BILLING EFFICIENCY

A. Comments/ Suggestions of the Public

3.2.122. Council on Energy, Environment & Water submitted that as per UPPCL's open source data, it is provided that nearly all the rural and urban domestic consumers were billed on a monthly basis in 2019, which indicates good operational performance. However, it enquired that whether consumers are getting billed based on their meter reading or on provisional basis. It is a well-accepted fact that the consumers getting billed on meter reading basis have higher inclination towards making payments than consumers who are billed provisionally. The MU-based bills have a high trust factor between Discoms and consumers. It is submitted that upto one-fifth of the consumers is be billed provisionally in PuVVNL Discom. It is therefore, suggested that it is inappropriate on part of the Discoms to calculate billed units on the basis of total billed consumers, including the ones provisionally billed.

3.2.123. Further, it is submitted that as per their survey in MVVNL area of operations, only 56 per cent of domestic consumers receive bills in any form on a monthly or bimonthly basis. Also, 20 per cent of consumers have never received any bills in any form — physical copies or through electronic channels. It is suggested that UPPCL/Discom shall strive towards improving the share of bills being issued on MU basis to bridge the trust gap between consumers and Discoms.

3.2.124. Also, it is submitted that the high AT&C losses with the Discoms are the result of billing and collection inefficiencies, especially in rural areas. As of December 2019, only 58 per cent of the rural consumers were billed on the basis of metered-units (MU). Further, the objector reveals that the gaps in billing are majorly a result of the following:

- **Inadequate allocation of meter readers** across the geography,
- **Low incentives offered to meter readers** to traverse long distances and generate bills. A meter reader on an average earns Rs. 4 on every bill generated on MU basis and this amount also includes their travel expense.
- Some of the newly electrified consumers have yet to receive a **meter-sealing certificate** or have not been properly indexed in Discoms billing database, which is crucial for the first bill generation.
- **Understaffing at the sub-division** level is another challenge. Mostly two employees (including a sub-division officer along with a junior engineer) manage several operations ranging from supply interruptions, billing disputes, disconnections, consumer grievance redressal, and organising camps in villages to

collect payments among others. Further, the human resource crunch has substantially increased with the addition of new consumers under the Saubhagya scheme. In an analysis for MVVNL, it is observed that for FY 2018-19, the employee expenses of MVVNL has reduced by 12 per cent, despite an increase in the consumer base by 37 per cent. Also, the Discoms (at the consolidated levels) has been consistently underspending on employee cost component, vis-a-vis the expenses approved by the regulator.

● Another significant factor resulting in gaps in bill-delivery is **the absence of updated consumer phone numbers** in the billing database. As per CEEW's survey of 300 consumers in MVVNL region, the absence of updated consumer phone number has emerged as the primary reason for low receipt of bills during and before the lockdown. Due to this, bills generated on a provisional basis and sent via SMS are often not delivered to consumers. These gaps are higher in case of the rural database. UPPCL/Discoms has already initiated the KYC exercise to update consumer phone numbers. The Commission can also ask UPPCL/Discoms to include in the electricity bills the provision for consumers to register their phone numbers. This measure has already been adopted in Uttarakhand.

● **Incomplete tagging of connections**: it is submitted that a significant proportion of consumers have not been tagged feeder-wise and village-wise. Tagging of consumers is essential to monitor and target interventions at the village and feeder level.

3.2.125. It is suggested that the UPPCL/Discoms take cognisance of these gaps and work towards bridging them.

B. Licensees' response

3.2.126. The Licensee has not submitted the reply.

C. Commission's view

3.2.127. The Commission has taken note of the objections/suggestions made by the stakeholders.

DEPRECIATION

A. Comments/ Suggestions of the Public

3.2.128. Shri Nihar Varshney, Rimjhim Ispat Limited has submitted the extract from the Auditor Report,

"The Company has received Depreciation on Land & Land rights in earlier years through gazette notification amounting to Rs. 39,80,597.00. No Depreciation is

chargeable on Land & Land Rights hence the company is required to reverse the Depreciation on same and treat it as a Prior Period adjustment in Financial Statements."

3.2.129. He submitted that the Licensee has charged depreciation on land which is a depreciable asset.

B. Licensees' response

3.2.130. The Licensee submits that it has claimed the depreciation in the ARR for FY 2018-19 based on MYT Distribution Regulations, 2014, which does not allow depreciation on land. Further, the Licensee confirms that it has not claimed any depreciation on land in the ARR for FY 2018-19. Therefore, there is no impact of Auditor Comment on the ARR for True-up of FY 2018-19. However, the amount reported by the Auditor represents the amount received by the company as an opening balance at the time of incorporation vide GoUP notification.

C. Commission's view

3.2.131. The Commission has taken note of the objections/suggestions made by the stakeholders and comments of the Licensee in this regard.

POWER PROCUREMENT

A. Comments/ Suggestions of the Public

3.2.132. Shri Avadhesh Kumar Verma, Chairman, UP Rajya Vidyut Upbhokta Parishad, submitted that the Discoms carried out the wrong calculation of True-up Gap especially w.r.t power purchase cost.

3.2.133. He submitted that the consolidated ARR of the Discoms is Rs. 70792 Cr out of which power purchase is almost Rs. 55235 Cr. He then submitted that total power purchase from IPPs is around Rs. 21585 Cr. He also added that the per unit price of the electricity from state owned generating stations are much lower than the IPPs.

3.2.134. Council on Energy, Environment & Water submitted that UPPCL/Discoms reports the power purchase cost for FY 2018-19 as Rs 5.11/unit and is 18 per cent higher than the previous year (FY 2017-18). It submitted that the increase in sales (at consolidated level) has remained flat and overall power purchase at generator bus has decreased by four per cent, when compared to the previous year. Despite this, there was an 18 percent jump on a per unit basis. Also, it submitted that the fixed charges) outlay has increased by 22 per cent, other charges have increased by 174 per cent whereas the reduction in variable charges is in line with less power drawn from generators. The table below examines the individual cost that makes up the total cost.

Year	Data source	Power Purchase by UPPCL at Generator Bus (MUs)	Energy available at discoms end (MUs)	Sales (MUs)	Fixed Charge (Rs. Crore)	Variable Charge (Rs. Crore)	Others (Rs. Crore)	PGCIL/other transmission (Rs. Crore)	Power Purchase Cost (incl. trans charges) (Rs. Crore)	Power Purchase Cost per unit at Generator Bus (Rs./ kWh)	Power Purchase Cost per unit at Discoms end (Rs./ kWh)
FY2017-18	Trued Up	120301	112000	88139	13901	27574	2244	2706	47010	3.91	4.20
FY2018-19	TU claimed	115397	108328	88095	16978	27353	6156	4841	55327	4.79	5.11
	I/D w.r.tto FY 2017-18	**-4%**	**-3%**	**0%**	**22%**	**-1%**	**174%**	**79%**	**18%**	**-**	**-**
FY2019-20	APR	117281	111384	91459	17936	28707	3256	5009	54908	4.68	4.93
	I/Dw.r.tto FY 2018-19	2%	3%	4%	6%	5%	-47%	3%	-1%		
FY2020-21	ARR	114513	107323	89738	-	-	-	-	55235	4.82	5.15

3.2.135. Further, it is submitted that Discom filings and replies to deficiencies did not point towards the actual reasons for the increase in cost. Also, there is no detailed breakup on what makes up other charges and it was difficult to interpret any trend

3.2.136. It is submitted that many of the existing PPAs did not necessarily reflect the best available price and certainly do not make economic sense, given the stock of efficient and lower cost thermal-generation assets. Therefore, the power purchase cost for FY 2018-19 (Rs. 5.21/kWh), FY 2019-20 (Rs. 4.93/kWh), and FY 2020-21 (Rs. 5.15/kWh) is a reflection of the high cost PPAs and the rigidity they impose on procurement. Given the pipeline of thermal generation projects that are already contracted and are under construction, low offtake will make financial investments unviable and create even more stress/stranded assets in an already crippled sector.

3.2.137. Further, the objector put forward the following suggestions before the Commission to reduce the overall power purchase cost, and is as follows:

- In the short-term, procurement must be prioritised from stations where the variable cost is low.
- Merit order dispatch (MoD) must be respected in its entirety and issues such as transmission constraints and coal availability must not reduce the ability to procure from these low-cost generation sources.
- Newer contracts for longer term requirements must account for the impact of low utilisation of assets on the power procurement cost and the need for more flexible resources to meet the increasingly variable demand. This can partly be achieved by getting a greater visibility of generation sources in other parts of the country, where the seasonal demand variation is complementary to Uttar Pradesh or where there is spare capacity in summers.
- An emphasis on contingency procurement, through banking (non - cash transactions) must be placed. Tenders could be issued for banking of power to meet demand during summer and reduce surplus during winters. While these are interim measures, a longer-term transition to a market-based procurement scenario is a likely way out for the Discoms as a whole.
- In the longer run, the Commission shall initiate redrafting of standard PPAs. This could entail provisions for exit from contracts upon payments of reasonable compensation. Fixed costs and O&M payments to inefficient costly plants must continue and early retirement of these plants must be financially engineered.

3.2.138. Shri Nihar Varshney, Rimjhim Ispat Limited submitted that UPPCL shall explore more sources for procurement of power through non-conventional energy sources such as solar, small hydro, bagasse etc which will reduce the overall power purchase and further reduce the Tariff of the State.

3.2.139. Shri Vishnu Bhagwan Agarwal, Chairman, Associated Chambers of Commerce & Industries of UP submitted that Direct Power Purchase from energy exchange shall be allowed to consumers having load of 100 kW and above.

3.2.140. IEX submitted that the Discoms have submitted that they have not envisaged any short-term power purchase during FY 2020-21, and it is suggested that they shall not miss upon the opportunity to replace their costly power and optimise their costs considering the excessively high liquidity and much lower rates being discovered in the Power Exchanges. It is then submitted that several Discoms have already taken advantage of conducive market conditions and have been successful in reducing their power purchase costs during the past 4 months of lockdown by a judicious mix of procurement through Power Exchanges Market. Therefore, it is submitted that the Commission may instead approve the Power Exchange power as part of the merit order of Discoms. This will not cause any loss to the Discoms since even if their bids are not cleared at the desired rates in the DAM market of PXs, they can always call upon the despatches from their tied - up stations under long term PPA. This will be a win - win situation for the Discoms as well as the consumers of the state.

B. Licensees' response

3.2.141. As regards to Shri Avadhesh Kumar Verma, the Licensee submits that the Commission approves the Power Purchase Cost after validation of data.

