

**UTTAR PRADESH ELECTRICITY REGULATORY COMMISSION  
LUCKNOW**

**Petition No. 1991 of 2023**

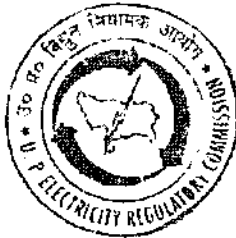
**Filed by**

**Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited (UPRVUNL)**

**IN THE MATTER OF:**

**Approval of provisional Capital Cost, Annual Revenue Requirement &  
determination of provisional Tariff of 2X660 MW Obra-C TPS of UPRVUNL.**

**Order Dated: 05.01.2024**





**TABLE OF CONTENTS**

1.1	Background.....	5
1.2	Prayers.....	5
1.3	Submissions of Petitioner in the Petition.....	9
1.4	Record of Proceedings.....	9
1.5	UPPCL's reply & UPRVUNL's rejoinder.....	10
1.6	Additional Affidavit filed by UPPCL.....	15
2.	Regulatory Framework.....	16
3.	Provisional Tariff Computation.....	18
3.1	Capacity/Fixed Charges.....	18
3.2	Variable/Energy Charges.....	27
4.	Observations of the Commission.....	27
5.	Directions of the Commission.....	28



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**THE UTTAR PRADESH ELECTRICITY REGULATORY COMMISSION  
LUCKNOW**

**Petition No. 1991 of 2022**

**QUORUM**

Hon'ble Shri Arvind Kumar, Chairman

Hon'ble Shri Vinod Kumar Srivastava, Member (Law)

Hon'ble Shri Sanjay Kumar Singh, Member

**IN THE MATTER OF**

Petition under Section 62 and 86(1) of the Electricity Act 2003 together with relevant provisions of the UPERC (Conduct of Business) Regulations, 2019 and the UPERC (Terms and Conditions of Generation Tariff) Regulations, 2019 for approval of provisional Capital Cost, Annual Revenue Requirement & determination of provisional tariff in respect of 2X660 MW Obra 'C' Thermal Power Station of UPRVUNL.

**AND**

**IN THE MATTER OF**

**U.P. Rajya Vidyut Utpadan Nigam Ltd. (UPRVUNL),**

14th Floor, Ashok Marg, Shakti Bhavan, Lucknow-226001

..... Petitioner

**VERSUS**

**1. U. P. Power Corporation Ltd. (UPPCL),**

Shakti Bhawan, 14-Ashok Marg Lucknow-226001

**2. Madhyanchal Vidyut Vitran Nigam Ltd. (MVVNL),**

4-A, Gokhle Marg, Lucknow-226001

**3. Poorvanchal Vidyut Vitran Nigam Ltd. (PuVVNL),**

DLW, Bhikharipur, Varanasi-221004





**4. Paschimanchal Vidyut Vitran Nigam Ltd. (PVVNL),**

Urja Bhawan, Victoria Park, Meerut-250001

**5. Dakshinanchal Vidyut Vitran Nigam Ltd. (DVVNL),**

Urja Bhawan, Sikandra, NH-2, Agra-Delhi Bypass Road,  
Sikandra, Agra-282008

**6. Kanpur Electricity Supply Co. Ltd.**

Kesa House, Kanpur

..... Respondent(s)

**(DATE OF HEARING: 23.11.2023)**

**THE FOLLOWING WERE PRESENT**

1. Shri Hari Shyam, S.E, UPRVUNL
2. Shri Yash Joshi, Advocate, UPRVUNL
3. Shri Abhishek, EE, UPRVUNL
4. Shri Arun Kumar Singh, AE, UPRVUNL
5. Shri Atul Kumar, CE, UPRVUNL
6. Shri Harish Awasthi, AE, UPRVUNL
7. Shri Gajendra Singh, EE (PPA, UPPCL
8. Shri Deepak Raizada, C.E, UPPCL
9. Shri Subham Srivastava, A.E., UPPCL
10. Ms. Puja Priyadarshini, Advocate, UPPCL
11. Shri Kunal Kashyap, Advocate, UPPCL
12. Shri Haroon Aslam, S.E, UPPCL





