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Before

UTTAR PRADESH ELECTRICITY REGULATORY COMMISSION

Petition No. 1541 / 2019

IN THE MATTER OF:

PETITION NO. 1541 / 2019: TRUING UP OF TARIFF FOR FY 2018-19, ANNUAL PERFORMANCE REVIEW (APR) FOR FY 2019-20 AND APPROVAL OF AGGREGATE REVENUE REQUIREMENT AND TARIFF FOR FY 2020-21

And

IN THE MATTER OF:

Noida Power Company Ltd., Gr. Noida (NPCL) – (Petition No. –1541 / 2019)

ORDER

The Commission having deliberated upon the above Petition and the subsequent filings by the Petitioner, thereafter being admitted on June 05, 2020 and having considered the views / comments / suggestions / objections / representations received from the stakeholders during the course of the above proceedings and also in the public hearing held, in exercise of power vested under Sections 61, 62, 64 and 86 of the Electricity Act, 2003 (hereinafter referred to as 'the Act'), hereby passes this Order signed, dated and issued on December 04th, 2020.

The Licensee, in accordance with Regulation 5.10 of the Uttar Pradesh Electricity Regulatory Commission (Multi Year Tariff for Distribution and Transmission) Regulations, 2019, shall publish the Tariffs approved by the Commission in at least two (2) English and two (2) Hindi daily newspapers having wide circulation in the area of supply and shall put up the approved Tariff on its internet website.

The tariff so published shall be in force after seven days from the date of such publication of the tariff and shall, unless amended or revised, continue to be in force for such period as may be stipulated therein. The Commission may issue clarification / corrigendum / addendum to this Order as it deems fit from time to time with the reasons to be recorded in writing.

1 BACKGROUND AND PROCEDURAL HISTORY

1.1 BACKGROUND

1.1.1 M/s Noida Power Company Limited (hereinafter referred to as 'Petitioner', 'Licensee' or 'NPCL') was granted a 30 year supply license on August 31, 1993 by the State Government under Section 3(1) of the Indian Electricity Act, 1910, which authorized it to supply electricity in the licensed area. It is noted that the NPCL License is upto August 30, 2023 and the License of NPCL will expire within the Control period.

1.2 DISTRIBUTION TARIFF REGULATION

1.2.1 The Uttar Pradesh Electricity Regulatory Commission (Multi Year Distribution Tariff) Regulations, 2014 (herein after referred to as "Distribution MYT Regulations, 2014") were notified on May 12, 2014. These Regulations are applicable for determination of ARR and Tariff from FY 2017-18 to FY 2019-20. Embarking upon the MYT framework, the Commission has divided the period of five years (i.e. April 1, 2015 to March 31, 2020) into two periods namely –

- Transition period (April 1, 2015 to March 31, 2017)
- Control Period (April 1, 2017 to March 31, 2020)

1.2.2 The transition period of two years ended in FY 2016-17. The Distribution Tariff Regulations, 2006 were made applicable for the Truing Up of ARR for the transition period (FY 2015-16 to FY 2016-17), whereas the first Control Period of the MYT Period (FY 2017-18 to FY 2019-20), was governed in accordance with the Distribution MYT Regulations, 2014.

1.2.3 Subsequently, the Commission notified the Uttar Pradesh Electricity Regulatory Commission (Multi Year Tariff for Distribution and Transmission) Regulations, 2019 (hereinafter referred to as "MYT Regulations 2019") applicable for determination of tariff from April 1, 2020 onwards up to FY 2024-25 [i.e., till March 31, 2025] unless extended by the Commission. These Regulations were finalized by the Commission on 23rd September 2019 and were finally uploaded on the Commission's website on 22nd November 2019, after gazette notification. These Regulations are applicable for the purpose of submission of Multi Year Tariff Petition for Business Plan, True-up, Annual Performance Review (APR), determination of Annual Revenue Requirement (ARR) and Tariff of all the distribution and transmission licensees within the State of Uttar Pradesh for the Control Period FY 2020-21 to FY 2024-25.

PROCEDURAL HISTORY

1.3 BUSINESS PLAN, MULTI YEAR ARR & TARIFF AND TRUE UP PETITION BY THE LICENSEE

1.3.1 The Commission, vide its Tariff Order dated November 30, 2017, approved the Business Plan for MYT Control Period (FY 2017-18, FY 2018-19 and FY 2019-20) for NPCL along with the ARR / Tariff for FY 2017-18. In the said Order, the Commission also approved the True Up for FY 2015-16.

1.4 TRUE UP FOR FY 2016-17, ANNUAL PERFORMANCE REVIEW (APR) FOR FY 2017-18, AND AGGREGATE REVENUE REQUIREMENT (ARR) FOR FY 2018-19 FILED BY THE PETITIONER

1.4.1 The Commission, vide its Tariff Order dated January 22, 2019, approved the ARR / Tariff for FY 2018-19, Annual Performance Review (APR) for FY 2017-18 and True-Up for FY 2016-17.

1.5 DETERMINATION OF TARIFF, ANNUAL PERFORMANCE REVIEW (APR) AND TRUING UP OF TARIFF

1.5.1 As per the provisions of the Distribution MYT Regulations, 2014 the Distribution Licensee were required to file their ARR / Tariff Filings before the Commission latest by November 30th each year so that the tariff can be determined and be made applicable for the subsequent financial year.

1.5.2 The Regulation 4 of MYT Regulation, 2019 stipulates the timelines for filing of Business Plan, ARR / Tariff, APR & True-Up Petitions under these Regulations. The relevant extract of the same is reproduced below:

Quote

4. Petitions to be filed in the Control Period

4.1 The Petitions to be filed in the Control Period under these Regulations will comprise of the following:

Filing date	*True- Up*	*APR*	*ARR / Tariff*
15.10.2019	***Business Plan for FY 2020-21 to FY 2024-25***		
30.11.2019	*FY 2018-19 (as per MYT Regulations, 2014)**	*FY 2019-20 (as per MYT Regulations, 2014)**	*FY 2020-21*
30.11.2020	*FY 2019-20 (as per MYT Regulations, 2014)**	*FY 2020-21*	*FY 2021-22*

Filing date	*True- Up*	*APR*	*ARR / Tariff*
30.11.2021	*FY 2020-21*	*FY 2021-22*	*FY 2022-23*
30.11.2022	*FY 2021-22*	*FY 2022-23*	*FY 2023-24*
30.11.2023	*FY 2022-23*	*FY 2023-24*	*FY 2024-25*

**The filings shall be as per Multi-Year Distribution Tariff Regulations, 2014 and Multi-Year Transmission Tariff Regulations, 2014, however, filings have to be made on 30th November of the respective year as per these Regulations.*

4.2 The Licensee shall submit the data regarding the above as per Guidelines and Format prescribed and added/ amended from time to time by the Commission.

Unquote

1.5.3 The Commission vide its Letter UPERC/Secy/D (Tariff)/19-1238 dated September 24, 2019 conveyed the Petitioner to immediately initiate the process of filling of Petition for Business Plan and determination of ARR / Tariff in order to adhere with the timelines as stipulated under the Regulations. The Petitioner thereafter submitted their Petitions in the matter of Truing Up for FY 2018-19, Annual Performance Review (APR) FY 2019-20 and determination of ARR / Tariff for FY 2020-21 before the Commission, after a delay of approx. a month on December 27, 2019.

1.5.4 The Petition should have been filed latest by November 30, 2019 and the Petitioner submitted that the process of filing of the Business Plan and the ARR & Tariff Petition for FY 2020-21 was slightly delayed on account of delay in preparation of data as per the new tariff formats prescribed in the MYT Regulations, 2019. The Petitioner assured that in future it will submit the Petition as per the prescribed time lines.

1.5.5 The Commission would like to caution the Petitioner that such delays in future in filing of True-Up, APR and ARR Petitions during this control period would be dealt strictly considering the directions contained under Hon'ble APTEL's Judgement dated 11.11.2011 in OP No. 1/2011 referred above. Additionally, this would be treated as non-compliance of relevant provisions of various Regulations and appropriate punitive action against the Petitioner may be taken by the Commission.

1.6 PRELIMINARY SCRUTINY OF THE PETITIONS

1.6.1 The Petitioner, in its Business Plan Petition, has submitted the Category / Sub-category wise number of consumers, connected load. Load factor, sales projections, Power Procurement Plan (Renewable Energy and Non- Renewable Energy) and Forecasting, Renewable Purchase Obligation (RPO) Planning and Forecasting, Distribution Loss trajectory, Capital Investment Plan, Financing Plan and Physical targets, Equity, Grants, etc.

1.6.2 After the detailed scrutiny of the Petition by the Commission, a deficiency note was issued to the Licensee vide letter dated February 27, 2020 directing it to provide the required information within 10 days from the date of issuance of the Deficiency Note. The Commission further issued a set of deficiency note vide its letter dated May 13, 2020. The Petitioner submitted its replies on May 27, 2020.

1.6.3 Further, several other deficiencies were raised by the Commission. The Petitioner submitted its most of the critical data for the acceptance / admission of the Petition.

1.6.4 The Commission issued the Business Plan Order of the Petitioner in Petition No. 1526 of 2019 vide Order dated November 26, 2020.

1.7 ADMITTANCE OF THE TRUE-UP, APR AND ARR / TARIFF FILINGS

1.7.1 The Commission, vide its Admittance Order dated June 05, 2020, directed the Petitioner to publish a Public Notice consisting of the summary and highlights of the proposed Aggregate Revenue Requirement and Tariff for FY 2020-21, Annual Performance Review for FY 2019-20 and True-Up for FY 2018-19 in at least two (2) English and two (2) Hindi daily newspapers having wide circulation in its license area, inviting suggestions and objections within 15 days from the date of publication of the Public Notice(s) from the stakeholders and public at large. The Petitioner shall also upload on its website the Public Notice, Petitions filed before the Commission along with all regulatory filings, information, particulars and related documents.