3.2.142. Further, the Licensee submitted that that the scheduling of Power Plants other than Hydro and Renewable is done on the principles of Merit Order Despatch (MOD) as approved by Commission, wherein the source of generation with least variable cost is given priority in scheduling. The list of IPP Power plants highlighted have high variable cost of generation and therefore are mostly scheduled during the peak months and in peak hours of non-peak months depending upon the power demand in the State. Since, the distribution companies are obligated to pay the fixed charges based on the availability of the power plant, irrespective of actual PLF/scheduling of the plant, the landed cost of power increases. The projected PLF for FY 2020-21 for listed power plants is shown in the table below:

Lalitpur	33.69%
Rosa	64.83%
RKM	51.75%
KSK Mahanadi	39.53%
MB Power	76.92%
BEPL Barkhera	34.83%
BEPL Khamberkhera	34.67%
BEPL Kundarkhi	41.32%
BEPL Maqsoodapur	35.05%
BEPL Utraula	38.56%

Anta GPS	31.94%
Auraiya GPS	17.50%
Dadri GPS	34.12%

3.2.143. It is further submitted that the above table clearly depicts that the projected PLF for the above plants for FY 2020-21, after running the MOD, is less than the normative PLF of 85%, which leads to higher per unit cost of power purchase.

3.2.144. Further it shall also be taken into consideration that all IPP's are not costly and all State Generating Stations are not economical. For example: the landed cost of power for some State Generating Stations namely Parichha Ext. Stage —II and Harduaganj Ext. for FY 2020-21 is shown at Rs. 8.24/kWh and Rs. 8.12/kWh respectively, due to lower PLF owing to high variable cost. Whereas the landed cost of power for some IPP's namely Vishnuprayag, Sasan and Lanco for FY 2020-21 is shown at Rs. 1.49/kWh, Rs. 1.34/kWh and Rs. 3.07/kWh respectively.

3.2.145. Since Discoms have a long-term power purchase agreement with the generating companies, they are obligated to make the payment of capacity charges based on the plant availability factor, irrespective of actual PLF/scheduling of the plants, which therefore leads to higher per unit cost of power procurement for the plants with high variable cost of generation. However, even with the current constraints, Discoms have taken several steps to rationalise the cost of power procurement, like sale of power during off-peak hours/months, etc.

3.2.146. As regards to the objection of Nihar Varshney, the Licensee submitted that the Licensee is working as per Regulations and Order. The details have been submitted to Commission in Business Plan Petition.

3.2.147. As regards to the objection of Vishnu Bhagwan Agarwal, the Licensee submitted that Commission has made specific provisions in related Regulations.

3.2.148. As regards to the objection of IEX, the Licensee submits that the licensee procures power as per applicable Regulations/ Tariff Orders of Commission.

3.2.149. As regards to the objection of Council of Energy, Environment & Water the Licensee has not submitted any reply.

C. Commission's view

3.2.150. The Commission has taken note of the objections/suggestions made by the stakeholders and comment of the Licensee. The Commission carries out the prudence check of submissions made by Licensee in this regard. Further, there are several other plants which are running on a PLF greater than 85%.

DIFFERENTIAL BULK SUPPLY TARIFF

A. Comments/ Suggestions of the Public

3.2.151. Council on Energy, Environment & Water submitted that the adoption of DBST will bring all the Discoms to a level playing field in terms of power purchase costs, with net impact on the procurement cost of each Discom ranging from -11% (for MVVNL) to 34% (for KESCO). It submitted the impact (pre-DBST and post DBST adoption) on power purchase cost for different Discoms based on data for FY 2019-20, as shown in the table below:

Sl. No.	Particulars	DVVNL	PVVNL	PuVVNL	MVVNL	KESCO	Total
1	Total Power Required at Discom Periphery (MU)	22,134.40	32,954.70	24,188.42	20,891.42	3,710.68	1,03,879.63
2	post DBST - total Power Purchase Cost (Rs. Crore)	11,307.21	17,922.30	10,352.96	9,183.12	2,442.81	51,208.40
3	**post DBST/unit cost (Rs./kWh)**	**5.11**	**5.44**	**4.28**	**4.4**	**6.58**	**4.93**
4	Pre DBST - total Power Purchase Cost (Rs. Crore) *	10,911.35	16,245.32	11,923.90	10,298.61	1,829.21	51,208.40
5	**pre DBST/unit cost (Rs./kWh)**	**4.93**	**4.93**	**4.93**	**4.93**	**4.93**	**4.93**
6	Increase/decrease in cost as compared to pre DBST cost (Rs. Crore)	395.86	1,676.98	-1,570.94	-1,115.50	613.59	-
7	**% increase / decrease in cost as compared to pre DBST cost**	**4%**	**10%**	**-13%**	**-11%**	**34%**	**-**

3.2.152. Further, it is submitted that the DBST mechanism needs to be evaluated and reviewed periodically on account of three reasons:

I. The DBST mechanism promotes high cross-subsidisation among Discoms. Good performing Discom (with better billing and collection efficiency) take the brunt of the poor performing Discom. Little incentive for Discoms to improve their operational and financial performance.

II. Changing sales and revenue mix across Discoms on account of:

a. Increasing uptake of rooftop solar by domestic & commercial consumers.

b. Sales migration on account of open access availed by industrial and commercial consumers.

c. Potential reduction in agricultural demand due to solarisation under the KUSUM scheme.

III. With sales migration and uniform tariffs, it could lead to undue estimation of revenue gaps for one Discom over the other.

3.2.153. But with increasing uptake of these rooftop solar, open access and solarised agriculture which are currently low, it will be important to periodically review the changing sales and revenue mix across Discoms and move away from the DBST mechanism.

3.2.154. It is also important for the Commission to quarterly monitor the improvement/change in the operational and financial parameters of all the Discoms. The low performing Discoms shall be nudged towards strict compliance and improvements. It suggested that in the medium term, the Commission, GoUP and UPPCL/Discoms should move towards actual allocation of PPA among Discoms and allow the power purchase cost for each Discom to be reflective of the costs incurred by them and this in turn, would allow each Discom to improve their operational efficiency as well as scheduling and dispatch principles.

B. Licensees' response

3.2.155. The Licensee has not submitted any reply.

C. Commission's view

3.2.156. The Commission has taken note of the objections/suggestions made by the stakeholders. The Commission carries out the prudence check of submissions made by Licensee in this regard.

FREE ELECTRICITY UNITS

A. Comments/ Suggestions of the Public

3.2.157. Shri Vishnu Bhagwan Agarwal, Chairman, Associated Chambers of Commerce & Industries of UP submitted that the first 200 units in the bill should not be chargeable and this will not give political mileage to the State Govt. but also draw consumers to get meters fitted to secure this benefit, wherein the losses will be covered and accountability increases.

3.2.158. Civil Society of Agra requested to implement Delhi model of free electricity up to appropriate units.

B. Licensees' response

3.2.159. As regards to the objection of Shri Vishnu Bhagwan Aggarwal, the Licensee has not submitted any reply.

3.2.160. As regards to the objection of Civil Society of Agra, the Licensee submitted that the rural/urban consumer mix and Power Purchase cost of each state is different and the State Regulatory Commission approves the tariff after prudence check of the Licensee data and revenue gap as per the ARR/ True up Petitions. Accordingly, the tariff of UP is decided by the Commission. The Licensee have requested to approve the tariff without subsidy and rates of subsidised categories separately.

C. Commission's view

3.2.161. The Commission has taken note of the objections/suggestions made by the stakeholders and comments of the Licensee.

FIXED CHARGES

A. Comments/ Suggestions of the Public

3.2.162. Shri Avadhesh Kumar Verma, Chairman, UP Rajya Vidyut Upbhokta Parishad submitted that the tariff slab simplification submitted by the Discoms is not a tariff proposal for FY 2020-21. He submitted that earlier consumers having connected load till 4 kW has to pay a fixed charge of Rs. 330/ kW/ month whereas, as per the new proposal, the consumers have to pay Rs. 360/ kW/month. Further, he submitted that in the independent auditor's report, it was found that DVVNL is buying power at Rs. 5.26 per unit and supplying power to its distribution franchise (Torrent Power) at Rs. 4.45 per unit. Therefore, he submitted that DVVNL bears a loss of Rs. 0.81 paise per unit. Also, he added that around 2000 MU is supplied to Torrent Power in a year and this leads to overall loss of Rs. 162 Cr and is borne by the consumers. He further stated that on the demand of Upbhokta Parishad, government appointed a three-member committee for scrutinising the Torrent power and NPCL and its report is still pending.

3.2.163. He further submitted that due to COVID-19 lockdown various commercial/ industrial units remained closed, therefore, the minimum charges should be waived off and demand/fixed charges shall be collected on the basis of actual meter reading. Also, he added that rules of fixed charge/ demand charge recovery of the generating units should be changed.

3.2.164. Also, he submitted that as NTPC and PGCIL gave rebate of 20-25% in fixed charges during lockdown period and similarly, UPPCL should give notice to IPPs regarding providing rebate in fixed charges, which should be passed on to the consumers. He submitted that as announced by Ministry of power, in next 3 years all consumers will have prepaid metering. In this case, fixed charges shall be waived off.

3.2.165. Shri Vishnu Bhagwan Agarwal, Chairman, Associated Chambers of Commerce & Industries of UP submitted that the fixed charges shall be abolished in line with other progressive states and consumer shall be charged only for the power consumed. Also, he added that nominal fixed charges would be sufficient. Further, he requested the Commission to charge the electricity bill for the actual units consumed without any minimum charges. Also, he requested the Commission to waive fixed charges for 6 months till the Pandemic situation normalizes.

3.2.166. Shri Ramavadhar Yadav, Line Par Kshetra Welfare Association Ghaziabad, submitted that fixed cost in some plants are very high (5-8 Rs. /KWh) contributing to large amount in total power purchase cost and also, these plants are not producing power sufficiently.

3.2.167. Shri Sandeep Dadhwal, Reliance Jio Infocomm Limited, requested the Commission for a waiver of Fixed Charges for the next two months (May & June).

3.2.168. Shri Dheeraj Khuller, General Secretary, Bundelkhand Chamber of Commerce and Industry, Jhansi submitted that Fixed/demand charges should not be levied on industrial consumers who's monthly energy consumption has exceeded the amount of fixed demand charges.

3.2.169. Shri Ankit Kumar, IERS submitted that the Commission shall issue guidelines to curtails the fixed charges in respect of unutilized capacity for industrial consumers as most of the Industrial consumers were not able to fully utilize their sanctioned load during the pandemic. Hence, it is requested that the fixed charges in respect of unutilized capacity must be curtailed at least upto 50% and should be adjusted in subsequent billing cycles for industrial consumers so that Industrial consumers shall not face any financial hardship.

