

# Uttar Pradesh Electricity Regulatory Commission

Vidyut Niyamak Bhawan, Vibhuti Khand, Gomti Nagar, Lucknow-226010

No. UPERC/Secy/D (Tariff)/24- 809

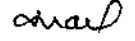
Dated: 02 Sept, 2024

## **PUBLIC NOTICE**

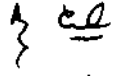
In the matter of:

Inviting Comments on Uttar Pradesh Electricity Regulatory Commission (MYT For Distribution and Transmission Tariff)(Third Amendment) Regulations, 2024

The Commission has framed a draft Amendment in the matter of MYT For Distribution and Transmission Tariff(Third Amendment). The draft Regulation is put up on the website of the Commission: [www.uperc.org](http://www.uperc.org) for comments of all stakeholders and public at large. The Comments must reach the Commission in hard and soft copies by 17:00 hours on Sep 19, 2024. The Public Hearing on the matter shall be held on Sep 19, 2024 at 15:30 hours in the office of the Commission.



Secretary



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## UTTAR PRADESH ELECTRICITY REGULATORY COMMISSION

### **DRAFT MYT for Distribution and Transmission Tariff (Third Amendment) Regulations, 2024**

#### NOTIFICATION

In exercise of powers conferred under section 181 of the Electricity Act, 2003 (No. 36 of 2003) and all other powers enabling in this behalf, and after previous publication, the Uttar Pradesh Electricity Regulatory Commission, hereby makes the following Regulations to amend the Uttar Pradesh Electricity Regulatory Commission (Multi Year Tariff for Distribution and Transmission Tariff) Regulations, 2019 notified vide Notification No. UPERC/Secy./ (MYT for Distribution and Transmission) Regulations, 2019/408 dated 23/09/2019, as amended by the Uttar Pradesh Electricity Regulatory Commission (Multi Year Tariff for Distribution and Transmission Tariff) (First Amendment) Regulations, 2020 notified vide Notification No. UPERC/Secy./ Regulations/2020-082 dated 05/06/2020 and Uttar Pradesh Electricity Regulatory Commission (Multi Year Tariff for Distribution and Transmission Tariff) (Second Amendment) Regulations, 2022 notified vide Notification No. UPERC/Secy./ Regulations/2022-668 dated 04/01/2022, namely: -

#### **1. Short Title and Commencement**

- 1.1 These Regulations may be called the Uttar Pradesh Electricity Regulatory Commission (MYT for Distribution and Transmission Tariff) (Third Amendment) Regulations, 2024.
- 1.2 These Regulations shall come into force from the date of their publication in the Official Gazette of the Uttar Pradesh Government.

#### **2. The provisions of Regulation 16 “Treatment of incremental Power Procurement Cost” of the MYT for Distribution and Transmission Tariff) Regulations, 2019 are replaced as hereunder:**

##### **16.1 Computation of fuel and power purchase adjustment surcharge:**

- (1) For the purposes of these Regulations “Fuel and Power Purchase Adjustment Surcharge” (FPPAS) means the increase in cost of power, supplied to consumers, due to change in Fuel cost, power purchase cost and transmission charges with reference to cost of supply approved by the Commission.
- (2) Fuel and power purchase adjustment surcharge shall be calculated and billed to consumers, automatically, without going through regulatory approval process, on a monthly basis, according to the formula, prescribed by the Commission, subject to true up, on an annual basis, as decided by the Commission:  
  
Provided that the automatic pass through shall be adjusted for monthly billing in accordance with these Regulations.
- (3) Fuel and Power Purchase Adjustment Surcharge shall be computed and charged by the distribution licensee, in (n+2)th month, on the basis of actual variation, in cost of fuel and power purchase and Inter- state Transmission Charges for the power procured during the nth month. For example, the fuel and power purchase adjustment surcharge on account of changes in tariff for power supplied during the month of April of any financial year shall be computed and billed in the month of June of the same financial year:

Provided that in case the distribution licensee fails to compute and charge fuel and power purchase adjustment surcharge within this time line, except in case of any force majeure condition, its right for recovery of costs on account of fuel and power

purchase adjustment surcharge shall be forfeited and in such cases, the right to recover the fuel and power purchase adjustment surcharge determined during true-up shall also be forfeited.

