



**COMMISSION'S ORDER IN**

**Case No. HERC/PRO - 59 of 2019 & HERC/PRO - 60 of 2019**

**ON**

**TRUE- UP FOR THE FY 2018-19, ANNUAL (MID-YEAR) PERFORMANCE  
REVIEW FOR THE FY 2019-20, AGGREGATE REVENUE REQUIREMENT OF  
UHBVNL AND DHBVNL FOR THE MYT CONTROL PERIOD 2020-21 TO FY 2024-  
2025 AND DISTRIBUTION & RETAIL SUPPLY TARIFF FOR THE FY 2020-21**

**1<sup>st</sup> June, 2020**

**HARYANA ELECTRICITY REGULATORY COMMISSION  
BAYS 33-36, SECTOR-4, PANCHKULA-134112, HARYANA**

**<https://herc.gov.in>**

IN THE MATTER OF

Petition for True-up of the ARR for the FY 2018-19, Annual (Mid-Year) Performance Review for the FY 2019-20, determination of ARR for the MYT period from the FY 2020-21 to FY 2024-25 and Distribution and Retail supply tariff for the FY 2020-21 for Uttar Haryana Bijli Vitaran Nigam Limited (UHBVNL) and Dakshin Haryana Bijli Vitaran Nigam Limited (DHBVNL), as per the provisions of the Haryana Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Distribution & Retail Supply under Multi Year Tariff Framework) Regulations, 2019 and Section 45, 46, 47, 61, 62, 64 & 86 of the Electricity Act, 2003.

**QUORUM**

**Shri D.S. Dhesi**

**Chairman**

**Shri Pravindra Singh Chauhan**

**Member**

**Shri Naresh Sardana**

**Member**

**ORDER**

The Haryana Electricity Regulatory Commission (hereinafter referred to as 'the Commission' or HERC), in exercise of the powers vested in it under section 62 of the Electricity Act, 2003 read with section 11 of the Haryana Electricity Reforms Act, 1997 and all other enabling provisions in this behalf, passes this Order determining the True-up of the ARR for the FY 2018-19, Annual (mid-year) Performance Review for the FY 2019-20, determination of ARR for the MYT period from the FY 2020-21 to FY 2024-25 and Distribution and Retail supply tariff for the FY 2020-21 for Uttar Haryana Bijli Vitaran Nigam Limited (UHBVNL) and Dakshin Haryana Bijli Vitaran Nigam Limited (DHBVNL) in accordance with the provisions of Haryana Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Generation Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff Framework) Regulations, 2019 (hereinafter referred to as MYT Regulations, 2019).

The Commission, while passing Order in the present case(s), has considered the Petition(s) filed by UHBVNL and DHBVNL along with subsequent filings including supplementary filing dated 5.05.2020 (Memo No. Ch-36/RA/F-25/Vol-76 after taking into consideration the impact of lockdown due to COVID – 19 pandemic/additional data provided by them including filings made by the two distribution licensees in response to the various queries of the Commission, objections received from various organisations and individuals and the reply / comments furnished by UHBVNL/DHBVNL thereto to as well as the suggestions of the SAC

Members in the meeting held on 24.02.2020. All other relevant facts, data and information available in the Commission as well as in the public domain have been considered while taking a reasoned view germane to the present petitions.