3.2.170. Prayas (Energy Group), Pune submitted that in the proposed tariff design, for non-domestic consumption under LMV-2, up to 4 kW, the monthly fixed charge is Rs. 360 and the energy charge is Rs. 5.5/kWh for the first 100 kWh. It is submitted that domestic rates are much lower at Rs. 110/month for fixed charge and Rs. 5.5/kWh for the first 100 kWh for energy charge. Also, it is submitted that the categorisation based on type of use (e.g. - industrial, commercial) subject's small enterprises which run out of homes to harassment and makes them liable for unauthorised use as defined in Section 126 (6) (b) (iv) of the Electricity Act. In order to ensure affordable power for small consumers while ensuring revenue neutrality, the Commission can charge similar fixed and variable charges for domestic and non-domestic consumers for the first 100 kWh. Similarly, the fixed charge can be reduced to match domestic rates. For consumption above 100 units, tariff can vary for domestic and commercial categories separately in a telescopic manner. Therefore, it submitted that this would ensure certain level of intra-category cross subsidisation and provide price signals for efficient use of power.

3.2.171. Shri Ayush Gupta, Consultant, Aspen Corporate Management Services Pvt Ltd submitted that the fixed cost incurred during COVID-19 lock down period (including partial/full shutdown, scaling down of manpower deployment, etc.) needs to be adjusted / reduced for representing of the true Adjusted Normal Capacity. He submitted that the fixed Overheads shall be absorbed based on the adjusted normal Capacity, and cost pertaining to Lock down period shall be treated as under-absorbed overheads, and shall be treated as Abnormal Loss and should not be charged to consumers.

3.2.172. Shri Lalla Ram Maurya, President, Varanasi Hoteliers Association, submitted that hotels are dependent on the customers for proper functioning and running of hotels. He submitted that without the customers there is no revenue and the survival of the hotels becomes difficult. He also submitted that due to the COVID-19 pandemic the hotels have suffered hugely as there are no customers and the survival of the hotels during this time is difficult and hence the hotels are the 'victims' of the corona virus disaster. He mentioned that members of the Association have different electricity loads as per their requirements. Although most of the hotels fall under the Rate Schedule of "LMV-2" there are some members like 'The Ramada Plaza' which have got connections of above 1000 kVA and falls under the Rate Schedule of "HV-1". He further mentioned that the fixed charges for the electricity is a very high amount for the hotels to pay during the course of the COVID-19 pandemic or the Corona virus when there is no revenue for the hotels. The hotels are continuing to pay the salaries of the staff, bar license fee, maintenance charges etc. without any revenue and the fixed charges are causing extra burden to the hotels in these dire circumstances. He also added that the average per month cost of the fixed charges for the electricity supply is often more than Rs. 1,00,000 for the members of the Varanasi Hoteliers Association. Therefore, he requested the Commission to grant 50% reduction of power tariffs, per unit charges and waiver of fixed charges w.e.f 23.03.2020, start of Lockdown Phase-1 to at least for a period of three years so that hospitality sector being 'Victims' under Disaster Management Act, 2005, can be saved.

3.2.173. Shri D C Sharma, Federation of All India Vyapar Mandal submitted that due to COVID- 19 Pandemic, Industrial/ Commercial units remained closed. He submitted that fixed charges, electricity duty etc shall be abolished and that electricity bill amount shall be deducted from the security deposit for that period. He further submitted that bill collection shall be on actual meter reading.

3.2.174. Srimati Pramila Agrawal, M/s Arvind Academy, requested the Commission to charge demand charge on actual load consumption instead of minimum charge from March 20 till lockdown of the educational institutions. She also submitted that the LMV-4 categories are not given the relaxations which were given to the Commercial and Industrial consumers.

3.2.175. Civil Society of Agra submitted that either energy charges or fixed charges shall be levied on the consumers as both charges make per unit rate very high.

B. Licensees' response

3.2.176. As regards to the objection of Shri Avadhesh Kumar Verma, the Licensee submitted that the rules related to generating units governed by UPERC (Terms and Conditions of Generation Tariff) Regulation, 2019. The billing of retail consumers is being done as per Tariff Order/ Supply Code. The revenue difference due to any change in the provisions will have to be considered in respect to the change in proposed ARR gap which will again reflect in the Tariff of consumers. It is also to be considered that the infrastructure is designed as per sanctioned Load of the consumers.

3.2.177. As regarding to the objection of Shri Avadhesh Kumar Verma pertaining to the rebate, the Licensee submitted that the rebate (if any) received from generators gets adjusted from the power purchase cost claimed by the Licensee and the resultant benefit, if any automatically gets reflected in the ARR and hence the tariff.

3.2.178. As regarding to the objection of Shri Avadhesh Kumar Verma pertaining to waiving off fixed charges, the Licensee submitted that the request of the objector is related to the planning of Central Govt. for future years. ARR has been proposed for FY 2020-21 only. Further, it is submitted that Consolidated ARR for FY 2020-21, the share of fixed cost component and variable cost component is approx. 61% and 39% respectively as per following table: -

Expenditure	Fixed	Variable
Cost of Power Procurement	39.58%	38.30%
Transmission and Load Dispatch Charges	2.81%	
Total O&M expenses (including sharing)	8.97%	
Depreciation	3.25%	
Interest on Loan (net of Capitalisation)	1.47%	
Interest on Security Deposit from Consumers and Distribution system Users	0.23%	

Expenditure	Fixed	Variable
Interest on Working Capital	0.49%	0.31%
Bad Debts	1.87%	
Return on Equity	2.74%	
Total Expenditure (B)	**61.39%**	**38.61%**

3.2.179. On the other hand, the consolidated revenue recovery from fixed/demand charge and energy charge approx. 25% and 75% respectively. There is a huge mismatch in the proportion of fixed cost and fixed revenue, resulting in uncertainty of revenue faced by the Licensee. Therefore, the Licensees have to pay the fixed charge component of Power Purchase as approved by UPERC Orders. Therefore, the recovery of fixed charge may be linked with these Commission approved fixed charges and these should not be abolished.

3.2.180. As regards to the objection of Shri Vishnu Bhagwan Agarwal, it is submitted that the Licensee recovers fixed charges in line with the UPERC Distribution Tariff Regulations, 2014. It is also submitted that fixed charges constitute 61% of total ARR for FY 2020-21. However, as per the revenue at proposed tariff fixed charges would be around 25% of total Revenue based on existing tariff of FY 2019-20. There would be deficit of around 37% of fixed charges, which Licensee will recover from energy charges, however it should be recovered from fixed charges rather than energy charges in line with Tariff Policy. It is further, submitted that fixed charges are levied to cover the fixed cost obligations of the Licensee. Fixed charges cannot be based on the variable component of Tariff, i.e., energy charges which will result into inadequate recovery of the cost. Further, Ministry of Power in its consultation paper dated 24th August 2017, has proposed that State Regulatory Commissions should develop a phased implementation plan over a three to five-year horizon to progressively bring fixed charges in retail tariff to 75% to 100% of the fixed cost liability of Distribution Licensees.

3.2.181. As regards to the objection of Shri Ramavadhar Yadav, the Licensee submitted that the Licensee submitted that this representation is not related to True Up FY 2018-19, APR FY 2019-20 & ARR FY 2020-21.

3.2.182. As regards to the objection of Shri Sandeep Dadhwal, the Licensee submits that it is aware of the current pandemic situation and making all efforts for the convenience of stakeholders but being a licensee, it is obligated to follow the orders issued by the Government of Uttar Pradesh and the Commission. Further, the Licensee submits that it is providing all the benefits/relaxations as per the orders issued by the Government of Uttar Pradesh and the Commission. However, the licensee submits that providing extension of such benefits is the prerogative of the Commission, therefore, Commission may take the appropriate view.

3.2.183. As regards to the objection of Prayas Energy Group, Pune, the Licensees submitted that it has submitted the points of consideration for deciding fixed and variable charges in their presentation during Public Hearing, which has been uploaded on the website.

3.2.184. As regards to the objection of Shri Lalla Ram Maurya, the Licensee submitted that the Licensee recovers fixed charges in line with the UPERC Distribution Tariff Regulations, 2014. It is also submitted that fixed charges constitute 61% of total ARR for FY 2020-21. However, fixed charges would be around 25% of total Revenue based on existing tariff of FY 2019-20. There would be deficit of around 37% of fixed charges, which Licensee will recover from energy charges, however it should be recovered from fixed charges rather than energy charges in line with Tariff Policy. It is further, submitted that fixed charges are levied to cover the fixed cost obligations of the Licensee. Fixed charges cannot be based on the variable component of Tariff, i.e., energy charges which will result into inadequate recovery of the cost. Further, Ministry of Power in its consultation paper dated 24th August 2017, has proposed that State Regulatory Commissions should develop a phased implementation plan over a three to five-year horizon to progressively bring fixed charges in retail tariff to 75% to 100% of the fixed cost liability of Distribution Licensees.

3.2.185. The Licensees have submitted the ARR Petition as per the provisions of UPERC MYT Regulations, 2019 and the directions of Commission to consider the impact of COVID-19 Pandemic. The Licensees have further replied to Commission as below regarding Tariff Proposal: -

Commission was requested in Business Plan Petition to approve the Business Plan data. However, in compliance to Commission directions the Licensee has submitted the ARR prior to approval of Business Plan data. But in the absence of approved Business Plan data, the Licensee is finding it difficult to submit the category/ sub-category wise Tariff. Specially in the present Pandemic scenario where sensitivities of various consumer categories are also to be taken care of and any Tariff proposal based on un-approved data should be avoided. Under the circumstances the Licensee will like to submit the tariff proposal on the approved Business Plan data as per the Regulation requirement, otherwise the approved revenue gap of true up and ARR should be converted into Tariff so as to ascertain required cash flow to the Licensees in the current Pandemic situation.

3.2.186. As regards to the objection of D C Sharma, the Licensee submits that the Licensee is not authorised to make any change in Tariff Order of Commission.

3.2.187. As regards to the objections of Civil Society of Agra, the Licensee submitted that it recovers fixed charges in line with the UPERC Distribution Tariff Regulations, 2014. Further, the licensee has to pay some fixed charges even if the consumer doesn't take the power i.e., payments towards generators, PGCIL Charges, Case-1 Transmission Charges, SEUPPTCL, WUUPPTCL Charges etc. The recovery of fixed cost approved by the Commission of the generators and other fixed components should be directly linked with fixed charge tariff of the Consumers so as to remove the misunderstanding of the consumers. Further, it is submitted that fixed charge components in ARR is 61%. However, the Licensees are recovering only 25% of fixed charges through tariff.