- (4) The distribution licensee may decide, fuel and power purchase adjustment surcharge or a part thereof, to be carried forward to the subsequent month in order to avoid any tariff shock to consumers, but the carry forward of fuel and power purchase adjustment surcharge shall not exceed a maximum duration of two months and such carry forward shall only be applicable, if the total fuel and power purchase adjustment surcharge for a Billing Month, including any carry forward of fuel and power purchase adjustment surcharge over the previous month exceeds twenty per cent of variable component of approved tariff.
- (5) The carry forward shall be recovered within one year or before the next tariff cycle whichever is earlier and the money recovered through fuel and power purchase adjustment surcharge shall first be accounted towards the oldest carry forward portion of the fuel and power purchase adjustment surcharge followed by the subsequent month.
- (6) Depending upon quantum of fuel and power purchase adjustment surcharge, the automatic pass through shall be adjusted in such a manner that,
  - (i) If fuel and power purchase adjustment surcharge  $\leq 5\%$ , 100% cost recoverable of computed fuel and power purchase adjustment surcharge by distribution licensee shall be levied automatically using the formula.
  - (ii) If fuel and power purchase adjustment surcharge  $> 5\%$  then 90.5% of the computed fuel and power purchase adjustment surcharge shall be recoverable automatically using the formula and the differential claim shall be recoverable after approval by the Commission during true up.
- (7) The revenue recovered on account of pass through fuel and power purchase adjustment surcharge by the distribution licensee, shall be trued up later for the year under consideration as per these Regulations.
- (8) In case of excess revenue recovered for the year against the fuel and power purchase adjustment surcharge, the same shall be recovered from the licensee at the time of true up along with its carrying cost to be charged at 1.20 times of the carrying cost rate approved by the Commission and the under recovery of fuel and power purchase adjustment surcharge shall be allowed during true up, to be billed along with the automatic Fuel and Power Purchase Adjustment Surcharge amount.

*Explanation:-* For example in the month of July, the automatic pass through component for the power supplied in May and additional Fuel and Power Purchase Adjustment Surcharge, if any, recoverable after true up for the month of April in the previous financial year, shall be billed.
- (9) The distribution licensee shall submit such details, in the stipulated formats, of the variation between expenses incurred and the fuel and power purchase adjustment surcharge recovered, and the detailed computations and supporting documents, as required by the Commission, during true up of the normal tariff.
- (10) To ensure smooth implementation of the fuel and power purchase adjustment surcharge mechanism and its recovery, the distribution licensee shall ensure that the

licensee billing system is updated to take this into account and a unified billing system shall be implemented to ensure that there is a uniform billing system irrespective of the billing and metering vendor through interoperability or use of open source software as available.

- (11) The licensee shall publish all details including the fuel and power purchase adjustment surcharge formula, calculation of monthly fuel and power purchase adjustment surcharge and recovery of fuel and power purchase adjustment surcharge (separately for automatic and approved portions) on its website and archive the same through a dedicated web address.

### 16.2 Formula for Computation of Fuel and Power Purchase Adjustment Surcharge:

(1) Formula:

$$\text{Monthly FPPAS for nth Month (\%)} = \frac{(A-B)*C+(D-E)}{\{Z * (1- \text{Distribution losses in\%/100})\} * \text{ABR}}$$

Where,

N<sup>th</sup> month means the month in which billing of fuel and power purchase adjustment surcharge component is done. This fuel and power purchase adjustment surcharge is due to changes in tariff for the power supplied in (n-2)<sup>th</sup> month

A is Total units procured in (n-2)<sup>th</sup> Month (in kWh) from all Sources including Long-term, Medium-term and Short-term Power purchases (To be taken from the bills issued to distribution licensees)

B is bulk sale of power from all Sources in (n-2)<sup>th</sup> Month. (in kWh) = (to be taken from provisional accounts to be issued by State Load Dispatch Centre by the 10th day of each month).