HERC

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## Chapter 1

### INTRODUCTION

#### 1.1 Petition filed by UHBVNL and DHBVNL

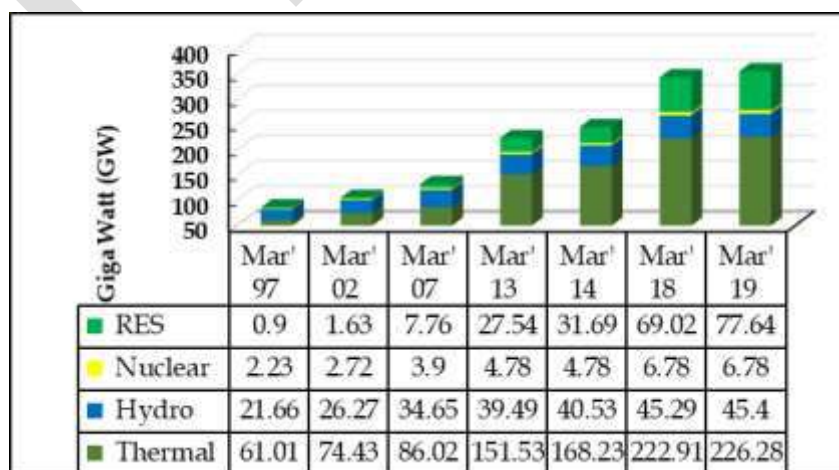
The two distribution licensees (Discoms) in Haryana i.e. Uttar Haryana Bijli Vitran Nigam (UHBVNL) and Dakshin Haryana Bijli Vitran Nigam (DHBVNL) have filed their respective petition(s) under the provisions of the Electricity Act, 2003 and the MYT Regulations, 2012 (for the true-up of FY 2018-19) and the MYT Regulations, 2019 for determination of ARR for the Control Period FY 2020-21 to FY 2024-25 & determination of distribution and retail supply tariff for the FY 2020-21. The petition(s) filed by the Discoms is briefly set out below.

#### 1.2 Background – Indian Power Sector

That the Indian power sector has changed significantly after the enactment of Electricity Act, 2003. Various reforms have been introduced to promote competition in power sector, efficiency in service dispatch, strengthening of regulatory framework, private participation, integration of regional grids, protection of consumer interest, renewable generation, legal framework for curbing commercial losses etc. to ensure transparency in the power sector.

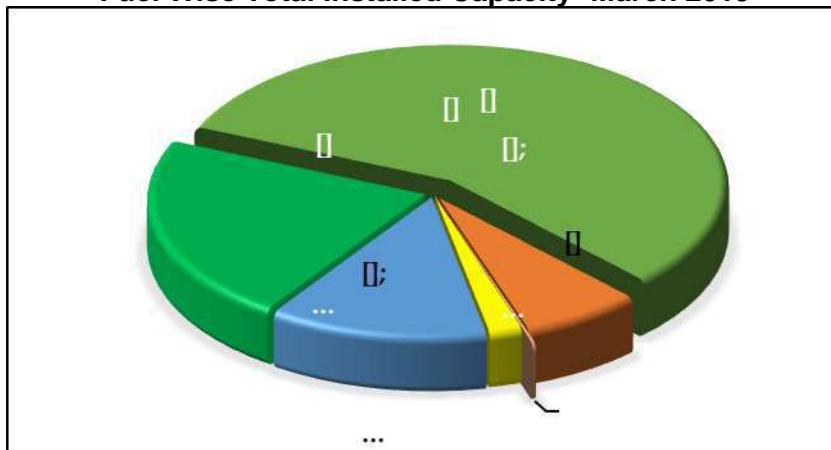
That electricity plays a vital role in social and economic development. Agriculture, industrial and service sector, along with day to day living of the mankind is 'directly' dependent on the quality of power supply. Therefore, electricity has become an essential input across all the sectors. Over the last 10 years, the installed capacity of the country has grown at a compounded annual growth rate of 10.14%, resulting total installed capacity of 3,56,100 MW by the end March 2019 as under: -

