%

*** Item depreciated equivalent to 100%

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5.6.9. The Computation of cumulative depreciation (for part-A) is shown for reference purposes in the following Table: -

TABLE 5-26: CUMULATIVE DEPRECIATION FOR ASSETS PROVISIONALLY COMPUTED BY THE COMMISSION FROM 01.04.2025 TO 31.03.2026 (PART-A) (Rs. LAKH)

| Particular | FY 2025-26 | | | | | | |
|------------------------|--|---|---------------------------|------------------------------|--|--|---|
| | Opening Gross Fixed Asset as on 01.04.2025 | *Cumulative Depreciation as on 01.04.2025 | % of GFA as on 01.04.2025 | Closing GFA as on 31.03.2026 | Depreciation from 01.04.2025 to 31.03.2026 | Cumulative Depreciation as on 31.03.2026 | Cumulative Depreciation as a % of closing GFA |
| | A (Table 4-28) | B | C | D | E (Table 5-25) | F = B + E | G=F/D |
| Plant & Machinery | 233.45 | 40.16 | 17.20% | 233.45 | 12.33 | 52.48 | 22.48% |
| Furniture and Fixtures | 31.07 | 8.89 | 28.61% | 31.07 | 1.97 | 10.86 | 34.94% |
| Office Equipment | 196.40 | 152.45 | 77.62% | 196.40 | 12.43 | 164.88 | 83.95% |
| Other assets | 327.97 | 295.17 | 90.00% | 327.97 | 0.00 | 295.17 | 90.00% |
| Software (Intangible) | 309.25 | 309.25 | 100.00% | 309.25 | 0.00 | 309.25 | 100.00% |
| Total | 1,098.14 | 805.92 | 73.39% | 1,098.14 | 26.73 | 832.64 | 75.82% |

*Cumulative depreciation as on 01.04.2025 considered as per Table 4-28

5.6.10. Further, Part-B i.e April 01, 2025 till FY 2025-26, the Commission has provisionally computed the asset-wise depreciation as per 7(1)(b) of UPERC SLDC Regulations, 2025, i.e the depreciation is computed based on the Straight-Line Method at the rates stipulated in the Annexure-B of the UPERC SLDC Regulations, 2025.

5.6.11. Further, the depreciation on assets created out of Consumer Contribution, Capital Grants and Capital Subsidies is considered nil as submitted by the Petitioner for FY 2025-26.

5.6.12. The Commission has observed that the Petitioner has not claimed any de-capitalisation/deduction in the assets during FY 2025-26 and will claim the same at the time of Truing-Up based on the actuals. The Commission approves the Depreciation Part-B in the Table below:

TABLE 5-27: PROVISIONALLY COMPUTED - GROSS DEPRECIATION FOR FY 2025-26 (PART-B) (Rs. LAKH)

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| Particular | FY 2025-26 | | | | | | |
|-------------------|------------------------------|------------------------------|-----------------------|----------------------|---------------|-------------------|--|
| | Opening GFA as on 01.04.2025 | Addition to GFA (Table 5-18) | Deduction/ Adjustment | GFA as on 31.03.2026 | Average GFA | Depreciation Rate | Depreciation from 01.04.2025 to 31.03.2026 |
| | A | B | C | D = A+B-C | E = (A+D)/2 | F | G = E*F |
| Other Civil Works | 0.00 | 166.98 | 0.00 | 166.98 | 83.49 | 3.34% | 2.79 |
| Office Equipment | 0.00 | 101.92 | 0.00 | 101.92 | 50.96 | 6.33% | 3.23 |
| Total | 0.00 | 268.90 | 0.00 | 268.90 | 134.45 | 4.47% | 6.01 |

5.6.13. The Computation of cumulative depreciation (for Part-B) is shown for reference purposes in the following Table: -

TABLE 5-28: CUMULATIVE DEPRECIATION FOR ASSETS PROVISIONALLY COMPUTED BY THE COMMISSION FROM 01.04.2025 TO 31.03.2026 (PART-B) (Rs. LAKH)

| Particular | Asset Capitalised after 31.03.2025 | | | | | | |
|------------------------|------------------------------------|---|---------------------------|------------------------------|--|--|---|
| | Opening GFA as on 01.04.2025 | *Cumulative Depreciation as on 01.04.2025 | % of GFA as on 01.04.2025 | Closing GFA as on 31.03.2026 | Depreciation from 01.04.2025 to 31.03.2026 | Cumulative Depreciation as on 31.03.2026 | Cumulative Depreciation as % of closing GFA |
| | A | B | C | D | E (Table 5-27) | F = B + E | G=F/D |
| Furniture and Fixtures | 0.00 | 0.00 | 0.00% | 166.98 | 2.79 | 2.79 | 2.00% |
| Office Equipment | 0.00 | 0.00 | 0.00% | 101.92 | 3.23 | 3.23 | 3.00% |
| Total | 0.00 | 0.00* | 0.00% | 268.90 | 6.01 | 6.01 | 2.00% |

*Cumulative depreciation as on 01.04.2025 Table 5-27

5.6.14. Accordingly, the Commission has provisionally computed the net depreciation for FY 2025-26 as follows:

TABLE 5-29: PROVISIONALLY COMPUTED - NET DEPRECIATION (PART-A + PART-B) (Rs. LAKH)

| Particulars | Derivation | Approved in Tariff Order dated. 08.09.2025 | FY 2025-26 (APR) | | |
|---|----------------|--|-----------------------------|------------------------------|------------|
| | | | Petition (APR) (Table 5-24) | Provisionally Computed (APR) | Remarks |
| Depreciation of Assets upto 31.03.2025 | A | 26.73 | 34.61 | 26.73 | Table 5-25 |
| Depreciation of Assets from 01.04.2025 to 31.03.2026 | B | 6.90 | 6.01 | 6.01 | Table 5-27 |
| Less: Depreciation of assets created from Consumer Contribution, Capital Grants and Capital Subsidies | C | 0.00 | 0.00 | 0.00 | |
| Net Depreciation | D=A+B-C | 33.63 | 40.62 | 32.74 | |

54.

5.6.15. The Commission will carry out the detailed prudence check of depreciation of each asset while carrying out the truing up for FY 2025-26.

5.7. INTEREST ON LONG TERMS LOANS

Petitioner's Submission

5.7.1. The Petitioner has submitted that it has considered the closing balance of normative loan for FY 2024-25 as the opening balance of normative loan for FY 2025-26 and the addition during the year has been considered as per the means of finance for FY 2025-26.

5.7.2. The Petitioner has submitted that it has computed rate of Interest in line with the UPERC SLDC Regulations, 2025. The details of rate of Interest applicable for the FY 2025-26 is as follows:

TABLE 5-30: APPLICABLE RATE OF INTEREST FOR FY 2025-26

| SBI Base Rate (as notified) | | | |
|--|------------|-------------|--------------|
| From Date | To Date | No. of Days | Base Rate |
| 01-04-2024 | 14-04-2024 | 14 | 8.65% |
| 15-04-2024 | 14-05-2024 | 30 | 8.65% |
| 15-05-2024 | 14-06-2024 | 31 | 8.65% |
| 15-06-2024 | 14-07-2024 | 30 | 8.75% |
| 15-07-2024 | 14-08-2024 | 31 | 8.85% |
| 15-08-2024 | 14-09-2024 | 31 | 8.95% |
| 15-09-2024 | 14-10-2024 | 30 | 8.95% |
| 15-10-2024 | 14-11-2024 | 31 | 8.95% |
| 15-11-2024 | 14-12-2024 | 30 | 9.00% |
| 15-12-2024 | 14-01-2025 | 31 | 9.00% |
| 15-01-2025 | 14-02-2025 | 31 | 9.00% |
| 15-02-2025 | 14-03-2025 | 28 | 9.00% |
| 15-03-2025 | 31-03-2025 | 17 | 9.00% |
| Weighted Average Rate of Interest | | | 8.88% |
| Add: 100 Basis point | | | 1.00% |
| Applicable Rate of Interest | | | 9.88% |

5.7.3. Based on the above, the calculation of Normative interest on loan for the FY 2025-26 is summarised below:

TABLE 5-31: INTEREST AND FINANCE CHARGES OF FY 2025-26 AS SUBMITTED BY THE PETITIONER (Rs. LAKH)



| S. N. | Particulars | Approved in Tariff Order dated. 08.09.2025 | APR Petition (FY 2025-26) |
|-------|---|--|---------------------------|
| 1 | Gross Opening Loan | 37.19 | 29.74 |
| 2 | Addition during the year | 157.46 | 188.23 |
| 3 | Normative Repayment (Equal to Depreciation) | 33.63 | 40.62 |
| 4 | Closing Loan | 161.02 | 177.35 |
| 5 | Average Loan | 99.11 | 103.54 |
| 6 | Interest Rate (%) | 9.88% | 9.88% |
| 7 | Interest on Loan | 9.79 | 10.23 |
| 8 | Other Finance Charges | - | - |
| 9 | Interest and Finance Charges | 9.79 | 10.23 |

Commission's Analysis

5.7.4. Regulation 8 of UPERC SLDC Regulations, 2025 specifies and governs the estimation of Interest on Loan Capital. The relevant extract of the Regulation is as below:

"8(1) The long- term loans arrived at in the manner indicated in these Regulations on the assets put to use shall be considered as gross normative loan for calculation of interest on loan:

Provided that in case of retirement or replacement or de-capitalisation or deletion/adjustment of the assets in the balance sheet, the loan capital approved as mentioned above shall be reduced to the extent of outstanding loan component of the original cost of such assets based on documentary evidence.

(2) The closing normative long- term loan outstanding as on March 31, 2025 shall be taken as the opening normative long term loan outstanding for the financial year 2025-26.

(3) The repayment of long-term loans for each year shall be deemed to be equal to the Depreciation allowed for that year.

(4) Notwithstanding any moratorium period availed, the repayment of loan shall be considered from the first year of commercial operation of the asset.

(5) The rate of interest for ensuing year shall be the weighted average rate of interest computed on the basis of the actual long-term loan portfolio of previous year:

Provided that if there is no actual long- term loan for a particular year but the normative loan is still outstanding, then the rate of interest for the purpose of allowing the interest on the normative long- term loan shall be the weighted average of SBI MCLR (1 year) prevailing during the previous year plus 100 basis points.



(6) At the time of Truing-Up, the weighted average rate of interest of the actual long-term loan portfolio during the concerned year shall be considered as the rate of interest:

Provided that if there is no actual long-term loan for a particular year but the normative loan is still outstanding, then the rate of interest for the purpose of allowing the interest on the normative long-term loan shall be the weighted average of SBI MCLR (1 year) prevailing during the concerned year plus 100 basis points.

(7) The interest on long-term loan shall be calculated on the Normative Average long-term loan of the year by applying the Weighted average rate of interest:

Provided that at the time of Truing-Up, the normative average loan of the concerned year shall be considered on the basis of the actual asset capitalisation approved by the Commission for the year."

- 5.7.5. The Commission has considered the normative Debt-Equity ratio of 70:30 i.e., 70% of estimated Capitalisation (net of consumer contribution, grants and subsidy) during FY 2025-26 is to be financed through debt and balance 30% through equity as per the Regulation 5 of UPERC SLDC Regulation, 2025. The closing normative loan for FY 2024-25 has been considered as the opening normative loan for FY 2025-26. Further, the normative loan addition during the year has been considered as per the Debt-Equity Ratio 70:30, computed by the Commission in section 5.5 of this Order. The deemed repayment for loans is considered equal to the depreciation as approved for the FY 2025-26.
- 5.7.6. As the Petitioner does not have any actual long-term loan portfolio. Hence, the Commission, has considered the weighted average of 1-Year SBI MCLR on April 1, 2025 plus 100 basis points as the interest rate on the normative long-term loan as per Regulation in above para.
- 5.7.7. Accordingly, the Commission has provisionally computed the interest on long-term loan as shown in the Table below, however the same will be revisited at the time of True-Up based on the audited accounts and applicable regulations:

TABLE 5-32: LONG TERM LOANS PROVISIONALLY COMPUTED BY COMMISSION FOR FY 2025-26 (Rs. LAKH)



| Particulars | Derivation/ Remarks | Approved in Tariff Order dated 08.09.2025 | Petition (APR) | Provisional Computed (APR) |
|--|------------------------|---|-------------------|----------------------------------|
| Opening Normative Loan as on 01.04.2025 | A (Table 4-31) | 37.19 | 29.74 | 37.19 |
| Loan Additions during the Year | B (Table 5-21) | 157.46 | 188.23 | 188.23 |
| Less: Repayments (Depreciation for the year) | C (Table 5-29) | 33.63 | 40.62 | 32.74 |
| Closing Loan Balance as on 31.03.2026 | D=A+B-C | 161.02 | 177.35 | 192.68 |
| Average Loan | E= (Average A,D) | 99.11 | 103.54 | 114.94 |
| Interest Rate | F | 9.88% | 9.88% | 9.88% |
| Interest on Loan | G= E*F | 9.79 | 10.23 | 11.36 |
| Less: Interest Expense Capitalised | H | - | - | - |
| Interest on Loan | I= G-H | 9.79 | 10.23 | 11.36 |

5.8. INTEREST ON WORKING CAPITAL

Petitioner's Submission

5.8.1. The Petitioner has submitted that it has considered the SBI MCLR (1 Year) applicable during 1st August 2025 and added 200 basis points. The computation of weighted average rate of Interest applicable on working capital requirement is as follows:

TABLE 5-33: WEIGHTED AVERAGE RATE OF SBI MCLR ONE YEAR TENURE AS SUBMITTED BY THE PETITIONER

| S.N. | Particulars | APR Petition (FY 2025-26) |
|------|--|------------------------------|
| 1 | SBI MCLR as on 1 st August 2025 | 8.75% |
| 2 | Add: 250 basis points | 2.00% |
| 3 | Applicable Rate of Interest on Working Capital | 10.75% |

5.8.2. The IoWC for the FY 2025-26 as claimed by the Petitioner is shown in the Table below:

TABLE 5-34: INTEREST ON WORKING CAPITAL FOR FY 2025-26 AS SUBMITTED BY THE PETITIONER (Rs. LAKH)

| S.N. | Particulars | Approved in Tariff Order dated. 08.09.2025 | APR Petition (FY 2025-26) |
|------|---------------------------|--|------------------------------|
| 1 | O&M Expenses of one month | 355.27 | 373.45 |



| S.N. | Particulars | Approved in Tariff Order dated. 08.09.2025 | APR Petition (FY 2025-26) |
|------|------------------------------------|--|---------------------------|
| 2 | Receivables equivalent to 45 days | 322.01 | 347.48 |
| 3 | Working Capital Requirement | 677.28 | 720.93 |
| 4 | Rate of interest | 11.00% | 10.75% |
| 5 | Interest on Working Capital | 74.50 | 77.50 |

Commission's Analysis

5.8.3. Regulation 10(1) of UPERC SLDC Regulations, 2025 specifies total Working Capital requirement. The relevant extract of the Regulation is as below:

"10 (1) The working capital shall cover:

(a) Operation and maintenance expenses for one month;

(b) Receivables equivalent to 45 days of annual LDC charges as approved by the Commission.

Provided that the working capital requirement determined above shall be reduced by the amount of revenue surplus (if any) as of 31st March of the previous year as approved by the Commission:

Provided further that for the purpose of Truing- Up for any year, the working capital requirement shall be re-computed on the basis of the values of components of working capital approved by the Commission in the Truing-Up.

(2) Rate of interest on working capital for ensuing year shall be simple interest and shall be equal to the SBI MCLR (1-year) as on date on which Petition for determination of ARR is filed plus 200 basis points:

Provided that for the purpose of Truing- Up for any year, simple interest on working capital shall be allowed at a rate equal to the weighted average SBI MCLR (1-year) prevailing during the concerned year plus 200 basis points."

5.8.4. The Commission has provisionally computed the Interest on Working Capital in line with the UPERC SLDC Regulations, 2025. Accordingly, the Interest on Working Capital as submitted by the Petitioner and provisionally computed by the Commission for FY 2025-26 is shown below:

TABLE 5-35: INTEREST ON WORKING CAPITAL PROVISIONALLY COMPUTED BY THE COMMISSION (Rs. LAKH)



| Particulars | Derivation | Approved in Tariff Order Dated 08.09.2025 | FY 2025-26 (APR) | |
|--|-----------------------------|--|-------------------|------------------------------------|
| | | | Petition (APR) | Provisionally Computed (APR) |
| O&M Expenses for one month | A = O&M/12 | 355.27 | 373.45 | 359.60 |
| Receivables equivalent to 45 days of Annual LDC Charges | B = (Net ARR/365)* 45 | 322.01 | 347.48 | 325.57 |
| Working Capital Requirement | C = A+B | 677.28 | 720.93 | 685.17 |
| Interest Rate | D | 11.00% | 10.75% | 10.75% |
| Interest on Working Capital | E= C*D | 74.50 | 77.50 | 73.66 |

5.8.5. Further, the Commission will carry out the detailed analysis and prudence at the time of truing up based on the applicable Regulations.

5.9. BANKING AND FINANCE CHARGES

Petitioner's Submission

5.9.1. The Petitioner has not submitted any banking and finance charges for the FY 2025-26. Accordingly, the Commission sought clarification in the data gap in this regard.

5.9.2. In response, the Petitioner has submitted that it has not availed any loan to meet the requirement of financing its capital assets or working capital requirements, therefore, has not incurred any Banking and Finance Charges during FY 2025-26. In case of any variation on account of Banking and Finance Charges, the same shall be claimed at the time of true-up based on the audited annual accounts of the respective year.

Commission's Analysis

5.9.3. Regulation 9 of UPERC SLDC Regulation, 2025 specifies treatment of Banking and Finance Charges. The relevant extract of the Regulation is as below:

"The Banking & Finance charges shall be allowed as per actuals in Truing-Up, subject to prudence check by the Commission:

Provided that the Banking and Finance charges shall be allowed in ARR as per the approval given by the Commission for the latest True-Up year."

5.9.4. The Commission notes that the Petitioner has not claimed any Banking and Finance Charges for FY 2025-26. Hence, the Commission has also not considered any



Banking and Finance Charges for FY 2025-26.

5.10. RETURN ON EQUITY AND INCOME TAX:**Petitioner's Submission**

- 5.10.1. The Petitioner has submitted that the closing Equity of FY 2024-25 has been considered as the opening Equity for FY 2025-26. The addition of equity is in line with normative means of finance computed for FY 2025-26 as detailed in the paras above. Further, the Petitioner has submitted that it has considered the rate of Return on Equity as 12.50% in line with Regulation 12 of the UPERC SLDC Regulations, 2025.
- 5.10.2. The Commission notes that the Petitioner has not submitted any claim towards Tax on Return on Equity for FY 2025-26, in line with the provisions of the UPERC SLDC Regulations, 2025. Accordingly, the Commission sought clarification from the Petitioner in the data gap in this regard.
- 5.10.3. In response, the Petitioner has submitted that the Company has opted for taxation under Section 115BAA of the Income Tax Act, 1961, and further has sufficient accumulated losses to offset the estimated taxable income for FY 2025-26. Accordingly, no income tax liability has been claimed for the said year. However, any variation on account of Income Tax liability, if any, shall be claimed during the truing-up exercise based on the actual tax payments as reflected in the audited annual accounts for the respective year.
- 5.10.4. Based on above, the Petitioner summarised the RoE claimed for FY 2025-26 as follows:

**TABLE 5-36: RETURN ON EQUITY FOR FY 2025-26 AS SUBMITTED BY THE PETITIONER
(Rs. LAKH)**

| S.N. | Particulars | Approved in Tariff Order dated. 08.09.2025 | APR Petition (FY 2025-26) |
|------|---------------------------------|--|---------------------------|
| 1 | Opening Equity | 279.04 | 285.93 |
| 2 | Equity addition during the year | 67.48 | 80.67 |
| 3 | Closing Equity | 346.52 | 366.60 |
| 4 | Average Equity | 312.78 | 326.27 |



| S.N. | Particulars | Approved in Tariff Order dated. 08.09.2025 | APR Petition (FY 2025-26) |
|------|------------------------------------|--|---------------------------|
| 5 | Rate of Return on Equity | 12.50% | 12.50% |
| 6 | Tax Rate % | 0.00% | 0.00% |
| 7 | Effective Rate of Return on Equity | 12.50% | 12.50% |
| 8 | Return on Equity | 39.10 | 40.78 |

Commission's Analysis

5.10.5. Regulation 11 of UPERC SLDC Regulations, 2025 specifies the rate of RoE as 12.50% post-tax per annum for the SLDC.