1.7.2 The Commission also directed that the Public Notice(s) should also contain the details of ARR, proposed Tariff, True-Up, details of actual Distribution Loss for FY 2018-19, FY 2019-20 & proposed Distribution Loss and Distribution Tariff for FY 2020-21 and such other matters, if any.

1.8 PUBLICITY OF THE LICENSEE FILINGS

- The Public Notice detailing the salient features of the Filings were published by the Licensees in daily newspapers as detailed below, inviting objections from the public at large and all stakeholders. This information appeared in Hindi Newspapers (Dainik Jagran, Navbharat Times) and English Newspapers (The Statesman, Times of India) on June 09, 2020.

2 PUBLIC HEARING PROCESS

2.1 PUBLIC HEARING:

2.1.1 To provide an opportunity to all sections of the population in the Licensee's supply area to express their views and to also obtain feedback from them, virtual public hearing through Video Conference was held by the Commission on July 08, 2020.

2.1.2 Consumer representatives, industry associations as well as several individual consumers participated actively in the public hearing process.

2.1.3 The State Advisory Committee meeting was held on November 06, 2020 in which Tariff related issues were discussed. The same have also been taken into consideration while finalising and determining the tariff.

2.1.4 The views / suggestions / comments / objections / representations on the True-up / APR/ ARR / Tariff submissions received from the public were forwarded to the Licensee for its comments / response. The Commission considers these submissions of the consumers and the response of the Licensees before it embarks upon the exercise of determining the final True-up / APR / ARR / Tariff.

2.1.5 Shri Ramashankar Awasthi requested the Commission to provide the Petitioner's reply on his comments / objections raised in the public hearing. The Commission has provided the Petitioner's reply vide emails dated October 01, 2020. Shri. Awasthi has submitted his comments / objections on the above reply of the Petitioner and also has made later an additional submission by hand. All of these have been taken into consideration and have been appropriately dealt with in the subsequent sections of this Order.

2.1.6 Besides this, the Commission, while disposing the True-up / APR / ARR / Tariff filed by the Licensee, has also taken into consideration the oral and written views / comments / suggestions / objections / representations received from various stakeholders during the public hearings through video conferencing or through post or by e-mail.

2.1.7 The Commission has taken note of the views and suggestions submitted by the various stakeholders who provided useful feedback on various issues and the Commission appreciates their participation in the entire process.

2.2 VIEWS / COMMENTS / SUGGESTION / OBJECTIONS / REPRESENTATION ON TRUE-UP, APRD AND ARR / TARIFF FILLINGS.

2.2.1 The Commission has taken note of the various views/ comments / suggestions / objections / representations made by the stakeholders.

2.2.2 The Commission has attempted to capture the summary of comments / suggestions / observations in this section. However, in case any comment / suggestion / observation is not specifically elaborated, it does not mean that the same has not been considered.

The Commission has considered all the issues raised by the stakeholders and Licensee response on these issues while carrying out the detailed analysis of the True Up for FY 2018-19, APR for FY 2019-20 and Tariff for FY 2020-21.

2.2.3 The list of the persons who have submitted their views / comments / suggestions / objections / representations, is appended to this Order. The major issues raised therein, the replies given by the Licensees and the views of the Commission have been summarised as detailed below:

TARIFF

A. Comments / Suggestions of the Public

2.2.4 Shri Avadhesh Kumar Verma, Chairman, M/s U.P Rajya Vidyut Upbhokta Parishad requested the Commission to reduce the tariff of the Petitioner by 15% so that the consumers will be benefitted.

2.2.5 Shri Vishnu Bhagwan Agarwal, Chairman, ASSOCHAMUP submitted that Tariff should be reduced for industries in line with the other States. He added that the Tariff needs a reconsideration and reduced to give a boost to manufacturing activities.

2.2.6 Shri Vipin Kumar Malhan, President, Noida Entrepreneurs Association submitted that due to lockdown, huge losses were incurred by the Industrial and Commercial Institutions and therefore, proposed tariff hike is strongly opposed.

2.2.7 Shri Sunil Kumar Pandey submitted that Fixed charges per KVA should be reduced if there is no infrastructure by Electricity Boards/ UPPCL/ NPCL, as the infrastructure setup is provided by the Builder. It is also submitted that all infrastructure responsibility must be on Distribution companies if they are going to charge fixed charges per KVA. It is also submitted that infrastructure cost must be nominal if any changes required in Basic Infrastructure. Even if there is no need to do any changes, it is an excuse used by all Power Supply Companies. Electricity Unit rate must be as per Individual connections.

B. Petitioner's Response

2.2.8 As regards to the objection of Shri Avadhesh Kumar Verma, the Petitioner has not submitted any reply.

2.2.9 As regards to the objection of Shri Vishnu Bhagwan Agarwal, the Petitioner submitted that the Commission may decide the tariff based on the Petitions filed by the Petitioner.

2.2.10 As regards to the objection of Shri Vipin Kumar Malhan, the Petitioner submitted that it has desired not to consider any proposal with regard to tariff increase submitted by

UPPCL, hence, does not relate to the Petitioner. The Commission may kindly decide suitably.

2.2.11 As regards to objection of Shri Sunil Kumar Pandey, it is submitted that the Petitioner is charging Tariffs as per the Rate Schedule approved by the Commission vide its Tariff Order September 03, 2019.

C. Commission's View

2.2.12 The Commission has taken note of the objections/suggestions made by the stakeholders in this regard.

TARIFF RATIONALISATION

A. Comments/ Suggestions of the Public

2.2.13 Shri Chakresh Jain submitted that there is a mass scale violation of tariff orders and total non-compliance of CGRF orders which leads to excess collection in electricity through prepaid meters. He requested to visit the tariff orders since FY 2014-15 till FY 2019-20. It is submitted that the monthly statement of electricity collection under 4 heads not been given to the residents and half or full year audits are also not being done by any builder or association, which results in money laundering and non-refund of excess collected amount. Further, it is submitted that huge excess collection is due to high declared tariff of Rs. 7 & Rs. 100 and should be reduced based on actuals Rs. 6.62 & Rs. 26.5 which is due to wrong power factor of 0.9 instead of actual PF of 0.98. He then submitted that energy and grid fixed charges needs to be rationalized as suggested below:

- **Energy rate** = supply rate+ 5% duty (6.30+ 5% =6.62)
- **Grid fixed charges** = actual billed by PVVNL divided by total load in society (approx. 26.50)
- **Common Area Electricity**= shortfall in collection from 1& 2 above to be divided by no of flats (varies between 250 to 550)
  Note: monthly PVVNL bill must be balanced in above 3 heads of collections.
- **DG fixed charge** is only depreciation fund amount hence must be put in blank FD every month positively. (If collected and not put in FD shall attract criminal proceedings against builder/AOA)

B. Petitioner's Response

2.2.14 As regards to the objection of Shri Chakresh Jain, the Petitioner submitted that the Complainant has already filed cases in CGRF, Meerut (Case no 21/2019 & 26/2020), hence, relating to PVVNL. It is pertinent to mention that the Petitioner takes necessary action as and when any complaint received by it.

C. Commission's View

2.2.15 The Commission has taken note of the objections/suggestions made by the stakeholders in this regard.

REVENUE VS EXPENDITURE

A. Comments/ Suggestions of the Public

2.2.16 Shri Avadhesh Kumar Verma, submitted an analysis between revenue and expenditure, as shown in the table below:

Table 2-1: Details regarding analysis between revenue and expenditure

Particulars per unit	UOM	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
Net Expenditure	Rs / kWh	6.50	6.63	6.05	7.05	7.52	7.38
Total Revenue	Rs / kWh	5.98	6.43	6.66	6.86	6.99	7.28

2.2.17 He submitted that:

- The Net Expenditure in Rs. /kWh was 6.05 but it was increased by 16% in FY 2017-18. The year on year increase in FY 2018-19 is further increased by 7% and such huge increase in expenditure are doubtful.
- CAGR of 5 years of Revenue is only 4% whereas tariff hike in the same period was much more by the Commission.

B. Petitioner's Response

2.2.18 The Petitioner submitted that it has been filing Tariff Petitions in accordance with applicable UPERC (Terms & Conditions for Determination of Distribution Tariff) Regulations, 2006, UPERC MYT Regulations, 2014 and UPERC MYT Regulations, 2019 with all requisite details, which were further clarified and explained as desired by the Commission through various deficiency notes issued from time to time.

2.2.19 Further, the Petitioner resubmitted that the queries/ comments / suggestions have been invited by the Commission on NPCL's Petition no. 1541 of 2019 for True-up for FY 2018-19, APR for FY 2019-20 and ARR for FY 2020-21, therefore, comments on tariffs / ARR prior to FY 2018-19 cannot be the subject matter of the present proceedings. The Petitioner further submitted that the Objector is wrongly comparing CAGR in ABR over 6 years vis-à-vis year on year increase in costs. The Petitioner added that on a correct analysis, the Commission would observe that while ABR has increased at the rate of 4% CAGR, the costs have increased at the rate of 2.5% CAGR over the same period.