## 1. BACKGROUND

### 1.1 Background as submitted by the Petitioner:

- 1.1.1 The Petitioner, UPRVUNL is a "Generating Company" as defined under Section 2(28) of the Electricity Act, 2003. The instant Petition has been filed for determination of Provisional Tariff of the 2X660 MW Obra-C Thermal Power Station (TPS) situated at Obra town of Sonbhadra District in Uttar Pradesh.
- 1.1.2 The PPA dated 16.01.2013 executed between UPRVUNL and UPPCL was approved by the Commission vide its Order dated 21.02.2014 in Petition No. 880/2013.
- 1.1.3 The Ministry of Environment, Forest and Climate Change accorded Environmental Clearance to the project under the provisions of Environmental Impact Assessment (EIA) Notification dated 14.09.2006 and subsequent amendments therein vide letter dated 26.10.2016. The Detailed Project Report (DPR) of the project was prepared by National Thermal Power Corporation Ltd. As per PPA dated 16.01.2013, SCOD was 31.08.2017 & 28.02.2018 for Unit I & II respectively of Obra-C TPS.

### 1.2 Prayers:

#### 1.2.1 The Petitioner has made the following prayers:

- a) Approve the provisional Capital Cost.
- b) Approve the provisional tariff with effect from the COD, as per appendix attached with the Petition.
- c) Permit recovery of Statutory charges like water cess, water cost, payment to Pollution Control Board, rates and taxes, Regulatory fees, Tax on Income, Forest cess, Pay Commission revision impact, other fuel related costs, station supplies, lubricants and consumables critical to the generating stations, Gratuity and Provident fund, fees payable to UPERC/CERC/CEA/UPSLDC and any other payment made to fulfil statutory requirements on actual basis.
- d) Condone any inadvertent omissions/errors/shortcomings and permit to add/change/modify/alter/clarify this filing and make further submissions as may be required at a future date; and
- e) Permit recovery of expenses understated/ not considered in this Petition subsequent to the submission of this Petition.
- f) Pass such further orders, as the Commission may deem fit and proper, keeping in view of the facts and circumstances of the case.





**1.3 Submissions of Petitioner in the Petition.**

**A. Capital Cost**

- 1.3.1 The scheme was approved by the BOD of the UPRVUNL at the 152<sup>nd</sup> meeting dated 14.09.2012. The scheme was accorded approval of the Government of Uttar Pradesh vide letter no. 1651/24-1-12-1534/2012 dated 31.07.2012, the approved initial estimated cost of the said project was Rs. 8,777.71 Cr.
- 1.3.2 There was revision in the project cost by Rs. 1,638.29 Cr. on account of prices obtained in the bidding process and thus, project cost was revised to Rs. 10,416.00 Cr. The revised cost was approved by the BOD of the UPRVUNL at the 169<sup>th</sup> meeting dated 14.09.2016. The revised cost was accorded approval of the Government vide letter no 2532/24-1-2016-2354/2016 dated 24.11.2016.
- 1.3.3 Further, the additional expenditure of Rs. 1,289.85 Cr. was necessitated on account of Goods and Services Tax (GST) impact, Price Variation, mandatory Corporate Environment Responsibility (CER), Railway siding, start-up fuel, new Ash Dyke construction & Land Acquisition etc. The revised cost with additional work & expenditure was approved by the BOD of the UPRVUNL at the 202<sup>nd</sup> meeting dated 25.02.2022. The additional expenditure to the tune of Rs. 1,289.85 Cr. in respect of above works/factors was approved by the Government of Uttar Pradesh vide Letter No.1540/24-1-2022-2354/2016 dated 10.11.2022. Thus, the overall project cost further increased from Rs. 10,416.00 Cr. to Rs.11,705.85 Cr. The details of the estimated cost and further revised cost approval are provided in tabular form as follows:

Sl. No.	Particulars	Approval of the BoD of UPRVUNL	Approval of the Authority	Amount (Rs. Cr.)
1	Original Project Cost	152 <sup>nd</sup> meeting dated 14.09.2012	Letter No. 1651/24-1-12-1534/2012 dated 31.07.2012	8,777.71
2	Cost revision due to prices obtained in bidding process	169 <sup>th</sup> meeting dated 14.09.2016	Letter No. 2532/24-1-2016-2354/2016 dated 24.11.2016	1,638.29
3	Additional Expenditure on account of GST Impact, Price Variation, CER, Railway siding, start-up fuel, new Ash Dyke construction & Land Acquisition etc.	202 <sup>nd</sup> meeting dated 25.02.2022	Letter No.1540/24-1-2022-2354/2016 dated 10.11.2022	1,289.85
4	<b>Total Revised Project Cost</b>			<b>11,705.85</b>

Accordingly, the Petitioner has requested the Commission to consider and approve the revised project cost as Rs. 11,705.85 Cr. as estimated in the above table.





**B. Gross Fixed Assets (GFA):**

1.3.4 As per Regulation 15(2), 15(3) and 15(4) of the Generation Tariff Regulations, 2019, the Petitioner has considered GFA balance as on 31.12.2022 based on the Statutory Auditor's certificate dated 15.03.2023 with actual expenses. Further, expenditure up to COD and additional capitalization may be allowed in accordance with the approved project cost during final tariff determination. The following table depicts the GFA balances as on 31.12.2022.

Sl. No.	Particulars	FY 2023-24
1.	Opening GFA (₹ Crore)	8,697.80
2.	Capitalization	-
3.	Deletions	-
4.	<b>Closing GFA (₹ Crore)</b>	<b>8,697.80</b>

**C. Depreciation:**

1.3.5 The calculation of the depreciation as per Generation Tariff Regulations, 2019 is depicted in the table below:

Sl. No.	Particulars	(₹ Crore) FY 2023-24
1.	Opening GFA	8,697.80
2.	Closing GFA	8,697.80
3.	Average GFA	8,697.80
4.	Weighted Average Rate of Depreciation	5.23%
5.	<b>Net Depreciation (for the period)</b>	<b>454.92</b>

**D. Operation and Maintenance (O&M) Expenses:**

1.3.6 The Petitioner has computed the O&M expenses as per the norms specified in the Regulation 24(iv) of the Generation Tariff Regulations, 2019. The O&M expenses proposed as per Generation Tariff Regulations, 2019 are as tabulated below:

Particulars	(₹ Crore) FY 2023-24
Capacity of the Station (MW)	1,320
Norms for O&M Expenses (Rs. Lakh/MW)	23.26
<b>O&amp;M Expenses (Rs. Cr.)</b>	<b>307.03</b>

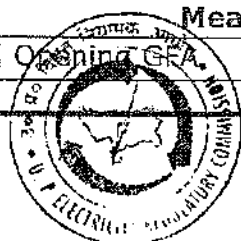
Further, Regulation 24(iv)(f) & (h) states that the expenses on account of water charges and capital spares shall be paid additionally at actuals subject to prudence check and the same shall be claimed at the time of Truing up.

**E. Means of Finance:**

1.3.7 The Petitioner has considered the debt-equity of 70:30 as envisaged in DPR. Accordingly, the GFA and its financing is tabulated below:

Sl. No.	Means of Finance	(₹ Crore) 2023-24
1.	Opening GFA	8,697.80

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Sl. No.	Means of Finance	2023-24
2.	Additions	0.00
3.	Deletions	0.00
4.	<b>Closing GFA</b>	<b>8,697.80</b>
	<b>Normative Equity (30%)</b>	
5.	Financing:	
6.	Opening Equity	2,609.34
7.	Additions	0.00
8.	<b>Closing Equity</b>	<b>2,609.34</b>
	<b>Normative Debt (70%)</b>	
9.	Opening Debts	6,088.46
10.	Additions	0.00
11.	Less: Depreciation (normative repayment)	(454.92)
12.	<b>Closing Debts</b>	<b>5,633.54</b>