"Return on equity shall be computed in ₹ terms on equity base at the rate of 12.50% post-tax per annum (hereinafter referred to as 'Base Rate') for UPSLDC as determined in accordance with clause 5 of this Regulation:

Provided that assets funded by Consumer Contribution, Capital Subsidies / Grants and corresponding Depreciation shall not form part of the Capital Cost."

5.10.6. The Commission has provisionally considered the closing Equity of FY 2024-25 as the opening Equity for FY 2025-26. Further, the Equity addition during the year has been considered as computed by the Commission in section 5.5 of this Order. Accordingly, the provisionally computed ROE is shown in the Table below:

TABLE 5-37: RETURN ON EQUITY PROVISIONALLY COMPUTED BY COMMISSION FOR FY 2025-26 (Rs. LAKH)

| Particulars | Derivation | Approved in Tariff Order dated. 08.09.2025 | FY 2025-26 (APR) | |
|---------------------------------|-------------------|--|------------------|------------------------------|
| | | | Petitioner | Provisionally Computed (APR) |
| Opening Equity as on 01.04.2025 | A (Table 4-37) | 279.04 | 285.93 | 279.04 |
| Addition during the year | B | 67.48 | 80.67 | 80.67 |
| Closing Equity as on 31.03.2026 | C=A+B | 346.52 | 366.60 | 359.71 |
| Average Equity | D=(A+C)/2 | 312.78 | 326.27 | 319.38 |
| Rate of Return on Equity | E | 12.50% | 12.50% | 12.50% |
| Return on Equity | F=D*E | 39.10 | 40.78 | 39.92 |

5.10.7. The same is further subject to prudence check at the time of truing up based on the applicable Regulation and in line with the audited accounts.

5.10.8. Regulation 12 of UPERC SLDC Regulations 2025 specifies the treatment of Income

**Tax.**

“12 (1) The rate of return on equity as allowed by the Commission under clause 11 of these Regulations shall be grossed up with the effective tax rate (hereinafter referred to as ‘t’) of the respective financial year. The effective tax rate shall be calculated at the beginning of every financial year based on the estimated profit and tax to be paid estimated in line with the provisions of the relevant Finance Act applicable for that financial year to UPSLDC by excluding the income of other business and the corresponding tax thereon:

Provided that tax on any income other than that through its Business shall not be pass through and it shall be payable by UPSLDC itself:

Provided that in case UPSLDC is paying Minimum Alternate Tax (MAT) under Section 115JB of the Income Tax Act, 1961, the effective tax rate shall be the MAT rate, including surcharge and cess:

Provided further that in case UPSLDC has opted for Section 115BAA, the effective tax rate shall be the tax rate including surcharge and cess as specified under Section 115BAA of the Income Tax Act, 1961.

(2) The rate of return on equity shall be rounded off to three decimal places and shall be computed as per the formula given below.

Rate of pre-tax return on equity = Base rate / (1-t)

(3) UPSLDC shall true up the effective tax rate for every financial year based on the actual tax paid together with any additional tax demand, including interest thereon, duly adjusted for any refund of tax including interest received from the income tax authorities pertaining to the Tariff period covered under these Regulations on actual gross income of any financial year. Further, any penalty arising on account of delay in deposit or short deposit of tax amount shall not be considered, while computing the actual tax paid by UPSLDC:

Provided that in case UPSLDC is paying Minimum Alternate Tax (MAT) under Section 115JB, UPSLDC shall true up the grossed up rate of return on equity at the end of every financial year with the applicable MAT rate including surcharge and cess:

Provided further that in case UPSLDC is paying tax under Section 115BAA, UPSLDC shall true up the grossed up rate of return on equity at the end of every financial year with the tax rate including surcharge and cess as specified under Section 115BAA:

Provided also that any under-recovery or over recovery of grossed up rate on return on equity after truing-up, shall be recovered or refunded, on a year to year basis.”

5.10.9. The Commission observes that the Petitioner has not considered any income tax for

FY 2025-26, hence the Commission has also not considered any income tax for FY 2025-26.

5.10.10. The Commission further directs the Petitioner to furnish details regarding Tax on Return on Equity, specifying the applicability or otherwise thereof, as per the UPERC SLDC Regulations, 2025, in its subsequent tariff petition.

5.11. NON-TARIFF INCOME

Petitioner's Submission

5.11.1. The projected Non-Tariff Income considered by the Petitioner in APR of FY 2025-26 based on the actual income of first 6 months of FY 2025-26 (i.e. 01.04.2025 to 30.09.2025) is presented in the Table below:

TABLE 5-38: NON-TARIFF INCOME (NTI) OF FY 2025-26 AS SUBMITTED BY THE PETITIONER (Rs. LAKH)

| Sl. No. | Particulars | Approved in Tariff Order dated 08.09.2025 | Claimed for APR of FY 2025-26 |
|---------|---|---|-------------------------------|
| 1 | Interest from Banks | 51.89 | 80.00 |
| 2 | Miscellaneous receipts (in form of Tender Fees) | 0.05 | 0.26 |
| 3 | Profit on Sale of Scrap | 1.20 | - |
| 4 | Total | 53.14 | 80.26 |

Commission's Analysis

5.11.2. Regulation 13 of UPERC SLDC Regulations 2025 specifies the treatment of Non-Tariff Income.

"13 (1) The amount of Non-Tariff Income relating to UPSLDC Business as approved by the Commission shall be deducted from the ARR in determining the Fees and Charges of UPSLDC:

Provided that UPSLDC shall submit full details of its forecast of Non-Tariff Income to the Commission in such form as may be stipulated by the Commission.

(2)The Non-Tariff Income shall include:

- a) Income from rent of land or buildings;*
- b) Income from sale of scrap;*
- c) Income from investments;*

Provided that income arising from investment of shareholder's funds, if any, shall not be included in Non-Tariff income subject to prudence check of

requisite detailed information submitted by UPSLDC before the Commission.

- d) Interest income on advances to suppliers/contractors;
- e) Interest income on loans / advances to employees;
- f) Income from rental from staff quarters;
- g) Income from rental from contractors;
- h) Income from hire charges from contactors and others;
- i) Income from sale of tender documents;
- j) Excess found on physical verification;
- k) Income from Insurance Claim;
- l) Prior Period Income;
- m) Miscellaneous receipts; and
- n) Any other Non-Tariff Income.”

5.11.3. The Commission has provisionally considered the projected Non-Tariff Income based on the actual income of first 6 months of FY 2025-26 (i.e. 01.04.2025 to 30.09.2025) as submitted by the Petitioner. The prudence check will be carried out at the time of truing up. Accordingly, the Non-Tariff income provisionally considered by the Commission is shown below:

TABLE 5-39: NON-TARIFF INCOME (NTI) PROVISIONALLY COMPUTED FOR FY 2025-26 (Rs. LAKH)

| Particulars | FY 2025-26 (APR) | | |
|---|---|----------------|------------------------------|
| | Approved in Tariff Order dated 08.09.2025 | Petition (APR) | Provisionally Computed (APR) |
| Interest from Banks | 51.89 | 80.00 | 80.00 |
| Miscellaneous receipts (in form of Tender Fees) | 0.05 | 0.26 | 0.26 |
| Profit on Sale of Scrap | 1.20 | - | - |
| Non-Tariff Income | 53.14 | 80.26 | 80.26 |

5.12. OPEN ACCESS CHARGES

Petitioner’s Submission

5.12.1. The projected Open Access Charges received during FY 2025-26 based on the actual charges received during first 6 months of FY 2025-26 (i.e. 01.04.2025 to 30.09.2025) in form of Application Fees, Registration Charges and Annual Charges are as follows:

TABLE 5-40: OPEN ACCESS CHARGES DURING FY 2025-26- AS SUBMITTED BY THE PETITIONER (Rs. LAKH)



| Sl. No. | Particulars | APR of FY 2025-26 | |
|---------|------------------------------------|--|-------------------|
| | | Approved in Tariff Order dated. 08.09.2025 | APR of FY 2025-26 |
| 1 | Application Fees/ Concurrence Fees | 349.23 | 487.79 |
| 2 | Operating Charge | 1,212.73 | 1,193.90 |
| 3 | Registration Fees | 193.38 | 70.20 |
| 4 | Total Open Access Charges | 1,755.34 | 1,751.89 |

Commission's Analysis

5.12.2. The Commission has provisionally considered the projected Open Access Charges as claimed by the Petitioner. However, the same is subject to prudence check at the time of truing up.

5.13. SUMMARY OF AGGREGATE REVENUE REQUIREMENT FOR FY 2025-26

Petitioner's Submission

5.13.1. The Petitioner has submitted the summary of APR for FY 2025-26 as follows:

TABLE 5-41: ANNUAL PERFORMANCE REVIEW (APR) FY 2025-26 (Rs. LAKH)

| S. N. | Particulars | Approved in Tariff Order dated. 08.09.2025 | APR Petition (FY 2025-26) |
|-------|--|--|---------------------------|
| 1 | Employee Expense | 2,870.05 | 2,870.05 |
| 2 | R&M Expense | 880.62 | 1,098.75 |
| 3 | A&G Expense | 512.63 | 512.63 |
| 4 | Depreciation | 33.63 | 40.62 |
| 5 | Interest on Loans | 9.79 | 10.23 |
| 6 | Interest on working capital | 74.50 | 77.50 |
| 7 | Add: Return on Equity / RoE | 39.10 | 40.78 |
| 8 | Total Aggregate Revenue Requirement | 4,420.32 | 4,650.57 |
| 9 | Less: Non-Tariff income | 53.14 | 80.26 |
| 10 | Less: Open Access Charges | 1,755.34 | 1,751.89 |
| 11 | Net Aggregate Revenue Requirement | 2,611.84 | 2,818.42 |

5.14. REVENUE FROM OPERATION (LDC CHARGES)

Petitioner's Submission

5.14.1. The Commission has approved LDC charges for FY 2025-26 as Rs. 678.09/MW/ Month vide its Tariff Order dated. 08.09.2025.

Further, the Petitioner has received LDC charges from its Long Term and Medium-

Term Open Access Users based on their contracted capacities as on the last day of the billing month. LDC Charges are as follows:

TABLE 5-42: REVENUE FROM OPERATION (LDC CHARGES) OF FY 2025-26 (Rs. LAKH)

| Particulars | Approved in Tariff Order dated. 08.09.2025 | APR Petition (FY 2025-26) |
|--------------------------------------|--|---------------------------|
| Revenue from Operation (LDC Charges) | 4,775.99 | 4,395.72 |

5.14.2. Further, the Petitioner has submitted the detailed month-wise revenue indicating the actual amount realised and the outstanding amount as on December 2025 and projected the revenue for the period from January 2026 to March 2026. Based on the actual receipts and the outstanding position, the Petitioner has revised the revenue for FY 2025-26. The Petitioner also stated that the increase in revenue is also attributable to increase in contracted capacity/new parties which is as follows:

TABLE 5-43: CONTRACTED CAPACITY INCREASED FOR FY 2025-26 AS SUBMITTED BY THE PETITIONER IN ITS DATAGAP (IN MW)

| Sl. No. | Month | Total Contracted Capacity claimed in Petition for FY 2025-26 | Contract Capacity (MW) |
|---------|--------------|--|------------------------|
| 1 | April-25 | 60,789 | 58,597 |
| 2 | May-25 | | 58,683 |
| 3 | June-25 | | 58,694 |
| 4 | July-25 | | 60,192 |
| 5 | August-25 | | 60,280 |
| 6 | September-25 | | 60,280 |
| 7 | October-25 | | 61,448 |
| 8 | November-25 | | 61,462 |
| 9 | December-25 | | 62,748 |
| 10 | January-26 | | 62,833 |
| 11 | February-26 | | - |
| 12 | March-26 | | - |

5.14.3. Accordingly, the month-wise details of revenue as given below:

TABLE 5-44: REVENUE STREAM FOR FY 2025-26 AS SUBMITTED BY THE PETITIONER IN ITS

**DATAGAP (IN RUPEES)**

| Month | Actual Amount | Received Amount | Outstanding Amount | Remarks |
|-----------------------|---------------------|---------------------|---------------------|-----------|
| April-25 | 32602136.00 | 31156375.00 | 1445761.00 | Actual |
| May-25 | 33133321.00 | 31280070.00 | 1853251.00 | Actual |
| June-25 | 32212857.00 | 31157385.00 | 1055472.00 | Actual |
| July-25 | 33450768.00 | 31958985.00 | 1491783.00 | Actual |
| August & September-25 | 68768760.80 | 67788636.40 | 980124.40 | Actual |
| October-25 | 41250876.00 | 40514530.00 | 736346.00 | Actual |
| November-25 | 41394164.20 | 40290171.00 | 1103993.20 | Actual |
| December-25 | 42282527.00 | 39288168.00 | 2994359.00 | Actual |
| January-26 | 42310813.00 | - | 42310813.00 | Projected |
| February-26 | 42310813.00 | - | 42310813.00 | Projected |
| March-26 | 42310813.00 | - | 42310813.00 | Projected |
| Total | 452027849.00 | 313434320.40 | 138593528.60 | |

5.14.4. **Revenue Gap/ (Surplus) for FY 2025-26:** The Petitioner has computed the Revenue Gap for FY 2025-26 as summarised below:

TABLE 5-45: REVENUE GAP/ (SURPLUS) FOR FY 2025-26 AS SUBMITTED BY THE PETITIONER (Rs. LAKH)

| S. N. | Particulars | Approved in Tariff Order dated. 08.09.2025 | APR Petition (FY 2025-26) |
|-------|--|--|---------------------------|
| 1 | Net ARR for Annual Performance Review | 2,611.84 | 2,818.42 |
| 2 | Revenue from Operation | - | 4,395.72 |
| 3 | Revenue Gap / (Surplus) | 2,611.84 | (1,577.30) |
| 4 | Add: Approved Revenue Gap of FY 2023-24 along with Carrying Cost | 2,164.15 | 2,164.15 |
| 5 | Net ARR to be recovered | 4,775.99 | 586.85 |

5.14.5. UPSLDC, vide its reply to the data gap, has submitted that the Commission, vide Order dated 08.09.2025, approved the Net ARR to be recovered during FY 2025-26 as Rs. 4,775.99 lakh, which included a Revenue Gap of Rs. 2,164.15 lakh for mitigation of the gap of UPSLDC.

UPSLDC has now filed the APR Petition seeking review of the approved ARR for FY 2025-26 under the provisions of the UPERC SLDC Regulations, 2025. The Petitioner has claimed revised expenses of Rs. 2,818.42 lakh as against the approved figure of Rs. 2,611.84 lakh.

5.14.6. Further, UPSLDC has considered the Revenue Gap of Rs. 2,164.15 lakh, as approved



by the Commission in the ARR Order dated 08.09.2025, for arriving at the recoverable revenue for the year, since billing is carried out based on the ARR Order. Accordingly, the Revenue Gap has been computed. The Revenue Gap arising out of the True-up for FY 2023-24 is required to be recovered during FY 2025-26 by including the same in the ARR of FY 2025-26, as already done by the Commission in its ARR Order dated 08.09.2025.

Commission's Analysis

- 5.14.7. The Commission had sought clarification regarding the month-wise revenue for FY 2025-26. In response, the Petitioner submitted the detailed month-wise revenue indicating the actual amount realised and the outstanding amount as on December 2025. Further, the Petitioner has projected the revenue for the period from January 2026 to March 2026. Based on the actual receipts and the outstanding position, the Petitioner has revised the revenue for FY 2025-26. The Commission observes that the total projected revenue from LDC Charges has been revised to Rs. 4,520.28 lakh (Table 5-44), which, inter alia, includes the recovery of the carry-forward True-up gap of Rs. 2,164.15 lakh pertaining to FY 2023-24, as approved in the Tariff Order for FY 2025-26. The increase in revenue is also attributable to the increase in Contracted Capacity and addition of new users during the year.
- 5.14.8. The Commission observes that the APR for FY 2025-26 as estimated by the Petitioner is Rs. 4,982.57 lakh against the approved value of Rs. 4,775.99 lakh (including adjustment of Revenue gap of Rs. 2,164.15 lakh) in the Tariff Order dated. 08.09.2025. Thus, the summary of ARR for FY 2025-26 (APR) is shown below:

TABLE 5-46: SUMMARY OF APR PROVISIONALLY COMPUTED FOR FY 2025-26 (Rs. LAKH)

| Particulars | Derivation | Approved in Tariff Order dated. 08.09.2025 | FY 2025-26 (APR) | |
|-------------------------------|---------------------------------|--|------------------|------------------------------|
| | | | Petition (APR) | Provisionally Computed (APR) |
| Employee Expenses | a1 | 2,870.05 | 2,870.05 | 2,870.05 |
| R&M Expense | b1 | 880.62 | 1,098.75 | 932.52 |
| A&G Expense | c1 | 512.63 | 512.63 | 512.63 |
| Total O&M expenses | A= a1+b1+c1 (Table 5-14) | 4,263.30 | 4,481.43 | 4,315.20 |
| Depreciation | B (Table 5-29) | 33.63 | 40.62 | 32.74 |

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| Particulars | Derivation | Approved in Tariff Order dated. 08.09.2025 | FY 2025-26 (APR) | |
|---|--------------------------------------|---|-------------------|------------------------------------|
| | | | Petition (APR) | Provisionally Computed (APR) |
| Interest on Loan | C (Table 5-32) | 9.79 | 10.23 | 11.36 |
| Interest on Working Capital | D (Table 5-35) | 74.50 | 77.50 | 73.66 |
| Return on Equity | E (Table 5-37) | 39.10 | 40.78 | 39.92 |
| Total Aggregate Revenue Requirement | F=A+B+C+D+E | 4,420.32 | 4,650.57 | 4,472.87 |
| Less: Non-Tariff Income | G (Table 5-39) | 53.14 | 80.26 | 80.26 |
| Less: Open Access Charges | H = (d1+d2+d3+d4) (Table 5-40) | 1,755.34 | 1,751.89 | 1,751.89 |
| Annual Charges | d1 (As claimed) | - | - | - |
| Application fee/ Concurrence fee/ SLDC Charges | d2 (As claimed) | 349.23 | 487.79 | 487.79 |
| Operating fee | d3 (As claimed) | 1,212.73 | 1,193.90 | 1,193.90 |
| Registration fee | d4 (As claimed) | 193.38 | 70.20 | 70.20 |
| Net Aggregate Revenue Requirement | I = F – (G+H) | 2,611.84 | 2,818.42 | 2,640.72 |
| Add: Revenue Gap approved in Tariff Order dated. 08.09.2025 | J | 2,164.15 | 2,164.15 | ..* |
| Net ARR with Revenue Gap | K = I + J | 4,775.99 | 4,982.57 | 2,640.72 |
| Less: Revenue from Operations (LDC Charges) | L | 4,775.99 | 4,395.72 | 4,520.28 |
| Net Gap / (Surplus) in FY 2025-26 | M = K - L | - | 586.85 | (1,879.56) |

*Revenue Gap treatment approved in Tariff Order dated. 08.09.2025 is carried out in Table 5-47.

5.14.9. The Commission based on a prudence check and detailed analysis of each parameter, as shown above, provisionally determines APR of Rs. 2,640.72 lakh along with a net surplus of Rs. 1,879.56 lakh. The detailed analysis and prudence check will, however, be undertaken at the time of Truing-up for FY 2025-26.