C. Commission's View

2.2.20 The Commission has taken note of the objections/suggestions made by the stakeholders in this regard.

DISTRIBUTION LOSSES

A. Comments/ Suggestions of the Public

2.2.21 Shri Rama Shanker Awasthi submitted that when the Commission has asked the Petitioner to explain the reason for the increase in the losses from the 8% level, the Petitioner has smartly explained the reason as COVID-19, whereas the impact of COVID-19 commenced during the last week of March 2020. He also submitted that the Petitioner has provided many more reasons and compared their own utility to utilities which have 30% of losses.

Table 2-2: Objectors response to NPCL's Reply

NPCL Reply	Objector Response
The Commission is kindly aware that the entire country in under lockdown, till 31st May 2020 (as notified till the date of this letter), due to COVID-19. Malls, work places (both private & Government), industries have been ordered to remain shut and advisory has been issued to private sector organizations to allow their employees and officers to work from home.	COVID 19 related locked down started 24th March 2020 only and NPCL is hiding its inefficiency for the entire year in a week period.
The above has affected the operations of the Petitioner significantly. The revenue, power purchase and consumer mix has changed all together. The drawl by industries has come to a standstill while that of Urban and Rural Areas is drawing power unrestrictedly resulting into higher LT Sales, Lower HT Sales and Higher T & D losses. The situation becomes all the grimmer because of restrained movement of Petitioner's personnel and effectively no Loss	The objector has field reports providing that village supply is less than 10 hrs per day. Further, with Petitioner there is a huge load in domestic single point connection, the consumption from such consumers could have increased. It is important to see that a week of lockdown in FY 2019-20, will not impact overall performance

NPCL Reply	Objector Response
Control Activities in the fields due to lock-down.	
Further, the Petitioner has time and again submitted to the Commission that it has been striving to implement/emulate efficient, resilient, robust, inclusive, tailor-made initiatives to tackle the ever-rising menace i.e. commercial loss, which all distribution utilities are struggling hard to chain. While many initiatives tendered significant results but sometimes most worthy models failed due to the volatile environment, which are beyond the control of the distribution licensee.	It is submitted that the Petitioner for so many years have not been able to bring down the loss levels. However, during the same time Torrent has reduced losses in Agra from 55% to 14-15% but the Petitioner losses are unchanged from 8%. It is surprising how electricity theft is calibrated to the same level for so many years. It appears that data is manipulated for loss computation. Further, if Greater Noida industrial city with huge domestic load at HT is volatile environment, it appears that the Petitioner is incompetent to serve the area.
Local Authority restraining the Petitioner from providing electricity connection in unplanned and un-authorized colonies leading to unauthorized tapping of energy. The menace has been quite high in Doob area of Greater Noida which is witnessing rapid build-up of colonies considering with growing urbanization and all-round development. Greater Noida being a developing city with many vacant residential premises, has attracted unauthorized occupants in urban areas who also indulge in hooking and tapping of electricity.	The Petitioner has purchased so many vehicles and is charging crores of rupees in professional fees. Additionally, most of the network is in HT, then how theft is happening is beyond understanding of a common man. At the ground level, thousands of people are harassed by them who purchase property. Just after they take possession and seek electricity connection, their raid teams present them a bill in Lakhs of rupees for the period prior to purchase of property. It is submitted that the Petitioner must look, if their own employees are involved in corrupt practices, otherwise power theft is not possible. The Commission must scrutinise the role of management in malpractices with consumers and providing of 'illegal' and fake bills in the name of Supplementary bills which are not computer generated.
In villages and unauthorised colonies, due to lack of planned development and no authority for approving "Naksha", at many places, the electrical network is being exploited to such a level where	The objector is surprised to read the argument provided by the Petitioner as if their management is able to work only in European countries. Similar conditions do prevails in UPPCL's Discom area.

NPCL Reply	Objector Response
even the electrical poles / transformers are being covered within the boundary / four wall of the houses leading to theft/ pilferage. Due to widespread land acquisition in Greater Noida, allocation of certain percentage of land to farmers and development of private colonies and allocation, the above practice is quite frequent and wide spread in Greater Noida Area.	It is very common practice across all the state If this would not happen, the Petitioner losses cannot be more than 3%.
Increased hours of supply in rural areas i.e. from 12-16 hours to at least 18-22 hours in accordance with the State Government directions. In this regard, the Petitioner would like to bring to the attention of the Commission to a letter no. 1686/24-P- 3-2018 dated August 3, 2018 written by the Principal Secretary (Energy), Govt. of UP wherein the Petitioner has been directed to provide 18 hours' power supply in villages failing which action will be taken against the Petitioner in accordance with the conditions of license of the Petitioner. Therefore, the Petitioner had to further increased power supply in villages. However, it'll result into higher T&D losses and bad debts due to non-payment of bills.	It is submitted that the Petitioner is not providing electricity supply to villagers as per government directives.
Earlier, the Petitioner was able to contain T & D loss at 8% by curtailing load in the loss prone areas but with the strict direction to increase power supply in rural areas for at-least 18 hours irrespective of high losses and non-payment of bills, the T&D Loss cannot be contained at 8% level. Further, these villagers are adding many of the electrical/electronic items such as air	It is submitted that the Petitioner must be directed to provide village wise and DT wise monthly energy audit reports to substantiate their claims. Further, an independent consumer survey should be conducted in villages to know the actual facts.

NPCL Reply	Objector Response
conditioners, large TVs, washing machines, mobile phone, Laptops etc., without paying their electricity dues. This has seriously strained the Petitioner's efforts to contain its losses at 8%.	
Lowering of the HT: LT ratio.	It is submitted that all the data is provided in such a format which is not properly readable, cannot be copied. To help the Commission to understand the game of providing wrong information, an analysis of Petitioner data has been done and the sales ratio at 33kV is increased, 11 kV is increased and LT is decreased. **This is the reason that T&D losses should be reduced by 1.8% to 6.2% in FY 2018-19 and FY 2019-20**

	FY 2014-15	**FY 2015-16**	**FY 2016-17**	**FY 2017-18**	**FY 2018-19**	**FY 2019-20**
	(n-2)	(n-1)	(n)	(n+1)	(n+2)	(n+3)
LT	25.1%	23.7%	24.5%	24.4%	23.2%	23.1%
HT	24.7%	24.8%	26.2%	26.5%	25.8%	25.8%
EHT	50.2%	51.4%	49.3%	49.1%	51.0%	51.1%
Total Sales	1,309.89	1,377.16	1,500.40	1,667.60	1,850.07	2,080.65

Further, the sales data was also analysed and it was found total sales in HV-1, HV-2 and LMV-1 bulk supply which are HT consumers is increasing every year as following:

	FY 17-18	FY 18-19	FY 19-20
HT Sales	1211.54	1371.74	1554.73
% of HT Sales	**72.7%**	**74.1%**	**74.7%**

NPCL Reply	Objector Response
	It shows that LT sales ratio is decreasing, accordingly T&D losses can be decreased by 2%
	It is submitted that over the years, the Petitioner's management has presented the data in the wrong manner. Since, Consumer is harassed and State Government directives also not implemented by the Petitioner. T&D losses should be reduced by 2%, the analysis has been shown below: Compared to FY 2014-15, T&D losses at 33kV have been shown to increase by 0.03%, at 11kV by 0.15% and at LT by 1.52%, this makes the total to be 1.70% i.e. in overall 0.43%. So, T&D losses should not be allowed to increase and reduce by 0.61%. (0.03+0.15+0.43) The capex done in FY 2014-15 to FY 2019-20 in augmenting 33/11kV substations, 11kV feeders, DT and LT feeders clearly indicates technical losses have decreased by more than 2% However, it appears that the Petitioner has smartly increased power theft corresponding to decrease of technical losses, which is not possible without manipulative and corrupt practices, where involvement of any level cannot be ruled out. **It is pertinent to mention, that loss reduction can be worked out, provided all the data is submitted by the Petitioner. If the Commission is really interested in reducing the losses in the Petitioner's area of operation, <u>the objector with his "Expert's" team can provide solutions even at their own cost. Provided,</u> the Commission ensures easy access to full data.**
The Commission is aware that the T&D losses vary widely from utility to utility and are over 20% on an average in India against 6-12% in advance countries like US, UK, Germany, France etc. Some of	The Commission knows it very well that Surat is having T&D losses at less than 5%. And the Petitioner has exhibited its manipulative skills by comparing its high T&D losses with average losses of state Discoms.

NPCL Reply	Objector Response
the utilities in India have over 30% T&D losses.	The CESC which is its parent company is having much higher LT consumption has shown losses at 9%. It appears that the Petitioner's management will bring all the arguments to increase its losses to 20% but no single argument to show that losses can be decreased by even 0.1%.

2.2.22 He submitted that if the Petitioner is not able to maintain 6% losses, it would be better to transfer this area to UPPCL which is able to maintain losses at 6% in Noida and Ghaziabad area. The losses under the Regulations are controllable parameters and the same needs to be reduced for maintaining the efficient system and supply. Further, he added that since losses are controllable parameters, and the Commission as per Section 61 of the Electricity Act, 2003 and National Tariff Policy, 2016, is bound by the factors which would encourage competition, efficiency, economical use of resources, good performance and optimum investments.

