



Ref: 1505/COM/ARR

Date: 15/05/2021

To,
The Secretary,
Uttar Pradesh Electricity Regulatory Commission,
VidyutNiyamak Bhawan,
VibhutiKhand, Gomti Nagar,
Lucknow-226010, U.P.

Subject: Determination of Annual Revenue Requirement (ARR) for the FY 2021-22, Annual Performance Review (APR) for FY 2020-21 and True-up for the FY 2019-20 for the state DISCOMs (DVVNL, MVVNL, PVVNL, PuVVNL, KESCO)

Ref: UPERC vide: UPERC/Secy/D(T)/2021-061, dated: 26/04/2021

Dear Sir,

In reference with the letter referred above, a response / comments on the queries received from various stake holders and public at large was sought. In this regards, we are hereby submitting our response to the queries related to ARR. Similar queries are clubbed together to respond.

1) M/s Shree Cement Limited vide letter SCL/JPR/SCL-28/553 dated: 07.10.2020 and M/s The Mahabir Jute Mills Limited, vide letter dated: 15.02.2021 Gorakhpur raised a query related to Cross Subsidy Surcharge (CSS).

Response to query No. 5 and 10:

The CSS proposed to be levied on the consumers is in line with the National Tariff Policy, 2016. The levy of Cross Subsidy Surcharge is in accordance with the provisions of Section 42 of the Electricity Act 2003 and Tariff policy issued by the Central Government. Further CSS for Open Access consumers is in accordance with- the methodology specified in Clause 49 of the UPERC Multi Year Tariff Distribution and Transmission Regulations, 2019. The revenue earned from CSS meets the revenue gap of the Licensee.

The point related to format ST-11 has been referred to UP-SLDC for examinations and further actions. Stakeholder may directly approach to SLDC

2) Shri Avadhesh Kumar Verma (U.P. Rajya Vidyut Uphokta Parishad) vide letter 118/11/2020 dated: 18.11.2020 raised a query about Rationalization of Tariff.

Response to query No. 6:

This query is related to UPERC Tariff Order FY 2020-21. In this regards, it is hereby submitted that the tariff is designed to meet the revenue gap. Any change in the tariff of any particular consumer category/sub-category/slab will impact the tariff of other consumer category/sub-category/slab to meet the revenue gap. It is further submitted that the actual data related to additional subsidy and adjustment against UDAY Scheme have been communicated to Hon'ble Commission by GoUP, vide letter no. 445/24-1-21/731 (budget)/ 2020 dated: 05.03.2021 and Licensees have requested Hon'ble Commission to consider the letter and approve appropriate adjustments against earlier disallowances while approving the Licensees True-UP for FY 2019-20 and ARR for FY 2021-22. The financial impact as per this letter of GoUP have been communicated to Hon'ble Commission. Hon'ble Commission is requested to pass appropriate order in this regard.

- 3) Shri. Kaushal Kumar Mishra, GraminVidyutUpbhoktaKalyanParishad, vide letter 62-20-21 dated: 12.01.2021 raised query for Timely submission of long pending outstanding bills.

Response to query No. 8:

Licensee is making all effort for collection of bills from government departments. However, any shortfall in this collection does not impact the tariff of the consumer as Hon'ble Commission approves the tariff based on 100% collection efficiency.

- 4) M/s Uttar Pradesh Congress Committee, vide letter A-4/520 dated: 23.02.2021 raised a query regarding benefits that are not transferred to consumers.

Response to query No. 11:

The stakeholder has supported the demand of RajyaVidyutUpbhoktaParishad. The replies to the query of UpbhoktaParishad has been submitted in query number 15.

- 5) M/s Uttar Pradesh RajyaVidyutUpbhoktaParishad, Lucknowvide letter 130/02/2021 dated: 23.02.2021 raised a query related to Change in Slab in the proposed ARR petition.

Response to query No. 12:

The detailed reply related to this point is available in the Licensees submissions to Hon'ble Commission on Licensees website. Wherein, Licensees has mentioned the compelling reasons for deviating from approved Business Plan data and the reason for non-submission of Tariff proposal.

- 6) GraminVidyutUpbhoktaKalyanParishadvide letter 66/21 dated 25.02.2021 and vide letter 69/21-22 dated 14.03.2021 raised a query about Tariff Rationalization / Tariff Hike

Response to query no. 13 and 14:

The petitioner welcomes the stakeholders comment that they are not against the tariff rationalization and is also not against of appropriate tariff hike. Licensee wish to inform about the misconception of the stakeholder that the lower collection efficiency burdens the consumers. It is to inform the stakeholder that Hon'ble Commission approves the Retail Tariff considering 100% collection efficiency.

7) Shri Avadhesh Kumar Verma (U.P. RajyaVidyutUpbhoktaParishad) vide letter 109/04/2021 dated: 09.04.2021 raised a query about Tariff Rationalization / Tariff Hike.