5.15. UPSLDC REVENUE GAP/(SURPLUS) FOR FY 2025-26

5.15.1. The Commission has considered the closing Revenue Gap of FY 2024-25 as the opening gap for FY 2025-26 as approved in the True-Up section of this Order. The opening gap has been adjusted against the provisional revenue surplus for FY 2025-26 and escalated by the applicable carrying cost to arrive at the closing gap/(surplus) for FY 2025-26. The year-wise computation of opening gap/surplus, additions during the year, carrying cost and the resulting closing gap/(surplus), as approved by the Commission, is shown in the Table below:

TABLE 5-47: TREATMENT OF GAP/(SURPLUS) FOR FY 2025-26 PROVISIONALLY CONSIDERED BY THE COMMISSION (Rs. LAKH)



| Particulars | Derivation | FY 2024-25* | FY 2025-26 |
|--|---------------------|-----------------|-----------------|
| | | True Up | APR |
| Opening Gap/(Surplus) | A | 3,218.57 | 3,599.93 |
| Gap/(Surplus) addition during the year | B | 14.20 | (1,879.56) |
| Closing Gap /(Surplus) | C = A+B | 3,232.77 | 1,720.37 |
| Average Balance Gap/(Surplus) | $D = \{(A)+(C)\}/2$ | 3,225.67 | 2,660.15 |
| Carrying Cost (%) (Rate of Interest on IWC (%)) | E | 11.38% | 10.75% |
| Carrying Cost (Rs. Lakh) | $F = D * E$ | 367.15 | 285.97 |
| Closing Gap /(Surplus) with Carrying Cost | G = C+F | 3,599.93 | 2,006.34 |

* The values for FY 2024-25 have been considered as per Table 4-46 provided in the True-Up section of this Order.

5.15.2. Accordingly, the Commission provisionally considers a net gap of Rs. 2,006.34 lakh for the Petitioner for FY 2025-26, inclusive of carrying cost.



6. ANNUAL REVENUE REQUIREMENT (ARR) FOR FY 2026-27

6.1. INTRODUCTION

- 6.1.1. The Petitioner vide Petition No. 2319 of 2025 has sought approval for the Annual Revenue Requirement (ARR) for FY 2026-27.
- 6.1.2. The Petitioner has submitted that it has prepared its ARR and SLDC Charges for FY 2026-27 in accordance with the Uttar Pradesh Electricity Regulatory Commission (Fees & Charges of State Load Despatch Centre and other related matters) Regulations, 2025.
- 6.1.3. The Commission has analysed the Tariff Petition submitted for approval of ARR and determination of SLDC charges for FY 2026-27 as per the provisions of UPERC SLDC Regulations, 2025. The detailed deliberation and element-wise analysis is presented in the subsequent sections of this chapter.

6.2. OPERATION AND MAINTENANCE (O&M) EXPENSES

Petitioner's Submission

- 6.2.1. The Petitioner has submitted that it has considered Regulation 7, 8 & 9 of the UPERC SLDC Regulations, 2025 for computation of the Normative Employee expenses of FY 2026-27.
- 6.2.2. Further, the UPERC SLDC Regulations, 2025 provides that the Average Employee Expenses shall be escalated year on year with the escalation factor considering CPI of respective years, for subsequent years up to FY 2024-25. For the purpose of ARR, the Average Employee Expenses shall be escalated by average of Consumer Price Index (CPI) for Industrial Workers (All India) as per Labour Bureau, Government of India for the immediately preceding three financial years. Accordingly, the details of CPI as considered by the Petitioner are as follows:

TABLE 6-1- CPI CONSIDERED FOR COMPUTATION OF NORMATIVE O&M EXPENSES OF FY 2026-27

| Particulars | Actuals | | | | APR | ARR |
|--------------------------|------------|------------|------------|------------|------------|------------|
| | FY 2021-22 | FY 2022-23 | FY 2023-24 | FY 2024-25 | FY 2025-26 | FY 2026-27 |
| Annual Average CPI Index | 356.06 | 377.62 | 397.20 | 410.64 | - | - |



| Particulars | Actuals | | | | APR | ARR |
|---------------------------------|------------|------------|------------|------------|--------------|--------------|
| | FY 2021-22 | FY 2022-23 | FY 2023-24 | FY 2024-25 | FY 2025-26 | FY 2026-27 |
| % increase (%) | - | 6.05% | 5.19% | 3.38% | - | - |
| Average of Last 03 Years | | | | | 4.87% | 4.87% |

6.2.3. Further, the UPERC SLDC Regulations, 2025 provides that for R&M and A&G expenses, Wholesale Price Index (WPI) as per the Office of Economic Advisor of Government of India shall be considered. Accordingly, the Details of WPI as considered by the Petitioner are as follows:

TABLE 6-2- WPI CONSIDERED FOR COMPUTATION OF NORMATIVE O&M EXPENSES OF FY 2026-27

| Particulars | Actuals | | | | APR | ARR |
|---------------------------------|------------|------------|------------|------------|--------------|--------------|
| | FY 2021-22 | FY 2022-23 | FY 2023-24 | FY 2024-25 | FY 2025-26 | FY 2026-27 |
| Annual Average WPI Index | 139.41 | 152.53 | 151.42 | 154.86 | - | - |
| % increase (%) | | 9.41% | -0.73% | 2.27% | - | - |
| Average of Last 03 Years | | | | | 3.65% | 3.65% |

6.2.4. Accordingly, the Petitioner has computed the Normative O&M Expenses for the FY2026-27 is as follows:

TABLE 6-3- NORMATIVE O&M EXPENSES COMPUTATION OF FY 2026-27 (Rs. LAKH)

| Sl. No. | Particulars | Normative Expenses for FY 2025-26 | Escalation Factor of FY 2026-27 | Normative Expenses for FY 2026-27 |
|---------|-------------------------------|-----------------------------------|---------------------------------|-----------------------------------|
| 1 | Employee Expenses | 2,835.13 | 4.87% | 2,973.33 |
| 2 | A&G expenses | 512.63 | 3.65% | 531.35 |
| 3 | R&M expenses | 467.67 | 3.65% | 484.75 |
| 4 | Total O&M Expenses | 3,815.43 | | 3,989.42 |

Proposed Incentives for Employees of UPSLDC

6.2.5. The Petitioner has submitted the Incentives for the employees of UPSLDC for consideration of the Commission as per Regulation 6(6) of the UPERC SLDC Regulations, 2025. UPSLDC has further submitted that it has considered the actual amount requirements for Incentives based on the actual no. of certified employees of UPSLDC for projection of Incentive for the FY 2026-27.



6.2.6. The Commission sought justification for the proposed expenses. In its data gap reply, the Petitioner submitted that there is no variation in the number of certified employees proposed for FY 2026-27. However, the Petitioner further submitted that UPSLDC also has Junior Engineers under Level-9 who possess the requisite certification and were not included earlier. UPSLDC has submitted that Junior Engineers play an important role in the smooth functioning of UPSLDC. Accordingly, the Petitioner has considered the certified Junior Engineers for computation of incentive for FY 2026-27. The details thereof are as follows:

TABLE 6-4: INCENTIVE FOR CERTIFIED EMPLOYEES OF UPSLDC FOR FY 2026-27 SUBMITTED IN DATA GAP (IN RUPEES)

| Sl. No. | Pay Group | Existing No. of Employees (A) | Certified No. of Employees (Having Basic Level) (B) | Certified No. of Employees (Having Specialist Level) (C) | Monthly Incentive for employees having NPTI Certification (Basic Level) (D) | Monthly Incentive for employees having NPTI Certification (Specialist Level) (E) | Annual Incentive for FY 2025-26 (F)= (B)*(D)*12 |
|---------|--------------------------|-------------------------------|---|--|---|--|---|
| 1 | Level 11 and Above | 27 | 15 | - | 9,000.00 | 11,000.00 | 16,20,000.00 |
| 2 | Level 10 | 56 | 26 | - | 6,000.00 | 8,000.00 | 18,72,000.00 |
| 3 | Level 9 and below (JE's) | 26 | 8 | - | 6,000.00 | 8,000.00 | 5,76,000.00 |
| 4 | Total (1+2+3) | 109 | 49 | - | - | - | 40,68,000.00 |

* Claimed in Rupees by the Petitioner

Additional AMC Expenses

6.2.7. The Petitioner has submitted that the Commission has approved Normative R&M expenses for UPSLDC. However, such norms approved by considering the last 05 years expenses may not fully cover the actual R&M expenses of UPSLDC.

6.2.8. The Petitioner has further submitted that UPSLDC is in the process of implementation of advanced technologies such as SCADA/EMS upgradation, EASS hardware, and upcoming C-SOC facilities, which require continuous focus on cybersecurity and adoption of new innovations. Further, such advanced technologies need additional AMC cost including specialised manpower. Therefore, such expenses of new technologies may not fully cover through Normative R&M



expenses considering past financial data.

- 6.2.9. Accordingly, the Petitioner has computed the total additional AMC Cost required to be incurred during FY 2026-27 for smooth functioning of UPSLDC and requested Commission to approve this AMC expenses amount of UPSLDC over and above Normative O&M Expenses for FY 2026-27. The details of the same are as follows:

TABLE 6-5: AMC EXPENSES FOR FY 2026-27 (Rs. LAKH)

| Sl. No. | Particulars | Amount for ARR FY 2026-27 |
|---------|---|---------------------------|
| 1 | AMC of PSSE Software | 5.46 |
| 2 | AMC of EASS Hardware | 79.22 |
| 3 | AMC of EASS Software | 166.28 |
| 4 | AMC of IT Equipment (Computer, Printer, Switches, Bio-metric, Laptop) | 7.00 |
| 5 | AMC of API Server | 2.80 |
| 6 | AMC of SCADA Phase - III | 265.00 |
| 7 | P2P Link | 11.55 |
| 8 | Security Guard for Backup SLDC, Modipuram | 21.00 |
| 9 | Total AMC Expenses | 558.31 |

- 6.2.10. Based on the above paras, the Normative O&M Expenses for FY 2026-27 are as follows:

TABLE 6-6: NORMATIVE O&M EXPENSES AS SUBMITTED BY THE PETITIONER FOR THE FY 2026-27 (Rs. LAKH)

| Sl. No. | Particulars | Normative Expenses for FY 2026-27 |
|---------|---|-----------------------------------|
| 1 | Employee Expenses | 2,973.33 |
| 2 | Incentive Expenses | 40.68 |
| 3 | Total Normative Employees Expenses | 3,014.01 |
| 4 | Normative A&G expenses | 531.35 |
| 5 | R&M expenses | 484.75 |
| 6 | Additional AMC Expenses | 558.31 |
| 7 | Total Normative R&M Expenses | 1,043.06 |
| 8 | Total Normative O&M Expenses | 4,588.41 |

Commission's Analysis

- 6.2.11. The Commission has computed the normative O&M Expenses in accordance with



Regulation 6 of the UPERC SLDC Regulations, 2025. Further, clauses (7), (8) & (9) of Regulation 6 specify the methodology for normative computation of these expenses, wherein the normative Employee Expenses, R&M Expenses and normative A&G Expenses are to be derived by escalating the base year value of FY 2024-25 with the applicable escalation factor based on CPI and WPI, as applicable.

6.2.12. The Commission has already provided the computation of norms for arriving at the normative value of Middle Year (i.e. FY 2022-23), normative Base Year (i.e. FY 2024-25), and provisional normative Value for FY 2025-26 for Employee Expenses, Normative A&G Expenses and Normative R&M Expenses in the APR Section of this Order. The same approved values have been adopted for deriving the normative O&M Expenses for FY 2026-27 by applying the applicable inflation factors and growth rate.

6.2.13. The Commission further observes that the inflation factors, namely the Consumer Price Index (CPI) and Wholesale Price Index (WPI) for the immediately preceding three financial years (FY 2023-24 to FY 2025-26), as applied by the Petitioner, are broadly in line with the CPI and WPI indices notified by the Government of India. However, it is noted that for the purpose of computing the yearly average CPI and WPI inflation for FY 2025-26, the Petitioner has considered monthly CPI and WPI value adopted in APR. The Commission, however, has considered the CPI and WPI value available up to October 2025 for arriving at the applicable yearly average inflation factors for FY 2025-26. Accordingly, the inflation factor computed for FY 2023-24 to FY 2025-26, as per Labour Bureau, Gol (<https://labourbureau.gov.in/all-india-general-index-1>) and Economic Advisor Government of India (https://eaindustry.nic.in/download_data_1112.asp) is shown in the Table below:

TABLE 6-7: INFLATION INDEX CONSIDERED BY THE COMMISSION (INDEX VALUE)

| Particulars | Wholesale Price Index | | | | | Consumer Price Index | | | | |
|-------------|-----------------------|------------|------------|------------|------------|----------------------|------------|------------|------------|------------|
| | FY 2021-22 | FY 2022-23 | FY 2023-24 | FY 2024-25 | FY 2025-26 | FY 2021-22 | FY 2022-23 | FY 2023-24 | FY 2024-25 | FY 2025-26 |
| April | 132.00 | 152.30 | 151.10 | 152.90 | 154.20 | 345.89 | 367.78 | 386.50 | 401.47 | 413.28 |
| May | 132.90 | 155.00 | 149.40 | 153.50 | 153.70 | 347.33 | 371.52 | 387.94 | 402.91 | 414.72 |
| June | 133.70 | 155.40 | 148.90 | 154.00 | 153.70 | 350.50 | 372.10 | 392.83 | 407.23 | 417.60 |
| July | 135.00 | 154.00 | 152.10 | 155.30 | 154.40 | 353.66 | 374.11 | 402.34 | 410.98 | 421.92 |
| August | 136.20 | 153.20 | 152.50 | 154.40 | 155.20 | 354.24 | 374.98 | 400.90 | 410.69 | 423.65 |



| Particulars | Wholesale Price Index | | | | | Consumer Price Index | | | | |
|---------------------------------|-----------------------|---------------|---------------|---------------|---------------|----------------------|---------------|---------------|---------------|---------------|
| | FY 2021-22 | FY 2022-23 | FY 2023-24 | FY 2024-25 | FY 2025-26 | FY 2021-22 | FY 2022-23 | FY 2023-24 | FY 2024-25 | FY 2025-26 |
| September | 137.40 | 151.90 | 151.80 | 154.70 | 154.90 | 355.10 | 378.14 | 396.00 | 412.70 | 424.22 |
| October | 140.70 | 152.90 | 152.50 | 156.70 | 154.80 | 359.71 | 381.60 | 398.59 | 416.16 | 425.38 |
| November | 143.70 | 152.50 | 153.10 | 156.40 | - | 362.02 | 381.60 | 400.61 | 416.16 | - |
| December | 143.30 | 150.50 | 151.80 | 155.70 | - | 361.15 | 381.02 | 399.74 | 413.86 | - |
| January | 143.80 | 150.70 | 151.20 | 155.00 | - | 360.29 | 382.46 | 400.03 | 412.42 | - |
| February | 145.30 | 150.90 | 151.20 | 154.90 | - | 360.00 | 382.18 | 400.90 | 411.26 | - |
| March | 148.90 | 151.00 | 151.40 | 154.80 | - | 362.88 | 383.90 | 400.03 | 411.84 | - |
| Average | 139.41 | 152.53 | 151.42 | 154.86 | 154.41 | 356.06 | 377.62 | 397.20 | 410.64 | 420.11 |
| Calculation of Inflation | | 9.41% | -0.73% | 2.27% | -0.29% | | 6.05% | 5.19% | 3.38% | 2.31% |

6.2.14. For computation of the average of CPI & WPI inflation, respective CPI & WPI percentages for the immediately preceding three Financial Years i.e. FY 2023-24 to FY 2025-26 are shown below:

TABLE 6-8: INFLATION INDEX CONSIDERED BY THE COMMISSION FOR FY 2026-27 (%)

| FY | INFLATION RATE | |
|--|----------------|--------------|
| | WPI | CPI |
| FY 2023-24 | -0.73% | 5.19% |
| FY 2024-25 | 2.27% | 3.38% |
| FY 2025-26 | -0.29% | 2.31% |
| FY 2026-27 (Avg. of last 3 Years) | 0.42% | 3.63% |

6.2.15. Subsequently, the norms for Employee Expenses, R&M Expenses and A&G Expenses for FY 2026-27 are derived based on the respective escalation factors shown in the Table above as per Regulation 6(7), 6(8) and Regulation 6(9) of UPERC SLDC Regulations, 2025, which is explained in later paras.

6.2.16. **Employee Expenses:** In order to compute the normative Employee Expenses for FY 2026-27, the Commission has taken the normative Employee Expenses of FY 2025-26 as provisionally Computed in APR Section of this Order and escalated the same with the corresponding inflation factor (average of CPI for immediately preceding three Financial Years i.e. FY 2023-24 to FY 2025-26).

6.2.17. **R&M Expenses:** In order to compute the normative R&M Expenses for FY 2026-27, the Commission has taken the normative R&M Expenses of FY 2025-26 as provisionally Computed in APR Section of this Order and escalated the same with



the corresponding inflation factor (average of WPI for immediately preceding three Financial Years i.e. FY 2023-24 to FY 2025-26).

6.2.18. **A&G Expenses:** The normative A&G Expenses for FY 2026-27 have been calculated by escalating the normative A&G Expenses of FY 2025-26 as provisionally Computed in APR Section of this Order with the average of WPI for the immediately preceding three Financial Years (i.e., FY 2023-24 to FY 2025-26).

6.2.19. **O&M Expenses:** Accordingly, the Commission has computed the O&M Expenses for FY 2026-27 based on the norms specified in Regulation 6 of UPERC SLDC Regulations, 2025 as shown in the Table below:

TABLE 6-9: NORMATIVE O&M EXPENSES COMPUTED BY THE COMMISSION (Rs. LAKH)

| Particulars | Derivation | FY 2025-26 (Normative) | FY 2026-27 | | |
|-------------------------------------|----------------|---------------------------|--|--------------------|---|
| | | (k) (Table 5-12) | Average of previous 3 years CPI and WPI | | Normative Computation |
| | | | CPI (Table 6-8) | WPI (Table 6-8) | (I)= [(k)*(1+ 3 year Avg. FY 23- 24 to 25-26) |
| Employee Expenses | A | 2,835.13 | 3.63% | | 2,937.91 |
| R&M Expenses | B | 467.67 | | 0.42% | 469.63 |
| A&G Expenses | C | 512.63 | | 0.42% | 514.78 |
| Gross O&M Expenses | D=A+B+C | | 3,922.33 | | |
| Employee Expenses Capitalisation | E | | - | | |
| Net O&M Expenses | F=D-E | | 3,922.33 | | |

6.2.20. The Commission notes that the Petitioner has sought Additional AMC Expenses for SCADA/EMS upgradation, EASS hardware and upcoming C-SOC facilities which is over and above the normative R&M Expense in line with the Regulation 6 of UPERC SLDC Regulations, 2025.

