



2 BUSINESS PLAN FOR MYT CONTROL PERIOD FY 2020-21 TO FY 2024-25

2.1 INTRODUCTION

- 2.1.1 The Commission had scrutinized the Business Plan Petition of the Petitioner in line with the provisions of the UPERC (MYT for Transmission and Distribution Tariff) Regulations, 2019.
- 2.1.2 The Commission in exercise of power vested with it under Section 181 read with Sections 61, 62 & 86 of the Electricity Act, 2003 issued the Uttar Pradesh Electricity Regulatory Commission (Multi Year Tariff for Transmission and Distribution) Regulations, 2019, on September 23, 2019. These Regulations lays down Multi Year Tariff framework for Business Plan, determination of True Up, APR, ARR and Tariff for the respective year during the Control Period and stipulates that the distribution licensee shall submit the Business Plan for the entire Control Period for the consideration of the Commission prior to the beginning of the Control Period.
- 2.1.3 The relevant extract of Regulation 5 of the UPERC (MYT for Transmission and Distribution Tariff) Regulations, 2019 stipulates that:
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5. Business Plan and ARR Petition

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5.1 The Distribution Licensee shall file a Business Plan by 15.10.2019, duly authorized by the Board of Directors or by any Committee / person authorized by the Board in this regard, for the Control Period of five Financial Years, i.e., from April 01, 2020 to March 31, 2025, which shall comprise but not be limited to Category/ Sub-category wise number of consumers, connected load, load factor and sales projections, Power Procurement Plan (Renewable Energy and Non-Renewable Energy) and Forecasting, Renewable Purchase Obligation (RPO) Planning and Forecasting, Distribution Loss trajectory (taking into consideration the distribution loss trajectory committed in UDAY), Capital Investment Plan, Financing Plan and physical targets, Equity, Grants, etc., in accordance with Guidelines and Formats as may be prescribed by the Commission accompanied

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with applicable fees. Above requirement of the Commission does not exclude its right to seek any other information in this regard, as deemed necessary.

5.3 The Capital Investment Plan shall show separately, on-going projects that will spill over into the Control Period, and new projects (with justification) that will commence in the Control Period but may be completed within or beyond it, for which relevant technical and commercial details shall be provided.

5.4 The Distribution Licensee shall project the realistic power purchase requirement optimised on cost from all Generating Stations and other sources considered for power purchase based on the Merit Order Despatch (MOD)/ Security Constrained Economic Despatch (SCED) principles, Must Run plants and Renewable Energy plants subject to the Renewable Purchase Obligation (RPO) stipulated by the Commission under the relevant Regulations and their subsequent amendments, and the target set, if any, for Energy Efficiency (EE) and Demand Side Management (DSM) schemes, etc.:

Provided that MOD/ SCED principles shall not apply to purchase of power from Renewable Energy sources up to the RPO stipulated by the Commission.

5.5 The forecast of expected revenue from Tariff shall be based on the following:

(a) In the case of a Transmission Licensee, estimate of ARR or estimates of Transmission Capacity allocated to Transmission System Users, as appropriate;

(b) In the case of a Distribution Licensee, estimate of quantum of electricity to be supplied to consumers and wheeled on behalf of Distribution System Users;

Provided that the Distribution Licensee shall submit relevant details of category/ sub-category wise Number of Consumers, Connected load and Energy Sales projections, status of metering, feeder level/ distribution transformer metering, diversity factor for various category of consumers taking seasonality into consideration, etc., for each Distribution Licensee area;

(c) Existing and proposed Tariff as on the date of filing of the Petition.

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- 2.1.4 In the Business Plan Petition, Petitioner had submitted Category / Sub-category wise number of consumers, connected load, Load factor, sales projections, Power Procurement Plan (Renewable Energy and Non- Renewable Energy) and Forecasting, Renewable Purchase Obligation (RPO) Planning and Forecasting, Distribution Loss trajectory, Capital Investment Plan, Financing Plan and Physical targets, Equity, Grants,





etc.

- 2.1.5 An Appeal against the above Order was filed by the Petitioner before the Hon'ble APTEL vide Appeal No. 72 of 2021. Hon'ble APTEL vide Order dated August 23, 2022 made the following observations:

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For the foregoing reasons as stated above, the captioned Appeal i.e. Appeal No.72 of 2021 has merit and is allowed. The Impugned Order dated 26.11.2020 passed by the Uttar Pradesh Electricity Regulatory Commission (the State Commission) in Petition no. 1526 of 2019 is set aside. We hold that the Licence of the Appellant shall continue to be valid and subsisting up to 09.06.2029 and direct for all consequential action to be taken by the concerned.

We remit the matter to the State Commission for a fresh decision on the issues other than the term of Licence as raised before the State Commission through Petition no. 1526 of 2019, considering the term of the Licence up to 09.06.2029.

Needless to say, the State Commission shall ensure that the order it passes pursuant to our directions is scrupulously complied with expeditiously and in a time-bound manner, the issue having persisted for long, we would expect the State Commission to pass the fresh order in terms of above directions expeditiously, not later than three months from the date of this judgment.