3.2.188. As regards to the objection of Shrimati Srimati Pramila Agrawal, the Licensee submits that the licensee is issuing bills on the basis of the Tariff Order of the Commission and licensee is not authorised to make any change in the Tariff Order.

3.2.189. As regards to the submission of Shri Ayush Gupta & Shri Ankit Kumar the Licensee has not submitted any reply.

C. Commission's view

3.2.190. The Commission has taken note of the objections/suggestions made by the stakeholders and comment of the Licensee. The Commission carries out the prudence check of submissions made by Licensee in this regard.

REGULATORY SURCHARGE

A. Comments/ Suggestions of the Public

3.2.191. Civil Society of Agra submitted that Regulatory Surcharge levied is in an unjustified manner and is on a percentage basis. It is proposed that this charge shall be Fixed and to be calculated taking into consideration line loss, non-payment etc. and the arrived cost shall be divided by numbers of consumers. It is further submitted that this simplification will help consumers and bring in ease to different category of consumers- be it Industry or home user.

B. Licensees' response

3.2.192. The Licensee submitted that the Commission had not approved any Regulatory Surcharge in Tariff Order dated 3.9.2020.

C. Commission's view

3.2.193. The Commission has taken note of the objections/suggestions made by the stakeholders and comment of the Licensee.

ABNORMAL COST

A. Comments/ Suggestions of the Public

3.2.194. Shri Ayush Gupta, Consultant, Aspen Corporate Management Services Pvt Ltd submitted that the lockdown period shall be treated as abnormal period and the expenses (Abnormal cost) of the same period shall not be considered as while calculating cost of supply for fixing up tariff order or before normalizing it or ignoring it.

B. Licensees' response

3.2.195. The Licensee has not submitted any reply.

C. Commission's view

3.2.196. The Commission has taken note of the objections/suggestions made by the stakeholders.

DEMAND CHARGES

A. Comments/ Suggestions of the Public

3.2.197. Shri Ramavadhar Yadav, Line Par Kshetra Welfare Association Ghaziabad, submitted that PVVNL increases sanctioned load when the consumer load increase temporarily and on the other hand the sanctioned load is not reduced when the consumer load reduces. Therefore, he requested to make it automatic on both the sides.

3.2.198. Shri Mangu Singh, Managing Director, Delhi Metro Rail Corporation submitted that the DMRC may be exempted from payment of the Contract demand charges and Minimum Consumption guarantee charges during the Force Majeure Event as it is a Public Utility Service provider and also may be allowed to bill on the basis of actual demand & Consumption.

3.2.199. Shri Sanjay Kumar Sapra, DGM -Administration & Facilities, M/s Inter Globe Education Service Limited, requested the Commission to salvage their struggling business by charging the demand charges and electricity duty only on the actual recorded demand instead of Billable demand.

B. Licensees' response

3.2.200. As regards to the objection of Shri Ramavadhar Yadav, the Licensee submitted that this representation is not related to True Up FY 2018-19, APR FY 2019-20 & ARR FY 2020-21.

3.2.201. As regards to the objection of Shri Mangu Singh, the Licensee submitted that it is aware of the current pandemic situation and making all efforts for the convenience of stakeholders but being a licensee, it is obligated to follow the orders issued by the

Government of Uttar Pradesh and the Commission. Further, the Licensee submits that it is providing all the benefits/relaxations as per the orders issued by the Government of Uttar Pradesh and the Commission. Further, the Licensee submits that fixation of tariff is the prerogative of the Commission, therefore, Commission may take the appropriate view.

3.2.202. As regards to the objection of Shri Sanjay Kumar Sapra, the Licensee has not yet submitted any reply.

C. Commission's view

3.2.203. The Commission has taken note of the objections/suggestions made by the stakeholders and comment of the Licensee.

CONTRACT DEMAND

A. Comments/ Suggestions of the Public

3.2.204. Shri Ankit Kumar, IERS submitted that seasonal industries are obligated to pay the fixed charges on their full contract demand and these consumers have to pay extra during the off season because electricity is not utilized to their full capacity. Therefore, he requested the Commission to introduce a guideline or provisions which allows the seasonal industries consumers to reduce their contract demand. Also, he added that the tariff rates during the seasonal period shall not be same as that of the normal period. Further, he added that the seasonal industries consumers shall not be allowed to pay fixed charges on their full contract demand and shall be reduced.

3.2.205. He also submitted that some of the consumers are moving their consumption towards Open Access Power Procurement and is requested to the Commission to allow temporary surrender of Contract Demand for the same consumers. He submitted that this is in line with other states who are allowing flexibility to the consumers and is also helpful for the states for releasing the transmission congestion and creating additional capacity for catering Open Access quantum where consumers are opting their existing load and by shifting it to Open Access mode.

B. Licensees' response

3.2.206. As regards to the objection of Shri Ankit Kumar, the Licensee has not submitted the reply.

C. Commission's view

3.2.207. The Commission has taken note of the objections/suggestions made by the stakeholders.

POWER FACTOR DROP

A. Comments/ Suggestions of the Public

3.2.208. Shri Harish Joneja, Sr. Vice President & Chairman Electricity Committee, NOIDA Entrepreneurs Association, submitted that they could not set things right at their factories due to the sudden announcement of lockdown. He submitted that even the Capacitors were not switched off, which leads to high electricity bill without even consuming the electricity. He further submitted that only light and fan were used by the guard during this period. Therefore, he requested the Commission to consider this situation sympathetically and help the Industry which is already suffering heavy financial losses due to lockdown by allowing the billing for the lockdown on actual basis and also disregard the Power Factor drop.

B. Licensees' response

3.2.209. The Licensee has not submitted any reply.

C. Commission's view

3.2.210. The Commission has taken note of the objections/suggestions made by the stakeholders.

WHEELING CHARGES

A. Comments/ Suggestions of the Public

3.2.211. Shri Vedant Sonkhiya, Legal Officer, Open Access User Association submitted that the allocation matrix used by the Petitioner for segregating wheeling and supply ARR seems incorrect. He submitted that the Petitioner has considered 90% of the interest and finance charges as a part of the Wheeling Business. It is mentioned that the interest and finance charges comprise of interest on long term loans, interest on working capital and interest on security deposit. Also, as interest from working capital and interest from security deposit form a part of the retail business and not wheeling business, thereby it seems incorrect on the part of the Petitioner to consider 90% interest and finance charges under wheeling ARR. Further, he has submitted the allocation methodology of Gujarat & Kerala which might be taken under consideration by the Commission before finalizing the allocation matrix for Wheeling Charge, as shown in the Table below:

Allocation Matrix	Gujarat		Kerala	
	Wires	Retail	Wires	Retail
	Business (%)	Business (%)	Business (%)	Business (%)
Power Purchase Expenses	0%	100%	0%	100%
Employee Expenses	60%	40%	25%	75%
Repair & Maintenance Expenses	90%	10%	25%	75%
Administration & General Expenses	50%	50%	25%	75%
Other Debits	50%	50%	25%	75%
Extraordinary Items	50%	50%	25%	75%
Net Prior Period Expenses / (Income)	25%	75%	25%	75%
Other Expenses Capitalized	55%	45%	25%	75%
Depreciation	90%	10%	25%	75%
Interest & Finance charges	90%	10%	25%	75%
Interest on Working Capital & Security Deposit	10%	90%	25%	75%
Bad Debts Written off	0%	100%	25%	75%
Income Tax	90%	10%	25%	75%
Return on Equity	90%	10%	25%	75%
Non-Tariff Income	10%	90%	25%	75%

3.2.212. He further submitted that the wheeling charges approved by the Commission at different voltage levels are one of the highest as compared with neighbouring as well as other states and is important to have reasonable wheeling charges which will promote industrial development in the state.

3.2.213. Shri Tabrez Malawat, Advocate, M/s Mankameshwar Steel Units 2 Pvt. Ltd, Aligarh, M/s Shreemahakaal Concast Pvt. Ltd, Hathras, submitted that the Licensee has computed Wheeling Charges of Rs 1.05 per kWh undertaking sum of all expenses across all 5 State Discoms, whereas, it should have computed it only for DVVNL. He submitted that the

Licensee has considered wheeling charges as 50% for voltage above 11 kV which has no basis nor it being explained in the Petition. The total energy input at 33 kV for HV 2 and above for FY 2020-21 is approx. 850.19 MU in revised estimate of Licensee out of 18846.47 MU i.e. approx. less than 4.5%. Accordingly, wheeling charges for 33 kV and above consumer should not be more than 10%, unless Licensee submits the Cost Audit Report approved by Statutory Auditors as mandatory to fix cost of service to each voltage level and each consumer category. As it can be well established fact that Load factor is much higher for industrial consumers, the highest for HV 2 consumers for 33 kV consumers against the overall Load factor of Discom. It states that incidence of wheeling charges per kWh should be lower on this category of consumers as Discom stand to gain higher on account of higher sales of units

3.2.214. Shri Tabrez Malawat, Advocate, M/s Sarvottam Rolling Mills Pvt Ltd, Muzzaffarnagar, M/s Shamli Steels Pvt. Ltd, Shamli submitted that the Licensee has computed Wheeling Charges of Rs 1.05 per kWh undertaking sum of all expenses across all 5 State Discoms, whereas, it should have computed it only for PVVNL. He submitted that the Licensee has considered wheeling charges as 50% for voltage above 11 kV which has no basis nor it being explained in the Petition. The total energy input at 33 kV for HV 2 and above for FY 2020-21 is approx. 1274.55 MU in revised estimate of Licensee out of 27651.44 MU i.e. approx. less than 4%. Accordingly, wheeling charges for 33 kV and above consumer should not be more than 10%, unless Licensee submits the Cost Audit Report approved by Statutory Auditors as mandatory to fix cost of service to each voltage level and each consumer category. It is also submitted that as per the petition, FY 2020-21, the Load Factor is 37%, the highest for HV2 consumers for 33 kV against the overall load factor of 15% and this in turn states that incidence of wheeling charges per kWh should be lower on this category of consumers as Discom stand to gain higher on account of higher sales of units.

3.2.215. He also submitted that the wheeling charges are wrongly computed by Licensees as 50% of total charges at 33 kV. It is also submitted that as at higher voltage, expenses on Cost of Services are not provided by cost Audit data, wheeling charges shall be limited at 10% of total wheeling charges at 33 kV voltage.

3.2.216. IEX submitted that the allocation matrix used by the Petitioner for segregating wheeling and supply ARR appears to result in higher wheeling ARR, with excessive allocation of interest and finance costs on the wheeling charges.