C is incremental Average Power Purchase Cost (including the change of fuel cost) = Actual average Power Purchase Cost (PPC) from all Sources in (n-2) month (Rs./ kWh) (computed) - Projected average Power Purchase Cost (PPC) from all Sources (Rs./ kWh)- (from tariff order)

D = Actual inter-state and intra-state Transmission Charges in the (n-2)<sup>th</sup> Month, (From the bills by Transcos to Discom) (in Rs)

E = Base Cost of Transmission Charges for (n-2)<sup>th</sup> Month. = (Approved Transmission Charges/12) (in Rs)

Z = [(Actual Power purchased from all the sources outside the State in (n-2)<sup>th</sup> Month. (in kWh)\* (1 – Inter- state transmission losses in % /100 ) + Power purchased from all the sources within the State(in kWh)]\*(1 – Intra state losses in %) – B]/100 in kWh

ABR = Average Billing Rate for the year (to be taken from the Tariff Order in Rs/kWh)

Distribution Losses (in %) = Target Distribution Losses (from Tariff Order)

Inter-state transmission Losses (in %) = As per Tariff Order

- (2) The Power Purchase Cost shall exclude any charges on account of Deviation Settlement Mechanism.
- (3) Other charges which include Ancillary Services and Security Constrained Economic Despatch shall not be included in Fuel and Power Purchase Adjustment Surcharge and adjusted though the true-up approved by the State Commission.
- (4) At the time of True-up, while determining the admissible power purchase cost, the Commission shall also consider the extant UPERC(Merit Order Despatch and Optimization of Power Purchase) Regulations, 2021 as amended.

**3. The “Annexure-B: Procedure for calculation of Transmission System Availability Factor for a Month” of the Principal Regulations are amended as hereunder:**

- (1) In sub-clause (a) of clause (4) under Annexure-B of the Principal Regulations, the sentence “Shutdown availed for maintenance or construction of elements of another transmission scheme.” shall be substituted with the sentence “Shutdown availed for maintenance of another transmission scheme or construction of new element or renovation/upgradation/ additional capitalization in an existing system approved by the Commission.”.
- (2) New sub-clause (c) shall be added after sub-clause (b) of clause (4) under Annexure-B of the Principal Regulations as under:

“Shutdown of a transmission line due to the Project(s) of National Highways Authority of India, Railways and Border Road Organization, including for shifting or modification of such transmission line or any other infrastructure project approved by Ministry of Power. SLDC may restrict the deemed availability period to that considered reasonable by him for the work involved;

Provided that apart from the deemed availability, any other costs involved in the process of such shutdown of transmission line shall not be borne by the users of the intra-State transmission system.

Provided further that such deemed availability shall be considered only for the period for which users of the intra-State transmission system are not affected by the shutdown of such transmission line.

Provided also that SPC shall standardize the shutdown period required for such shifting or modification works in line with the guidelines issued by CEA if any, so that deemed availability period is not utilised for other than intended purposes.”
- (3) New clause (7) shall be added after clause (6) under Annexure-B of the Principal Regulations as under:

(7) The outage period which can be excluded for the purpose of clause (5) and (6) of this Annexure-B shall be declared as under:

  - a. Maximum up to one month by Member Secretary, SPC;
  - b. Beyond one month and up to three months after the decision at SPC;
  - c. Beyond three months by the Commission for which the transmission license shall approach the Commission along with reasons and steps taken to mitigate the outage and restoration timeline.”

By the order of the Commission,

Secretary,

U. P. Electricity Regulatory Commission.