6.2.21. The Commission, vide data gaps, sought clarification from the Petitioner as to whether the AMC expenses claimed for FY 2026-27 pertain to new contracts, renewal of existing contracts, or represent incremental expenditure over and above the previously approved AMC amounts. In response, the Petitioner has submitted the revised and detailed break-up of AMC expenses for FY 2026-27. The same is as



per the table below:

TABLE 6-10: REVISED AMC EXPENSES SUBMITTED BY THE PETITIONER IN ITS DATAGAP REPLY FOR FY 2026-27 (Rs. LAKH)

| Sl. No | Particulars | Actual AMC Expense in FY 2024-25 | Total AMC Expenses for FY 2026-27 | Revised Additional Amount Claim for APR of FY 2026-27 | Remarks for Additional Amount Claim for APR of FY 2026-27 |
|--------------|--|----------------------------------|-----------------------------------|---|--|
| 1 | AMC of PSSE Software | 1.87 | 5.46 | 3.59 | Increased Expenses due to fresh renewal of PSSE software AMC for the period from year 2025-2030 with increased price |
| 2 | AMC of EASS Hardware | 59.89 | 79.22 | 19.33 | Additional Expenses of Rs. 19.33 Lakh from the previous expense of Rs. 59.89 Lakh due to fresh O&M cost of Rs. 79.22 Lakh from FY 2026-27 for Upgraded EASS Hardware |
| 3 | AMC of EASS Software | 49.50 | 166.28 | 116.78 | Increased expenses of Rs. 116.78 from the previous FY 2024-25 expenses of Rs. 49.50 Lakh |
| 4 | AMC of IT Equipment (Computer, Printer, Switches, Biometric, Laptop) | - | 7.00 | 4.00 | New Expenses (Partial claimed due to 1 year guarantee) |
| 5 | AMC of API Server | - | 2.80 | 2.80 | New Expenses for the Warranty/AMC extension of the servers |
| 6 | AMC of SCADA Phase - II | 41.92 | - | 51.69 | Increased/ Additional Expenses (AMC to be extended for 1 quarter April-26 to June-26). Total cost is Rs. 374.44 Crs, considered here for only one quarter i.e April-26 to June-26) |
| 7 | AMC of SCADA Phase - III | - | 265.00 | 198.75 | AMC for 3 quarters July-26 to March-27 after expiry of SCADA phase-II AMC (Will be claimed after 1 year defect liability period) |
| 8 | P2P Link | - | 11.55 | 11.55 | New Expenses for the Point-to-Point Connectivity between DC (Lucknow) -DR (Modipuram, Meerut) of EASS hardware |
| 9 | Security Guard for Backup SLDC, Modipuram | - | 21.00 | - | New Expenses |
| Total | | 153.18 | 558.31 | 408.49 | - |

6.2.22. As per the submissions of the Petitioner, the total AMC expenditure for FY 2026-27 has been projected at Rs. 558.31 lakh as against the base AMC expenditure of Rs. 153.18 lakh for FY 2024-25, and the revised additional AMC claim works out to Rs. 408.49 lakh. The said additional claim represents only the incremental financial impact over the base year expenditure and not the entire AMC cost for the year. The



variation is mainly on account of AMC for SCADA Phase-III for part of the year, continuation of AMC of upgraded EASS hardware and software, renewal of PSSE software at revised rates, extension of AMC for API servers, Point-to-Point connectivity between Control Centre and Disaster Recovery Centre, and AMC for newly added IT equipment. Accordingly, the claim pertains only to the additional AMC requirement arising due to system upgradation, capacity augmentation and new services becoming operational.

- 6.2.23. The Commission has examined the submission of the Petitioner in respect of the additional AMC expenses for FY 2026-27 in the light of Regulation 6(5) of the UPERC SLDC Regulations, 2025. The said Regulation provides that UPSLDC may undertake Opex schemes for system automation, deployment of new technology and IT implementation, and such expenses may be allowed over and above the normative O&M expenses, subject to prudence check.
- 6.2.24. The Commission observes that the additional AMC requirement for FY 2026-27 is primarily on account of AMC of SCADA Phase-III after expiry of the AMC of SCADA Phase-II, continuation of higher AMC cost for upgraded EASS hardware and software, renewal of PSSE software, AMC of newly added IT infrastructure, and the operationalisation of Point-to-Point communication link between the Control Centre and Disaster Recovery Centre. These systems constitute the critical IT and automation backbone for real-time grid monitoring, data acquisition, cyber security, system redundancy and disaster recovery and are essential for reliable and secure SLDC operations. The Commission further notes that these expenses are associated with technology deployment, system automation and to ensure secure and uninterrupted functioning of SLDC.
- 6.2.25. The Commission also takes note of the submission of the Petitioner that the AMC of SCADA Phase-III has been considered for three quarters of the year after completion of the defect liability period and that the AMC of SCADA Phase-II is required only for a limited period. The detailed justification along with the scope of work has been furnished by the Petitioner and the Commission is satisfied that the claimed expenditure falls under the Opex schemes envisaged under Regulation 6(5).



Such expenditure is expected to result in improved system availability, enhanced reliability, better data management, strengthened disaster recovery framework and overall efficient grid operation.

In view of the above, the Commission approves the additional AMC expenditure of Rs. 408.49 lakh for FY 2026-27 over and above the normative R&M expenses. The same shall be subject to prudence check at the time of true-up in accordance with Regulation 6(5) of the UPERC SLDC Regulations, 2025.

- 6.2.26. Regulation 6 of UPERC SLDC Regulations, 2025 provides for incentive expenses over and above Employee Expenses for training and certification of personnel posted in UPSLDC.
- 6.2.27. The Commission notes that the Petitioner has proposed a total incentive amount of Rs. 40.68 lakh for FY 2026-27. On examination of the claim of the Petitioner, it is observed that the Petitioner has claimed the incentive only for those employees who have obtained the requisite certificate in line with UPERC SLDC Regulations, 2025 and in accordance with CEA Guidelines or applicable rules. The Commission also notes that the Petitioner has also included the Junior Engineers (Level 9 and below) for certifications, which were not included earlier. Accordingly, the Commission has considered the incentives proposed for certified employees. The Commission, therefore, approves the amount of Rs. 40.68 lakh towards incentive expenses over and above the normative employee expenses.
- 6.2.28. Considering the above, the Commission approves the O&M Expenses for FY 2026-27 based on the norms specified in Regulation 6 of UPERC SLDC Regulations, 2025. The O&M expenses approved for FY 2026-27 by the Commission are shown in the Table below:

TABLE 6-11: COMMISSION APPROVED - O&M EXPENSES FOR FY 2026-27 (Rs. LAKH)

| Particulars | Derivation | FY 2026-27 (ARR) | |
|-------------------------------------|------------|------------------|----------------|
| | | Petition (ARR) | Approved (ARR) |
| | | (Table 6-6) | (Table 6-9) |
| Employee Expenses | a1 | 2,973.33 | 2,937.91 |
| Less: Employee Expenses Capitalised | b1 | 0.00 | 0.00 |

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| Particulars | Derivation | FY 2026-27 (ARR) | |
|------------------------------|---------------------|------------------|-----------------|
| | | Petition (ARR) | Approved (ARR) |
| | | (Table 6-6) | (Table 6-9) |
| Incentive Expenses | c1 | 40.68 | 40.68 |
| Net Employee Expenses | A=(a1+c1)-b1 | 3,014.01 | 2,978.59 |
| R & M Expenses | d1 | 484.75 | 469.63 |
| Additional AMC Expenses | d2 | 558.31 | 408.49 |
| Net R&M Expenses | B=(d1+d2) | 1,043.06 | 878.12 |
| Net A&G Expenses | C | 531.35 | 514.78 |
| Net O&M Expenses | D=A+B+C | 4,588.41 | 4,371.50 |

6.3. GROSS FIXED ASSET & ASSET CAPITALISATION

Petitioner's Submission

- 6.3.1. The Petitioner has submitted that it has considered the opening balance of CWIP for FY 2026-27 as per the closing CWIP of FY 2025-26. Further, it has considered addition to the CWIP and Capitalisation for the FY 2026-27 as per the Capital Investment Plan of FY 2026-27.
- 6.3.2. The Summary of projected Capex and Capitalisation during FY 2026-27 is as follows:

TABLE 6-12: CAPEX AND CAPITALISATION AS SUBMITTED BY THE PETITIONER OF FY 2026-27 (Rs. LAKH)

| Sl. No. | Particulars | FY 2026-27 Petition ARR |
|---------|-------------------------------------|----------------------------|
| 1 | Opening CWIP | - |
| 2 | Capital Expenditure during the year | 262.50 |
| 3 | Less: Capitalisation | 262.50 |
| 4 | Closing CWIP | - |

- 6.3.3. The Petitioner has considered the closing GFA balance of FY 2025-26 as the opening balance of GFA for FY 2026-27. Further, addition of GFA for the FY 2026-27 has been considered to arrive at the GFA claim for the year. The following table shows the Projected GFA claim for FY 2026-27:

TABLE 6-13: GFA PROJECTED FOR FY 2026-27 AS SUBMITTED BY THE PETITIONER (Rs. LAKH)

| Particulars | FY 2026-27 Petition (ARR) |
|-------------|------------------------------|
| Opening GFA | 1,367.05 |



| Particulars | FY 2026-27 Petition (ARR) |
|-----------------------------|------------------------------|
| Addition during the year | 262.50 |
| O&M Expenses Capitalisation | - |
| Closing GFA | 1,629.55 |

Commission's Analysis

- 6.3.4. Regulation 4 of UPERC SLDC Regulations, 2025 specifies the conditions for submission and assessment of Annual Capital Investment Plan.
- 6.3.5. The Commission observes that the Petitioner in its Petition had not submitted any Capital Investment Plan for FY 2026-27 but has projected capitalization of Rs. 262.50 Lakh based on the requirements of FY 2026-27. The Commission asked the Petitioner to submit the Capital investment plan and the status of all schemes i.e., ULDC Phase-III, EASS Hardware, C-SOC and the AMC Cost for SCADA Phase-II and about their means of finance. In its reply, the Petitioner submitted the details of the same as below:

Status of ULDC Phase-III (Source of Funding – PGCIL)

SCADA/EMS Upgradation ULDC Phase-III

- (i) SCADA/EMS Upgradation ULDC-III is being implemented by PGCIL in a unified manner for Northern Region States and NRLDC. The project will change hardware equipments, software, auxiliary supply equipment, and Video Projection System at Main and Backup SLDC Modipuram. The SCADA/EMS system under ULDC-III will have features like ADMS, AGC, Cyber Security Tools (SIEM, VAPT tool, test bench), Network Management System, Antivirus and Patch Management Server.
- (ii) The CAPEX is being invested by PGCIL and recovered through transmission tariff, as per CERC tariff regulations. The project has been awarded to M/s GE T&D India Ltd. at a cost of Rs. 72.39 Crore (inclusive of tax and duties) [Capex Rs. 53.83 Crore + AMC Rs. 18.56 Crore] and is scheduled to be commissioned in July 2026.
- (iii) the AMC cost of Rs. 18.56 Crore for 7 years (1 year defect liability period + 6-year AMC) i.e. Rs. 2.65 Crore annually with taxes, will be borne by UPSLDC and shall form part of UPSLDC ARR for FY 2027-28 and further years. The Petitioner



submitted that detail engineering activity and database development activity have been completed. SCADA/Energy Management System – factory acceptance test) is under progress. Site installation, testing and commissioning of auxiliary power supply equipment is also under progress.

Status of EASS Hardware (Source of Funding – State PSDF)

- (i) EASS Hardware Data Center Upgradation project for main and backup SLDC is funded through the State PSDF Fund and awarded to M/s Tata Advanced Systems at a LOA cost of Rs. 37.82 Crore. The actual funding required (as per LOA) is of Rs. 33.68 Crore on account of Capex, Opex cost of Rs. 4.67 Crore, and additional Capex of Rs. 1.23 Crore from State PSDF.
- (ii) All project materials have been delivered. IIT Kanpur is assisting as Project Monitoring Unit (PMU). Further, the new Hardware System has been deployed and running smoothly from DC Lucknow. At DR Modipuram, the system is Go Live now. Go-Live verification by Third party Project Management Unit IIT Kanpur is completed.

Status of Cyber Security Operation Center (C-SOC) (Source of Funding – Central PSDF)

- (i) UPSLDC has submitted that the DPR is under finalization as per revised SOC/NOC particulars issued on 06.01.2026 by Central PSDF. Central PSDF mandates Board approval of DPR to be submitted for sanction of Fund. Revised DPR will be put up in next UPSLDC Board Meeting.
- (ii) The project is likely to be awarded in January 2027 and may take up to 4 months for implementation and Go-Live. The project will include SIEM, SOAR, NBAD, UEBA, DAM, Data Diode and NOC infrastructure.

6.3.6. The Commission notes that in the Tariff Order dated 08.09.2025, under paragraph 6.3.4, the Petitioner was advised to submit the Capital Investment Plan in accordance with the provisions of the applicable Regulations. Subsequently, in response to the data gaps, the Petitioner furnished the status of the ongoing schemes along with their sources of funding. The Commission notes that the major projects are being funded through PGCIL/State PSDF/Central PSDF, therefore, do not



involve significant capitalisation in the books of the Petitioner during FY 2026-27. Accordingly, considering the submissions of the Petitioner, the Commission approves the capitalization of Rs. 262.50 Lakh for FY 2026-27. The Petitioner is, however, directed to expedite the progress of the ongoing schemes and ensure timely submission of the detailed Capital Investment Plan in future filings in line with the provisions of the Regulations.

6.3.7. It is pertinent to mention that the Petitioner must expedite the establishment of robust cybersecurity centres to protect its systems in light of increasing cybersecurity threats. The Petitioner should also conduct periodic cybersecurity audits in accordance with prevailing guidelines. Furthermore, it must submit reports on its cybersecurity posture as well as the outcomes of periodic cybersecurity drills.

6.3.8. The details of projections are shown in the Table below:

TABLE 6-14: SUMMARY OF PROJECTED CAPITAL INVESTMENT SUBMITTED BY THE PETITIONER (Rs. LAKH)

| Sl. No. | Particulars | Capitalisation for FY 2026-27 | | | |
|---|--|-------------------------------|------------------|--------------------|-------------------|
| | | Amount | Loading Expenses | Total Project Cost | Source of Funding |
| 1 | Laptop Policy for all sanctioned Post of UP SLDC Ltd. | 81.00 | - | 81.00 | Internal Resource |
| 2 | Supply, Installation & Commissioning of smoke Extraction & Other Fire Fighting Equipments | 156.00 | 15.60 | 171.60 | Internal Resource |
| 3 | Supply, Installation & Commissioning of IPBX, Voice Logger Recording System at Main & Backup Control Room including Digital/IP Phone | 9.00 | 0.90 | 9.90 | Internal Resource |
| Total Capital Expenditure & Capitalisation | | | | 262.50 | - |

6.3.9. The Commission has considered closing GFA of FY 2025-26 in the APR section as the opening GFA for FY 2026-27. Further, it is observed that the Petitioner has not claimed any decapitalisation / deduction in the assets during FY 2026-27. Accordingly, the Commission has also not considered any decapitalisation during FY 2026-27 in line with the submission of the Petitioner. The GFA approved for FY 2026-27 by the Commission is shown below:

**TABLE 6-15: COMMISSION APPROVED - GFA FOR FY 2026-27 (Rs. LAKH)**

| Particulars | ARR (FY 2026-27) | | |
|--------------------------|------------------|----------------|--------------|
| | Petition (ARR) | Approved (ARR) | Remarks |
| Opening GFA | 1,367.05 | 1,367.04 | (Table 5-18) |
| Addition during the year | 262.50 | 262.50 | |
| Closing GFA | 1,629.55 | 1,629.54 | |

6.4. CONSUMER CONTRIBUTION, CAPITAL GRANTS AND SUBSIDIES

Commission's Analysis

6.4.1. The Commission observes that the Petitioner has not claimed any Consumer Contributions, Capital Subsidies, and Grants towards the cost of capital assets received during FY 2026-27. Accordingly, the Commission has also not approved any Consumer Contribution, Capital Grants, and Subsidies for FY 2026-27.

6.5. DEBT-EQUITY RATIO OF CAPITALIZATION

Petitioner's Submission

6.5.1. The Petitioner has submitted that Regulation 5(2) of the UPERC SLDC Regulations, 2025 provides that the Debt-Equity Ratio is to be considered during ARR determination. The Petitioner has submitted that it has not taken any loans, and the entire capital expenditure is funded through internal resources. Accordingly, as per the above Regulation, the Petitioner has considered a normative Debt-Equity Ratio of 70:30 to arrive at the normative Debt & Equity quantum. The Petitioner has considered the net addition of Rs. 262.50 Lakh to GFA during FY 2026-27. Accordingly, the Petitioner has considered Rs. 183.75 Lakh to be from Loan and Rs. 78.75 Lakh to be from Equity.

Commission's Analysis

6.5.2. The Commission considers the normative Debt-Equity ratio of 70:30 as per Regulation 5 of UPERC SLDC Regulations, 2025 i.e., 70% of estimated Capitalisation (net of consumer contribution, grants and subsidy) during FY 2026-27 is to be financed through debt and balance 30% through equity. The Commission observes that the Petitioner has not considered the De-capitalisation/Deduction during FY 2026-27 while deriving the net capitalisation for FY 2026-27. The Commission



considers the same for its computation of ARR for FY 2026-27, which will be subject to prudence check at the time of truing-up. Accordingly, the capitalisation and funding sources approved by the Commission during FY 2026-27 are shown in the Table below:

TABLE 6-16: COMMISSION APPROVED - DEBT-EQUITY RATIO FOR FY 2026-27 (Rs. LAKH)

| Particulars | Derivation | FY 2026-27 | |
|---|------------|----------------|----------------|
| | | Petition (ARR) | Approved (ARR) |
| Capitalisation during FY 2026-27 | A | 262.50 | 262.50 |
| Less: Decapitalisation/ Deduction during FY 2026-27 | B | 0.00 | 0.00 |
| Less: Consumer Contribution, Grants & Capital Subsidies during FY 2026-27 | C | 0.00 | 0.00 |
| Net Capitalisation to be funded by Debt & Equity | D=A-B-C | 262.50 | 262.50 |
| Equity (%) | E | 30% | 30% |
| Debt (%) | F | 70% | 70% |
| Equity addition during FY 2026-27 | G=D*E | 78.75 | 78.75 |
| Debt addition during FY 2026-27 | H=D*F | 183.75 | 183.75 |

6.6. DEPRECIATION

Petitioner's Submission

- 6.6.1. The Petitioner has submitted that the Depreciation is computed as per Regulation 7 of the UPERC SLDC Regulations, 2025. The Petitioner has also submitted that the Commission has directed to maintain individual asset-wise, part-wise, fixed asset register as per Regulation 7 of the UPERC SLDC Regulations, 2025, for all its fixed assets - i.e., Part-A for assets capitalised up to 31.03.2025 and Part B for assets capitalised on or after 01.04.2025 vide Tariff Order dated. 08.09.2025.
- 6.6.2. The Petitioner has further submitted that it has computed depreciation for the FY 2026-27 based on the projected capitalisation of FY 2026-27 and under the above provisions and directions issued by the Commission. Accordingly, the summary of the Depreciation computed on the assets capitalised before 31.03.2025 are as follows:



TABLE 6-17: DEPRECIATION FOR FY 2026-27 (PART-A – ASSETS CAPITALISED BEFORE 31.03.2025) AS SUBMITTED BY THE PETITIONER (Rs. LAKH)

| Particulars | ARR- FY 2026-27 (Depreciation on existing Assets Capitalised on or before 31.03.2025) | | | | | | | |
|------------------------------|--|-----------|------------|-------------------------------------|---|--------------|---|-------------------------------------|
| | Gross Block | | | | Depreciation | | | Applicable rate of Depreciation (%) |
| | As at the beginning of the Financial Year | Additions | Deductions | As at the end of the Financial Year | Cumulative at the beginning of the Financial Year | For the year | Cumulative at the end of the Financial Year | |
| Plants & Machinery | 233.45 | - | - | 233.45 | 60.25 | 12.33 | 72.57 | 5.28% |
| Furniture & Fixtures | 31.07 | - | - | 31.07 | 10.69 | 1.97 | 12.65 | 6.33% |
| Office Equipment | 196.41 | - | - | 196.41 | 172.10 | 4.67 | 176.77 | 6.33% |
| Other Assets | 327.97 | - | - | 327.97 | 327.97 | - | 327.97 | 5.28% |
| Intangible Assets (Software) | 309.25 | - | - | 309.25 | 309.25 | - | 309.25 | 15.00% |
| Total | 1,098.15 | - | - | 1,098.15 | 880.26 | 18.96 | 899.21 | 1.73% |

6.6.3. Further, UPSLDC has also computed depreciation on the assets capitalised after 31.03.2025. The summary of the same are as follows:

TABLE 6-18: DEPRECIATION FOR FY 2026-27 (PART-B – ASSETS CAPITALISED AFTER 31.03.2025) AS SUBMITTED BY THE PETITIONER (Rs. LAKH)

| Particulars | ARR- FY 2026-27 (Depreciation on existing Assets Capitalised after 31.03.2025) | | | | | | | |
|--------------------|---|---------------|------------|-------------------------------------|---|--------------|---|-------------------------------------|
| | Gross Block | | | | Depreciation | | | Applicable rate of Depreciation (%) |
| | As at the beginning of the Financial Year | Additions | Deductions | As at the end of the Financial Year | Cumulative at the beginning of the Financial Year | For the year | Cumulative at the end of the Financial Year | |
| Other Civil Works | 166.98 | - | - | 166.98 | 2.79 | 5.58 | 8.37 | 3.34% |
| Plants & Machinery | - | 9.90 | - | 9.90 | - | 0.21 | 0.21 | 4.22% |
| Office Equipment | 101.92 | 81.00 | - | 182.92 | 3.23 | 9.02 | 12.24 | 6.33% |
| Other Assets | - | 171.60 | - | 171.60 | - | 5.43 | 5.43 | 6.33% |
| Total | 268.90 | 262.50 | - | 531.40 | 6.01 | 20.23 | 26.25 | 5.06% |