B. Licensees' response

3.2.217. As regards to the objection of IEX, it is submitted that the Licensee submits that the licensee has submitted the segregation of wheeling and supply in ARR as per the methodology approved by the Commission vide Order dated 3.9.2019.

3.2.218. As regards to the objection of Shri Tabrez Malawat, the Licensee submitted that the wheeling charge has been computed on consolidated basis in line with the Commissions Tariff orders and clause 51 of the MYT (Transmission and Distribution) Regulation.

3.2.219. As regards to the objection of Shri Vedant Sonkiya, the Licensee has not submitted any reply.

C. Commission's view

3.2.220. The Commission has taken note of the objections/suggestions made by the stakeholders and comment of the Licensee.

ARR

A. Comments/ Suggestions of the Public

3.2.221. Shri Avadhesh Kumar Verma, Chairman, UP Rajya Vidyut Upbhokta Parishad, submitted that consolidated ARR submitted for FY 2020-21 is around Rs. 70792 Cr and the government subsidy are around Rs. 10250 Cr. He submitted that State Discoms total gap is almost Rs. 4500 Cr. State Discoms purchased around 114513 MUs which will cost around Rs. 55235 Cr. He further submitted that State Discoms have claimed losses around 17.90 % and average cost of supply of Rs. 7.89/ unit. All this shows that the gap is due to distribution losses. Also, he added that last year losses were at 11.96% and now they have claimed 17.90% for the current year. The state Discoms have claimed the distribution losses at 6% higher than that of previous year, and this proves all the promises of performance improvement are false.

3.2.222. He submitted that in FY 2019-20 tariff order the Discoms have Rs. 13337 Cr of consumers on account of Uday Scheme and true up of FY 2017-18 and the same shall be passed on to the consumers. Further he added that with the carrying cost at 13%, it comes around Rs. 1478 Cr., If this amount is passed to consumers then electricity rates will come done by 25% and if gap of Rs. 4500 Cr is disallowed then the electricity rates will further be reduced by 16%.

3.2.223. It is further submitted that the advertisement regarding ARR FY 2020-21, APR FY 2019-20 & FY True-up FY 2018-19 are misleading to the consumers, in which it is submitted that after the approval of Business Plan, there will be tariff proposal.

B. Licensees' response

3.2.224. The Licensee submitted that the reply is covered in ARR Petition point No. 4.21 Distribution Loss Trajectory. The Licensee further submitted that the referred point of the objector is covered in the Licensees appeal in APTEL. It has been referred in ARR Petition at clause No. 9.1.1 as below:

> *"9.1.1. It is submitted that some of the claim in the Petition for FY 2019-20 admitted by the Hon'ble Commission dated 1 July 2019, was disallowed by the Hon'ble Commission in Order dated 03.09.2019. UPPCL has filed an Appeal bearing Appeal No. 389 of 2019 before the Hon'ble Appellate Tribunal for Electricity challenging the disallowance by the Hon'ble Commission. The said Appeal has been admitted by the Hon'ble Tribunal and is pending adjudication and will have a bearing in this Petition. In view thereof, it is submitted that UPPCL's claim in the present Petition is without prejudice to UPPCL's contentions in Appeal No. 389 of 2019."*

3.2.225. The Licensee submits that it has submitted the ARR Petition as per the provisions of UPERC MYT Regulations, 2019 and the directions of Commission to consider the impact of COVID-19 Pandemic. The Licensees have further replied to Commission as below regarding Tariff Proposal: -

- Commission was requested in Business Plan Petition to approve the Business Plan data. However, in compliance to Commission directions the Licensee has submitted the ARR prior to approval of Business Plan data. But in the absence of approved Business Plan data, the Licensee is finding it difficult to submit the category/ sub-category wise Tariff. Specially in the present Pandemic scenario where sensitivities of various consumer categories are also to be taken care of and any Tariff proposal based on un-approved data shall be avoided. Under the circumstances the Licensee will like to submit the tariff proposal on the approved Business Plan data as per the Regulation requirement, otherwise the approved revenue gap of true up and ARR shall be converted into Tariff so as to ascertain required cash flow to the Licensees in the current Pandemic situation.
- The transfer of subsidy to consumers is under consideration through DBT mechanism. It is also under consideration to prepare the consumer electricity bill on full tariff without subsidy and mention the amount of subsidy separately in the bill. Accordingly, for this purpose tariff without and with subsidy will be required and the required submission shall be submitted separately. With regard to tariff without subsidy the Licensee will like the adoption of tariff policy, 2016 cross subsidy clause 8.3
- The component of fixed charge and variable charge are 61% and 39% respectively as per ARR of FY 2020-21. The recovery of fixed cost based on existing tariff of FY

2019-20 is only 25%. Under the prevailing Pandemic situation, the month wise sales of various consumer categories cannot be properly ascertained and have much variations. Such tariff mismatch in the cost structure lead to a mismatch in cash flow of the Licensee, as they have a fixed charge obligation to generating and transmission companies irrespective of quantum procured. Hence, the recovery of fixed cost may be linked with the fixed charges components of ARR.

C. Commission's view

3.2.226. The Commission has taken note of the objections/suggestions made by the stakeholder and comment of the Licensee. The Commission has analysed the same in relevant chapters of the Order.

CROSS SUBSIDY SURCHARGE

A. Comments/ Suggestions of the Public

3.2.227. Shri Vedant Sonkhiya, Legal Officer, Open Access User Association has submitted a comparison of the calculation for CSS filed by Discoms for the FY2020-21 with that of in Tariff Order FY 2019-20, and is as follows:

(Rs. / kWh)	Transmission and Distribution Charge					PPC	System Loss	Cost of Suppl y	ABR	CSS	CSS (20% limited)
	Inter-State Trans.	Intra-State Trans.	Dist. Charge	Wheel. Charge	Total (D)	C	L	S =C/(1-L/100) +D	T	T - S	
Industrial (HV 2: Large and Heavy Power)											
FY2020-21 (Tariff Petition)											
11 kV	0.623	0.182	0.46	0.841	2.11	4.23	8%	6.71	8.43	1.72	1.69
> 11 kV	0.623	0.182	0.46	0.526	1.79	4.23	4%	6.2	7.89	1.69	1.58
> 66 kV	0.623	0.182	0.46	0.526	1.79	4.23	4%	6.2	7.79	1.59	1.56
FY2019-20 (Tariff Order)											
11 kV					0.984	10.07	8%	11.93	7.74	-	-
> 11 kV					0.615	10.07	4%	11.11	6.23	-	-

3.2.228. He submitted that the Discoms have not filed any proposed tariff schedule in their petition. However, the ABR considered for calculating CSS in the tariff petition has been considered significantly higher (Rs. 8.43/kWh) by the Discoms as compared to the last ABR approved by the Commission (Rs. 7.74/kWh), as depicted below:

Particulars	FY 20 (approved)			FY 21 (Proposed)			% increase		
	Revenue	Sales	ABR	Revenue	Sales	ABR	Revenue	Sales	ABR
Industrial (HV 2: Large and Heavy Power)									
11 kV			7.74	5,501	6,528	8.43	-21%	-30%	9%
> 11 kV	9,713	13,127	6.23	1,651	2,094	7.89			27%
> 66 kV	-	-	-	493	633	7.79			
Commercial (HV 1: Non Industrial Bulk Load)									
11 kV	3,773	3,589	10.67	2,787	2,444	11.41			7%
> 11 kV			10.15	483	429	11.25	-13%	-20%	11%

3.2.229. Further he submitted that the higher ABR proposed by the Discoms for using in CSS computations is incorrect and the reasons as follows:

- Since no tariff increase is proposed and revenue is being computed at same tariff as existing, the ABR should remain the same.
- It is observed that the sales projection for the industrial category has been considered lower by the Discoms in view of the lockdown and certain industries operating at part load/ lower period during the projected year. This in turn is resulting into artificial increase in the ABR as the fixed charges are payable irrespective of lower consumption during the COVID-19 period.
- Consideration of this artificially higher ABR on account of lower sales due to COVID-19, and using the same for the purpose of determining CSS is misleading as it does not reflect the actual ABR of the industries under normal conditions.
- The trend of ABR as observed during the past years is depicted below for the kind reference of the Commission:

ABR (Rs. /kWh) at UPPCL level:

Category	Voltage	2016-17	2017-18	2018-19	2019-20	2020-21
HV-2	At 11 kV	7.81	7.8	7.8	7.74	8.43
HV-2	> 11 kV & < 66 kV	7.01	6.98	6.98	6.23	7.89
HV-2	> 66 kV & < 132 kV	7.01	6.98	6.98	6.23	7.79
HV-2	> 132 kV	7.01	6.98	6.98	6.23	7.71

YoY change in ABR (%):

Category	Voltage	2017-18	2018-19	2019-20	2020-21
HV-2	At 11 kV	0%	0%	-1%	9%
HV-2	> 11 kV & < 66 kV	0%	0%	-11%	27%
HV-2	> 66 kV & < 132 kV	0%	0%	-11%	25%
HV-2	> 132 kV	0%	0%	-11%	24%

3.2.230. Further, he submitted while the tariff is being determined on the basis of average Cost of Service (ACoS) by the Commission, the formula provides for CSS determination in Tariff Policy 2016 is based on Voltage wise Cost of Service (VCoS) he also added that the Discoms have, till date, not been able to segregate their losses at different voltage levels and it may not be possible for the Commission to determine tariff based on the VCoS- tariffs not being reflective of true cost of supply. On the other hand, migration to CSS determination as per Tariff Policy 2016 leads to consideration of voltage wise costs for working out CSS. The clear anomaly and the consequent gap between the revenue and cost elements leads to artificial jacking up of the CSS for industries.

