



## 1 DISTRIBUTION TARIFF REGULATIONS

1.1.1 The Uttar Pradesh Electricity Regulatory Commission notified the Uttar Pradesh Electricity Regulatory Commission (Multi Year Tariff for Distribution and Transmission) Regulations, 2019 (hereinafter referred to as “MYT Regulations, 2019”) applicable for determination of Tariff from April 1, 2020 onwards up to FY 2024-25 [i.e., till March 31, 2025] unless extended by the Commission. These Regulations were finalized by the Commission on September 23, 2019 and were finally uploaded on the Commission’s website on November 22, 2019, after gazette notification. These Regulations are applicable for the purpose of submission of Multi Year Tariff Petition for Business Plan, True-up, Annual Performance Review (APR), determination of Annual Revenue Requirement (ARR) and Tariff of all the Distribution and Transmission Licensees within the State of Uttar Pradesh for the Control Period from FY 2020-21 to FY 2024-25.

## 1.2 FILING OF BUSINESS PLAN PETITION FOR THE MYT CONTROL PERIOD FY 2020-21 TO FY 2024-25

1.2.1 The Regulation 4 of MYT Regulations, 2019 stipulates the timelines for filing of Business Plan, ARR / Tariff, APR & True-Up Petitions under these Regulations. The relevant extract of the same is reproduced below:

Quote

### **4. Petitions to be filed in the Control Period**

4.1 The Petitions to be filed in the Control Period under these Regulations will comprise of the following:

Filing date	True- Up	APR	ARR / Tariff
15.10.2019	Business Plan for FY 2020-21 to FY 2024-25		
30.11.2019	FY 2018-19 (as per MYT Regulations, 2014)*	FY 2019-20 (as per MYT Regulations, 2014)*	FY 2020-21





Filing date	True- Up	APR	ARR / Tariff
30.11.2020	FY 2019-20 (as per MYT Regulations, 2014)*	FY 2020-21	FY 2021-22
30.11.2021	FY 2020-21	FY 2021-22	FY 2022-23
30.11.2022	FY 2021-22	FY 2022-23	FY 2023-24
30.11.2023	FY 2022-23	FY 2023-24	FY 2024-25

\*The filings shall be as per Multi-Year Distribution Tariff Regulations, 2014 and Multi-Year Transmission Tariff Regulations, 2014, however, filings have to be made on 30th November of the respective year as per these Regulations.

4.2 The Licensee shall submit the data regarding the above as per Guidelines and Format prescribed and added/ amended from time to time by the Commission.

#### Unquote

- 1.2.2 The Regulation 5.1 of MYT Regulations, 2019, provides that the Distribution Licensee shall file a Petition for Business Plan for the MYT Control Period i.e. FY 2020-21 to FY 2024-25 on or before October 15, 2019 before the Commission.
- 1.2.3 The Petitioner vide its Letter P-77A/2020/036 dated October 15, 2019 requested the Commission to provide the relaxation for filing the Business Plan for the Control Period as per the timelines stipulated in the MYT Regulations, 2019 and requested that the same will be submitted by October 31, 2019.
- 1.2.4 The Petitioner did not submit its Business Plan Petition by October 31, 2019 and filed it on November 6, 2019.
- 1.2.5 The Commission, vide its Letter UPERC/Secy/D (Tariff)/19-1238 dated September 24, 2019, provides that the Licensee shall file a Petition for Business Plan for the MYT Control Period i.e. FY 2020-21 to FY 2024-25 complete in all respect on or before October 15, 2019 in the Commission.

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1.2.6 The Hon'ble APTEL in its judgment in O.P No. 1 of 2011 dated November 11, 2011 has directed the State Commissions to ensure the timely determination of Tariff for the utilities. The relevant extracts from the mentioned Judgement are reproduced below:

Quote

*65 In view of the analysis and discussion made above, we deem fit to issue the following directions to the State Commissions:*

*...(ii) it should be the endeavor of every State Commission to ensure that the tariff for the financial year is decided before 1st April of the tariff year. For example, the ARR & tariff for the financial year 2011-12 should be decided before 1st April, 2011. The State Commission could consider making the tariff applicable only till the end of the financial year so that the licensees remain vigilant to follow the time schedule for filing of the application for determination of ARR/tariff. (iii) In the event of delay in filing of the ARR, truing-up and Annual Performance Review, one month beyond the scheduled date of submission of the petition, the State Commission must initiate suo-moto proceedings for tariff determination in accordance with Section 64 of the Act read with clause 8.1 (7) of the Tariff Policy.*

Unquote

1.2.7 In view of the above Judgment, and to ensure the timely Tariff determination, the Commission considers it appropriate to process the Business Plan Petition, in line with MYT Regulations, 2019. However, the Commission would like to caution the Petitioner for such delays in future in filing of ARR, APR and Truing Up Petitions during this control period and would be dealt in accordance with the directions contained under Hon'ble APTEL's Judgement dated November 11, 2011 in OP No. 1/2011 referred above and Uttar Pradesh Electricity Regulatory Commission (Multi Year Tariff for Distribution and Transmission) (Second Amendment) Regulations, 2022.