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- 2.1.6 Hon'ble APTEL vide its aforementioned Order held that the Licence of the Appellant (NPCL) shall continue to be valid and subsisting up to June 09, 2029 (09.06.2029) and remitted the matter back to this Commission for a fresh decision on the issues other than the term of Licence as raised before this Commission through Petition no. 1526 of 2019, considering the term of the Licence up to June 09, 2029 (09.06.2029). Accordingly, in compliance to the Hon'ble APTEL judgement and changed power scenario in the licensed area, the Commission is now taking-up Mid-term Review of Business Plan Order for the Control Period from FY 2020-21 to FY 2024-25. Before embarking upon the treatment of other issues as arising from the Order remitted by Hon'ble APTEL, it needs to be clarified at the outset that the judgment of Hon'ble APTEL in regard to the term of license of NPCL has otherwise no discernible impact on the Business Plan Order for the Control Period





from FY 2020-21 to FY 2024-25 except for the tenure of power purchase agreements. In compliance to the Hon'ble APTEL judgment, the Commission is taking it as an opportunity to take stock of determinants/factors at an intermediate level and issuing a mid-term Review of Business Plan Order mainly focusing on the issues raised in the Petition No. 1526 of 2019 apart from the issue of term of licence, which has been settled by the Hon'ble APTEL. While doing so, the mid-term Review of Business Plan Order mainly focusses on the remaining two financial years i.e. FY 2023-24 and FY 2024-25.

2.1.7 Earlier the Commission had held that the license period of the licensee NPCL was upto August 30, 2023 and had given directions accordingly in the Business Plan Order for the Control Period from FY 2020-21 to FY 2024-25 dated November 26, 2020 in the Petition No. 1526 of 2019. Taking into the consideration Orders of the Hon'ble APTEL holding the validity of license of NPCL upto June 09, 2029 and submissions made by the Petitioner provisions of MYT Regulations, 2019 and based on the Billing Determinants, Distribution Loss, Energy Balance, Power Purchase Plan and Capital Investment for the Control Period from FY 2020-21 to FY 2024-25 has been re-assessed and approved.

2.1.8 For the three financial years of the Control Period i.e., from FY 2020-21 to FY 2022-23, True-up for FY 2020-21, APR for FY 2021-22 and ARR for FY 2022-23 has already been finalized vide Tariff Order dated July 20, 2022 hence there is no need to revisit earlier years in the revised Business Plan as Business plan has to be prospective. The summary of various Orders issued by this Commission in relation to FY 2020-21 to FY 2022-23 of the MYT Control Period is summarized below:

Table 1: Orders issued in regard to FY 2020-21, FY 2021-22 and FY 2022-23 (the first three years of the Control Period)

Sr. No	Particulars	Date of Tariff Order	True Up	APR	ARR
1	True Up for FY 2018-19, Annual Performance Review (APR) for FY 2019-20, and Aggregate Revenue Requirement (ARR)/Tariff for FY 2020-21 in the Petition No. 1541 of 2019	December 04, 2020,	FY 2018-19	FY 2019-20	FY 2020-21

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Sr. No	Particulars	Date of Tariff Order	True Up	APR	ARR
2	True Up for FY 2019-20, APR for FY 2020-21, and ARR/Tariff for FY 2021-22 in the Petition No. 1684 of 2021	August 26, 2021	FY 2019-20	FY 2020-21	FY 2021-22
3	True Up for FY 2020-21, APR For FY 2020-21 and ARR/ Tariff for FY 2022-23 in the Petition No. 1797 of 2021	July 20, 2022	FY 2020-21	FY 2021-22	FY 2022-23

2.1.9 In Order to Review the issues pertaining to FY 2023-24 and FY 2024-25, the Commission vide Letter No. UPERC/Secy/D(Tariff)/NPCL/2022-23-1008 dated October 17, 2022 has directed the Petitioner to submit the following information for FY 2023-24 and FY 2024-25 within 15 days i.e., November 01, 2022:

- Billing Determinants: Consumer Numbers, Connected Load, Sales
- Distribution Loss
- Energy Balance and Power Purchase Plan
- Details of Power Procurement Cost
- Capital Expenditure

2.1.10 In response to the Commission's letter, the Petitioner vide its letter dated November 01, 2022, has submitted the following details:

a) Billing Determinants: Consumer Numbers, Connected Load, Sales

The detailed submissions with regard to Billing Determinants (Consumer Numbers, Connected Load, Sales), are provided by the Petitioner.

b) Distribution Loss

The detailed submissions with regard to the Distribution Loss, are also provided. In view of the submissions, the Petitioner requested the Commission to approve the Distribution Loss for FY 2020-21 and FY 2021-22 as per actuals. For FY 2022-23 to FY 2024-25 the Petitioner is making its best efforts to achieve the Distribution Loss trajectory as determined by the Commission.

c) Energy Balance:



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The energy balance for the Control Period is provided in the table below:

Table-5: Distribution Losses							
Sl. No.	Particulars	U.o.M.	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25
1	Energy Sales at Diff. Voltage Levels	MU	2,012	2,338	3,039	3,414	3,833
2	Distribution Loss	%	8.39%	7.95%	7.70%	7.63%	7.57%
		MU	184	202	254	282	314
3	Energy Import at 33 kV Voltage Level	MU	2,196	2,540	3,293	3,696	4,147

d) Power Purchase Plan/Details of Power Procurement Cost (PPC)/Capital Expenditure (CAPEX):

- i. The Petitioner, as per the Regulation 4.1 of the Uttar Pradesh Electricity Regulatory Commission (Multi Year Tariff for Distribution and Transmission) Regulations, 2019 (MYT Regulations, 2019), shall file its Aggregate Revenue Requirement (ARR) for FY 2023-24 by November 30, 2022. Accordingly, the Petitioner is already in the process of preparing the relevant petition and write-ups for the purpose of filing the same within the due date i.e. November 30, 2022.
- ii. As per MYT Regulations, 2019, the MYT Control Period is FY 2020-21 to FY 2024-25. The Commission has already approved the ARR for FY 2020-21 to FY 2022-23 vide its Tariff Orders dated December 04, 2020, August 26, 2021 and July 20, 2022 and the Appeals against all the three Tariff Orders are pending for adjudication before the Hon'ble APTEL being numbered as Appeal No. 98 of 2021, 343 of 2021 and 398 of 2022, respectively. The Commission vide its aforesaid letter dated October 17, 2022 has asked the Petitioner to file the desired information for only two years i.e. FY 2023-24 and FY 2024-25 of the Control Period of FY 2020-21 to FY 2024-25.

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- iii. In this regard, the Commission while approving the Business Plan Order dated November 26, 2020 has held that it will approve the Capex and Power Purchase on annual basis at the time of approving the ARR of the Petitioner.
 - iv. In view of the above, the Commission may please appreciate that after filing of ARR for FY 2023-24 by November 30, 2022 i.e., within a month from the date of this submission, the information for only one year of MYT Control Period i.e., FY 2024-25 will be left. Accordingly, filing the data as directed vide aforesaid letter, will not be in line with the true intent of the MYT concept.
 - v. Further, as per the provisions of the MYT Regulations, 2019, the power purchase cost (PPC) and CAPEX are required to be filed for multi-years i.e. the entire Control Period, however, since only one Financial Year i.e. FY 2024-25 will remain due in the Control Period of MYT Regulations, 2019 after filing the ARR for FY 2023-24 on or before November 30, 2022. Thus, it would be appropriate to submit the PPC/CAPEX plans for FY 2023-24 and FY 2024-25 annually along-with their respective ARR Petitions. Therefore, the Petitioner humbly request the Commission to consider the data for FY 2023-24 and FY 2024-25 along-with ARR of respective year.
 - vi. Therefore, in view of the above submissions it is kindly requested to allow the Petitioner to submit the data of capital expenditure and power purchase for FY 2023-24 and FY 2024-25 along with ARR of respective year.
- 2.1.11 In view of the above submissions, the Petitioner has prayed that the Commission may kindly:

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- i. *To allow the Petitioner to submit the data for Power Purchase Plan, Details of Power Procurement Cost and Capital Expenditure for FY 2023-24 and FY 2024-25 annually along with their respective ARR submissions;*





- ii. To approved the sales, revenue and billing determinants for FY 2023-24 and FY 2024-25 as submitted hereinabove;
- iii. To approve Distribution Losses on actual basis for FY 2020-21 and FY 2021-22 for the reasons submitted hereinabove;
- iv. To permit the Petitioner to add / check / modify / alter this filing and make further submissions, as may be required at future date, including correction of inadvertent omissions / errors, if any,
- v. To provide an opportunity of personal hearing to the Petitioner to further clarify/ explain its submissions being made in this petition for kind consideration of the Hon'ble Commission

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2.1.12 An opportunity was also granted to the Managing Director & CEO of NPCL to be heard in the matter as per which he made submissions on November 16, 2022 in the office of the Commission.

2.1.13 The detailed submissions of the Petitioner and Managing Director & CEO of NPCL have been discussed / reproduced under respective sections in the paras below.

2.2 BILLING DETERMINANTS: CONSUMER NUMBERS, CONNECTED LOAD, SALES

Petitioner's submissions dated November 06, 2019 / May 27, 2020 / September 10, 2020

2.2.1 The Petitioner has submitted that Greater Noida is shaping up as India's smartest city, the National Capital Region's most modern urban development center and the fastest-developing center of attraction for people from Delhi, Noida, Ghaziabad, Gurgaon and Faridabad. Some of the major load growth drivers in Greater Noida are as follows:

- **Greater Noida (West):** Greater Noida (West) is fast emerging as a complete township comprising of lakhs of residential flats, commercial malls, offices, schools, hospitals etc.

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