3.2.231. He added that the Discoms have furnished differential BST based on the approach suggested earlier by the Commission. He submitted that once the differential costs have been arrived at, it becomes of paramount importance that these costs be used to determine CSS for each Discom and presently, the efficient Discoms cross subsidise the inefficient ones as a result of which the consumers of efficient Discoms are being penalised for the non-performing Discoms. He also stated that working out CSS for each Discom using the formula prescribed by Tariff Policy, 2016 (as also stated in the UPERC Tariff Regulations, 2019), gives the following indicative results:

CSS (DVVNL)		**ABR (Rs. /kWh)**	**PP (DBST) (Rs. / kWh)**	**T, D & W Charge (Rs. / kWh)**	**Distribution Loss (%)**	**Intra-state Tx Loss (%)**	**CSS (Rs. /kWh)**	**20% cap (Rs. /kWh)**	**Min CSS (Rs. / kWh)**
HV-2	At 11 kV	7.74	4.16	1.483	8.00%	3.50%	1.56	1.55	1.55
HV-2	> 11 kV & < 66 kV	6.23	4.16	1.168	1.10%	3.50%	0.7	1.25	0.7
HV-2	> 66 kV & < 132 kV	6.23	4.16	1.168	1.10%	3.50%	0.7	1.25	0.7
HV-2	> 132 kV	6.23	4.16	1.168	0.10%	3.50%	0.75	1.25	0.75
CSS (PVVNL)		**ABR (Rs. /kWh)**	**PP (DBST) (Rs. / kWh)**	**T, D & W Charge (Rs. / kWh)**	**Distribution Loss (%)**	**Intra-state Tx Loss (%)**	**CSS (Rs. /kWh)**	**20% cap (Rs. /kWh)**	**Min CSS (Rs. / kWh)**

CSS (DVVNL)		ABR (Rs. /kWh)	PP (DBST) (Rs. / kWh)	T, D & W Charge (Rs. / kWh)	Distribution Loss (%)	Intra-state Tx Loss (%)	CSS (Rs. /kWh)	20% cap (Rs. /kWh)	Min CSS (Rs. / kWh)
HV-2	At 11 kV	7.74	5.57	1.483	8.00%	3.50%	-0.04	1.55	-0.04
HV-2	> 11 kV & < 66 kV	6.23	5.57	1.168	1.45%	3.50%	-0.8	1.25	-0.8
HV-2	> 66 kV & < 132 kV	6.23	5.57	1.168	0.00%	3.50%	-0.71	1.25	-0.71
HV-2	> 132 kV	6.23	5.57	1.168	0.00%	3.50%	-0.71	1.25	-0.71
CSS (PuVVNL)		**ABR (Rs. /kWh)**	**PP (DBST) (Rs. / kWh)**	**T, D & W Charge (Rs. / kWh)**	**Distribution Loss (%)**	**Intra-state Tx Loss (%)**	**CSS (Rs. /kWh)**	**20% cap (Rs. /kWh)**	**Min CSS (Rs. / kWh)**
HV-2	At 11 kV	7.74	4.84	1.483	8.00%	3.50%	0.79	1.55	0.79
HV-2	> 11 kV & < 66 kV	6.23	4.84	1.168	2.74%	3.50%	-0.1	1.25	-0.1
HV-2	> 66 kV & < 132 kV	6.23	4.84	1.168	0.00%	3.50%	0.05	1.25	0.05
HV-2	> 132 kV	6.23	4.84	1.168	0.00%	3.50%	0.05	1.25	0.05
CSS (MVVNL)		**ABR (Rs. /kWh)**	**PP (DBST) (Rs. / kWh)**	**T, D & W Charge (Rs. / kWh)**	**Distribution Loss (%)**	**Intra-state Tx Loss (%)**	**CSS (Rs. /kWh)**	**20% cap (Rs. /kWh)**	**Min CSS (Rs. / kWh)**
HV-2	At 11 kV	7.74	5.29	1.483	8.00%	3.50%	0.28	1.55	0.28
HV-2	> 11 kV & < 66 kV	6.23	5.29	1.168	3.05%	3.50%	-0.6	1.25	-0.6
HV-2	> 66 kV & < 132 kV	6.23	5.29	1.168	0.00%	3.50%	-0.42	1.25	-0.42
HV-2	> 132 kV	6.23	5.29	1.168	0.00%	3.50%	-0.42	1.25	-0.42
CSS (KESCO)		**ABR (Rs. /kWh)**	**PP (DBST) (Rs. / kWh)**	**T, D & W Charge (Rs. / kWh)**	**Distribution Loss (%)**	**Intra-state Tx Loss (%)**	**CSS (Rs. /kWh)**	**20% cap (Rs. /kWh)**	**Min CSS (Rs. / kWh)**
HV-2	At 11 kV	7.74	6.62	1.483	4.09%	3.50%	-0.91	1.55	-0.91
HV-2	> 11 kV & < 66 kV	6.23	6.62	1.168	2.14%	3.50%	-1.95	1.25	-1.95
HV-2	> 66 kV & < 132 kV	6.23	6.62	1.168	2.14%	3.50%	-1.95	1.25	-1.95
HV-2	> 132 kV	6.23	6.62	1.168	0.55%	3.50%	-1.84	1.25	-1.84

3.2.232. He requested the Commission to approve the CSS using the methodology as above.

3.2.233. Shri Nihar Varshney, Rimjhim Ispat Limited, submitted that DVVNL has claimed Cross Subsidy Surcharges for FY 2020-21 of Rs. 1.56 / unit for HV-2 category. He submitted that the Commission in its Tariff Order dated September 03, 2019 for FY 2019-20 has approved Rs. 0.00 / unit. He has also submitted that DVVNL has not provided any basis for such projection. Also, he added that if such high charges are passed on to the high-end consumers such as industries, it will result in the closure of the operations. Hence, he requested the Commission to consider the same Cross subsidy surcharge as was approved for FY 2019-20 i.e. Rs. 0.00/ unit.

3.2.234. Shri P.K Maskara, Director, The Mahabir Jute Mills submitted that a proposal of Cross Subsidy [CSS] on Open Access user at the rate of 1.69, is not justified and it is to discourage the adoption of OA by the HV 2 consumers. And in the formula “T " is taken 7.89 as average bill amount, but, the fixed cost of MDI is fully collected from consumers, so only tariff unit rate shall be taken i.e. Rs 6.80 for 33 kV.

3.2.235. Shri Ankit Kumar, IERS submitted that every Discoms have proposed an increase in cross subsidy surcharges for the Open Access consumers from zero till the previous financial year 2019. He submitted that any increase in CSS will hamper the growth of industries. Therefore, he requested the Commission not to increase the CSS during the current pandemic situation as it will be inappropriate. Further, he submitted that the increase in CSS shall not be accepted as it is against the aim of National Tariff Policy 2016 & National Tariff Policy 2015 that aims in bringing the tariff within 20% of the average cost of supply. Also, he added that the increase in CSS will bring heavy financial burden on the industrial consumers as well as cause great hindrance to the consumers opting for open access.

3.2.236. Shri Amarjith Singh, Shree Cements Ltd. submitted that the Licensee has proposed a cross subsidy surcharge of Rs 1.56/ kWh for HV-2 (Supply above 66 KV & above 132 KV) consumers. It is submitted that the State of Uttar Pradesh is in a process of opening up the Electricity sector and has only recently opened up the Open Access facility to the consumers to make them available with uninterrupted power at a reasonable price. He further submitted that this sudden action of PVVNL to introduce Cross Subsidy Surcharge would have detrimental effect on open access facility and deprive open access consumers to purchase cheap and reliable power. Furthermore, it is submitting that no data has been furnished by the Licensee for exact amount of cross-subsidy that would actually be utilized for subsidized category. He further submitted that subsidy must be recovered or allowed from the subsidizing consumers which is to be passed on to the deprived section of society. Moreover, no data has been furnished by PVVNL with respect to the subsidy that would be passed on to the deprived section. It is further submitted that sudden imposing of such a heavy surcharge will discourage the open access in the state of Uttar Pradesh. Further, he submitted that if Commission feels the need to impose such surcharge then it shall be in an incremental/ graduated manner so that consumer would not lose interest in availing power through open access

3.2.237. IEX submitted that UP Discoms have proposed levy of significantly high CSS. He submitted that due to lockdown, the industrial sales are expected to be low, therefore the Commission is requested to consider a lower ABR while computing CSS as a disproportionately high ABR has a direct bearing on the CSS. It is submitted that consideration of a lower collection efficiency (-70-75 %) during FY 2020-21 is also resulting in higher ABR and the ABR proposed by Discoms is all the more unreasonable considering that fact that these are not the Business as usual circumstances either for Discoms or for the industries. Further, it is submitted that an increase in CSS will have severe repercussions on the operations of industries which optimize power purchase costs through open access when the economics for the same prevail. Therefore, it is submitted that in order to give thrust to the industries in these times of distress, it is imperative that the Commission extends waivers in OA charges and maintains the status - quo on CSS similar to the manner other SERCs have done in past. Also, it is added that Commission may work out differential CSS for the Discoms based on the BST values submitted by them as this would result in aligning the charges with the performance of Discoms and avoid cross subsidisation of one Discom with another. Also, it is added that the open access consumers connected to STU are presently being levied distribution losses at the rate of 4 % despite them being not a user of wheeling network facilities of the Discom The Commission is requested to remove the levy of distribution losses at STU level.

3.2.238. Shri P.K Maskara, Chairman, The Mahabir Jute Mills submitted that in the ARR of Discom, under the cross-subsidy formula, 'L' Commercial loss is also considered and T for tariff payable figure is incorrect. He submitted that it shall be only tariff rate as mentioned in the Tariff Order.

3.2.239. Shri Tabrez Malawat, Advocate, M/s Mankameshwar Steel Units 2 Pvt. Ltd, Aligarh, M/s Shreemahakaal Concast Pvt. Ltd, Hathras, M/s Sarvottam Rolling Mills Pvt Ltd, Muzzaffarnagar, M/s Shamli Steels Pvt. Ltd, Shamli submitted that the CSS shall be applicable only on full open access consumers who opt to surrender contractual demand of Discom. For partial Open Access consumers, who are paying demand charges, CSS should not be applicable.

B. Licensees' response

3.2.240. As regards to the objection of Shri Nihar Varshney, the licensee submitted that the Commission has computed CSS for FY 2019-20 based on the UPERC MYT Regulations, 2014. Subsequently, Commission has notified UPERC MYT Regulations, 2019 for the control period FY 2020-21 to FY 2024-25. The Licensee has submitted CSS computation for FY 2020-21 based on the UPERC MYT Regulations, 2019. Therefore, CSS for FY 2019-20 and FY 2020-21 may not be compared.

3.2.241. As regards to the objection of IEX, the Licensee submitted that the CSS computation in ARR Petition are not based on BST of Discoms. Considering the uniform tariff in the state, a DBST methodology was approved by the Commission and GoUP. The ARR data is based on this methodology, which account for the factor of distribution losses also. The computation of CSS in ARR is based on the clause 49 of UPERC MYT Distribution & Transmission Tariff Regulations, 2019.

3.2.242. As regards to the objection of Shri Tabrez Malawat, the Licensee submitted that the partial open access consumers are paying CSS only on the part they are sourcing through open access. Further, cross-subsidy surcharge on open Access consumers is levied in line with UPERC Open Access Regulations, 2019.

3.2.243. As regards to the objection of Shri Vendant Sonkhiya, Shri Ankit Kumar, Shri Amarjith Singh, the Licensee has not submitted any reply.