6.6.4. Based on the above, the total depreciation claimed for ARR of FY 2026-27 are tabulated below:

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**TABLE 6-19: TOTAL DEPRECIATION FOR FY 2026-27 AS SUBMITTED BY THE PETITIONER (Rs. LAKH)**

| Particulars | Projected for ARR of FY 2026-27 |
|---|---------------------------------|
| Depreciation of Assets upto 31.03.2025 | 18.96 |
| Depreciation of Assets capitalised after 31.03.2025 (as per UPERC SLDC Regulations, 2025) | 20.23 |
| Total Depreciation | 39.19 |

Commission's Analysis

- 6.6.5. The Petitioner has computed the Depreciation as per Regulation 7 of the UPERC SLDC Regulations, 2025 which specifies the methodology for computation of Depreciation. Further, as directed by the Commission in its Tariff Order dated. 08.09.2025, the Petitioner has maintained a separate individual asset wise Fixed Asset Register (FAR) for assets capitalized after March 31, 2025. Accordingly, the Gross Block and Depreciation in respect of assets capitalised after April 01, 2025 have been computed separately from the Gross Block of assets capitalised upto March 31, 2025.
- 6.6.6. Accordingly, the Commission has calculated the depreciation in line with the methodology specified in Regulation 7 of UPERC SLDC Regulations, 2025 and the APR section of this Order. Further, the Commission has considered the Closing Gross Block of Fixed Assets for FY 2025-26 as the Opening Gross Block of Fixed Assets for FY 2026-27 under Part-A and accordingly computed the depreciation on Gross Fixed Assets up to 31.03.2025 (Part-A) and Gross Fixed Asset additions made after 31.03.2025 (Part-B). The additions during the year have been duly considered separately as per the Gross Fixed Assets approved by the Commission under Section 6.3 of this Order.
- 6.6.7. The Commission has considered the salvage value of the asset as 10% of the allowable capital cost as the depreciation is allowed up to maximum of 90% of the allowable capital cost of the asset and the salvage value of the IT equipment, software and underground cable considered 100% depreciable as per the UPERC SLDC Regulations, 2025. Hence, depreciation is taken as zero of those items whose depreciated value has already reached their salvage value. The depreciation



approved by the Commission for FY 2026-27 is as follows:

TABLE 6-20: COMMISSION APPROVED - GROSS DEPRECIATION (PART-A) (Rs. LAKH)

| Particular | FY 2026-27 | | | | | | | |
|------------------------|--|-----------------|-----------------------|------------------------------------|-----------------|-------------------|--|--|
| | Opening Gross Fixed Asset as on 01.04.2026 | Addition to GFA | Deduction/ Adjustment | Gross Fixed Asset as on 31.03.2027 | Average GFA | Depreciation Rate | Cumulative Depreciation as on 31.03.2027 | Depreciated on from 01.04.2026 to 31.03.2027 |
| | A (Table 5-26) | B | C | D = A+B-C | E = (A+D)/2 | F | (Table 6-21) | G = E*F |
| Plant & Machinery | 233.45 | 0.00 | 0.00 | 233.45 | 233.45 | 5.28% | 64.81 | 12.33 |
| Furniture and Fixtures | 31.07 | 0.00 | 0.00 | 31.07 | 31.07 | 6.33% | 12.82 | 1.97 |
| Office Equipment | 196.40 | 0.00 | 0.00 | 196.40 | 196.40 | 6.33% | 176.76 | 11.88*** |
| Other assets | 327.97 | 0.00 | 0.00 | 327.97 | 327.97 | 5.28% | 295.17 | 0.00** |
| Software (Intangible) | 309.25 | 0.00 | 0.00 | 309.25 | 309.25 | 15.00% | 309.25 | 0.00** |
| Total | 1,098.14* | 0.00 | 0.00 | 1,098.14 | 1,098.14 | 2.38% | 858.81 | 26.17 |

*considered as per closing GFA as on 31.03.2025 as computed in the APR for FY 2025-26.

** Item depreciated equivalent to 100%

*** item depreciated equivalent to 90%

6.6.8. The Computation of cumulative depreciation (for part-A) is shown for reference purposes in the following Table: -

TABLE 6-21: CUMULATIVE DEPRECIATION FOR ASSETS COMPUTED BY THE COMMISSION FROM 01.04.2026 TO 31.03.2027 (PART-A) (Rs. LAKH)

| Particular | FY 2026-27 | | | | | | |
|------------------------|--|---|---------------------------|--|--|--|---|
| | Opening Gross Fixed Asset as on 01.04.2026 | *Cumulative Depreciation as on 01.04.2026 | % of GFA as on 01.04.2026 | Closing Gross Fixed Asset as on 01.04.2026 | Depreciation from 01.04.2026 to 31.03.2027 | Cumulative Depreciation as on 31.03.2027 | Cumulative Depreciation as a % of closing GFA |
| | A | B | C | D | E (Table 6-20) | F = B + E | G=F/D |
| Plant & Machinery | 233.45 | 52.48 | 22.48% | 233.45 | 12.33 | 64.81 | 27.76% |
| Furniture and Fixtures | 31.07 | 10.86 | 34.95% | 31.07 | 1.97 | 12.82 | 41.27% |
| Office Equipment | 196.40 | 164.88 | 83.95% | 196.40 | 11.88 | 176.76 | 90.00% |
| Other assets | 327.97 | 295.17 | 90.00% | 327.97 | 0.00 | 295.17 | 90.00% |
| Software (Intangible) | 309.25 | 309.25 | 100.00% | 309.25 | 0.00 | 309.25 | 100.00% |
| Total | 1,098.14 | 832.64 | 75.82% | 1,098.14 | 26.17 | 858.81 | 78.21% |

*Cumulative depreciation as on 01.04.2026 considered as per Table 5-26

6.6.9. Further, Part-B i.e April 01, 2026 till FY 2026-27, the Commission has calculated the



asset-wise depreciation as per 7(1)(b) of UPERC SLDC Regulations, 2025, i.e the depreciation is computed based on the Straight-Line Method at the rates stipulated in the Annexure-B of the UPERC SLDC Regulations, 2025.

6.6.10. Further, the depreciation on assets created out of Consumer Contribution, Capital Grants and Capital Subsidies is considered nil as submitted by the Petitioner for FY 2026-27.

6.6.11. The Commission has observed that the Petitioner has not claimed any de-capitalisation/deduction in the assets during FY 2026-27 and will claim the same at the time of Truing-Up based on the actuals. The Commission approves the Depreciation Part-B in the Table below:

TABLE 6-22: COMMISSION APPROVED - GROSS DEPRECIATION FOR FY 2026-27 (PART-B) (Rs. LAKH)

| Particular | FY 2026-27 | | | | | | |
|-------------------|--|-----------------|-----------------------|------------------------------------|---------------|-------------------|--|
| | Opening Gross Fixed Asset as on 01.04.2026 | Addition to GFA | Deduction/ Adjustment | Gross Fixed Asset as on 31.03.2027 | Average GFA | Depreciation Rate | Depreciation from 01.04.2026 to 31.03.2027 |
| | A | B | C | D = A+B-C | E = (A+D)/2 | F | G = E*F |
| Other Civil Works | 166.98 | 0.00 | 0.00 | 166.98 | 166.98 | 3.34% | 5.58 |
| Plant & Machinery | 0.00 | 9.90 | 0.00 | 9.90 | 4.95 | 4.22% | 0.21 |
| Office Equipment | 101.92 | 81.00 | 0.00 | 182.92 | 142.42 | 6.33% | 9.02 |
| Other assets | 0.00 | 171.60 | 0.00 | 171.60 | 85.80 | 6.33% | 5.43 |
| Total | 268.90 | 262.50 | 0.00 | 531.40 | 400.15 | 5.06% | 20.23 |

6.6.12. The Computation of cumulative depreciation (for Part-B) is shown for reference purposes in the following Table: -

TABLE 6-23: CUMULATIVE DEPRECIATION FOR ASSETS COMPUTED BY THE COMMISSION FROM 01.04.2026 TO 31.03.2027 (PART-B) (Rs. LAKH)

| Particular | Asset Capitalised after 31.03.2025 | | | | | | |
|-------------------|------------------------------------|---|---------------------------|------------------------------|--|--|---|
| | Opening GFA as on 01.04.2026 | *Cumulative Depreciation as on 01.04.2026 | % of GFA as on 01.04.2026 | Closing GFA as on 31.03.2027 | Depreciation from 01.04.2026 to 31.03.2027 | Cumulative Depreciation as on 31.03.2027 | Cumulative Depreciation as % of closing GFA |
| | A | B | C | D | E (Table 6-22) | F = B + E | G=F/D |
| Other Civil Works | 166.98 | 2.79 | 1.67% | 166.98 | 5.58 | 8.37 | 5.00% |



| Particular | Asset Capitalised after 31.03.2025 | | | | | | |
|-------------------|------------------------------------|---|---------------------------|------------------------------|--|--|---|
| | Opening GFA as on 01.04.2026 | *Cumulative Depreciation as on 01.04.2026 | % of GFA as on 01.04.2026 | Closing GFA as on 31.03.2027 | Depreciation from 01.04.2026 to 31.03.2027 | Cumulative Depreciation as on 31.03.2027 | Cumulative Depreciation as % of closing GFA |
| | A | B | C | D | E (Table 6-22) | F = B + E | G=F/D |
| Plant & Machinery | 0.00 | 0.00 | 0.00% | 9.90 | 0.21 | 0.21 | 2.00% |
| Office Equipment | 101.92 | 3.23 | 3.17% | 182.92 | 9.02 | 12.24 | 7.00% |
| Other assets | 0.00 | 0.00 | 0.00% | 171.60 | 5.43 | 5.43 | 3.00% |
| Total | 268.90 | 6.01 | 2.24% | 531.40 | 20.23 | 26.25 | 5.00% |

*Cumulative depreciation as on 31.03.2026 Table 5-28

6.6.13. Accordingly, the Commission has approved the net depreciation for FY 2026-27 as follows:

TABLE 6-24: COMMISSION APPROVED - NET DEPRECIATION (PART-A + PART-B) (Rs. LAKH)

| Particulars | Derivation | FY 2026-27 (ARR) | | |
|---|----------------|------------------|----------------|------------|
| | | Petition (ARR) | Approved (ARR) | Remarks |
| Depreciation of Assets upto 31.03.2025 | A | 18.96 | 26.17 | Table 6-20 |
| Depreciation of Assets from 01.04.2026 to 31.03.2027 | B | 20.23 | 20.23 | Table 6-22 |
| Less: Depreciation of assets created from Consumer Contribution, Capital Grants and Capital Subsidies | C | 0.00 | 0.00 | |
| Net Depreciation | D=A+B-C | 39.19 | 46.40 | |

6.7. INTEREST ON LOAN CAPITAL

Petitioner's Submission

6.7.1. The Petitioner has submitted that the normative closing loan balance for FY 2025-26 has been considered as the opening normative loan balance for FY 2026-27, and the addition to the normative loan has been worked out in accordance with the approved means of finance.

6.7.2. Further, UPSLDC has computed the applicable rate of interest in accordance with the UPERC SLDC Regulations, 2025. The details of the interest rate applicable for FY 2026-27 are as under:

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**TABLE 6-25: APPLICABLE RATE OF INTEREST FOR THE FY2025-26 SUBMITTED BY THE PETITIONER (Rs. LAKH)**

| From Date | To Date | No. of Days | Base Rate |
|--|------------|-------------|--------------|
| 01-04-2024 | 14-04-2024 | 14 | 8.65% |
| 15-04-2024 | 14-05-2024 | 30 | 8.65% |
| 15-05-2024 | 14-06-2024 | 31 | 8.65% |
| 15-06-2024 | 14-07-2024 | 30 | 8.75% |
| 15-07-2024 | 14-08-2024 | 31 | 8.85% |
| 15-08-2024 | 14-09-2024 | 31 | 8.95% |
| 15-09-2024 | 14-10-2024 | 30 | 8.95% |
| 15-10-2024 | 14-11-2024 | 31 | 8.95% |
| 15-11-2024 | 14-12-2024 | 30 | 9.00% |
| 15-12-2024 | 14-01-2025 | 31 | 9.00% |
| 15-01-2025 | 14-02-2025 | 31 | 9.00% |
| 15-02-2025 | 14-03-2025 | 28 | 9.00% |
| 15-03-2025 | 31-03-2025 | 17 | 9.00% |
| Weighted average Interest Rate | | | 8.88% |
| Add: 100 Basis Points | | | 1.00% |
| Applicable Rate of Interest on Normative Loan | | | 9.88% |

TABLE 6-26: INTEREST ON LONG TERM LOANS FOR FY 2026-27 AS SUBMITTED BY THE PETITIONER (Rs. LAKH)

| Sl. No. | Particulars | Claimed for ARR of FY 2026-27 |
|---------|---|-------------------------------|
| 1 | Gross Opening Loan | 177.35 |
| 2 | Addition during the year | 183.75 |
| 3 | Normative Repayment (Equal to Depreciation) | 39.19 |
| 4 | Closing Loan Considered | 321.91 |
| 5 | Average Loan | 249.63 |
| 6 | Interest Rate (%) | 9.88% |
| 7 | Interest on Loan | 24.67 |
| 8 | Other Finance Charges | - |
| 9 | Interest and Finance Charges | 24.67 |

Commission's Analysis

- 6.7.3. Regulation 8 of UPERC SLDC Regulations, 2025 specifies and governs the estimation of Interest on Loan Capital.
- 6.7.4. The Commission has considered the normative Debt-Equity ratio of 70:30 i.e., 70% of estimated Capitalisation (net of consumer contribution, grants and subsidy) during FY 2026-27 is to be financed through debt and balance 30% through equity as per the Regulation 5 of UPERC SLDC Regulation, 2025. The closing normative loan for FY 2025-26 has been considered as the opening normative loan for FY 2026-27.



Further, the normative loan addition during the year has been considered as per the Debt-Equity Ratio 70:30, computed by the Commission in section 6.5 of this Order. The deemed repayment for loans is considered equal to the depreciation as approved for the FY 2026-27.

- 6.7.5. As the Petitioner does not have any actual long-term loan portfolio. Hence, the Commission has considered the weighted average of 1-Year SBI MCLR on April 1, 2025 plus 100 basis points as the interest rate on the normative long-term loan as per Regulation. Accordingly, the Commission has approved the interest on long-term loan as shown in the Table below, however the same will be revisited at the time of True-Up:

TABLE 6-27: COMMISSION APPROVED - INTEREST ON LONG-TERM LOAN CAPITAL FOR FY 2026-27 (Rs. LAKH)

| Particulars | Derivation | Petition (ARR) | Approved (ARR) |
|--|----------------|----------------|----------------|
| Opening Normative Loan as on 01.04.2026 | A (Table 5-32) | 177.35 | 192.68 |
| Loan Additions during the Year | B (Table 6-16) | 183.75 | 183.75 |
| Less: Repayments (Depreciation allowable for Year) | C (Table 6-24) | 39.19 | 46.40 |
| Closing Loan Balance as on 31.03.2027 | D=A+B-C | 321.91 | 330.03 |
| Average Loan | E= Avg (A&D) | 249.63 | 261.36 |
| Interest Rate | F | 9.88% | 9.88% |
| Interest on Loan | G=E*F | 24.67 | 25.83 |
| Less: Interest Capitalized | H | 0.00 | 0.00 |
| Net Interest on Loan | I=G-H | 24.67 | 25.83 |

6.8. INTEREST ON WORKING CAPITAL

Petitioner's Submission

- 6.8.1. The Petitioner has submitted that Regulation 10 the UPERC SLDC Regulations, 2025 provides parameters for computing the Working Capital. Accordingly, UPSLDC has considered the SBI MCLR (1 Year) applicable during 1st August 2025 and added 200 basis points. The computation of weighted average rate of Interest applicable on working capital requirement is as follows:

TABLE 6-28: WEIGHTED AVERAGE RATE OF SBI MCLR ONE YEAR TENURE

| Particulars | Claimed for ARR of FY 2026-27 |
|-----------------------|-------------------------------|
| 1st August of FY 2025 | 8.75% |



| Particulars | Claimed for ARR of FY 2026-27 |
|---|-------------------------------|
| Add: 200 Basis Point | 2.00% |
| Applicable Rate of Interest on Working Capital | 10.75% |

6.8.2. Based on the above rate, the Petitioner has computed the interest on Working Capital for FY 2026-27 as shown in the Table below:

TABLE 6-29: INTEREST ON WORKING CAPITAL FOR FY 2026-27 AS SUBMITTED BY THE PETITIONER (Rs. LAKH)

| Particulars | Derivation | FY 2026-27 (ARR) Petition |
|---|---------------------------|------------------------------|
| O&M Expenses for one Month | $A=O\&M/12$ | 382.37 |
| Receivables equivalent to 45 days | $B=Net\ ARR/365*45$ | 341.30 |
| Total Working Capital | $C=A+B$ | 723.67 |
| Rate of Interest on Working Capital (%) | D | 10.75% |
| Interest on Working Capital | $E=C*D$ | 77.79 |

Commission’s Analysis

6.8.3. As per Regulation 10(1) of UPERC SLDC Regulations 2025, the Commission has considered one month O&M expenses and Receivables equivalent to 45 days for computation of total Working Capital requirement.

6.8.4. Further, as per Regulation 10(2) of UPERC SLDC Regulations, 2025, the rate of IoWC shall be simple interest and shall be equal to the SBI MCLR (1 Year) as on November 15 of the relevant financial year plus 200 basis points. The SBI 1 Year MCLR as on November 15, 2025, is 8.75% (Source: SBI MCLR (1 Year; Link: <https://sbi.co.in/web/interest-rates/interest-rates/mclr-historical-data>). Thus, the interest rate on working capital requirement for FY 2026-27 comes out to be 10.75% (SBI 1 Year MCLR plus 200 basis point). The same will be revisited at the time of True Up.

6.8.5. Accordingly, the Commission has computed the working capital requirement and interest on working capital as shown below:

TABLE 6-30: COMMISSION APPROVED - INTEREST ON WORKING CAPITAL FOR FY 2026-27 (Rs. LAKH)

| Particulars | Derivation | FY 2026-27 (ARR) | |
|--|---------------------------|------------------|----------------|
| | | Petition (ARR) | Approved (ARR) |
| O&M Expenses for one Month (Table 6-11) | $A=O\&M/12$ | 382.37 | 364.29 |
| Receivables equivalent to 45 days (Table 6-38) | $B=Net\ ARR/365*45$ | 341.30 | 314.89 |
| Total Working Capital | $C=A+B$ | 723.67 | 679.19 |



| Particulars | Derivation | FY 2026-27 (ARR) | |
|---|------------|------------------|----------------|
| | | Petition (ARR) | Approved (ARR) |
| Rate of Interest on Working Capital (%) | D | 10.75% | 10.75% |
| Interest on Working Capital | E=C*D | 77.79 | 73.01 |

6.9. BANKING AND FINANCE CHARGES

Petitioner's Submission

- 6.9.1. The Petitioner has not submitted any banking and finance charges for the FY 2026-27. Accordingly, the Commission sought clarification in the data gap in this regard.
- 6.9.2. In response, the Petitioner has submitted that it has not availed any loan to meet the requirement of financing its capital assets or working capital requirements and, therefore, has not incurred any Banking and Finance Charges during FY 2026-27. In case of any variation on account of Banking and Finance Charges, the same shall be claimed at the time of true-up based on the audited annual accounts of the respective year.

Commission's Analysis

- 6.9.3. The Commission notes that the Petitioner has not claimed any Banking and Finance Charges for FY 2026-27. Hence, the Commission has also not considered any Banking and Finance Charges for FY 2026-27.