2.2.23 He also submitted that the Petitioner has claimed distribution loss of 8.23% for FY 2019-20, which is more than the approved target of 8.00% by the Commission in its Tariff and Revised ARR Orders. He has submitted the distribution losses for the past years:

Table 2-3: NPCL Distribution losses for the past years

Name of Discom	FY 2012-13		FY 2013-14		FY 2014-15		FY 2015-16	
	Tariff Order	Trued-up	Tariff Order	Trued – up	Tariff Order	Trued-up	Tariff Order	Trued – up
NPCL	7.61%	7.61%	7.94%	7.94%	8.00%	8.00%	8.00%	8.00%

Name of Discom	FY 2016-17		FY 2017-18		FY 2018-19		FY 2019-20	
	Tariff Order	Trued – up	MYT Order	Trued-up	MYT Tariff Order	Claimed in True- up Petition	MYT Tariff Order	Claimed in APR
NPCL	8.22%	8.00%	8.00%	7.99%	8.00%	8.15%	8.00%	8.23%

2.2.24 He added that till FY 2017-18, the Petitioner have continuously shown losses at the rate of 8% with a tolerance of +/- 0.02%. However, in FY 2018-19 and FY 2019-20, losses are projected to increase at 8.15% and 8.23% respectively. Further, all private companies in India are able to reduce losses, while the Petitioner has claimed an increase in losses. It is further submitted that HV1 and HV2 sales (energy intensive-high voltage consumer) of the Petitioner contribute to more than 70% of total sales, where losses are 1.3% as per their cost audit statements. Also, the agriculture sale is approximately 1.5%, which implies there should be low loss in overall system. However, in the LT system, the Petitioner have losses of more than 20%, worse than any Government Discom. Even though the Petitioner has provided separate transformers to most of LT transformers, losses are still high in LT system. Further, it was submitted that the CAPEX done by the Petitioner on the 33kV and 11kV is increasing each year, with GIS based substation in place and also, the losses at 33kV and 11kV level should be reduced to 1% and 1.75% respectively. He further enquired that, why the Petitioner is not able to reduce the distribution losses beyond the 8% level, whereas Discoms in other states (Gujarat -Surat, West Bengal - Asansol) have brought down losses to 6%. He requested the Commission to direct the Petitioner to submit detailed justification on why the Petitioner is not able to reduce their losses beyond 8% level. Further, he mentioned that the AT&C losses of Petitioner should not be allowed more than 5-5.5% considering high HT sales.

2.2.25 He further submitted that the Petitioner has claimed higher distribution loss in all the previous years. He requested the Commission to disallow any losses more than 6% for FY 2020-21.

2.2.26 Based on the reply of the Licensee, he further submitted that for last 15 years, the Petitioner is continuing with 8% losses. It appears that no efforts are made to reduce losses inspite of high capex. While losses at 33 kV and 11 kV are reduced over last 5 years as Petitioner has provided, however to keep bracket of 8% the losses are stated to increase at LT which cannot happen without involvement of corrupt and inefficient practices. The Petitioner has not responded to data research provided by Objector on reduced distribution losses. As requisitioned by Petitioner, there is no need to carry out big capex for reducing of distribution losses as already 75% power consumption is at 33 kV and 11 kV voltage levels. It is to be stated that it is not an empty statement of objector that losses of NPCL can be reduced by 2% very easily.

2.2.27 He also added that India Power with such consumer mix is having distribution losses @ 2.5-3 % as approved by WBSERC. The data research as provided in our comments suggest that while losses at 33 & 11 kV are decreasing, to obtain 8% losses they are suitably increasing LT losses. The data research suggest losses should not be more than 6%. Accordingly, it needs to be approved at reduced level. Overall impact is approx. Rs. 25 Cr.

2.2.28 Shri Avadhesh Kumar Verma submitted that the power sales are 55% at 33kV where losses are only 1.2% whereas the consumption at 11kV is 25% where losses are 2.25%. He submitted that the losses at LT cannot be more than 10%, as it is evident in many private utilities and many city areas of UPPCL. He added that the total losses cannot be more than 5%, as is the case in Noida area. He submitted that in view of high capital expenditure and 75-80% sales at 33kV and 11kV, AT&C losses of the Petitioner cannot be more than 5%. He requested the Commission to maintain losses of the Petitioner at 5% in interest of consumers. He also added that the Commission may renew license of PVVNL in Greater Noida area so that there is competition and losses can be maintained at 5%.

2.2.29 He submitted that the Petitioner has sought 9.03% T&D losses for FY 2020-21. However, the 70-75% of sales of the Petitioner are in HV-2 and HV-1 and LMV-1 at 11kV & 33kV. Hence on component of 75% sales, T&D losses cannot be more than 2.25%. On the balance LT sales, most of category are provided connection by HVDS with so many Distribution Transformers. LMV-3 (on main roads) LMV-4, LMV-5, LMV-6, LMV-7, LMC-8, LMV-9 are provided connections to consumers with separate transformers effectively making it HT connections with 0.5% extra losses of transformation. Accordingly, on LT, not more than 8% losses should be allowed which makes LT losses in perspective of total losses to be 2.00%. For LT distribution, 2.25% of HT loss component has been added, also i.e. 33kV and 11kV energy flow. Therefore, maximum T&D losses of the Petitioner should be allowed at 5% only. It is submitted that agricultural sales are less than 1.5% only and most of villages have turned into urban area due to many big companies coming in Greater Noida. He added that from last 15 years, the Commission is allowing 8.00% losses. He requested the Commission that it should investigate the technicalities of energy flow and huge capital expenditure made by the Petitioner which has reduced energy losses heavily. He submitted that Crores of rupees are invested by the Petitioner into metering and IT projects which makes it necessary to avail T&D losses at much lower levels.

2.2.30 He further submitted that by allowing 5% T&D losses, 80 Mus will be saved on energy requirement i.e. against 1867.12 MU claimed for FY 2018-19, for only 1787 MU will be required by the Petitioner.

2.2.31 He also submitted that as per Form F2, energy purchase cost taken as Rs 5.79 per unit. The energy purchase cost of Rs. 45.91 Crore can be saved for consumers.

2.2.32 Further, he submitted that as per Format F3, maximum power requirement is in HT category and further in LMV-1 category, there is almost 50% energy sales at 11kV and 33kV. He submitted that LMV-1 sales as per Format F9 are shown in the below table and it can be seen that rural sales are only 8% whereas LMV-1 bulk sales at 11kV and 33kV is at 52%.

Table 2-4: Energy sale of LMV-1 Category

Particular	Sales	%
Rural Metered LMV-1	46.30	8.00%
Unmetered LMV-1	-	

Particular	Sales	%
LMV-1M Other	237.43	40.00%
LMV-1 Bulk	310.35	52.00%
Total Category	**594.08**	

2.2.33 He further added that the agricultural sales are around 1.35% of total sales. Out of agricultural sales, 82.18% sales are metered in rural and 1.18% in urban.

Table 2-5: Energy sale of LMV-5 Category

Rural Unmetered	-1.05	4.86	3.82	16.64%
Rural Metered	18.86		18.86	82.18%
Urban Metered	0.27		0.27	1.18%
Total Category	**18.08**	**4.86**	**22.95**	1.35%
Total Energy Sales			1698.49	

2.2.34 He submitted that the Petitioner may be selling some of the energy in cash to some big consumers or something is wrong on booking of power purchase side. He requested the Commission to go into depth of T&D losses of the Petitioner. Further, in the Table below, the objector has shown where it is more skewed on the HT side:

Table 2-6: Detail submitted average coincident peak demand and allocation of amount

S. No.	Particulars	Control Period FY 2020-21 Projected		
		Avg Coincident Peak Demand (MW)	Ratio%	Allocation of Amount
1	Domestic (LMV-1)	439.62	36.71%	122.09
2	Non-Domestic Light Fan and Power (LMV-2)	29.24	2.44%	8.12
3	Public Lamps (LMV-3)	10.27	0.86%	2.85
4	Light Fan and Power for Public Institutions and Private institutions (LMV-4)	7.05	0.59%	1.96
5	Private Tube Wells (LMV-5)	5.95	0.50%	1.65
6	Small and Medium Power (LMV-6)	80.07	6.69%	22.24
7	Public Water Works (LMV-7)	8.02	0.67%	2.23
8	State Tube Wells (LMV-8)	0.12	0.01%	0.03
9	Temporary Supply (LMV-9)	22.97	1.92%	6.38
10	Electric Vehicle Charging (LMV-11)	8.23	0.69%	2.28

S. No.	Particulars	Control Period FY 2020-21 Projected		
		Avg Coincident Peak Demand (MW)	Ratio%	Allocation of Amount
11	Non-Industrial Bulk Load (HV-1)	119.58	9.98%	33.21
12	Large and Heavy Power (HV-2)	466.5	38.95%	129.55
	Total	**1,197.62**	**100%**	**332.59**

2.2.35 He submitted that as per Form 10-A, the LMV-1 shows only 151 MU and is below 150 units. It clearly indicates that there is majority of sales in urban areas. Only 2 MU sales are for the lifeline consumers and therefore losses of the Petitioner should be much lower. Further, he submitted that, like in DPCL in Asansol WB, or Torrrent-Surat, losses of the Petitioner should be analyzed. He has submitted the relevant data as shown in the table below:

Table 2-7: Detail of the sales as submitted by the Objector

S.No.	Particulars		Projected No. of consumers	Consumption Slabwise (MU)	Contract Demand/ Connected Load (KW /KVA /HP)
1	**Domestic (LMV-1)**				
A (I)	Rural Metered		22,854	46	54
A (II)	Un Metered Load upto 2 KW		-	3	-
B	Other Metered		79,177		237
	Lifeline 1KW 0-50kWh/Month			2	-
	Lifeline 1KW 51-150kWh/Month				
	Upto	0-150 kWh/Month		100	
	From	151-300 kWh/Month		50	
	From	301-500 kWh/Month		32	
	Above 500 kWh/Month			54	

		Projected		
S.No.	Particulars	No. of consumers	Consumption Slabwise (MU)	Contract Demand/ Connected Load (KW /KVA /HP)
C	Registered Societies	154	310	148
	Total Category	**1,02,185**	**597**	**440**

2.2.36 He submitted that for FY 2020-21, the Petitioner has shown T&D losses at 23.63% at LT which is sufficient to identify the inefficient management of the Petitioner. He requested the Commission to revoke license of the Petitioner and give the area to PVVNL which can provide T&D losses at 4-5%; instead of imposing high tariff on consumer. He requested that the LT losses of the Petitioner shall not be allowed more than 8% and similarly, losses at 33kV be at 1.13% and 11kV losses between 2.25-2.50 %.