3.2.244. As regards to the objection of Shri P K Maskara, the Licensee submitted that it has computed the Cross-Subsidy Surcharge for the relevant consumer categories as per the formula prescribed in Clause 49.2 of UPERC MYT (Transmission and Distribution) Regulations, 2019, which is reproduced as follows:

……

"S= T – [C/ (1-L/100) + D+ R]

Where:

S is the Cross-Subsidy Surcharge;

T is the tariff payable by the relevant category of consumers, including reflecting the Renewable Purchase Obligation;

C is the per unit weighted average cost of power purchase by the Licensee, including meeting the Renewable Purchase Obligation;

D is the aggregate of transmission, distribution and wheeling charge applicable to the relevant voltage level;

L is the aggregate of transmission, distribution and commercial losses, expressed as a percentage applicable to the relevant voltage level;

R is the per unit cost of carrying regulatory assets

Provided that the Cross-Subsidy Surcharge shall not exceed 20% of the Tariff applicable to the category of the consumers seeking Open Access."

Further, the value of 'T' considered in the above formula for the computation of cross subsidy surcharge is correct.

C. Commission's view

3.2.245. The Commission has taken note of the objections/suggestions made by the stakeholders and comment of the Licensee. The Commission has analysed the same in relevant chapters of the Order.

OPEN ACCESSS

A. Comments/ Suggestions of the Public

3.2.246. Shri Vedant Sonkhiya, Legal Officer, Open Access User Association submitted that presently the Discoms are levying the distribution losses at the rate of 4% even for the consumers availing open access and connected at 132 kV level. The Commission would appreciate that the consumers connected at STU level neither cause any costs to the Discom in terms of new infrastructure requirements nor do they wheel their power through Discoms network. Accordingly, it is requested that the Commission may direct the removal of levy of distribution loss for the STU connected industries. Further, he requested the Commission to consider the following:

- The industries in the state are under severe distress and in urgent need to reduce their input costs. Imposing higher CSS than the present level would jeopardise the industrial activity of state. There is a need to facilitate an increase in the open access from the current level of ~200 MW to ~500 MW (i.e. from 1.5% of average demand of state to at least 5%). The Commission is thus requested to consider an approach that helps the industries to optimise their power purchase cost and balances their interests.
- Further, considering the need for industrial growth in states, several SERCs have in past provided waivers on open access charges in order to balance the interest of all stakeholders in the state. Below is a representation of discounts provided by various states across India on the Open Access charges:

State	Open Access Charges	Rationale
Chhattisgarh	Commission approved 90% of CSS	To maintain Industrial growth & activity
Himachal Pradesh	Commission approved CSS as minimum of 20% of CSS or 20% of Tariff	To maintain Industrial growth & activity

State	Open Access Charges	Rationale
Odisha	Commission approved 63% of surcharge on Open Access Consumer	To maintain Industrial growth & activity
Telangana	Commission approved ~50% discount on Additional Surcharge	The Commission in order to strike a balance between all stakeholders approved Additional Surcharge of 52 paise/ unit & not Rs. 1.01/ unit.
Telangana	CSS applicable for FY 2018-19 is minimum of CSS approved for FY 2017-18 and that computed for FY 2018-19.	As Commission had not approved any Tariff hike in Retail Supply Tariff Order for FY 2018-19, hence commission has considered minimum CSS among the existing CSS for FY 2017-18 & computed CSS for FY 2018-19.
Karnataka	Commission approved 50% discount on Additional Surcharge	The Commission considered that levying additional surcharge of Rs.1.17 per unit would burden the open access transactions and in order to balance interest of both OA consumers and other consumers, the Commission decides to levy 50% of uniform additional surcharge.
Meghalaya	Commission in ARR Order for FY 2018-19 approved 90% of CSS	To maintain Industrial growth & activity

3.2.247. Therefore, he requested Commission to maintain the status-quo as far as determination of CSS is concerned or to a level that doesn’t hinder industrial growth and activity in the state.

3.2.248. Shri P.K Maskara, Director, The Mahabir Jute Mills submitted that OA users are paying the cost of power in advance to the IEX and its unit is daily uploaded to the portal of SLDC. He submitted that SLDC shall give energy data to the DISCOM weekly. He also submitted that the bill for such users shall be given paid units booked in OA to the concerned commercial of his area EE for considering the payment already made. Further, he submitted that all OA users shall be provided MRI load survey and TOD data in xls or pdf format.

3.2.249. He submitted an extract from the previous order and is as follows:

> *7.3.9 The wheeling charges determined above shall not be payable if the Open Access customer is availing supply directly from the state transmission network*

He submitted that a consumer is independent feeder of 33 kV line from transmission s/s and its main meter is also at transmission, whose MRI is sent to SLDC, the Wheeling charges should not be imposed. This requires the direction to SLDC, who is mentioning in their permission letter.

3.2.250. He enquired about the type of consumer referred in the extract as every OA consumer is billed by DISCOM. He further enquired If a consumer is in-depend feeder line from transmission S/s and its main meter is also at transmission, whose MRI is sent to SLDC, then will he be covered under this type of consumer.

3.2.251. He also submitted that in case of independent feeder 33 KV line is exit from 132 S/s to the consumer, and the ABT Meters at both ends does not show difference more than +/- .5 %. So, this figure shall be considered for wheeling loss.

3.2.252. Further, he submitted that the STOA is given to consumer for 3 months and enquired why consumer is required to apply it in every 15 days. Also, he submitted that the total contracted load is 14,800 MW, out of which only 220 kW is presently OA consumers and is not a major contributor to revenue loss.

3.2.253. Shri Tabrez Malawat, Advocate, Shreemahakaal Concast Pvt Ltd, Hathras submitted that it has availed Open Access from DVVNL under Section 42 of Electricity Act, 2003 ("Electricity Act") and consequently, sourcing power directly from various generators at the charges payable under the Tariff Orders passed by the Commission. However, with the increase in the cost of electricity charged by Distribution Licensee, the cost of products manufactured/ sold by our Client has significantly increased leading to extremely uncompetitive to sell its products in the market. He also submitted that the cost of electricity in the State of Uttar Pradesh is much higher in comparison to other neighbouring States like State of Uttarakhand, Himachal and Punjab.

3.2.254. Shri Dheeraj Khuller, General Secretary, Bundelkhand Chamber of Commerce and Industry, Jhansi submitted that Open Access threshold limit should be lowered to 500 kVA on 11 kV mixed feeders, from the current threshold limit of 1,000 kVA.

3.2.255. Shri K.L Aggarwal, Chairman, Industrial Development Forum, Muzzaffarnagar, submitted that Director (Com) PVVNL Meerut vide their letter No. 2695 dt 28th Aug 2020 have advised all Divisions to charge Electricity Duty on power purchased from outside by Open Access consumers. In regards to the same, his submissions are as follows:

- That there is no such provision mentioned in open access policy as approved by the Commission.
- That the said power purchased through outside cannot be covered as sale by DISCOM.
- That against such outside purchase by open access consumers, no energy bill is raised 7 & realized by DISCOM.
- That ED is levied as a state Govt. tax on the sale of power by DISCOM in State of UP.
- That power purchased through outside agencies are not covered under Tariff, but separately governed under Open Access policy.

3.2.256. Shri Tabrez Malawat, Advocate, M/s Mankameshwar Steel Units 2 Pvt. Ltd, Aligarh, M/s Shreemahakaal Concast Pvt. Ltd, Hathras, M/s Sarvottam Rolling Mills Pvt Ltd, Muzzaffarnagar, M/s Shamli Steels Pvt. Ltd, Shamli submitted that most of Open Access consumers are on dedicated feeder which are constructed at the cost of Open Access consumer only. While consumer contribution of such open access consumers is socialised on overall assets, when Cost Audit will be taken up, the real benefit of consumer contribution can be accrued to real open access consumers. It is submitted that the Licensee can reduce its overall power procurement cost by carrying out “Banking Transactions” with Himachal Pradesh, Uttarakhand, North East States by supplying power in Winter Season and Schedule back to UPPCL/ Licensees during Summer season of following year as it will reduce burden of fixed charges on power purchase cost for the Licensee. Further, he submitted that the Licensees, should implement massive Solarisation drive for Agriculture consumers and low-income rural consumers which will also reduce cost of service to Licensee. Also, it is submitted that the Licensee should extend “Concession” of Rs 2.50 per unit in Energy Charges during 01.11.2020 to 28.02.2021 when power demand is very low and most of generators are to be placed on Reserve Shut Down. While generators are to be paid fixed charges without gaining any energy, at least running some of generators where Energy charges are less than Rs 3.50 per unit will help both UPPCL/Licensees and Consumer in the State to avail economic power. He further submitted that the UPPCL / Licensee receive back major portion of Short-Term Transmission Charges from RLDC under the Hon’ble CERC Regulations. The Short-Term Open Access charges paid by Open Access consumers to avail short term inter-state transmission charges at the time of scheduling of power are returned to UPPCL / UPPTCL by RLDC. and these charges shall be returned to Open Access consumers by adjusting into their electricity bills or in open Access bills.

3.2.257. He submitted that the Open Access Consumers are also subjected to undue harassment at the hand of authorities of Licensees / UPPCL/ UPPTCL/ UPSLDC. The Open Access Consumers have to apply on daily basis for their applications which amount to paying daily application fee, illegality in nature by expressing dominant position over the consumers. It is stated and acted on account of shortage of intra-state and interstate transmission capacity. It is unfair to consumers, how such a condition can prevail across the year. When UPPCL / Petitioner has claimed to service 24114 MW of peak demand on 18.09.2020, it is for sure that available capacity can transact power up to 25000 MW easily. The Commission is also requested to necessary guidelines and directives to authorities to not play with rules and eliminate this hardship on Open Access consumers. In view of above it is evident that the Licensees proposed CSS does not hold ground when tested with the well-established norms and provisions of the Electricity Act and therefore requests the Commission to dismiss and reject the proposed CSS.

3.2.258. He further submitted that the Licensee should be directed to provide to provide Single Window System for Grant of Open Access in stipulated time lines of UPERC Open Access Regulations. The delay in grant of Open Access is requested to be part of Standards of Performance of Discom.

3.2.259. Also, it is submitted that there shall not be any wheeling charges for open Access consumers availing electricity from Dedicated 33 kV feeder constructed with consumer contribution. For open Access consumers, inter-state transmission charges paid at the time of availing open Access, are returned back to the Licensees by RLDC. Since partial open access consumer is also paying demand charges to Discom which includes such inter-state transmission charges, the Licensee must refund back these charges to partial open access consumers.