6.10. RETURN ON EQUITY

Petitioner's Submission

- 6.10.1. The Petitioner has submitted that the closing equity of FY 2025-26 has been considered as the opening equity for FY 2026-27. However, the Petitioner has considered the normative Debt-Equity Ratio of 70:30 for arriving at the normative Equity as per UPERC SLDC Regulations, 2025.
- 6.10.2. The Petitioner has computed the RoE at the rate of 12.50% on the Normative Equity. The proposed RoE for FY 2026-27 is tabulated below:

TABLE 6-31: RETURN ON EQUITY FOR FY 2026-27 SUBMITTED BY THE PETITIONER (Rs. LAKH)

| Particulars | FY 2026-27 |
|----------------|----------------|
| | Petition (ARR) |
| Opening Equity | 366.60 |



| Particulars | FY 2026-27 |
|------------------------------------|----------------|
| | Petition (ARR) |
| Equity addition during FY 2026-27 | 78.75 |
| Closing Equity | 445.35 |
| Average Equity | 405.98 |
| Rate of Return (%) | 12.50% |
| Tax Rate % | 0.00% |
| Effective Rate of Return on Equity | 12.50% |
| Return on Equity | 50.75 |

Commission's Analysis

- 6.10.3. Regulation 11 of UPERC SLDC Regulations, 2025 specifies the rate of RoE as 12.50% post-tax per annum for the SLDC.
- 6.10.4. The Commission has considered the closing Equity of FY 2025-26 as the opening Equity for FY 2026-27. Further, the Equity addition during the year has been considered as computed by the Commission in section 6.5 of this Order. Accordingly, the RoE allowed for FY 2026-27 is as follows:

TABLE 6-32: COMMISSION APPROVED - RETURN ON EQUITY FOR FY 2026-27 (Rs. LAKH)

| Particulars | Derivation / Remarks | FY 2026-27 (ARR) | |
|---------------------------------|----------------------|------------------|----------------|
| | | Petitioner (ARR) | Approved (ARR) |
| Opening Equity as on 01.04.2026 | A (Table 5-37) | 366.60 | 359.71 |
| Addition during the year | B (Table 6-16) | 78.75 | 78.75 |
| Closing Equity as on 31.03.2027 | C=A+B | 445.35 | 438.46 |
| Average Equity | D=(A+C)/2 | 405.98 | 399.09 |
| Rate of Return (%) | E | 12.50% | 12.50% |
| Return on Equity | F=D*E | 50.75 | 49.89 |

6.11. TAX ON RETURN ON EQUITY

Petitioner's Submission

- 6.11.1. The Petitioner has not submitted any claim towards Tax on Return on Equity for FY 2026-27, in line with the provisions of the UPERC SLDC Regulations, 2025. Accordingly, the Commission sought clarification from the Petitioner in the data gap in this regard.
- 6.11.2. In response, the Petitioner has submitted that the Company has opted for taxation under Section 115BAA of the Income Tax Act, 1961, and further has sufficient



accumulated losses to offset the estimated taxable income for FY 2026-27. Accordingly, no income tax liability has been claimed for the said year. However, any variation on account of Income Tax liability, if any, shall be claimed during the truing-up exercise based on the actual tax payments as reflected in the audited annual accounts for the respective year.

Commission's Analysis

- 6.11.3. Regulation 12 of UPERC SLDC Regulations 2025 specifies the treatment of Income Tax.
- 6.11.4. The Commission has observed that the Petitioner has not projected any Income Tax for FY 2026-27. Accordingly, the Commission has also not considered any Income Tax for FY 2026-27.

6.12. NON-TARIFF INCOME

Petitioner's Submission

- 6.12.1. The Petitioner has projected Non-Tariff Income as per Regulation 13 of the UPERC SLDC Regulations, 2025. The details submitted by the Petitioner as shown in the Table below:

TABLE 6-33: NON-TARIFF INCOME FOR FY 2026-27 SUBMITTED BY THE PETITIONER (Rs. LAKH)

| Particulars | FY 2026-27 |
|---|----------------|
| | Petition (ARR) |
| Interest from Banks | 85.00 |
| Miscellaneous receipts (in form of Tender Fees) | 0.40 |
| Profit on Sale of Scrap | - |
| Total Non-Tariff Income | 85.40 |

Commission's Analysis

- 6.12.2. Regulation 13(1) of the UPERC SLDC Regulation 2025, provides that the Non-Tariff Income relating to the SLDC Business, as approved by the Commission, shall be deducted from the ARR while determining the Fee & Charges of UPSLDC.
- 6.12.3. The Commission observes that the Petitioner has projected Non-Tariff Income of Rs. 85.40 lakh for FY 2026-27. As the Commission has not approved any norms for projection of Non-Tariff Income and Open Access Charges, the Petitioner has



considered the estimated Non-Tariff Income for FY 2025-26 and has escalated the same by 10% for projection of FY 2026-27.

6.12.4. Accordingly, the Commission has considered and approves the estimate of the Petitioner of Non-tariff Income as projected by the Petitioner for FY 2026-27, subject to prudence check at the time of Truing-Up is as shown below:

TABLE 6-34: COMMISSION APPROVED - NON-TARIFF INCOME (Rs. LAKH)

| Particulars | FY 2026-27 | |
|---|----------------|--------------------------------|
| | Petition (ARR) | Approved (ARR) (Table 5-39) |
| Interest from Banks | 85.00 | 85.00 |
| Miscellaneous receipts (in form of Tender Fees) | 0.40 | 0.40 |
| Total Non-Tariff Income | 85.40 | 85.40 |

6.13. CONTRACTED/ TIED UP COMMISSIONED CAPACITY HANDLED BY THE PETITIONER

Petitioner's Submission

6.13.1. The Petitioner, in the Petition, has submitted the details of beneficiary-wise tied-up Capacity.

Commission's Analysis:

6.13.2. The Petitioner submitted the total Tied-Up/Commissioned Capacity expected during FY 2026-27 as summarised below:

TABLE 6-35: TIED UP/COMMISSIONED CAPACITY AS SUBMITTED BY THE PETITIONER IN (MW) FOR FY 2026-27

| Sl.No. | Particulars | Contracted Capacity of FY 2026-27 (MW) |
|------------|--|---|
| A | | |
| 1 | UPPCL | 35,708 |
| 2 | NPCL | 526 |
| 3 | RAILWAYS | 311 |
| 4 | LTOA beneficiaries of solar (other than discoms) | 684 |
| | Total (A) | 37,229 |
| B | | |
| B 1 | UPRVUNL Thermal | |
| | I Anpara TPS | 2,630 |
| | II Anpara- C | 1,100 |
| | III Harduaganj TPS | 1,270 |



| Sl.No. | Particulars | Contracted Capacity of FY 2026-27 (MW) |
|--------|---------------------------------|--|
| | IV Jawaharpur TPS | 1,320 |
| | V Obra TPS | 1,660 |
| | VI Parichha | 920 |
| | VII Panki TPS | 660 |
| B 2 | UPRVUNL Hydro | 502 |
| B 3 | IPP | |
| | I Vishnuprayag Jal Vidyut Graha | 400 |
| | II Alaknanda Jal Vidyut Graha | 330 |
| | III Roza | 1,200 |
| | IV Bajaj Energy Pvt. Ltd. | 450 |
| | V Bajaj Lalitpur | 1,980 |
| | VI Bara | 1,648 |
| | VII Meja | 1,320 |
| | VIII THDC, Dhukwan | 24 |
| | IX khurja | 1,320 |
| | X Ghatampur | 660 |
| B 4 | Co- generation (Contracted) | 1,481 |
| B 5 | Solar | 2,611 |
| B 6 | Captive Power Plant | 74 |
| | Total (B) | 23,560 |
| | Grand Total (A+B) | 60,789 |

6.13.3. The Commission has observed that the Tied Up/Commissioned Capacity submitted by the Petitioner is in line with UPERC SLDC Regulations, 2025, thus same has been considered for determination of LDC Charges.

6.14. OPEN ACCESS CHARGES

Petitioner's Submission

6.14.1. The Petitioner has submitted the Open Access Charges of FY 2026-27 in the form of Application fees, Registration Charges and Annual Charges.

Commission's Analysis

6.14.2. The Commission has approved the projected Open Access Charges, which are in line with the UPERC SLDC Regulations, 2025. The details of the proposed Open Access Charges are as follows, subject to prudence check at the time of Truing-Up:

TABLE 6-36: COMMISSION APPROVED - OPEN ACCESS CHARGES (Rs. LAKH)

| Sl. No. | Particulars | Open Access Charges for FY 2026-27 |
|---------|----------------|------------------------------------|
| 1 | Annual Charges | - |



| Sl. No. | Particulars | Open Access Charges for FY 2026-27 |
|---------|------------------------------------|------------------------------------|
| 2 | Application Fees/ Concurrence Fees | 536.57 |
| 3 | Operating Charge | 1,313.29 |
| 4 | Registration Fees | 77.22 |
| 5 | Total | 1,927.08 |

6.15. SUMMARY OF AGGREGATE REVENUE REQUIREMENT FOR FY 2026-27

Petitioner’s Submission

6.15.1. The Petitioner has submitted the summary of ARR for FY 2026-27 as per the Table below:

TABLE 6-37: SUMMARY OF ARR SUBMITTED BY THE PETITIONER (Rs. LAKH)

| Particulars | FY 2026-27 |
|--|-----------------|
| | Petition (ARR) |
| O&M Expenses | 4,588.41 |
| Employee Expenses | 3,014.01 |
| R&M Expenses | 1,043.06 |
| A&G Expenses | 531.35 |
| Depreciation | 39.19 |
| Interest on Loan Capital | 24.67 |
| Interest on Working Capital | 77.79 |
| Return on Equity | 50.75 |
| Total Aggregate Revenue Requirement | 4,780.81 |
| Less: Non-Tariff Income | 85.40 |
| Less: Open Access Charges | 1,927.08 |
| Net Aggregate Revenue Requirement | 2,768.33 |

Commission’s Analysis

6.15.2. The Commission considers the ARR based on various components as approved for FY 2026-27. Accordingly, the summary of ARR for FY 2026-27 is as follows:

TABLE 6-38: COMMISSION APPROVED - SUMMARY OF ARR (Rs. LAKH)

| Particulars | Derivation | FY 2026-27 | |
|-------------------------------|---------------------------------------|-----------------|-----------------|
| | | Petition (ARR) | Approved (ARR) |
| Total O&M expenses | A= (a1+b1+c1) (Table 6-11) | 4,588.41 | 4,371.50 |
| Employee Expenses | a1 | 3,014.01 | 2,978.59 |
| R&M Expense | b1 | 1,043.06 | 878.12 |
| A&G Expense | c1 | 531.35 | 514.78 |



| Particulars | Derivation | FY 2026-27 | |
|---|--------------------|-----------------|-----------------|
| | | Petition (ARR) | Approved (ARR) |
| Depreciation | B (Table 6-24) | 39.19 | 46.40 |
| Interest on Loan | C (Table 6-27) | 24.67 | 25.83 |
| Interest on Working Capital | D (Table 6-30) | 77.79 | 73.01 |
| Return on Equity | E (Table 6-32) | 50.75 | 49.89 |
| Total Aggregate Revenue Requirement | F=A+B+C+D+E | 4,780.81 | 4,566.63 |
| Less: Non-Tariff Income | G (Table 6-34) | 85.40 | 85.40 |
| Less: Open Access Charges | H (Table 6-36) | 1,927.08 | 1,927.08 |
| Aggregate Revenue Requirement for FY 2026-27 | I= F- (G+H) | 2,768.33 | 2,554.15 |

6.16. TRUING UP REVENUE GAP OF FY 2024-25

Petitioner's Submission

6.16.1. The Petitioner has submitted the Revenue Gap of FY 2024-25 along with Carrying Cost to be adjusted in the ARR of FY 2026-27. The detailed computation of Revenue Gap along with Carrying Cost as per the Table below:

TABLE 6-39: REVENUE GAP ALONG WITH CARRYING COST OF FY 2024-25 AS SUBMITTED BY THE PETITIONER (Rs. LAKH)

| Sl. No. | Particulars | Amount |
|---------|--|-----------------|
| 1 | Revenue Gap in True Up of 2024-25 (A) | 1,931.02 |
| 2 | Interest for FY 2024-25 | 109.90 |
| 3 | Interest for FY 2025-26 | 219.40 |
| 4 | Interest for FY 2026-27 | 121.49 |
| 5 | Total Interest to be adjusted in ARR of FY 2026-27 (B) | 450.79 |
| 6 | Total Revenue Gap to be adjusted in ARR of FY 2026-27 (C) = (A) + (B) | 2,381.81 |

6.16.2. Subsequent to it, the Petitioner has submitted the Net Annual Revenue Requirement for FY 2026-27 as per Table below:

TABLE 6-40: NET ANNUAL REVENUE REQUIREMENT OF FY 2026-27 AS SUBMITTED BY THE PETITIONER (Rs. LAKH)

| Sl. No. | Particulars | FY 2026-27 |
|---------|---|-----------------|
| 1 | ARR considered for FY 2026-27 | 2,768.33 |
| 2 | Add: Revenue Gap of FY 2024-25 along with carrying cost | 2,381.81 |
| 3 | Annual Revenue Requirement for FY 2026-27 (1+2) | 5,150.14 |

**Commission's Analysis**

- 6.16.3. The Commission notes that the Petitioner has submitted the Revenue Gap for FY 2024-25 along with the applicable carrying cost for each year and has sought its adjustment in the ARR of FY 2026-27 under the True-Up for FY 2024-25, APR for FY 2025-26 and ARR for FY 2026-27. Upon prudence check, the Commission observes that the Petitioner has computed the carrying cost for FY 2025-26 on the opening balance of the Revenue Gap instead of on the average of the opening and closing balance for the year, which is not in line with the settled regulatory methodology. However, the Commission has computed the carrying cost on the total Revenue Gap carried forward to FY 2026-27, corresponding to the closing balance of FY 2025-26 along with the net gap approved in the APR for FY 2025-26, by applying the applicable interest rate in accordance with Regulation 10(2) of the UPERC SLDC Regulations, 2025.
- 6.16.4. The Commission has provisionally determined the closing gap for FY 2025-26 in APR section of this Order. The closing gap for FY 2025-26 has been considered as the opening gap for FY 2026-27. Since the gap is proposed to be recovered through ARR for FY 2026-27, the closing gap for FY 2026-27 is nil.

TABLE 6-41: COMMISSION APPROVED - NET ARR TO BE RECOVERED FROM LDC CHARGES FOR FY 2026-27 (WITH ADJUSTMENT OF GAP/(SURPLUS) (Rs. LAKH)

| Particulars | Derivation | FY 2026-27 |
|--|-----------------------|-----------------|
| | | ARR |
| Opening Gap/(Surplus) for FY 2026-27 | A (Table 5-47) | 2,006.34 |
| Gap/(Surplus) addition during the year | B | - |
| Recovery of the Gap/(Surplus) during the year | C | 2,006.34 |
| Closing Gap /(Surplus) for FY 2026-27 | D = A+B-C | - |
| Average Balance Gap/(Surplus) for FY 2026-27 | E = {(A)+(D)}/2 | 1,003.17 |
| Carrying Cost (%) (Rate of Interest on IWC (%)) | F | 10.75% |
| Carrying Cost (Rs. Lakh) | G = E*F | 107.84 |
| Closing Gap /(Surplus) with Carrying Cost | H = A+G | 2,114.18 |
| Net ARR for FY 2026-27 (Without Adjustment of Gap) | I (Table 6-38) | 2,554.15 |
| NET ARR to be recovered from LDC Charges for FY 2026-27 (Considering Adjustment of Gap) | J = H+I | 4,668.32 |

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6.17. LDC CHARGES

Petitioner's Submission

6.17.1. The Petitioner, in accordance with Regulation 15 of the UPERC SLDC Regulations, 2025, has proposed to recover the LDC charges from the users connected with the Intra-State Transmission Power System.

TABLE 6-42: SUMMARY OF TOTAL CONTRACTED CAPACITY OF DISCOMS AND GENERATORS (IN MW)

| S. No. | Discoms | Contracted Capacity (MW) |
|--------|--|--------------------------|
| 1 | UPPCL | 35,708 |
| 2 | NPCL | 526 |
| 3 | RAILWAYS | 311 |
| 4 | LTOA beneficiaries of solar (other than discoms) | 684 |
| | Subtotal A (1 to 4) | 37,229 |
| 5 | Generators | 19,394 |
| 6 | Co-generation (Contracted) | 1,481 |
| 7 | Solar | 2,611 |
| 8 | Captive Power Plant | 74 |
| | Subtotal B (5 to 8) | 23,560 |
| | Total Contracted Capacity (A+B) | 60,789 |

6.17.2. Subsequent to it, the Petitioner has submitted the proposed LDC Charges to recover the Annual Revenue Requirement from the Users for FY 2026-27.

TABLE 6-43: SUMMARY OF LDC CHARGES AS SUBMITTED BY THE PETITIONER

| Sl. No. | Particulars | Unit | ARR FY 2026-27 |
|---------|---|---------------------|----------------|
| 1 | Recovery from Users other than Intra-State Transmission Licensee. | Rs. Lakhs | 5,150.14 |
| 2 | Contracted Capacity of Discoms | MW | 37,229 |
| 3 | Contracted Capacity of Generating Units | MW | 23,560 |
| 4 | Total Contracted Capacity | MW | 60,789 |
| 5 | LDC Charges | Rs./MW/Month | 706.02 |

Commission's Analysis

6.17.3. Regulations 13 of UPERC SLDC Regulations, 2025 specifies the fees and charges payable by the Generating Companies, Distribution Licensees, Intra-State



Transmission Licensees, Inter/Intra State Generating Companies connected with Intra-State Transmission power system of the State, Open Access Customers to the SLDC. Furthermore, Regulation 14 of UPERC SLDC Regulations, 2025 specifies as follows:

“14(1) The Monthly LDC charges in MW/Month upto two decimal places to be taken from the Users who are availing Medium / Long Term Open Access and who want to get the scheduling done (except short term Open Access), in proportion to the sum of their capacities as on the last day of the billing month.

The Monthly LDC charges shall be calculated based on the following formula:

$$AFC(u)_{(t)} = \{AFC_{(t)} \div (X_{(t)})\} / 12$$

Where,

AFC(u)(t) = UPSLDC Charges for the Monthly period (t);

AFC(t) = Total UPSLDC Charges for the yearly period (t);

X(t) = Contracted Capacity of Users who are availing Medium/Long Term Open Access.”

- 6.17.4. To recover the Net Revenue Gap of the Petitioner, the Commission approves the following SLDC Charges to be recovered from the users except Intra-state Transmission Licensee.

TABLE 6-44: COMMISSION APPROVED - MONTHLY LDC CHARGES FOR FY 2026-27 (Rs./MW/ MONTH)

| Particulars | Derivation | FY 2026-27 | |
|--|---|-----------------------------|-----------------------------|
| | | Petition (ARR) (Table 6-43) | Approved (ARR) (Table 6-41) |
| NET ARR to be recovered from LDC Charges (Rs. Lakh) | A | 5,150.14 | 4,668.32 |
| Tied Up Commissioned Capacity of Discoms (MW) | B | 37,229.00 | 37,229.00 |
| Tied Up Commissioned Capacity of Generating Units (MW) | C | 23,560.00 | 23,560.00 |
| Total Contracted Capacity (MW) | D=B+C | 60,789.00 | 60,789.00 |
| Monthly LDC Charges (Rs/MW/Month) | E= {(A*10⁵) / (D*12)} | 706.02* | 639.97** |

*The Petitioner has computed LDC charges for FY 2026-27 on the Net ARR derived after adjustment of the revenue gap of Rs. 2381.81 Lakhs (including carrying cost for FY 24-25, FY 25-26 & FY 26-27).

** The Commission has computed LDC charges for FY 2026-27 on the Net ARR derived after considering revenue gap as computed under Table 6-41.