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### 1.3 SCRUTINY OF THE PETITION

- 1.3.1 The Petitioner, in its Business Plan Petition, had submitted the 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.
- 1.3.2 The Commission vide e-mail dated November 07, 2019 directed the Petitioner to make a detailed presentation on the Business Plan for FY 2020-21 to FY 2024-25 on November 14, 2019. The Petitioner presented the Business Plan for FY 2020-21 to 2024-25 as per the directions of the Commission.
- 1.3.3 During the presentation, the Commission discussed various issues and the deficiencies that were found in the Petitioner's submission as per the preliminary analysis conducted by the Commission. The Commission raised various queries on the Business Plan based on the submission made by the Petitioner. The Petitioner was directed to make the changes as per the MYT Regulations, 2019. The Petitioner submitted the revised presentation on November 22, 2019.
- Daily, weekly & seasonal Load profile / curves to demonstrate the power purchase requirements filed for approval of the Commission.
  - Reasons as to why each of the proposed power purchase (3 options) are most viable options.
  - Purchase of power in long-term - Critical Analysis - Will it benefit the consumers & viability of the distribution licensee.
- 1.3.4 Based on the presentation made by the Petitioner, the Commission gave certain directions. As per the directions given by the Commission, the Petitioner again revised the Presentation and submitted different scenario of power purchase on February 24, 2020.





1.3.5 Subsequently, the detailed scrutiny of the Business Plan Petition for the Control period was carried and 1st deficiency note was issued to the Petitioner vide letter dated February 27, 2020 directing the Petitioner to provide the required information within 10 days from the date of issuance of the deficiency note. In the deficiency note queries were sought regarding:

- Demand Estimates (Billing Determinants)
- Power Purchase
- Capital Expenditure

1.3.6 The Petitioner submitted its replies, to the abovementioned deficiency note as under:  
Quote

*In compliance to the directions of the Hon'ble Commission vide letter no. P-77A/2020/040 dated 31<sup>st</sup> October, 2019, the Company had filed the Business Plan for FY 2020-21 to FY 2024-25 on 6<sup>th</sup> November 2019. Due to non-availability of prescribed formats at that time, the Company had submitted the Business Plan as per its own formats. Since, the Hon'ble Commission has now prescribed the formats for submission of Business Plan, accordingly, the Company has prepared all the formats as prescribed by the Hon'ble Commission for Business Plan for Control Period FY 2020-21 to FY 2024-25 and incorporated the same in the MYT Tariff Formats for FY 2020-21*

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1.3.7 The replies to most of the queries are discussed in detail in the respective sections of this Order.

1.3.8 The Commission issued a 2<sup>nd</sup> set of deficiency note vide its letter dated May 13, 2020 along with data gaps of the ARR / Tariff Petition for FY 2020-21. In the 2<sup>nd</sup> set of data gap the Commission the enquired about the following:

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- Billing Determinants
- Distribution Loss
- Power Purchase
- Capital Expenditure

1.3.9 In response to the 2<sup>nd</sup> set of deficiency note of the Commission, the Petitioner vide its letter dated May 27, 2020 submitted that

Quote

*Further, as mentioned above, the current lockdown situation due to the outbreak of the pandemic COVID 19 virus has brought drastic changes in the Business Environment of the Company which has made the earlier entire submission on the Business Plan invalid and obsolete especially for FY 2020-21. The Company requests the Hon'ble Commission to allow it to submit a fresh Business Plan after the situation stabilizes post the current outbreak of the pandemic COVID 19 virus. Therefore, the Company crave leave to submit replies to the queries 1-17 with regard to the Business Plan after perusing the revised business plan which shall be submitted by the Company in due course.*

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1.3.10 The Petitioner again replied to the 2<sup>nd</sup> data gaps along with the reply to 1<sup>st</sup> data gaps vide e-mail dated September 10, 2020. Replies to most of the queries are discussed in detail in the respective sections of this Order.

1.3.11 While approving various parameters of the Business Plan for the Control Period FY 2021-25, the Commission had taken into consideration the projections submitted by the Petitioner.

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