**F. Return on Equity (RoE):**

1.3.8 The opening Equity base for computation of RoE has been considered as 30% of the total expenditure incurred till 31.12.2022 and accordingly, the table below provides the summary of RoE:

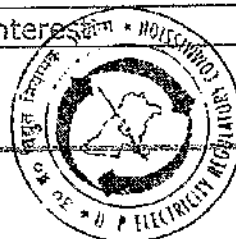
Sl. No.	Particulars	(₹ Crore)
1.	Opening Equity	2,609.34
2.	Additions	-
3.	<b>Closing Equity</b>	<b>2,609.34</b>
4.	Rate of Return on Equity (%)	15.00
5.	<b>Allowable RoE</b>	<b>391.40</b>

**G. Interest on Loan:**

1.3.9 The Petitioner has considered normative loan as 70% of the GFA and has accordingly, computed Interest and finance charges for the FY 2023-24. The Petitioner has availed loans from REC for financing the project. The Petitioner has considered depreciation during the year as normative loan repayment. The Petitioner has further considered its actual loan portfolio as on 31.12.2022 for computation of weighted average interest rate. Summary of actual loan sanctioned and total drawl up to 31.12.2022 is provided in the below table:

Sl. No.	Particulars	(₹ Crore)
1	Actual Loan Sanctioned	6,144.00
2	Loan Addition due to revised Capital Cost	1,146.80
3	<b>Total Loan Sanctioned</b>	<b>7,290.80</b>
4	Amount of Gross Loan drawn	5715.65
5	Interest (Annually)	608.74
6	Weighted average Rate of Interest	10.65%

by







1.3.10 The Petitioner has requested the Commission to consider and approve the weighted average rate of interest as 10.65% for computing the Normative Interest on Loan for the FY 2023-24. Accordingly, interest on loan capital has been worked out as per table below:

		(₹ Crore)
Sl. No.	Particulars	2023-24
1.	Opening Debts	6,088.46
2.	Additions	0.00
3.	Less: Normative repayment	(454.92)
4.	<b>Closing Debts</b>	<b>5,633.54</b>
5.	Average Debt	5,861.00
6.	Weighted average Rate of Interest	10.65%
7.	<b>Interest on Loan</b>	<b>624.20</b>

#### H. Interest on Working Capital:

1.3.11 The Obra-C being an upcoming project, landed fuel cost & its GCV of Obra-B has been considered for computation of interest on working capital as per the applicable interest rate and principals provided in Regulation 24(v) of the Generation Tariff Regulations, 2019. The summary of Interest on Working Capital is as follows:

		(₹ Crore)
Sl. No.	Particulars	2023-24
1.	Cost of Coal towards Stock (10 days, Pit Head)	46.66
2.	Cost of Coal towards 30 days advance payment	139.99
3.	Cost of Main Secondary Fuel Oil	8.03
4.	<b>Total Fuel Cost</b>	<b>194.68</b>
5.	Liquid Fuel Stock	0.00
6.	<b>O&amp;M Expenses</b>	<b>25.59</b>
7.	<b>Maintenance Spares</b>	<b>61.41</b>
8.	<b>Receivables</b>	<b>444.47</b>
9.	<b>Total Working Capital</b>	<b>726.14</b>
10.	Rate of Interest	10.50%
11.	<b>Interest on Working Capital</b>	<b>76.24</b>

#### I. Statutory Charges:

1.3.12 The Petitioner has further requested the Commission to kindly consider & allow recovery the Statutory charges like water cess, water cost, payment to Pollution Control Board, rates and taxes, Regulatory fees, Tax on Income, Forest cess, Pay Commission revision impact, other fuel related costs, station supplies, lubricants and consumables critical to the generating stations, Gratuity and Provident fund, fees payable to UPERC/CERC/CEA/UPSLDC and any other payment made to fulfil statutory requirements on actual basis.