- 6.17.5. Accordingly, the Commission approves the Monthly LDC Charges in Rs. 639.97/ MW



/Month to be collected by the Petitioner from the Users (except short term Open Access), who are availing Medium/Long Term Open Access or who want to get the scheduling done, in proportion to the sum of their capacities as on the last day of the billing month.

by

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7. DIRECTIVES

7.1. COMPLIANCE OF DIRECTIVES ISSUED IN THE PAST TARIFF ORDER DATED. 08.09.2025

7.1.1. The Commission has issued certain directives to the Petitioner in UPSLDC previous Tariff Order dated. 08.09.2025. The status of compliance submitted by the Petitioner on the same is as shown below:

TABLE 7-1: STATUS OF COMPLIANCE/PETITIONER'S REPLY TO COMMISSION'S DIRECTIVES IN PREVIOUS TARIFF ORDER DATED 08.09.2025

| S. No. | Directives | Status of Compliance/Petitioner's Reply | Remarks |
|--------|--|--|---|
| 1. | <p>The Commission observes that as per Clause 2.14 of the Electricity Grid Code, 2007, a State Power Committee (SPC) was to be constituted under the Chairmanship of the head of UPSLDC. The Commission vide various letters has directed the Petitioner to submit the status of the operationalization of SPC along with minutes of meetings of latest meetings. However, it was observed that while the SPC has been constituted, meetings of SPC were not conducted regularly and details of the same were not in the public domain therefore, the Petitioner is directed to conduct meetings of the SPC regularly as mentioned in SPC-U.P. (Conduct of Business) Rules and ensure that a separate link of UP-SPC is created on the homepage of UPSLDC's website where among others the notification(s) for constitution of the SPC, the minutes of meetings of SPC-U.P. along with relevant data/documents are uploaded.</p> | <p>UPSLDC has submitted that it has conducted SPC meeting on a regular basis. UPSLDC has conducted its 7th SPC meeting on 26th August 2025 and maintained all the details/minutes of meetings, with relevant data/ documents regarding SPC meeting in public domain (https://eass.upsldc.org/eass/portal/mis/SPC.jsp).</p> | <p>The Commission observes that as per UPEGC, the committee members shall meet at least once in three months. However, meetings are not being convened as desired. Therefore, the Petitioner is directed to conduct SPC meetings timely and on regular intervals in compliance with the provisions envisaged under UPEGC.</p> |



| S. No. | Directives | Status of Compliance/Petitioner's Reply | Remarks |
|--------|--|--|--|
| 2. | <p>The Commission has notified UPERC (Power System Development Fund) Regulations, 2023 on 20.06.2023 for procedure related to sanction and utilization of Power System Development Fund (PSDF). Further, it is observed that a substantial amount is currently available in the account which can be utilized for the projects in line with the PSDF Regulations. Therefore, the SLDC being the nodal agency for PSDF in the State is directed to promptly and in timely manner process the proposal(s) received from the project entity under PSDF and submit the same before the Commission for approval in accordance with UPERC (Power System Development Fund) Regulations, 2023.</p> | <p>UPSLDC has submitted that the UP-PSDF Monitoring Committee has rejected the scheme named "Replacement of Electro-Mechanical type Non-SAS Control & relay panels with numerical control and relay panel at non-SAS based 220/132 KV Substations of UPPTCL" due to higher cost vide meeting dated 10.11.2025.</p> <p>Further, UPSLDC has filed its Petition for approval of the Scheme named "OPGW/PLCC based Remote Technical unit (RTU) panel equipped with all necessary control and power supply cards, multi-function transducers, HDRs, CMRs, Cable and connectors" before the UPERC on 26.12.2025.</p> | <p>The Petitioner is directed to provide the justification of the scheme cost, including whether any cost benchmarking has been undertaken with similar schemes implemented in other States and, if so, the outcome thereof. The Petitioner shall also clarify the rationale for proposing replacement of electro-mechanical panels with numerical panels while retaining Non-SAS architecture, and explain why conversion to SAS-based substations, which represents current technological standards for EHT substations,</p> |



| S. No. | Directives | Status of Compliance/Petitioner's Reply | Remarks | | | | | | | | | |
|---------------------------------------|--|--|--|---------------------|--------------------------|---------------------------|---------------------------|------------|---------------------------------------|------------|---|--|
| | | | was not considered. | | | | | | | | | |
| 3. | <p>The Commission has observed that the Petitioner has submitted that upgradation/ replacement of existing Supervisory Control and Data Acquisition (SCADA) / Energy Management System (EMS) system (ULDC Phase III) would be implemented by POWERGRID in regulated tariff mode and the cost of the same will be borne by POWERGRID. In this regard, the Petitioner is directed to coordinate and take all necessary steps on priority for its timely implementation in accordance with directions issued by the competent authority. The Petitioner is further directed to submit the status of the same in its directive compliance report and also in the next tariff submission.</p> | <p>The Petitioner has submitted that the upgradation/replacement of existing SCADA and EMS System (ULDC Phase III) implemented by Power Grid in Regulated Tariff mode. Further, UPSLDC has taken all the necessary steps on priority basis for its timely implementation.</p> <p>Current status of the project:-</p> <table border="1"> <thead> <tr> <th>Project</th> <th>Expected Start date</th> <th>Expected Completion date</th> </tr> </thead> <tbody> <tr> <td>EASS hardware Upgradation</td> <td>Actual start (29.06.2025)</td> <td>Completed.</td> </tr> <tr> <td>Scada and EMS System (ULDC Phase III)</td> <td>March 2025</td> <td>UPSLDC has submitted that said project is likely to start by July - 2026.</td> </tr> </tbody> </table> | Project | Expected Start date | Expected Completion date | EASS hardware Upgradation | Actual start (29.06.2025) | Completed. | Scada and EMS System (ULDC Phase III) | March 2025 | UPSLDC has submitted that said project is likely to start by July - 2026. | <p>The Petitioner is directed to explain the reason for delay by more than one year and submit the final status of the scheme within one month from the date of issue of this Order.</p> |
| Project | Expected Start date | Expected Completion date | | | | | | | | | | |
| EASS hardware Upgradation | Actual start (29.06.2025) | Completed. | | | | | | | | | | |
| Scada and EMS System (ULDC Phase III) | March 2025 | UPSLDC has submitted that said project is likely to start by July - 2026. | | | | | | | | | | |
| 4. | <p>The Commission has observed that the Petitioner had proposed Rs 12.40 Crore for FY 2023-24 and FY 2024-25 towards cyber security in the Business Plan Petition. Subsequently, it has been informed that Cyber Security Operation Centre (C-SOC) is being pursued at central PSDF level, however, the same is yet to be finalised. In this regard, the Petitioner is directed to coordinate and take all necessary steps on priority for</p> | <p>UPSLDC has submitted that during the 39th Appraisal Committee meeting held on 24th October 2025, Model BoQ and Revised benchmark cost for Indigenous SOC & NOC with 5 years AMC have been finalised. Further, UPSLDC has requested all the entities</p> | <p>Cyber Security remains the biggest external threat to the grid operations. Implementing strong cybersecurity practices as per CERT-In</p> | | | | | | | | | |



| S. No. | Directives | Status of Compliance/Petitioner's Reply | Remarks |
|--------|--|---|--|
| | <p>its early implementation. The Petitioner is further directed to submit the status of the same in its directive compliance report and also in the next tariff submission.</p> <p>The Commission further notes the increasing reliance of UPSLDC on advanced technologies such as SCADA/EMS upgradation, EASS hardware, and upcoming C-SOC facilities, which require continuous focus on cybersecurity and adoption of new innovations. Accordingly, the Commission directs the Petitioner to establish a structured framework for cybersecurity monitoring, regular vulnerability assessment, and incident response drills. A yearly compliance report on cybersecurity readiness and innovations adopted shall be submitted along with tariff petition.</p> | <p>to submit the Revised DPR with Revised BoQ to PSDF as per the Model BoQ & cost approved by the Appraisal Committee.</p> <p>The project is likely to be awarded in January 2027 and may take up to 4 months for implementation and Go-Live</p> <p>UPSLDC has submitted that it has taken following steps in compliance of cybersecurity readiness:</p> <ol style="list-style-type: none">1. Interview was done for Recruitment of 2 EE and AE with IT Background. Expected Posting will be completed by June-26.2. Conducted Internal Audit for ISO 27001 certification and migration from ISO 27001:2013 to ISO 27001:2022.3. Conducting VAPT & Cyber Security Audit on regular basis.4. Revised DPR was submitted to PSDF secretariat for implementation of C-SOC. | <p>guidelines and CEA directives to protect the grid from cyber threats, including secure communication protocols and regular security audits should be the top priority of the Petitioner. Therefore, the Petitioner is directed following:</p> <ol style="list-style-type: none">1. Expedite the implementation of the project as awarding the project in January-2027 is quite delayed.2. Provide the reason for delay in joining of manpower and expedite the joining processes.3. Details of the efforts undertaken to complete the audit process and ensure compliance with all audit queries. |



| S. No. | Directives | Status of Compliance/Petitioner's Reply | Remarks |
|--------|---|---|--|
| | | | 4. Expedite the process for approval of revised DPR submitted to the PSDF Secretariat for implementation of C-SOC. |
| 5. | <p>The Commission notes that while the Petitioner is in the process of preparing and maintaining the Fixed Asset Register (FAR) to comply with the requirements of various applicable statutes and accounting standards, it is necessary that the same also capture additional information fields from a regulatory compliance perspective. Accordingly, the Commission directs the Petitioner to maintain a separate individual asset-wise FAR, part-wise, as per Regulation 7 of the UPERC SLDC Regulations, 2025, for all its fixed assets — i.e., Part-A for assets capitalised up to 31.03.2025 and Part-B for assets capitalised on or after 01.04.2025. The FAR shall be maintained in soft copy (Excel format) and submitted to the Commission along with each Tariff filing.</p> | <p>UPSLDC has submitted that it has taken all the necessary steps to maintain its fixed assets in SAP module into two parts— i.e., Part-A for assets capitalised up to 31.03.2025 and Part B for assets capitalised on or after 01.04.2025.</p> | Complied. |
| 6. | <p>While it is desirable in the interest of grid security that adequate reserves are maintained locally at the State level for each state control area as per CERC (ancillary services) Regulations 2022 read with the Grid Code, these regulations aim to provide mechanisms for procurement, through administered</p> | <p>UPSLDC is regularly monitoring its system for maintaining the grid frequency close to 50 Hz and restoring the grid frequency within the allowable band as specified in the Grid Code.</p> | <p>The Petitioner is directed to submit a comprehensive proposal in this regard for development of Ancillary</p> |



| S. No. | Directives | Status of Compliance/Petitioner's Reply | Remarks |
|--------|---|---|---|
| | <p>as well as market-based mechanisms, deployment and payment of Ancillary Services at the regional and national level for maintaining the grid frequency close to 50 Hz, and restoring the grid frequency within the allowable band as specified in the Grid Code and for relieving congestion in the transmission network, to ensure smooth operation of the power system, and safety and security of the grid. Till the Commission frames any regulation in this regard, UPSLDC is required to work with an objective to create and maintain adequate reserves locally at the State level for each state control area and submit the details to the Commission for framing of the Regulations for improving and enhancing reliability of the power system within three months.</p> | <p>1. Presently AGC in Bara TPS & Khurja TPS are governed by central AGC system. AGC in Ghatampur TPS and Meja TPS are likely to be implemented by April-2026.</p> <p>2. SCADA Phase – III has inbuilt AGC software which will be available in UPSLDC by July-2026.</p> <p>3. Ancillary service regulation for intra-state is required for minimizing Area control errors of state control boundary.</p> <p>Further, UPSLDC has submitted that it has taken initiatives to maintain the grid frequency close to 50 Hz and restoring the grid frequency within the allowable band as specified in the Grid Code vide its 7th SPC meeting dated 09.01.2026.</p> <p>UPSLDC also submitted the following recommendations of the SPC Committee vide its 7th SPC meeting:</p> <ul style="list-style-type: none">• Secondary and Tertiary Reserves are required in the interest of Grid Security. It not only control frequency excursions but manages deviation | <p>Services framework in the State within three months.</p> |



| S. No. | Directives | Status of Compliance/Petitioner's Reply | Remarks |
|--------|------------|--|---------|
| | | <p>besides supplementing primary Reserves.</p> <ul style="list-style-type: none">• It is recommended that all the Thermal generating stations more than 200 MW shall explore the possibility to enable automatic operation of the plant from the appropriate load dispatch centre by integrating the controls and telemetering features of their system into the Automatic Generation Control (AGC) in accordance to the Regulation 30(11)(W) of IEGC 2023. It is worth mentioning that said regulation is also applicable to intra state generators provided they are controlled by NLDC under AGC regime.• In regard to TRAS (Tertiary Reserve Ancillary Services), ISGS (Meja TPS, Ghatampur TPS and Khurja TPS) and Intra State Generators with merchant capacity may participate.• It is also recommended that the Commission may | |



| S. No. | Directives | Status of Compliance/Petitioner's Reply | Remarks | | | | | | | | | | |
|--------------------------------------|--|--|------------|----------------|-------------------|----|---------------|---|------------------------------|----|--------------------------------------|----|---|
| | | <p>be approached for adoption/ Implementation of Ancillary Services regulations in the State.</p> | | | | | | | | | | | |
| 7. | <p>The Petitioner is directed to maintain adequate manpower in each area of specialization as specified by CEA /forum of regulators. The Commission observes that a significant proportion of the existing manpower is at the JE level. In view of the evolving grid management environment, the Commission directs the Petitioner to prepare and implement a skill upgradation plan for JE-level employees, with emphasis on IT systems, cyber hygiene, regulatory framework, and logistics. The Petitioner shall submit the roadmap for skill development within three months from the date of this Order. The Commission further directs the Petitioner to conduct at least two specialized workshops annually for its employees on innovations in grid operations, IT logistics, and regulatory compliance. The details of such workshops, including the number of personnel trained, duration, and training modules covered, shall be reported to the Commission.</p> | <p>UPSLDC has submitted that it has prepared its skill upgradation plan with emphasis on IT systems, cyber hygiene, regulatory framework, and logistics for all of its employees including JE. Further, UPSLDC also submitted the details of Nominated Participants for training in NPTI during FY 2025-26 in its Petition.</p> <p>UPSLDC has also submitted Manpower Status in IT/Cyber Security, REMC Logistics, RAU (Regulatory Affair Unit) & R&A (Reliability and Ancillary Unit).</p> <table border="1" data-bbox="874 1496 1219 1787"> <thead> <tr> <th>Department</th> <th>No of Manpower</th> </tr> </thead> <tbody> <tr> <td>IT/Cyber Security</td> <td>11</td> </tr> <tr> <td>REMC Logistic</td> <td>-</td> </tr> <tr> <td>RAU (Regulatory Affair Unit)</td> <td>04</td> </tr> <tr> <td>R&A (Reliability and Ancillary Unit)</td> <td>05</td> </tr> </tbody> </table> | Department | No of Manpower | IT/Cyber Security | 11 | REMC Logistic | - | RAU (Regulatory Affair Unit) | 04 | R&A (Reliability and Ancillary Unit) | 05 | <p>The Commission observes that UPSLDC has not deployed sufficient and dedicated manpower in all functional areas. Considering the sensitive nature of operations and UPSLDC being apex body to ensure integrated operation of the power system in the state, it is required to maintain a dedicated, skilled workforce for effective grid operation. Further, given the strategic and unique nature of LDC's operations, it is</p> |
| Department | No of Manpower | | | | | | | | | | | | |
| IT/Cyber Security | 11 | | | | | | | | | | | | |
| REMC Logistic | - | | | | | | | | | | | | |
| RAU (Regulatory Affair Unit) | 04 | | | | | | | | | | | | |
| R&A (Reliability and Ancillary Unit) | 05 | | | | | | | | | | | | |

54.



| S. No. | Directives | Status of Compliance/Petitioner's Reply | Remarks |
|--------|------------|---|---|
| | | | <p>imperative to ensure sufficient bench strength for diverse functional areas and adequate talent pool for leadership roles at senior and top management. The Government of India, Forum of Regulators and CEA from time to time have emphasized upon capacity building and workforce adequacy of Load dispatch centers and have issued guidelines in this regard.</p> <p>Thus, UPSLDC is directed to ensure adequate staffing across all functional areas to meet the evolving requirements of grid and</p> |



| S. No. | Directives | Status of Compliance/Petitioner's Reply | Remarks |
|--------|--|---|--|
| | | | market operations. |
| 8. | <p>The Commission also notes that UPSLDC is facing challenges in securing training slots at NPTI. In this regard, the Commission takes cognizance of CERC Circular No. Comm/1/2025-CERC, which has broadened the list of recognized training institutes. Accordingly, the Petitioner is directed to make use of the additional institutes recognized by CERC to ensure that its training calendar is implemented without delay. Compliance status in this regard shall be submitted along with the next tariff petition.</p> | <p>UPSLDC has submitted that it has considered the additional institutes recognized by the Hon'ble CERC to ensure the training calendar is implemented without any delay.</p> <p>Also, UPSLDC submitted that the 70 No. of employees are currently registered on the i-GOT portal and completed 405 Courses in total. 04 No. of Employees have been trained at IIT Kanpur on the Regulatory Framework and a customised Cyber Security Framework. 02 No. of employees of UPSLDC have also taken part in the NCIIPC-CII Cyber Security training and Operational Exercise organised in New Delhi. Further, UPSLDC also submitted the details of Nominated Participants for training in NPTI during FY 2025-26 in its Petition.</p> | <p>Complied. However, the Petitioner is directed to continue implementing its training calendar in a time-bound manner and submit institute-wise and employee-wise training details along with the next tariff petition.</p> |
| 9. | <p>The Commission observes that UPSLDC currently does not have any dedicated tool for demand side regulation through curtailment, which is becoming</p> | <p>UPSLDC has submitted that there are three components of Automatic</p> | <p>The Petitioner is directed to ensure timely commissioning</p> |

54.



| S. No. | Directives | Status of Compliance/Petitioner's Reply | Remarks |
|--------|---|---|---|
| | <p>increasingly critical for maintaining system reliability in view of rising demand and renewable integration. Advanced Distribution Management System (ADMS) provides an effective platform for automated demand management, real-time monitoring, and optimization of curtailment measures, thereby supporting secure grid operations. Accordingly, the Commission directs the Petitioner to initiate the development and implementation of an ADMS framework at the earliest. The Petitioner shall coordinate with UPPCL and UPPTCL for necessary technical, financial, and infrastructural support in this regard. A roadmap for ADMS implementation, including timelines, scope of work, and cost-benefit analysis, shall be submitted to the Commission within six months from the date of this Order.</p> | <p>Demand Management Scheme.</p> <p>a. ADMS software at SLDC for decision making based on predefined logic.</p> <p>b. Communication system to extend tripping signals to feeders identified under ADMS scheme.</p> <p>c. 33KV Feeders to be isolated from system to provide load relief in case over draw from the Grid.</p> <p>Further, UPSLDC has submitted that the ULDC Phase – III is being commissioned by M/s PGCIL which is essentially an upgradation of SCADA system. In upgraded SCADA system, there is a provision of ADMS software. The timeline for commissioning of upgraded SCADA is July, 2026.</p> <p>Further, 300 No. 132KV Substation have already been integrated with SCADA system and rest of them are expected to be integrated by July 2026 under reliable communication scheme.</p> | <p>of the upgraded SCADA system and to expedite receipt of the identified 33 kV feeders from DISCOMs. Further, DISCOMs are directed to provide the desired 33kV feeders to be incorporated under ADMS scheme without any further delay. UPSLDC shall coordinate with DISCOMs and collect such information. A firm timeline for operationalization of ADMS along with a status report shall be submitted to the Commission within three months of commissioning of ULDC Phase-III.</p> |



| S. No. | Directives | Status of Compliance/Petitioner's Reply | Remarks |
|--------|--|--|---|
| | | <p>33KV feeders emanating from SCADA integrated 132 KV substations can be used for Load shedding under ADMS scheme.</p> <p>List of 33 KV feeder to be incorporated under ADMS scheme has been sought from different DISCOMs in UP Control Area which is awaited from DISCOMs.</p> <p>Once, ADMS software is implemented under ULDC phase – III as mentioned in point 2 and list of 33 KV feeders is provided by different DISCOMs in UP Control Area as mentioned above, further action will be taken.</p> | |
| 10. | <p>As the Commission has notified the UPERC MYT Transmission Regulations, 2025, wherein the intra-state transmission tariff shall be determined on the basis of Base Transmission Capacity Rights (Base TCR), UPSLDC is directed to furnish the demand data of Base TCR to distribution licensees and Indian Railways of previous years within one month after completion of financial year.</p> | <p>UPSLDC has submitted that the required data as on date has been sent to the Transmission Billing Unit of UPPTCL.</p> <p>Further, UPSLDC has also submitted that it will also submit the same to the Commission after completion of the year.</p> | <p>Complied. The same shall be complied in future also.</p> |

8. DIRECTIVES ISSUED IN THIS ORDER

- 8.1.1. The Commission notes that UPSLDC shall adopt advanced technologies such as SCADA/EMS systems, PMU/WAMS networks, and AI/ML-based analytics to



strengthen power system operations in the context of increasing renewable energy integration. They should also implement demand-forecasting and related tools that utilize big data analytics. The expenditures associated with these technological enhancements may be recovered in accordance with the applicable regulatory provisions.