2.2.37 He submitted that the Petitioner has shown collection efficiency of 90% in FY 2020-21 which is 100% in previous years. Even with 70-75% HT sales, if the Petitioner cannot collect 100-110% of revenue i.e. including arrears, it is suggested to kindly revoke the license of the Petitioner.

B. ***Petitioner's Response***

2.2.38 As regards to the objections of Shri Rama Shanker Awasthi, the Petitioner submitted that the Objector has stated that the Petitioner is providing less than 10 hours per day power supply in villages and filled reports in support of the same, however, the Objector has neither shared such reports nor disclosed the source of such incorrect information.

2.2.39 The Petitioner submitted that it has been submitting monthly reports to the Principal Secretary (Energy), Govt. of UP, copies of which were also marked to the Commission, reporting actual hours of power supply in villages, urban and industrial areas. Further, the Uttar Pradesh Govt. vide letter no. (Uttar Pradesh Shashan Aadesh Urja Anubhag-2)/2555/24-P-3-2019 dated October 31, 2019 directed CE UPPCL Lucknow and Dy. Director Electricity Safety Ghaziabad to visit the Petitioner and verify the supply hours especially in Rural Areas reported by the Petitioner to UPSLDC. On November 12, 2019, the officials visited the Petitioner area to verify the power supply hours in villages as per the monthly reports submitted by the Petitioner and observed that the data are correctly reported. The Petitioner further submitted that the Report dated

November 23, 2019 confirms 17-18 hours power supply in rural area. The Petitioner submitted that the Objector's claim of supplying power for less than 10 hours is false.

2.2.40 The Petitioner submitted that the monthly reports has also been regularly highlighting its serious concerns about high T&D losses and accumulated outstanding dues recoverable from villages which are adversely impacting the overall performance of the Petitioner including its overall T&D losses. It submitted that due to lack of Anti Power Theft Police Station in Greater Noida as well as non-disposal of thousands of theft cases lying pending for years with the Special Court, the concerted efforts made by the Petitioner in containing T&D losses are not yielding the desired results. It is mainly due to the higher T&D losses in villages, the overall T&D losses increased from 8.00% to 8.15% in FY 2018-19 and to 8.23% in FY 2019-20. Also, due to complete lockdown from March 23rd, 2020 till May 31, 2020 and thereafter partial lockdowns including total restrictions in containment zones, the Loss control activities were stalled leading to higher T&D losses. The Petitioner also submitted that the objector's claim regarding his expert team providing the solutions for reduction of T&D losses at their own cost is merely an empty statement with no basis. If the objector is really having such capabilities, he may submit a proposal to the Commission which may first be deployed and tested in such areas where T&D losses are much higher than the T&D losses of the Petitioner.

2.2.41 As regards to the objections of Shri. Rama Shankar Awasthi and Shri. Avadhesh Kumar Verma, the Petitioner submitted that it has submitted that the detailed justification on T&D Losses in Chapter No. 2 Energy Balance and Distribution Losses of the Petitioner's Petition No. 1541 of 2019 dated December 27, 2019 as well as in the Petitioner's reply vide letter no. P-77A/ 2020/001 dated May 27, 2020 and Email dated June 22, 2020 respectively in response to the deficiency notes raised by the Commission vide letter no. UPERC/ Secy / D (Tariff) 20-087 dated May 13, 2020 and letter no. UPERC/Secy/D(Tariff) 20-241 dated June 16, 2020. It is submitted that due to the higher T&D losses in villages, the overall T&D losses of the Petitioner increased from 8% to 8.15% in FY 2018-19 and to 8.23% in FY 2019-20. In this regard, the Petitioner mentioned that the Objector has considered the quantum of energy billed by the Petitioner in the village areas but has not considered the quantum of energy which was supplied and could not be billed due to higher T & D Losses. Also, due to nationwide lockdown from March 25th, 2020 till May 31, 2020 and thereafter partial lockdowns including total restrictions in containment zones, the Loss Control Activities were stalled leading to higher T&D losses. Further, with regard to the reduction in T&D Losses, the Petitioner submitted that the Commission from time to time has appointed independent professional agencies for carrying out study for determination of Technical Loss in the distribution network of the Petitioner and also the requisite

Capital Expenditure for reducing the T & D losses further. The finding of PricewaterhouseCoopers Pvt. Ltd is given below:

"The proposed investments and energy savings on account of proposed capital expenditure has discussed in details in the above sections. It has been observed that the investment in the loss reduction schemes is to the tune of Rs 193 Crore and this will result in to saving of merely Rs 13.21 Crore per year. The payback period for the proposed investments is coming out to be more than 14 years.

It may be inferred from cost benefit analysis and impact 1% loss reduction that any investment on the existing network for further reduction of losses shall not be a viable option. Also, the proposed capital expenditure plan, at present, does not include the operation and maintenance of proposed network to be created under the capital expenditure plan. This will further add up in the overall capital expenditure costs. In addition, NPCL have to take specific measures to sustain the loss levels achieved by implementation of schemes identified under capital expenditure plan. This shall also add on to the cost of this network created with an ambition of technical loss reduction from the existing levels."

C. ***Commission's View***

2.2.42 The Commission has taken note of the objections/suggestions made by the stakeholders in this regard. The Commission has dealt with the issue of Distribution losses for True Up of FY 2018-19, APR for FY 2019-20 and ARR for FY 2020-21 in the relevant Chapters of this Order.

2.2.43 The Commission would like to inform that irrespective of the Licensee's submissions in respect of distribution losses, normative losses (as set by the Commission) are allowed by the Commission as per the provisions of applicable Regulations.

POWER PROCUREMENT

A. *Comments/ Suggestions of the Public*

2.2.44 Shri Avadhesh Kumar Verma submitted while power cost is coming down, power cost of the Petitioner is increasing and the increase of transmission charges from 48 paisa/unit to 92 paisa/ unit in FY 2018-19 is not understandable.

Table 2-8: Power purchase cost as submitted by the objector

Particulars per unit	UOM	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
IEX Power Cost	Rs / kWh	3.23	2.76	2.57	3.25	3.88	3.01
Power Purchase Cost	Rs / kWh	3.97	4.00	3.97	4.14	4.8	4.99
Transmission	Rs / kWh	0.33	0.37	0.07	0.48	0.92	0.67

Particulars per unit	UOM	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
Total Power Purchase Cost	Rs / kWh	4.3	4.38	4.04	4.62	5.72	5.65

2.2.45 He submitted that Power under drawl in UI should be disallowed. He submitted that high tripping and breakdown shows that, the Petitioner have constructed poor T&D network due to which power is underdrawn by the Petitioner. He also submitted that at one hand consumer is not getting power and on other hand the consumer has to pay for such under drawl. Further, he added that the consumer is also paying for high Capital Expenditure and R&M. He submitted that the purchase of 80 MU from ST should also be disallowed. He further added that the Petitioner should schedule full 85% from LT and MT, else fixed charge liability be compensated from their Return on Equity.

2.2.46 He submitted that as per Form 13 B, the Petitioner mentioned only 1174.30 MU as receivable at 85% from LT sources which is a complete fraud. Their PPA is 170 MW after auxiliary consumption. Thus 1269.3 MU (170 x 24 x 366 x 0.85) is the energy sent from generator as against 1198.23 MU, as stated by the Petitioner. He submitted that the Petitioner should be asked explanation for underreporting the LT schedule of power for FY 2020-21 and also, any under drawl of LT power should be penalized to the Petitioner.

2.2.47 He submitted that as per Form 13 B, from April to July 20, LT power is scheduled only 61-65 MU per month which shows that the Petitioner will not be able to achieve 85% scheduling at year end whereas in Form 13 C, they have shown 1174 MU in FY 2020-21. He also submitted that as per Form 13 H, short term power for FY 2020-21, 716.68 MU should not be allowed fully. The first 80 MU should be disallowed on T&D losses and then LT scheduling should be achieved first. Further, he enquired that why the Petitioner is not taking full LT power in all months and instead asking for purchase of ST power. He also added that the Petitioner must first consume 170 MW LT power.