Response to query No. 15:

1. In regard to point 1, below mentioned response is submitted.
 - a. As per the UDAY Scheme, total 75% of the total loans as on 30.09.2015 i.e.Rs.39,133.76 Crore was taken over by State Govt. and the fund to Discoms were infused in the form of equity and grant as per the breakup presented here.

Particulars	Amount (Rs. Cr.)
Loan amount to be taken over by GOUP as per UDAY Agreement	39,133.76
Equity Contribution from State Govt.	9,783.44
Grant provided by State Govt.	29,350.32

- b. Hon'ble Commission in its Order dated 03.09.2019, adjusted the above loans taken over by the State Govt., against the value of Regulatory Assets approved by UPERC in previous True-up Orders.
 - c. However, as per GOUP Order dated 5th March, 2021, the 100% grant paid by GOUP has been reduced to Nil and adjusted against the dues payable by State Govt. towards electricity bills due from State Govt. departments and additional subsidy payable by GOUP as determined by UPERC in its various Tariff /True-up Order. Further UP Govt. has committed to pay Rs. 14,661.54 crores to UP Discoms in next 10 years starting from FY 2021-22, against the total additional subsidy determined by UPERC upto FY 208-19.
 - d. Therefore, the loans taken over by State Govt. cannot be adjusted against the Regulatory Assets approved by UPERC. The Regulatory Asset computation in UPERC TO order dated 03.09.2019 has to be revised accordingly. Licensees have submitted the value of revised cumulative gap in their submissions to additional submission to Hon'ble Commission and same is available on the website of Licensee. Licensees have requested to consider GOUP Letter and approve appropriate adjustment vide letter dated 139/RAU/Subsidy dated 01.04.2021.
2. The applicable Tariffs for all the consumer categories have been designed in accordance with the Electricity Act, 2003 and the Distribution MYT Tariff Regulations 2019. Licensee submits that the treatment of revenue gap is to be

done as per the provisions of UPERC Regulations and tariff policy. The Licensee has submitted related reply in the Data gap and replies of MOM dated 01.04.2021 to Hon'ble Commission and also uploaded these replies on Licensees website.

3. DISCOM has already submitted the compelling reasons for deviating from approved Business Plan data in the response to TVS session held on 01-Apr-2021. The same response is also uploaded on the website of each DISCOM.
4. Licensees have submitted their stand in the review petition before UPERC and appeal before APTEL.
5. In regard to point no. 5 and 6, It is submitted that proposed slab change is required due to following below mentioned below.
 - a. Existing Tariff Schedule is very complex to understand by consumers and complicated to implement by the Licensees.
 - b. Proper implementation of Government Subsidy is also difficult due to large number of slabs.
 - c. The difference in slabs of rural and urban consumers necessitates rationalization.
 - d. Category rationalization will help IT system, commercial & finance wings to implement UPERC Tariff orders effectively.
 - e. It will be easier to cross subsidize consumer categories as per Tariff Policy.
 - f. Tariff rationalization exercise has been carried out under the reforms suggested by Ministry of Power, Govt. of India

- 8) Shri Avadhesh Kumar Verma (U.P. RajyaVidyutUpbhoktaParishad) vide letter 113/04/2021 dated: 13.04.2021 raised a query related to Time Extension for sending comments and public hearing.

Query No 16:

The Commission may provide a time of 1 month for filing of Comments and public hearing due to outbreak of COVID-19.

Response to query No. 16:

Hon'ble Commission has already extended the date for public hearing.

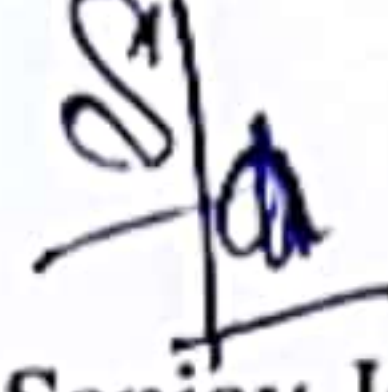
- 9) M/s Indian Energy Exchange vide letter IEX/RA/010/21-22 dated 26.04.2021 raised a query related to Cross-Subsidy Surcharge, Wheeling Charges and Power Purchase Optimization

Response to query No. 17:

The stakeholder is not legally authorized to decide on the interpretation of the provisions of Tariff Policy / Regulations. The tariff is approved to meet the revenue gap. Any change in the tariff of any particular category/sub-category/slab will impact the tariff of other consumer category/sub-category/slab to meet the revenue gap. The methodology adopted in UPERC Tariff Order in FY 2020-21 was as per Tariff policy issued by the Central Government. Further Cross-Subsidy Surcharge (CSS) and wheeling charges for Open Access consumers is in accordance with- the methodology

specified in Clause 49 of the UPERC MYT (Transmission and Distribution) Regulations, 2019.

In regard of Power Purchase Cost optimization, it is hereby submitted that UPPCL has been efficiently managing its power purchase portfolio. It is actively participating in Energy exchanges across all the available products to optimize its power purchase cost. Further, to reduce the power purchase cost UPPCL has been selling surplus power in Off-peak hours through exchanges.



Sanjay Jain
(Chief Engineer Commercial)
MVVNL
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