- 8.1.2. Considering the increasing impact of distribution system contingencies on grid operation and the present limitation of visibility below 132 kV level, the Petitioner is directed to prepare a time-bound roadmap, in coordination with the DISCOMs, for enhancing system observability up to 33 kV level for effective load management, demand response and outage coordination.
- 8.1.3. In view of the increasing cyber security risks associated with deployment of SCADA/EMS, EASS and upcoming C-SOC, the Petitioner is directed to operationalize an integrated cyber security monitoring mechanism for both IT and OT systems, including periodic cyber security drills for system operators and incident response protocols. An annual cyber security readiness report shall be submitted to the Commission.
- 8.1.4. The Commission further directs the Petitioner to review and update the State Restoration Plan on a yearly basis and conduct at least one system-level mock black start and restoration exercise annually in coordination with generating stations and transmission licensees. The report of the same shall be submitted to the Commission.
- 8.1.5. The Petitioner is hereby directed to record and account for all expenditures incurred on account of the SPC separately, and such expenditures shall not be booked under SLDC expenses. Accordingly, the Annual Audited Accounts shall, henceforth, distinctly reflect all income and expenditure that does not pertain to SLDC, i.e SPC-related transactions, under separate heads in the Balance Sheet.



9. APPLICABILITY OF THE ORDER

- 9.1.1. The Petitioner in accordance with Regulation 3(7) of the UPERC (Fees & Charges of State Load Despatch Centre and other related matters) Regulations, 2025, shall publish the Charges approved by the Commission within three working days after approval by the Commission in at least two (2) English and two (2) Hindi daily newspapers having wide circulation in its business area and shall upload the approved Charges on its internet website in English and Hindi. The Petitioner is also required to submit the copies of the newspapers and screenshots of the website within seven (7) days of the publication to the Commission.
- 9.1.2. The Charges so published shall come into force after seven days from the date of such publication of the Charges and unless amended or revised, shall continue to be in force till the next tariff order becomes effective. However, in case this tariff Order comes in to force from any date during the currency of this month, the monthly LDC Charges prescribed for the Users (except short term Open Access) shall be effective for the entire month. The Commission may issue clarification / corrigendum / addendum to this Order as it deems fit from time to time with the reasons to be recorded in writing.


(Sanjay Kumar Singh)
Member


(Arvind Kumar)
Chairman

Place: Lucknow

Date: 15th April, 2026

**10. ANNEXURE I: ADMITTANCE ORDER**

BEFORE

THE UTTAR PRADESH ELECTRICITY REGULATORY COMMISSION,
LUCKNOW

Petition No. 2319 /2025

IN THE MATTER OF:Determination of Annual Revenue Requirement (ARR)/LDC Charges for FY 2026-27,
Annual Performance Review (APR) for FY 2025-26 and True-Up for FY 2024-25.

And

In the matter of:

Uttar Pradesh State Load Despatch Centre (UPSLDC)

..... Petitioner

ADMITTANCE ORDER**BACKGROUND:**

The Electricity Act, 2003, under Section 64 stipulates the Licensee to file an application before the State Electricity Regulatory Commission for determination of tariff in such manner as may be specified by the Commission as per the applicable Regulations.

The Commission had notified the Uttar Pradesh Electricity Regulatory Commission (Fees & Charges of State Load Despatch Centre and other related matters) Regulations, 2020 (herein after referred as UPERC SLDC Regulations, 2020) on May 14, 2020. These Regulations are applicable for determination of fees and charges to be collected by State Load Despatch Centre from its users for the period from April 1, 2021, to March 31, 2025, unless reviewed earlier or extended by the Commission.

As per the provisions stipulated in the Regulation 6 of UPERC SLDC Regulations, 2020, the Petition for determination of True-Up, Annual Performance Review (APR) and Aggregate Revenue Requirement (ARR)/Tariff, complete in all respect has to be filed by UPSLDC for each year of the Control Period (FY 2021-22 to FY 2024-25) before the Commission on or before November 30th of concerned year.

Thereafter, the Commission had notified the UPERC (Fees and Charges of State Load Despatch Centre and Other Related Matters) Regulations, 2025 (hereinafter referred as





'UPSLDC Regulations 2025') on June 20, 2025. The UPSLDC Regulations 2025 is applicable for the control period from April 01, 2025 to March 31, 2030, unless extended by the Commission.

In the present filing, Regulations, 2020, is applicable for True Up of FY 2024-25 and Regulations, 2025 is applicable for APR for FY 2025-26 & ARR/LDC Charges for FY 2026-27.

LICENSEES SUBMISSION:

Uttar Pradesh State Load Despatch Centre (hereinafter referred to as 'UPSLDC' or 'the Petitioner') filed its Tariff Petition No. 2319/2025 seeking approval of the True-Up for FY 2024-25 along with the audited accounts for FY 2024-25, in accordance with the provisions of the Regulations, 2020.

Further, in the Instant Petition, the Petitioner has filed the Annual Performance Review (APR) for FY 2025-26, Annual Capital Investment Plan for FY 2026-27 and ARR & Tariff for FY 2026-27 under the provisions of Regulations, 2025 before the Commission on November 28, 2025.

PRELIMINARY OBSERVATION:

The Commission conducted a preliminary analysis of the above Petition submitted on November 28, 2025 and certain deficiencies were observed which were raised to the Petitioner vide letters/email dated December 22, 2025, and some deficiencies were raised vide Minutes of Meeting dated 22nd January 2026 of TVS conducted on January 22, 2026 for the Petition.

In preliminary analysis, deficiencies sought were related to calculation of Depreciation, Normative O&M Expenses, Means of Finance, details of capital expenditure, information on consumer contribution, methodology for projected non-tariff income, list of schemes to be capitalised during FY 2026-27, fixed Asset Registers, Revenue Gap, GFA along with various other issues.

LICENSEE RESPONSE:

The Petitioner submitted its response to the data deficiencies in respect of the True-Up of FY 2024-25, Annual Performance Review (APR) for FY 2025-26, Annual Revenue Requirement (ARR) for FY 2026-27 vide Letter No. 43/SE(RAU)/ARR/UPERC dated January 05, 2026.

The Technical Validation Session (TVS) on the Petition was conducted on January 22, 2026, which was attended by the senior officials of the Commission and the Petitioner. During TVS, UPSLDC explained various issues raised in the deficiencies and provided clarifications on the queries raised by officers of the Commission. Further, additional queries in respect of the information submitted were communicated to the Petitioner vide the Minutes of Meeting dated January 22, 2026.



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**COMMISSION'S OBSERVATIONS & DIRECTIONS:**

The Petitioner has filed the Petition in accordance with Regulation 2020 and Regulation 2025. Further, the Petitioner has submitted the requisite data in compliance with Clause 10 of Regulation 3 of Regulations, 2025 for ARR & LDC Charges for FY 2026-27.

Further, the Commission admits the Tariff Petition No. 2319/2025 of the Petitioner. The Commission further directs UPSLDC to submit its response on issues raised during TVS and on previous pendency, if any. The Petitioner is also being directed that it shall furnish further information / clarifications, if any, as deemed necessary by the Commission during the processing of the Petition and provide the same to the satisfaction of the Commission within the time frame as stipulated by the Commission. In case of failure in compliance of such directions, the Commission shall dispose of the matter as considered deemed fit by it based on the available information.

Clause (5) of Regulation 3 of UPERC (Fees and Charges of State Load Despatch Centre and Other Related Matters) Regulations, 2025 specifies as under:

"UPSLDC shall within three working days of issue of the Admittance Order, publish a Public Notice in at least two English and two Hindi daily newspapers having wide circulation, outlining the True-Up/APR/ARR, proposed charges and such other matters as may be directed by the Commission, and inviting suggestions and objections from the stakeholders and public at large:

Provided that UPSLDC shall also provide on its website the Petition filed before the Commission along with all regulatory filings, detailed computations, particulars and documents, in text-searchable format or in downloadable spreadsheet format in the manner stipulated by the Commission:

Provided also that web link to the information mentioned in the first proviso to this Regulation should be easily accessible, archived for downloading and to be prominently displayed on the Petitioner's website:

Provided also that UPSLDC shall intimate its stakeholders about filing of such Petition, period of public consultation, date of Public Hearing etc. through appropriate notice on its website and newspapers:

Provided further that the Petitioner may be exempted by the Commission from providing any such information, particulars or documents considered confidential in nature:

Provided further that if the True-Up Petition is not submitted within timelines, no carrying cost for the period of delay shall be allowed for the gap arrived for the true-up year. However, in case of surplus, the same shall be recovered with carrying cost."

Accordingly, the Petitioner shall publish a Public Notice within three working days of issue of the Admittance Order in at least two English and two Hindi daily newspapers having wide circulation, outlining the ARR, proposed charges, APR, True-Up etc., and invite

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suggestions and objections within 21 days from the date of publication of the Public Notice(s) from the stakeholders and public at large.

The Public Notices should indicate that the stakeholders should regularly check the website of the Petitioner for further submissions made in respect to these proceedings.

The Petitioner shall also upload on its website the True up Petitions, APR and ARR formats filed before the Commission along with all regulatory filings, information, particulars, and related documents in their original version (not in zipped or compress folder), which shall be signed digitally and in searchable pdf formats along with all Excel files and as per any other provision of the Regulations and Order of the Commission. The Petitioner shall also ensure that those files are broken down into such size which can be easily downloaded. The Petitioner shall also ensure that for downloading the same, there is no requirement of providing personal information. The Petitioner shall not provide or put up any such information, particulars, or documents, which are confidential in nature, without the prior approval of the Commission.

The Petitioner shall inform the Commission, about the details of publication of the Public Notice in the newspapers and uploading on the website along with the links. The Petitioner is also required to submit the copies of the newspapers and screen shots of the website within 7 days of publication of the Public Notice.

The Commission proposes to hold the Public Hearings likely in February/March 2026, the details of which will be provided subsequently on the Commission's website www.uperc.org.

The Petitioner shall take all necessary steps to ensure the necessary arrangements for smooth functioning of the same in accordance with the guidelines / instructions issued in this regard by the Commission.

The Commission reserves the right to seek any further information / clarifications as deemed necessary during the processing of these Petitions.


(Sanjay Kumar Singh)
Member




(Arvind Kumar)
Chairman

Place: Lucknow

Date: 23 January 2026



11.ANNEXURE II: PUBLIC NOTICE ISSUED BY THE COMMISSION FOR PUBLIC HEARING

| | U.P. Electricity Regulatory Commission Vidyut Niyamak Bhawan, Vibhuti Khand, Gomti Nagar, Lucknow - 226010 | | | | | | | | | |
|---|---|--|-------------------------|--------|---|--|--------|--|--|--|
| Ph : 0522-2720426, Fax : 0522-2720423, E-mail: secretary@uperc.org , www.uperc.org | | | | | | | | | | |
| Ref: UPERC/D(T&S)D(T)/ 188-189/- 1337 | | | | | | | | | | |
| Dated: 20 th January, 2026 | | | | | | | | | | |
| Public Notice | | | | | | | | | | |
| Uttar Pradesh Power Transmission Corporation Limited (UPPTCL) and Uttar Pradesh State Load Despatch Centre (UPSLDC) have filed Petitions for determination of Aggregate Revenue Requirement (ARR) / Tariff/LDC charges for FY 2026-27, Annual Performance Review for FY 2025-26 and True-Up for FY 2024-25 before the Uttar Pradesh Electricity Regulatory Commission (UPERC / Commission). | | | | | | | | | | |
| The Commission vide Orders dated January 22, 2026 for UPPTCL and January 23, 2026 for UPSLDC have admitted the Petitions and has decided to hold "Public Hearings" for inviting suggestions and objections from the stakeholders and public at large. The "Public Hearings" will be conducted as per below details: | | | | | | | | | | |
| <table border="1"><thead><tr><th>Licensees Covered</th><th>Date & Time of Public Hearing</th><th>Place of Public Hearing</th></tr></thead><tbody><tr><td>UPSLDC</td><td>February 25, 2026 @11:00 AM (Wednesday)</td><td>Lucknow - Auditorium (3rd Floor) of Uttar Pradesh Electricity Regulatory Commission, Vidyut Niyamak Bhawan, Vibhuti Khand, Gomti Nagar, Lucknow - 226010</td></tr><tr><td>UPPTCL</td><td>February 27, 2026 @12:00 PM (Friday)</td><td>Ayodhya - Circuit House, Civil Lines, Ayodhya - 224001</td></tr></tbody></table> | Licensees Covered | Date & Time of Public Hearing | Place of Public Hearing | UPSLDC | February 25, 2026 @11:00 AM (Wednesday) | Lucknow - Auditorium (3rd Floor) of Uttar Pradesh Electricity Regulatory Commission, Vidyut Niyamak Bhawan, Vibhuti Khand, Gomti Nagar, Lucknow - 226010 | UPPTCL | February 27, 2026 @12:00 PM (Friday) | Ayodhya - Circuit House, Civil Lines, Ayodhya - 224001 | |
| Licensees Covered | Date & Time of Public Hearing | Place of Public Hearing | | | | | | | | |
| UPSLDC | February 25, 2026 @11:00 AM (Wednesday) | Lucknow - Auditorium (3rd Floor) of Uttar Pradesh Electricity Regulatory Commission, Vidyut Niyamak Bhawan, Vibhuti Khand, Gomti Nagar, Lucknow - 226010 | | | | | | | | |
| UPPTCL | February 27, 2026 @12:00 PM (Friday) | Ayodhya - Circuit House, Civil Lines, Ayodhya - 224001 | | | | | | | | |
| The licensee/entity has already published a summary of the Petitions in newspapers, inviting suggestions and objections. The stakeholders & Public at large should regularly check the websites of Commission i.e. www.uperc.org & concerned Licensee/Entity for updates / Information and details about the venues/schedule of the 'Public Hearings'. All stakeholders and public at large are invited to attend the 'Public Hearings'. | | | | | | | | | | |
| All the Stakeholders who are participating in the Public Hearing shall also submit their written suggestions and objections in hard copies (one original + 5 sets of copies) along with verified affidavit (as prescribed) to the Secretary, UPERC within three (3) days of the Public Hearing. The submission should also be sent in PDF and Word / Excel format on the email id: alok@uperc.org , abhishekmoza@uperc.org and office@uperc.org . It should be ensured that the Licensee/Entity name for whom the submission pertains to, is written in the subject line, otherwise it may not be taken into consideration. | | | | | | | | | | |
| Secretary | | | | | | | | | | |

**12.ANNEXURE III: LIST OF PERSONS WHO ATTENDED PUBLIC HEARING****UTTAR PRADESH ELECTRICITY REGULATORY COMMISSION**

Vidyut Niyamak Bhawan, Vibhuti Khand, Gomti Nagar, Lucknow

Attendance Sheet

Date of Hearing- 25.02.2026

Time: 11:00 AM

PUBLIC HEARING**-In the matter of-****UPS LDC- Petition No. 2319 of 2025**

Truing up of FY 2024-25 Annual Performance Review of FY 2025-26, Annual Capital Investment Plan for FY 2026-27 and Annual Revenue Requirement (ARR) & LDC charges for FY 2026-27 in respect of Uttar Pradesh State Load Despatch centre (UP SLDC Ltd).ARR for FY2026-27 of Control Period from FY 2025-26 to FY 2029-30 of UPSLDC.

| Sr.No | Name | Designation | Name of Organization | Contact Number | Signature |
|-------|----------------------|--------------|----------------------|----------------|------------|
| 1. | Sunil Kumar Malwya | EE | UPS LDC | 800921997 | Sunil |
| 2. | Sanjay Jainwal | EE | UPS LDC | 9891738124 | Sanjay |
| 3. | Mohammad Irfan | SE | UPS LDC | 9415115120 | Irfan |
| 4. | AMIT NARAIN | SE | UPS LDC | 8006221110 | Amit |
| 5. | Ram Sharan Singh | SE | UPS LDC | 800921997 | Ram Sharan |
| 6. | Bijay Prasad | EE | UPS LDC | 8004940228 | Bijay |
| 7. | Shahidul Banerjee | AO | UPS LDC | 9415300715 | Shahidul |
| 8. | ASHWANI MAURVA | SAO | UPS LDC | 7042276363 | Ashwani |
| 9. | PRABHAT GUPTA | DY.CAO | UPS LDC | 8287756644 | Prabhat |
| 10. | AK Verma | EE | UPS LDC | 9415311808 | AK Verma |
| 11. | Suryo Kr. Ganguan | MR | II | 9452000198 | Suryo |
| 12. | Abhishek Verma | EE | UPS LDC | 7275885149 | Abhishek |
| 13. | Dinesh Kumar | EE | UPS LDC | 8623377758 | Dinesh |
| 14. | Utkarsh Pandey | ST-Executive | NPCL | 9634946770 | Utkarsh |
| 15. | Sanyukt | SE | UPS LDC | 9415311808 | Sanyukt |
| 16. | Satyam + 1 | Advocate | UPS LDC | 7992152222 | Satyam |
| 17. | Divyanshu Bhatt | Advocate | UPS LDC | 7838476576 | Divyanshu |
| 18. | Ritish Kr. Gupta + 1 | EE 4SE | UPS LDC | 9415608192 | Ritish |

**UTTAR PRADESH ELECTRICITY REGULATORY COMMISSION**

Vidyut Niyamak Bhawan, Vibhuti Khand, Gomti Nagar, Lucknow

Attendance Sheet

Date of Hearing- 25.02.2026

Time: 11:00 AM

PUBLIC HEARING**-In the matter of-****UPSLDC- Petition No. 2319 of 2025**

Truing up of FY 2024-25 Annual Performance Review of FY 2025-26, Annual Capital Investment Plan for FY 2026-27 and Annual Revenue Requirement (ARR) & LDC charges for FY 2026-27 in respect of Uttar Pradesh State Load Despatch centre (UP SLDC Ltd).ARR for FY2026-27 of Control Period from FY 2025-26 to FY 2029-30 of UPSLDC.

| Sr.No | Name | Designation | Name of Organization | Contact Number | Signature |
|-------|-------------------------------------|-------------|----------------------|----------------|-----------|
| 19. | Arun Mishra | JE | SLDC | 8353927583 | |
| 20. | Badshah Hussain | EE | SLDC | 8004941014 | |
| 21. | Dharmendra Kumar | AE | S.L.D.C | 8004915591 | |
| 22. | Vinay Chandra Singh | AE | SLDC | 9157801895 | |
| 23. | Shreyansh Ranjan | AE | SLDC | 9415211109 | |
| 24. | Mandeepa Gaurav | AE | SLDC | 9617977882 | |
| 25. | VIKKI GOOND | EE | SLDC | 9151801808 | |
| 26. | विक्की गुण्ड - 37214-3040 (UP SLDC) | | | | |
| 27. | Vinesh Kumar Singh | EE | UPSLDC | 9415609360 | |
| 28. | Suri Gupta | EE | UPSLDC | 8004921791 | |
| 29. | Maha Gaurav | AE | UPSLDC | 8840060194 | |
| 30. | | | | | |
| 31. | | | | | |
| 32. | | | | | |
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