2.2.48 Shri Rama Shanker Awasthi submitted that the power purchase from M/s DIL is 170 MW for 365 days, RTC power, and the total units turn out to be 1490 MU. However, the offtake from M/s DIL for FY 2018-19 and FY 2019-20 are 1175.37 MU and 1130.46 MU respectively which translates to an offtake of 79% and 75% for corresponding years and is less than 85% committed offtake. He added that as per the Commission's Order, the approved levelized Tariff for M/s DIL is Rs. 4.79/kWh at State periphery, even if the State Transmission charges at Rs. 0.23/kWh is included, additional coal charge at the rate of Rs. 0.25/kWh on account of additional coal requirement. The procurement from M/s DIL should be at Rs. 5.27/kWh added with State Transmission

Losses. He also requested the Commission to disallow any claim above Rs. 5.27/kWh. Further, he enquired whether DIL has been paid fixed charges at 85% or are there any deduction. With regards to power procurement for FY 2019-20, he submitted that the purchase of 95 MUs from Short-term must be disallowed by the Commission or capacity charges for 95 MUs for FY 2019-20 shall be disallowed. He also submitted that the power cost of M/s DIL should not be more than Rs. 4.79 (plus intra state charges, losses and additional coal requirement claim). Further, it is important to question whether DIL has been paid fixed charges at 100% or are there any deduction. Provided, if there are no deduction, then all the under scheduling done by the Petitioner and the fixed charges paid against that should be deducted from the Petitioner profit. Further, he submitted that all UI under-drawl should be dis-allowed and Loss of fixed charge of 6-8% paid to DIL should be recovered from profit of the Petitioner and not from consumers. Further, he requested the Commission, that in light of increased APPC, proper scrutiny of such claims shall be done. He also requested that necessary cost adjustment shall be made in True up of FY 2018-19 and APR for FY 2019-20.

2.2.49 Shri Rama Shanker Awasthi submitted that quantum of 336.89 MUs at the rate of Rs. 5.02/kWh has been transacted in FY 2018-19 through short power purchase from Shree cements ltd. However, it is unclear whether this transaction was approved by the Commission, and also whether this was done through a competitive tendering process or through DEEP Portal or some other route was followed. Further, he submitted that the rate of power purchase in FY 2017-18 was Rs. 3.92/kWh, however, for FY 2018-19, it was increased to Rs. 5.02/kWh, which is a matter of scrutiny for the Commission. He further submitted that other cheaper alternative options at Rs. 3/kWh are available in the market. He requested the Commission that the purchase price from Shree Cements Ltd above the exchanges rate /market rates shall be disallowed. They submitted the prevailing rates of DAM (Day Ahead Market) on IEX platform for the period from FY 2017-18 to FY 2020-21, as provided below:

Table 2-9: N2 Region Price on IEX

N2 Region Price on IEX (Rs. / MWh)				
Financial Year	**FY 2017 – 18**	**FY 2018 – 19**	**FY 2019 – 20**	**FY 2020 - 21**
Average MCP	**3258.31**	**3886.5**	**3011.56**	**2445.08**
Average (RTC)	3258.31	3886.5	3011.56	2445.08
Peak	**3918.86**	**4678.59**	**3562.08**	**2503.39**
Non-Peak	3038.12	3622.47	2828.06	2425.64
Day	3260.18	3776.84	2833.38	2347.63

N2 Region Price on IEX (Rs. / MWh)				
Financial Year	**FY 2017 – 18**	**FY 2018 – 19**	**FY 2019 – 20**	**FY 2020 - 21**
Night	2733.95	3340.77	2774.62	2523.71
Morning	3181.81	3845.3	2912.26	2390.53

2.2.50 He also requested the Commission to direct the Petitioner to explain whether permission for this power purchase from Shree cement ltd was sought from the Commission and also the details of the procurement process being followed. He further requested the Commission to direct the Petitioner to explain the approach for power procurement across each month, including the breakup of LT, MT and short-term power banking.

2.2.51 Shri Avadhesh Kumar Verma, Chairman, M/s U.P Rajya Vidyut Upbhokta Parishad also enquired whether an approval for purchase of power from Shree cement limited was taken from UPERC.

2.2.52 With regards to scrutiny of long term, Short-term, Power banking withdrawal, Shri Rama Shankar Awasthi submitted that for FY 2018-19, under the long-term procurement, maximum MW were drawn in April was 146 MW, whereas during the high demand period July, only 122 MW were drawn from the long-term arrangement. He also submitted that from November to March period, there is low off take from Long term, whereas there is an increased uptake from medium term and short-term power. He requested the Commission to direct the Petitioner to explain the approach for power procurement during various months and also, whether short term power was banked during any of the months. He further submitted that a quantum of 189.75 MUs at the rate of Rs. 4.25/kWh has been banked in FY 2018-19. He requested the Commission to direct the Petitioner to explain whether permission for this power banking was sought from the Commission and also to provide the details of such banking. Further, he requested the Commission to direct the Petitioner to submit the final cost of this banked power at STU periphery and also to submit the month wise details of power banking.

2.2.53 Shri Avadhesh Kumar Verma, Chairman, M/s U.P Rajya Vidyut Upbhokta Parishad enquired why banking of 189.75 MU is done and whether any approval from commission is taken.

2.2.54 He further enquired why 336.89 MU was purchased in ST without using LT fully in FY 2018-19.

2.2.55 With regards to Power Banking, Shri Rama Shanker Awasthi submitted that a quantum of 163.02 MUs at the rate of Rs. 5.17/kWh is being transacted in FY 2019-20 through withdrawal of banking power that was done in FY 2018-19 and it appears that this quantum of 163.02 MUs at the rate of Rs. 5.17/kWh was an excess purchase in FY 2018-19, and thereby banked. Further, he submitted that it is important to question the Petitioner regarding the bearing of double transmission charges and losses on this power banking transaction. Therefore, he requested the Commission to direct the Petitioner to explain whether permission for this power banking was sought from the Commission and also the details of source/generator. Further, he submitted that the price of Rs. 5.17/kWh appears to be high, which is again a matter of close scrutiny for the Commission and requested the Commission, that in light of increased APPC, proper scrutiny of such claim has to be carried out. It is further requested to the Commission to direct the Petitioner to explain whether permission for this power banking was sought from the Commission and also the details of source/generator. He further submitted that, the price of Rs. 5.17/kWh appears to be high, which is again a matter of close scrutiny for the Commission. It is requested to Commission, that in light of increased APPC, proper scrutiny of such claims shall be done.

2.2.56 With regards to power procurement for FY 2020-21, Shri Rama Shanker Awasthi submitted that the rate claimed for Long term power procurement from M/s DIL at the rate of 6.18/kWh without change in law is exorbitantly high. He submitted that as per Commission's Order in previous year Petitioner Order, the approved levelized tariff for M/s DIL is Rs. 4.79/kWh at State periphery, even if the state transmission charges at Rs. 0.23/kWh, additional coal charge at Rs. 0.25/kWh on account of additional coal requirement are included. He also submitted that the procurement from M/s DIL should be at Rs. 5.27/kWh plus state transmission losses. He requested the Commission to disallow any claim above Rs. 5.27/kWh. Further, he submitted that the Commission has in the previous Petitioner order, has approved the power purchase from M/s DIL at state periphery and however, the licensee is claiming the procurement at Rs. 6.18/kWh without change in law. Therefore, he requested the Commission to look into this serious matter, and disallow the excess claim.

2.2.57 Based on the reply of the Licensee, he it is submitted that 85 % power is not scheduled even though huge banking is done by the Petitioner which shows their inefficient scheduling process. For 6 % under scheduling, impact is approx. Rs. 15 Cr. is need to be disallowed.

2.2.58 With regards to procurement of Short-term and Renewable Power, Shri Rama Shanker Awasthi submitted that the cost per unit of some sources is abnormally high as compared to the available market rates, as shown in the table below:

Table 2-10: Sources of Power Procurement

Source of Power Procurement	Quantum (MW)	Type	Period from	Period to	Rate (Rs. /unit)
Short Term Power procurement					
APPCPL (19-24 hours)	100	Peak	01-Apr-20	31-Oct-20	**4.89**
Interstate power - from trader/ generator	100		01-Apr-20	31-Mar-21	**4.62**
Power procured from Renewable Sources					
Renewable Power (GNIDA solar)	1	RTC	01-Apr-20	31-Mar-21	**7.06**

2.2.59 Based on the reply of the Licensee, he added that Power purchase from Shree Cement Ltd is not approved by Commission. There is surplus purchase from them and then banked simultaneously. It can be observed that a quantum of 336.89 MUs @ Rs. 5.02 /kWh) has been transacted in FY 2018-19 though short power purchase from Shree cements ltd. The disallowances impact is Rs 169 Cr.

2.2.60 He submitted that the cost of power procurement from short term (APPCPL and Interstate power) and RE sources is comparatively much higher than the prevailing market rates of Rs.3/kWh. He requested the Commission to disallow the power purchase from Interstate power as other cheaper alternative options at Rs. 3/kWh are available in the market. Further, he requested the Commission that power from Renewable sources should also be disallowed on account of same cheaper alternative options at Rs. 3/kWh are available in the market, plus REC at Rs 1/kWh can be purchased by the Petitioner to fulfill their RPO obligations as this would result in a reduction in end consumer Tariffs. He further submitted that in case RE power is booked by the Petitioner in long term contract then, the Petitioner should provide details of LT contract, i.e. date of contract and period of contract.

2.2.61 Based on the reply of the Licensee, he submitted that the Petitioner has even bothered to clarify or engage with the concerns raised by the Objector. He added that it is not clear whether DIL has been paid any fixed charges at 85% or there are any deductions on account of under- drawal. This is important in light of the facts that the purchase from DIL is 170 MW and for 365 days, RTC power, total units turn out to be 1490 MU. However, the offtake from M/s DIL for FY 2018-19 and FY 2019-20 are 1175.37 MU and 1130.46 MU. This translates an offtake of around 79% and 75% for corresponding years, which is less than the minimum committed scheduling of 85%.It is further submitted that in the case of purchase of power on short term basis from Shree Cements Limited, it appears he data on record that the purchase has been made on the rates that are above the rates at which power was available on the exchange. The Petitioner has not put forward any details on quantum of monthly banking of power. It is not clear how much was the surplus in each month specially during the October 2018 to March 2019 when Discoms in north have surplus power from LT purchases. Whether any power is purchased from Shree cements during this period.