#### 1.4 Record of Proceedings





1.4.1 The Commission heard the matter on 08.08.2023, 30.10.2023, and 23.11.2023. During the hearing dated 08.08.2023, the Commission allowed time to UPPCL to file its reply with a copy to the UPRVUNL to file its rejoinder. UPPCL filed its reply on 03.10.2023.

1.4.2 The Commission adjourned the hearing dated 31.10.2023 on the request of the UPPCL. On 01.11.2023, UPRVUNL filed its rejoinder to the UPPCL's reply. On 20.11.2023, UPPCL filed its response on the UPRVUNL's rejoinder. Further, on hearing dated 23.11.2023, the Commission observed that increased IDC in claimed expenditure was not as per last cost approval of the Government and equity @30% was capped as per the Government approval is not getting reflected in the UPRVUNL's submission. Parties concluded their arguments in the matter and the Commission reserved the Order.

**1.5 Submissions of UPPCL's reply dated 21.09.2023 & UPRVUNL's rejoinder dated 27.10.2023.**

**(a) Delay in COD:**

UPPCL's Reply

1.5.1 As per the PPA dated 16.01.2013 signed between UPRVUNL and UPPCL, Unit I & II of the project were to achieve COD in August 2017 and February 2018 respectively. UPRVUNL should be directed to explain the delay.

UPRVUNL Rejoinder

1.5.2 Following are the reasons for the delay in scheduled COD:

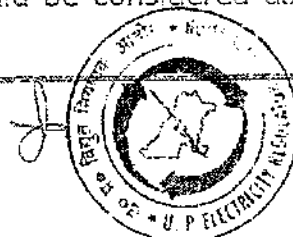
- a) Covid-19 (1<sup>st</sup> & 2<sup>nd</sup> wave)
- b) Delay in supply of GTs & ICTs
- c) Delay in supply of AHP material & spares.
- d) Delay in the erection of Coal Handling Plant.
- e) Deployment of inadequate manpower by DPST.
- f) Various Strikes, unrest situations, Commercial disputes etc. of M/s DPST with their vendors.

**(b) Outdated DPR & lack of supporting documents:**

UPPCL's Reply

1.5.3 UPRVUNL has submitted a DPR which incorporates the scope of work till November 2009. The DPR of November 2009 is outdated and does not take into account the subsequent developments and revisions in the scope of work as envisaged by UPRVUNL post 2009. An updated DPR serves as a base document not only for the purposes of adjudicating the present Petition but will also be of help in avoiding any future confusion/conflict. Thus, in the absence of a revised DPR and/or supporting documents to justify the subsequent developments and revisions in the scope of work, Original Project Cost of Rs. 7829.93 Cr. should be considered as the maximum cap on the project cost.

*by*





UPRVUNL Rejoinder

1.5.4 UPRVUNL has submitted the original Detailed Project Report of Obra-C TPS along with all the supporting documents, approval of the Board of Directors and corresponding approvals of Govt. of UP regarding the cost revisions. Therefore, in respect of the revised DPR, the Petitioner has requested the Commission to rely on the approvals of the Government in the matter. Further, UPRVUNL stated that it shall provide details/break-up of the final cost actually incurred till COD along with the Petition for approval of the Capital cost after COD of the Project.

**(c) Incomplete/Improper Tariff Forms:**

UPPCL's Reply

1.5.5 As per Regulation 15(2) of the Generation Tariff Regulations, 2019, Petition for determination of tariff is to be made in accordance with Appendix II i.e., Tariff Forms submitted are not complete and lack significant details.

UPRVUNL Rejoinder

1.5.6 The instant Petition is filed to seek provisional tariff and detailed submissions shall be made at the time of seeking finalisation of final tariff/ final capital cost. The Statutory Auditor has provided component-wise actual project expenses up to 31.12.2022 including Overheads and IDC, Financing Charges (FC) etc. The Petitioner has allocated the total Overheads and IDC proportionately to the cost of Land, Plant and equipment & Civil Works etc. to arrive at the depreciable value of project cost & computation of depreciation for the year.