3.2.260. Shri Vishnu Bhagwan Agarwal, Chairman, Associated Chambers of Commerce & Industries of UP submitted that the condition for the grant of open access shall be reduced from 1MW to 100 kW.

B. Licensees' response

3.2.261. As regards to the objection of Shri K L Aggarwal, the Licensee submitted that this representation is not related to True Up FY 2018-19, APR FY 2019-20 & ARR FY 2020-21. However, the Licensee has decided to treat the objection as complaint and provide solution to the problem separately.

3.2.262. As regards to the objection of Tabrez Malawat pertaining to Power procurement, the Licensee submitted that the power is procured from different generators and power exchange to meet the demand of the consumers in such a way to optimise power purchase cost considering merit order despatch.

3.2.263. As regards to the objection of Shri Tabrez Malawat pertaining to single window system, the Licensee submitted that the representation is not related to True Up FY 2o18-19, APR FY 2019-20 & ARR FY 2020-21. However, the grant for Open Access is provided to the applicants as per standard procedures and guidelines.

3.2.264. Further, the Licensee submitted that it recovers the wheeling charges as per the Commission's Tariff Order.

3.2.265. The Licensee further submitted that the wheeling charge has been computed on consolidated basis in line with the Commission Tariff Orders and clause 51 of the MYT (Transmission and Distribution) Regulation, 2019.Presently the Licensee is levying wheeling charges in line with the Tariff order issued by the Commission.

3.2.266. As regards to the objection of Shri P K Maskara, The Licensee submitted that consumer energy accounts/ bills are prepared on monthly basis. Further, the objector has not specified the requirement of weekly data availability for Discoms.

3.2.267. As regards to the objection pertaining to MRI load survey and TOD data in xls PDF format, the Licensee submitted that this information is not directly related to ARR proceedings. Further, the reply on the matter will be submitted separately along with consumer complaints.

3.2.268. As regards to the objection pertaining to applying STOA in every 15 days, the Licensee submitted that this information is not directly related to ARR proceedings. Further, the reply on the matter will be submitted separately along with consumer complaints.

3.2.269. The Licensee submitted that it has computed the Cross Subsidy Surcharge for the relevant consumer categories as per the formula prescribed in Clause 49.2 of UPERC MYT (Transmission and Distribution) Regulations, 2019, which is reproduced as follows:

……

"S= T – [C/ (1-L/100) + D+ R]

Where:

S is the Cross-Subsidy Surcharge;

T is the tariff payable by the relevant category of consumers, including reflecting the Renewable Purchase Obligation;

C is the per unit weighted average cost of power purchase by the Licensee, including meeting the Renewable Purchase Obligation;

D is the aggregate of transmission, distribution and wheeling charge applicable to the relevant voltage level;

L is the aggregate of transmission, distribution and commercial losses, expressed as a percentage applicable to the relevant voltage level;

R is the per unit cost of carrying regulatory assets

Provided that the Cross-Subsidy Surcharge shall not exceed 20% of the Tariff applicable to the category of the consumers seeking Open Access."

3.2.270. Further, the Licensee submitted that the objector has not raised any query.

3.2.271. As regards to the objection of Shri Vedant Sonkhiya, Shri Dheeraj Kuller, the Licensee has not submitted any reply.

C. Commission's view

3.2.272. The Commission has taken note of the objections/suggestions made by the stakeholders and comment of the Licensee.

STANDARD OF PERFORMANCE

A. Comments/ Suggestions of the Public

3.2.273. Shri Avadhesh Kumar Verma, Chairman, UP Rajya Vidyut Upbhokta Parishad, submitted that Discoms are not providing services/compensation to the consumers as per UPERC Standard of Performance Regulation, 2019.

3.2.274. The U.P Roller Flour Miller's Association submitted if HV-2 consumers report any breakdown, within 20 minutes electricity supply should be restored or else the consumers should be provided rebate in electricity bills.

B. Licensees' response

3.2.275. The Licensee submits that the Licensee is abiding by the following provision of Uttar Pradesh Electricity Regulatory Commission (Standards of Performance) Regulations, 2019:-

"8. COMPENSATION MECHANISM

8.1 If Licensee fails to meet the guaranteed standards of performance as specified in Schedule-I, Licensee shall pay compensation to the affected person upon lodging of a claim for compensation. ………"

3.2.276. As regards to the objection of UP Roller Floor Miller's Association, the Licensee did not submit any reply.

C. Commission's view

3.2.277. The Commission has taken note of the objections/suggestions made by the stakeholders and comment of the Licensee. Such matters are within the jurisdiction of the concern Consumer Grievances Redressal Forum (CGRF).

RATING OF DISCOMS

A. Comments/ Suggestions of the Public

3.2.278. Shri Avadhesh Kumar Verma, UP Rajya Vidyut Upbhokta Parishad, submitted that Ministry of Power released rating of 41 state owned Discoms. He submitted that performance of the Discoms are very poor and has been given very poor rating. `

B. Licensees' response

3.2.279. The Licensee submitted that for the first time in past 3 years, the MOP ratings of all the UP Discoms have improved in the 7th Integrated Rating of State Distribution Companies published by Ministry of Power. This has been made possible due to various initiatives taken by UPPCL management including distribution capacity enhancement, better quality of supply, reduction in AT&C Losses, timely completion and audit of financial accounts of UP Discoms. It would also be imperative to highlight that for the first time in two decades, Statutory Audit of Financial Accounts of UP Discoms for FY 2017-18 and FY 2018-19, has been completed within the stipulated timelines, against 2 to 3 years' delay in past. Timely completion of financial accounts holds a very important weightage in MOP Discom ratings. Apart from the above, UPPCL management ensured collection of all the requisite data within given timelines which helped in improvement of PFC Ratings of Discoms in the 7th Integrated Rating of State Distribution Companies published by MOP, as depicted in the table below:

Name of Discom	**FY 2016**	**FY 2017**	**FY 2018**
Report No.	**5th**	**6th**	**7th**
DVVNL	C	C	C+
MVVNL	C	C	C+
PVVNL	C+	C	B
PuVVNL	C	C	C+

Name of Discom	FY 2016	FY 2017	FY 2018
KESCO	C+	B	B+

C. Commission's view

3.2.280. The Commission has taken note of the objections/suggestions made by the stakeholders and comment of the Licensee.

MIGRATION TO OTHER CATEGORIES

A. Comments/ Suggestions of the Public

3.2.281. Shri Ankit Kumar, IERS submitted that in the proposed rate schedule of FY 2019-20 that the consumers under the LMV-2 and LMV-4 with Contract Demand above 50 kW and getting supply at 11 kV and above shall have the option to migrate to HV-1 Category. He further submitted that the HV-1 consumers shall also be allowed to migrate to other categories as it will encourage transparency and will ensure level playing for all consumers.

B. Licensees' response

3.2.282. The Licensee has not submitted any reply.

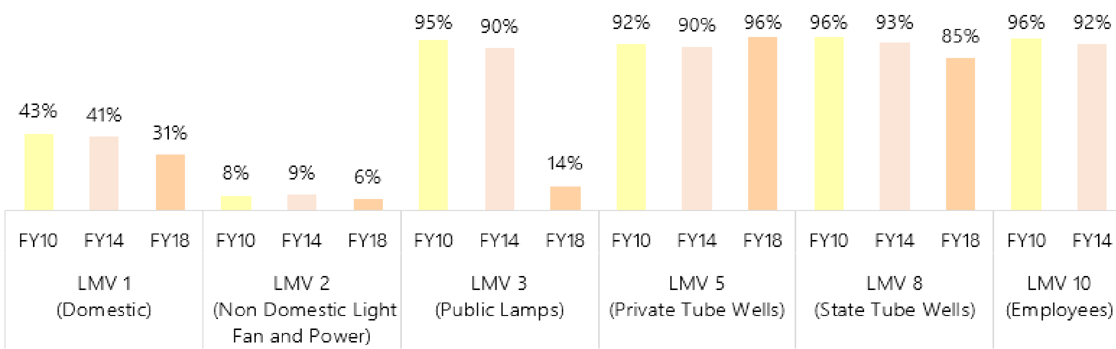
C. Commission's view

3.2.283. The Commission has taken note of the objections/suggestions made by the stakeholder.

UNMETERED CONNECTION

A. Comments/ Suggestions of the Public

3.2.284. Prayas (Energy Group) submitted that the Commission in its tariff order for FY 2019-20 had directed the DISCOMs to meter all consumers other than agricultural consumers by FY 2020-21. It submitted that in DVVNL's petitions, as per response to directives, the Licensee has claimed that 100% metering of domestic consumers has taken place in this DISCOM and is a positive outcome and since the DISCOMs other than KESCO are yet to finish meterisation of domestic consumers, it would be good if DVVNL highlighted its metering approach and share results of the same with the other DISCOMs and the Commission. It also submitted that given the progress in meterisation, it is a good step that PuVVNL has proposed removal of LMV-2 unmetered tariff category. Further, all DISCOMs have mentioned that LMV-10 (departmental employees) consumers will not be under the purview of the metering drive. It is requested to the Commission to direct the DISCOMs to meter LMV 10 consumers as well. It also submitted the metering status across years for DISCOMs and it can be seen that till FY 2017-18, many categories had a large proportion of unmetered connections. Also, it is submitted that in data formats provided for the current tariff process, it shows that in FY20, there were 37% unmetered connections for LMV 3 and 84% unmetered connections for LMV 8 in PVVNL. It is a positive step that meterisation is taking place. Along with this it shall be ensured that the meters installed are functioning and contribute to effective energy accounting and billing. For accountability, DISCOMs shall submit metering and billing audit reports to the Commission for each circle before tariff process for FY21.



B. Licensees' response

3.2.285. The Licensee submitted that the objector has welcomed the initiative of the Licensee for the proposed removal of the LMV-2 (unmetered) consumer category and has also mentioned that it is the positive step that metering is taking place. The Licensees are taking all measures for proper functioning of installed meters.

C. Commission's view

3.2.286. The Commission has taken note of the objections/suggestions made by the stakeholders and comment of the Licensee. The Commission has appropriately dealt the matter in the subsequent sections of this Order.

INCREASE IN COSTS, ARR AND AVERAGE TARIFFS

A. Comments/ Suggestions of the Public

3.2.287. Prayas (Energy Group) submitted that the DISCOMs in their petitions have provided category-wise revenue based on projected sales. It is submitted that while comparing the same with FY 20 figures, ACoS has been projected to increase by 4%, the average tariff barely increases, increasing the ACoS-ABR gap to Rs. 1.65/kWh. Since details have not been furnished in petitions and business plans have not been provided in the petition documents, the assumptions made by the DISCOMs are unclear. Therefore, it submitted