B. Petitioner's Response

2.2.62 The Petitioner submitted that it has already submitted the complete and detailed justification for all the power purchase from Long term, Medium Term, Short term and Power banking etc. in FY 2018-19, to the Commission in Chapter No. 3- Power Purchase of the Petition No. 1541 of 2019 dated December 27, 2019 as well as vide its letter no. P-77A/ 2020/001 dated May 27, 2020 , email dated June 2, 2020 and Email dated June 22, 2020 in response to the Commission deficiency notes and various queries raised during Technical Validation session included inter-alia at serial no. 22 to 29 and 55 to 57 of letter no. UPERC/Secy/D(Tariff) 20-087 dated May 13, 2020, at serial no. 3 to 6 of additional queries sent vide email dated May 28, 2020 and in letter no. UPERC/Secy/D(Tariff) 20-241 dated June 16, 2020.

2.2.63 As regards to the objection of Shri Avadhesh Kumar Verma related to transmission charges, the Petitioner resubmitted that the details of the transmission charges have been already provided vide Petitioner's email dated June 2, 2020 in response to query no. 1 of the Commission's Additional Queries dated 28th May, 2020. Further, the Petitioner has also submitted the detailed reply. The Petitioner also submitted that the entire Country was into Lockdown since March 25, 2020 due to unprecedented COVID-19 pandemic resulting into complete standstill of Industrial and Commercial activities till May 20 and substantially thereafter till June 20. Accordingly, power schedule from DIL was lower during April-July 20. Further, it is submitted that the detailed reply/justification/clarification with regard to the purchase of short term / long term / UI for FY 2020-21 have already been provided in Chapter 8 of the Petition No. 1541 of 2019 and as various data gaps reply.

2.2.64 Further, the Petitioner submitted that the detailed reply/justification/clarification with regard to the power purchase on short term / long term / banking basis during FY 2018-19 have already been provided as various data gap reply. Also, it was submitted that the detailed reply/justification/clarification with regard to the purchase of short term / long term / UI for FY 2020-21 have also been provided as various data gap reply.

C. Commission's View

2.2.65 The Commission has taken note of the objections/suggestions made by the stakeholder in this regard. The Commission has dealt with the issue of Power Purchase Cost for FY 2018-19 and FY 2020-21 in the relevant Chapters of this Order.

TREND IN SALES, POWER PURCHASE COST, ANNUAL EXPENDITURE AND REVENUE

A. Comments/ Suggestions of the Public

2.2.66 Shri Rama Shankar Awasthi submitted a year on year (YoY) comparison regarding overall changes in sales, power purchase cost, annual expenditure and revenue from period FY 2014-15 to FY 2019-20, as shown in the table below:

Table 2-11: Year on year comparison of sales, power purchase annual expenditure and revenue

Particulars	UOM	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
Net Expenditure	Rs. Crore	926.28	993.48	986.43	1277.78	1514.31	1672.45
YOY Variance	%	-	7%	-1%	30%	19%	10%
Total Revenue	Rs. Crore	851.99	963.59	1086.83	1243.67	1407.38	1649.96
YOY Variance	%	-	13%	13%	14%	13%	17%
Revenue Gap	Rs. Crore	74.29	29.89	-100.4	34.11	106.93	22.49
Total Sales	Mus	1309.89	1377.16	1500.4	1667.6	1850.07	2080.65
YOY Variance	%	-	5%	9%	11%	11%	12%
Total Power Purchase	Mus	1425.3	1497.53	1630.92	1812.47	2014.17	2267.28
YOY Variance	%	-	5%	9%	11%	11%	13%
Power Purchase Cost	Rs. Crore	565.23	599.42	647.51	751	967.46	1130.89
Transmission	Rs. Crore	47.17	55.92	10.78	86.83	184.31	150.83
Total Power Purchase Cost	Rs. Crore	612.4	655.34	658.29	837.83	1151.77	1281.72
YOY Variance	%	-	7%	0%	27%	37%	11%

2.2.67 He further submitted that something spurious is happening after FY 2016-17 as the expenditure of the Petitioner has increased exorbitantly high and requested the Commission to look into the matter if these expenses are prudent, legal, reasonable, and necessary to be incurred only allow it after prudent verification.

B. Petitioner's Response

2.2.68 The Petitioner submitted that the Tariff Petitions has been filed in accordance with applicable UPERC (Terms & Conditions for Determination of Distribution Tariff) Regulations, 2006, UPERC MYT Regulations, 2014 and UPERC (MYT for Distribution and Transmission) Regulations, 2019 with all requisite details, which were further clarified and explained as desired by the Commission through various deficiency notes issued from time to time. The Petitioner also submitted that there is nothing spurious as alleged by the Objector.

C. Commission's View

2.2.69 The Commission has taken note of the objections/suggestions made by the stakeholder in this regard.

CAPITAL EXPENDITURE

A. Comments/ Suggestions of the Public

2.2.70 Shri Rama Shankar Awasthi submitted that in form F19B, capex done on IT Projects and process automaton for FY 2018-19, FY 2019-20 and FY 2020-21 is approximately 11 Crore, 14 Crore and 27 Crore respectively. The table below provides the level of increase in expense over the years.

Table 2-12: Expenses over the years for IT projects and Process system automation

Project Details	UOM	FY 2018-19	FY 2019-20	FY 2020-21
Process System Automation	Rs. Crore	6.43	7.44	11.06
Increase Y-O-Y	%	-	**16%**	**49%**
IT Projects	Rs. Crore	4.34	7.05	15.18
Increase Y-O-Y	%	-	**62%**	**115%**

2.2.71 He submitted that approximately 51 Crore will be spent in 3 years' time frame, which itself is a huge expenditure. He requested the Commission to direct the Petitioner to submit the cost benefit analysis of such expenditure and the benefits which have been provided to the consumers. Further, he submitted that the true up, APR and ARR/Tariff for FY 2018-19, FY 2019-20 and FY 2020-21 shall be decided based on the cost benefit analysis.

2.2.72 He also submitted that capex done on civil works for FY 2019-20 and FY 2020-21 has increased by more than 30% as compared to FY 2018-19, as shown in the Table below:

Table 2-13: Capex on civil works and office infrastructure facility

Project Details	UOM	FY 2018-19	FY 2019-20	FY 2020-21
Civil Works and Office Infrastructure Facility	Rs. Crore	12.03	15.65	21.33
Increase Y-O-Y	%	**-**	**30%**	**36%**

2.2.73 He submitted that approximately Rs. 49 Crore has been spent in 3 years' time frame, which is a huge expenditure. He requested the Commission to direct the Petitioner to submit the detailed break up of work done under "civil works and office infrastructure facility" for FY 2018-19 and FY 2019-20, and the proposed work plan for FY 2020-21.

2.2.74 Based on the reply of the Licensee, he submitted that in the comments, its researched and data 18 provided that:

I. Gold plating is done in terms of specifications of almost every item. The items of specifications are purchased which are not approved by Commission.

II. Substations and Transformers are highly under loaded leading to higher GFA

III. Cost of items is much higher than approved rates in Cost data book

IV. In order to avoid disallowances of salary, high proportion of salary is capitalised which is almost 40-50 % of labour cost.

2.2.75 Even with such high specifications are approved, then depreciation rate has to be decreased and life of asset is to be increased by 10-15 years. Additionally, for such high specifications, O & M should be lowered and distribution losses also need to be reduced due to high HT sales & under loaded network. Overall impact is estimated to be Rs 100 - 125 Cr.

2.2.76 He also added that during the site survey, it is observed that 2 big buildings i.e. at Knowledge Park - 4 and Knowledge Park - 1 are constructed by NPCL which should cost more than Rs 50 Cr each. In research regarding past years ARR, it is found that NPCL has not taken any approval. To avoid scrutiny of Commission, in every year, expenses are distributed in multiple activities like electrical works, furniture, air conditioning, firefighting etc, however, these being single project at single location, no single approval is taken.

2.2.77 Shri Avadhesh Kumar Verma submitted that most of the projects are more than Rs. 10

Crore and the Commission shall ask the Petitioner to seek individual approval of each project. He submitted that in distribution, even 10Km line cost Rs. 2 Crore and each project need to be considered as a single unit where implementation can be at 100 locations at Greater Noida. Similarly, for IT and Automations project, entire capex needs to be considered as a single unit which becomes more than Rs. 10 Crore. He added that unless the Petitioner obtain approval of Commission, capex should not be allowed. He has also submitted the project details, as shown in the table below:

Table 2-14: Detail of the projects undertaken as submitted by the Objector

Project Details	True- Up	APR	Control Period	
	FY 2018-19	FY 2019-20	FY 2020-21	
Name of Project	Claimed	Revised Estimates	Projected	Total 3 yrs
New Connection	17.75	18.89	35.1	71.74
Replacement Stock	5.18	4.46	4.8	14.44
Metering	0.26	0.73	5.11	6.1
33/11 kV Substation	13.94	72.94	18.1	104.98
33 kV Network Development	14.01	12.23	13.23	39.47
11 kV Network Development	18.05	18.23	20.92	57.2
LT Network Development	10.29	14.63	14.64	39.56
Network at Villages	7.34	6.16	8.3	21.8
Network Renovation	0.56	2.28	3.7	6.54
Process System Automation	6.43	7.44	11.06	24.93
Civil Works & Office Infrastructure Facility	12.03	15.65	21.33	49.01
IT Projects	4.34	7.05	15.18	26.57
Tools & Testing Equipment and Vehicles	2.38	1.98	5.41	9.77
Demand Side Management	-	-	3	3
Land	6.2	25.99	6.33	38.52

Project Details	True- Up	APR	Control Period	
	FY 2018-19	FY 2019-20	FY 2020-21	
Name of Project	Claimed	Revised Estimates	Projected	Total 3 yrs
Misc/Contingent Works	6.62	-	-	6.62
Interest / Expense Capitalisation	-	-	-	0
Salary Capitalisation	-	-	9	9
Total	**125.38**	**208.66**	**195.2**	

2.2.78 He further submitted that the Capex of the Petitioner is highly inflated on the basis of GFA for FY 2018-19. Also, high level study and investigation is needed for Capex of Rs 100-150 Crore.