1.5.7 UPRVUNL has computed the weighted average rate of Interest based on actual loan-wise disbursement till 31.12.2022. The summary of the computation is as below:

Particulars	REC
Outstanding Balance (₹ Crore)	5,715.65
Net Interest (₹ Crore)	608.74
Rate of Interest	10.65%

**(d) Project/Capital Cost**

UPPCL's Reply

1.5.8 The total project cost claimed under this Petition is too high for reasons- (i) it is much higher than the Projects of same capacity i.e., 1320 MW; (ii) Obra-C is not a greenfield project and would be sharing many facilities of Obra A & B, and (ii) it has been incorrectly calculated. Further, UPRVUNL has not provided any detail or explanation as to which bidding process have got impacted. UPPCL objects to the revision of Rs. 1,289.85 Cr. towards ambiguous heading of "GST Impact, CER, Railway siding, start-up fuel, new Ash Dyke construction & Land Acquisition etc."

by





UPRVUNL Rejoinder

- 1.5.9 The instant Petition is filed to seek provisional tariff which is governed by Regulation 15(4) read with 16(3) and 16(4). The exercise of prudence check by the Commission may be undertaken at the time of finalisation of final capital cost.
- 1.5.10 The Petitioner, refuting the allegation of UPPCL that project cost was too high vis-a-vis other projects of same capacity has requested the Commission to consider the total Project Cost of Rs. 11,705.85 Cr. There is no sharing of facilities between Obra-A, B and Obra-C besides the water intake channel and land. Further, there is no chance of mistakes in terms of project cost as it is based on the auditor's certificate.
- 1.5.11 UPRVUNL shall provide details/break-up of the final expenditure actually incurred till COD along with the Petition for approval of Capital cost after COD of the Project. UPRVUNL has requested the Commission to consider the actual expenditure incurred up to 31.12.2022 i.e. Rs. 8697.80 Cr. which is within GoUP approved project cost of Rs. 11,705.85 Cr.
- 1.5.12 CSR and CER are two different provisions. CSR flows out of the profit of a company whereas CER is part of the project cost mandated by MOEF&CC. Further, agenda regarding cost/ cost escalation due to GST, Price Variation, CER, Railway Siding, New Ash Dyke, Land Acquisition was taken up during the 152<sup>nd</sup>, 169<sup>th</sup> and 202<sup>nd</sup> meeting of Board of Directors.

**(e) Interest During Construction**

UPPCL's Reply

- 1.5.13 As per the DPR, value of IDC is mentioned as Rs. 1288.81 Cr. however, under the present Petition the value of IDC claimed is Rs. 1606.73 Cr. There is an increase in the value of IDC by 319.92 Cr., which increased to 29.5% of the initial IDC cost. Thus, UPRVUNL should be directed to provide the following for the purposes of prudence check:
- Justification for increase in IDC Cost,
  - Monthly loan drawdown schedule,
  - Bifurcation of increased IDC in delay and additional capital cost.

UPRVUNL Rejoinder

- 1.5.14 As per the revised DPR, estimated IDC stands at Rs. 1,690.56 Cr. Though as on 31.12.2022, IDC stand at Rs. 1,606.73 Cr. The increase in IDC is majorly due to an increase in hard cost from the levels estimated in the original DPR as well as on account of the delay in SCOD. UPRVUNL has already submitted all the supporting documents, approval of the Board of Directors and corresponding approvals of Govt. of UP regarding the cost revisions. Further, UPRVUNL shall provide details/reasons attributable to the increase in IDC along with the Petition for approval of the final Capital cost after COD of the Project.