**All India Installed Capacity (in MW) – March 2019**



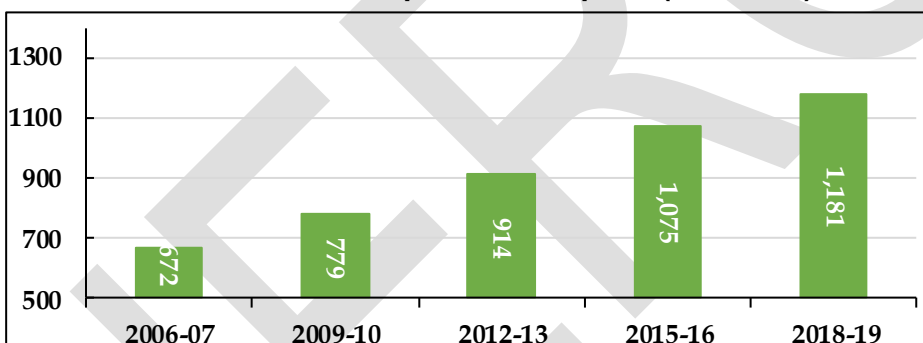


**Fuel Wise Total Installed Capacity- March 2019**



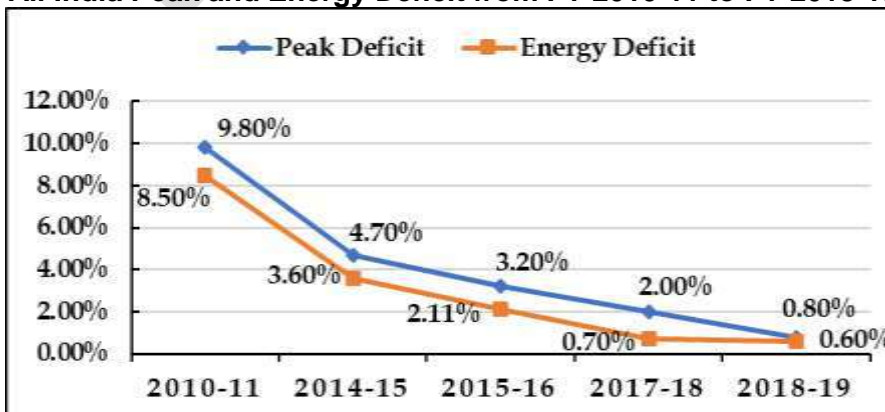
That all villages of India as per the Census - 2011 (i.e. 5,97,464) have been electrified as on 28.04.2018. Also, the per capita consumption of electricity in the country increased from 15 kWh in 1950 to about 1,181 kWh in the year 2018-19.

**All India Per Capita Consumption (kWh/Year)**



That regional grids are integrated into a single national grid with effect from 31.12.2012, allowing evacuation of power from one corner of the country to another through strong inter regional AC and HVDC links. Steep decline has been registered in Peak Demand (MW) and Energy (MU) in India. Currently, the shortage of Peak Demand and Energy in India is 0.80% and 0.6% respectively as may be seen from the graph presented below:

**All India Peak and Energy Deficit from FY 2010-11 to FY 2018-19**



That with growing demand for electricity, per capita consumption of India has also grown, however the same is still lower than the average per capita consumption of the world. This implies that demand of electricity will increase substantially in coming years.

That integration of generation and transmission capacity is currently being made to meet the growing demand of country in most cost-effective manner. Under such scenario the role of Distribution and Retail Supply Business becomes critical in the value chain. Therefore, financial viability of the Discoms needs to be ensured for sustainable growth of the power sector.

### **1.3 Profile of UHBVNL and DHBVNL**

That the Companies are Distribution Licensees within the meaning of Section 2 (17) of Electricity Act 2003 and pursuant to the Section 14 of the Electricity Act. Further, Section 42 and 43 of the Electricity Act 2003 prescribes following duties of the Distribution Licensee:

- To develop and maintain an efficient, co-ordinated and economical distribution system;
- To supply electricity on an application of the consumer in accordance with the provisions specified in the Electricity Act 2003;
- To provide non-discriminatory open access to the consumers;
- To establish a forum for redressal of grievances of the consumers;

That since UHBVNL and DHBVNL have been vested with the function of distributing electricity by the State Government of Haryana, the Business Scope of the Company falls within the legal framework as specified in the Act and includes:

- To develop and maintain an efficient, co-ordinated and economical distribution system;
- To Operate the existing distribution infrastructure efficiently & effectively;
- Merchant Sale of Power in the event of availability of surplus power after meeting the requirement of own consumers with whom the capacity is contracted presently;
- Other associated businesses like providing Training, Research and Development activities, Technical consultancy services and O&M related services;
- Contracts for outsourcing of distribution related activities, joint venture participation;