(f) Depreciation

UPPCL's Reply

1.5.15 The depreciation can only be allowed on the reduced/re-worked capital cost which is finally found admissible by this Commission. The comparison of escalated values of assets on which depreciation is levied and the actual values of assets as per the Auditor's certificate on which the depreciation should be levied is given in the table below for ready reference:

(₹ Crore)			
S. No.	Asset	As per Tariff Form 11	As per Audited Cost
1.	Total cost (Land and site development)	41.40	27.92
2.	Total Plant & Equipment excluding Taxes and Duties	6501.21	5433.58
3.	Initial Spares	198.78	134.05
4.	Total Civil Works	1997.82	1347.26
	<b>Total</b>	<b>8697.80</b>	<b>6942.78</b>

As shown in the above table, the total capital cost of assets as per Auditor's certificate on which the depreciation should be levied is Rs. 6942.78 Cr. However, depreciation under Tariff Form-11 has been calculated at an inflated figure of Rs. 8697.80 Cr. The rate of depreciation @ 5.23% as claimed by UPRVUNL under Tariff Form-11 is erroneous and needs to be re-worked.

1.5.16 Further, Under the 'Statement of Depreciation i.e., Tariff Form 12, UPRVUNL is assuming that the total useful life of the assets is 24 years instead of 25 years which is in violation of Regulation 24(iii)(d).

UPRVUNL Rejoinder

1.5.17 UPRVUNL has claimed depreciation considering the actual Capital expenditure incurred up to 31.12.2022 based on the Statutory Auditor's Certificate and this is in accordance with the Regulation 24(iii) of Generation Tariff Regulations, 2019.

1.5.18 UPRVUNL has considered actual item-wise project expenses as certified by the Statutory Auditor and allocating provisionally the total Overheads and IDC etc. proportionately to the cost of Land, Plant and equipment & Civil Works etc. to arrive at the depreciable value of project cost & computation of depreciation for the year.

1.5.19 Inadvertently in Tariff Form 12- "balance useful life at the beginning of the period" is shown as 24 years. Thus, "balance useful life at the beginning of the period" may please be read as 25 years. So far as tariff calculation/depreciation calculation is concerned, the said error does not have any bearing at all.

(g) Operation & Maintenance Expense:

*by*



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UPPCL's Reply

1.5.20 Since the present Petition is for approval of provisional tariff, a maximum of 90% of the claimed amount can be granted as per Regulation 15(4). Thus, 90% of Rs. 307.03 Cr., i.e., Rs. 276.33 Cr. can be considered by this Commission.

UPRVUNL Rejoinder

1.5.21 UPRVUNL has computed O&M expenses based on the norms as provided in the Generation Tariff Regulations, 2019. Therefore, UPRVUNL requests the Commission to consider and approve the same.

**(h) Means of Finance:**

UPPCL's Reply

1.5.22 UPRVUNL has not placed on record any document to substantiate the actual equity infusion. Further, against the sanctioned loan of Rs. 7,290.80 Cr., the gross loan drawn up to 31.12.2022 is Rs. 5,715.65 Cr.

UPRVUNL Rejoinder

1.5.23 The Board of Directors of the UPRVUNL has approved Debt-Equity ratio at 70:30 and the Govt. of UP has also approved the same means of finance for the project. Basis the approval, UPRVUNL entered into a loan agreement with REC. The project is yet to be completed therefore the actual equity and loan amount utilised for the project is not yet freeze. Therefore, the Petitioner has requested the Commission to kindly consider the normative debt-equity ratio as 70:30 for approving the provisional Tariff. Further, UPRVUNL shall submit the details of the actual Debt-Equity mix in the project cost as on COD along with the Petition for approval of the final Capital Cost of the project.

**(i) Return on Equity:**

UPPCL's Reply

1.5.24 Although Regulation 24(i) prescribes that the rate of RoE is to be 15% but as per GoUP order dated 31.07.2017, RoE of UPRVUNL is to be calculated at 2% so as to keep the tariff in a limit.

UPRVUNL Rejoinder

1.5.25 The issue of RoE has already been settled by this Commission while disposing of True-up Petitions of UPRVUNL for the previous control period of FY 2014-15 to FY 2018-19 and MYT Petitions for the current control period wherein the Commission has already allowed RoE as per the Generation Tariff Regulations.

**(j) Interest on Loan:**

UPPCL's Reply