2.2.79 He submitted that the technical load flow study by Commission appointed consultant is needed to justify whether capex done or proposed by the Petitioner is required at all. The Objector have analysed and found T&D asset is loaded to 25-35% only and is possible that some substation is loaded to only 10% capacity. Therefore, he submitted that the Petitioner has inflated GFA and obtained benefit of ROE. He also submitted that if some expenses are required on Capex in FY 2024-25, that cannot be done in FY 2020-21, it will add undue tariff pressure on today's consumer. Further, he submitted that, if proper investigations will be done, the Petitioner's GFA will be reduced by Rs. 350 Crore in FY 2020-21 which will reduce tariff of consumers by large extent.

B. Petitioner's Response

2.2.80 As regards to objections of Shri Rama Shankar Awasthi and Shri Avadhesh Kumar Verma, it is submitted that the Petitioner has already provided detailed justification for all Capital Expenditure in Petition No. 1541 of 2019 dated December 27, 2019 as well as in the Petitioner's reply vide letter no. P-77A/ 2020/001 dated May 27, 2020 and Email dated June 22 , 2020 respectively in response to the deficiency notes raised by the Commission vide letter no. UPERC/Secy/D(Tariff) 20-087 dated May 13, 2020 and letter no. UPERC/Secy/D(Tariff) 20-241 dated June 16, 2020.

2.2.81 The Petitioner further submitted that it has already provided its response concerning capital expenditure above Rs. 10 Crore in its reply to the 2nd Deficiency Note dated 13th May, 2020.

2.2.82 Further, the Petitioner submitted with regards to the objection of Shri Avadhesh Kumar Verma that, it has provided the detailed justification on T&D Losses in Chapter No. 2 Energy Balance and Distribution Losses of the Petitioner's Petition No. 1541 of

2019 dated December 27, 2019 as well as in the Petitioner's reply vide letter no. P-77A/ 2020/001 dated May 27, 2020 and Email dated June 22, 2020 respectively in response to the deficiency notes raised by the Commission vide letter no. UPERC/ Secy / D (Tariff) 20-087 dated May 13, 2020 and letter no. UPERC/Secy/D(Tariff) 20-241 dated June 16, 2020.

2.2.83 Further, with regard to the reduction in T&D Losses, it is submitted that the Commission from time to time has appointed independent professional agencies for carrying out study for determination of Technical Loss in the distribution network of the Petitioner and also the requisite Capital Expenditure for reducing the T & D losses further. The finding of PricewaterhouseCoopers Pvt. Ltd in this regard is given below:

> *"The proposed investments and energy savings on account of proposed capital expenditure has discussed in details in the above sections. It has been observed that the investment in the loss reduction schemes is to the tune of Rs 193 Cr and this will result in to saving of merely Rs 13.21 Crore per year. The payback period for the proposed investments is coming out to be more than 14 years.*
>
> *It may be inferred from cost benefit analysis and impact 1% loss reduction that any investment on the existing network for further reduction of losses shall not be a viable option. Also, the proposed capital expenditure plan, at present, does not include the operation and maintenance of proposed network to be created under the capital expenditure plan. This will further add up in the overall capital expenditure costs. In addition, NPCL have to take specific measures to sustain the loss levels achieved by implementation of schemes identified under capital expenditure plan. This shall also add on to the cost of this network created with an ambition of technical loss reduction from the existing levels."*

2.2.84 The Petitioner resubmitted that it is duty bound under the provisions of the Electricity Act, 2003 to provide electricity supply to its consumers on demand. The Petitioner's licensed area is spread over 335 sq. kms. and sparsely inhabited barring some areas.

2.2.85 Further, the Petitioner quoted clause 4.2 (b) of the ESC 2005, as follows: -

> *" (b) The Licensee shall meet the cost for strengthening / up gradation of the system to meet the enhanced demand of the existing consumers as well as future growth in demand. Such expenditure shall be allowed to be recovered from the consumers through tariff subject to financial prudence check by the Commission."*

2.2.86 Also, it was submitted that the ESC 2005 mandates the distribution licensee to strengthen and upgrade its system to meet the enhanced demand of not only the existing and prospective consumers but also for future growth in demand. Accordingly, the Petitioner is required to establish an efficient distribution system to meet the demand of its existing and prospective consumers as well as growth in demand every year.

2.2.87 The construction of 33/11 kV Substations are done based on the area development plan of the GNIDA and also to cater the increase in localized demand. Lands for 33 kV Substations are allotted by the GNIDA based on its Master Plan for the development of the identified area. It is mentioned that the Petitioner constructs 33/11 kV Substation initially with one 12.5 MVA Power Transformer with the provision of second Transformer in future as per the standard design with N – 1 reliability. Since the initial load of the newly developed Sectors / area is comparatively less, the MVA capacity as reflected would be more for some time.

2.2.88 Further, it is submitted that the peak demands of the different consumer categories are not concurrent and accordingly, it is observed that the peak load of LT consumers (mainly domestic & commercial, street lights, tube wells etc.) used to be around 230 – 250 MW resulting 50% to 80% loading on the transformers.

2.2.89 The Petitioner added that the report of “Load Forecasting and Network Planning” carried out in FY 2016-17 by M/s Feedback Infra in compliance to the directions of the Commission that has already been submitted to the Commission, comprises not only the load forecasting for Petitioner’s licensed area from FY 2017-18 to FY 2026-27, but also the Network Planning to meet such forecasted load over the same period. Accordingly, for the purpose preparing Capital Expenditure Plan for the Control Period, the Petitioner has relied on both the sales projections of the Petitioner and the study report conducted by M/s Feedback Infra. The details justification for Capital Expenditure Plan has already been provided in the Business Plan for MYT Control Period FY 2020-21 to FY 2024-25.

2.2.90 Further, the Petitioner resubmitted that the detailed reply/justification/clarification with regard to the Capex has already been provided as various data gap replies.

2.2.91 Regarding the objections, the Petitioner did not submit any reply.

C. Commission’s View

2.2.92 The Commission has taken note of the objections/suggestions made by the stakeholders and the reply of the Licensee in this regard. The Commission has dealt the issue appropriately in the relevant Chapters of this Order.

33/11 KV SUBSTATIONS

A. Comments/ Suggestions of the Public

2.2.93 Shri Rama Shankar Awasthi mentioned that the Petitioner in form P3, submitted that no substation has been added in FY 2018-19 whereas in form F19, an amount of Rs.13.94 Crore is shown spent on 33/11KV substation. He submitted that as per the statement in the Petition, there are no projects above Rs. 10 Crore whereas in Format P3, three 33/11 kV Substations are added which are to the tune of Rs. 24.23 Crore per Substations. He also submitted that regards to projects/schemes such as 33/11 kV substation, 33 kV Network development, 11 kV Network Development and civil works, new connection and other infrastructure facilities together has been incurring a capex of more than Rs. 10 Crore. He further added that the Petitioner is carrying out item wise capitalisation in which an electric substation is divided into more than 10 part and each part is marked as “Capital Asset” whereas it should have been a single unit of 33/11kV Substation. It is also requested to the Commission that Petitioner’s 33/11 kV substation capex should be studied in details whether it is as per requirement or not. Further, the objector is requesting to the Commission to carry out a technical study on requirement of so many 33/11kV substations, even when their 51-60% power consumption is at 33kV.Therefore, he submitted that that there are serious lapses in CAPEX/GFA claimed by the Petitioner and money is being spent on some other project. He mentioned that deficiencies in the investment and capitalisation done by the Petitioner has been repeatedly pointed out and also has submitted the objection submitted during proceedings for FY 2018-19. He has also submitted the cost of different capacity substation as provided in the cost data book 2016, as shown below:

Table 2-15: Cost of substation with double pole of ST Pole

S. No.	Capacity	Cost of substation (Rs.)
1	25 kVA	131800
2	63 kVA	194290
3	100 kVA	226310
4	250 kVA	562744
Total	438 kVA	1115144
Cost per kVA		**2546**

Table 2-16: Cost of secondary substation

S. No	Capacity	Cost of substation (Rs. Lacs)
1	3 MVA	108.09
2	5 MVA	134.94
3	8 MVA	161.3

S. No	Capacity	Cost of substation (Rs. Lacs)
4	10 MVA	166.48
Total	26 MVA	570.81
Cost per kVA		**2200**

2.2.94 He further submitted that the Petitioner in Form No. F 19B and Form No. P3, for FY 2019-20, a total of Rs 72.94 Crore is shown for construction of 33/11kV Substation. In format p3, it is shown that three 33/11kV Substation are added and it works out to be Rs 24.23 Crore per substation which is clearly more than Rs. 10 Crore. However, as per their statement in the filings no project is more than Rs. 10 Crore and it points to an evasive and manipulative functioning of the Petitioner. It points out to the fact that either the Petitioner is spending money on projects which they don't want to bring to scrutiny of Commission or on projects of its group company in some other States and booking that amount in ARR of the Petitioner, as they will be able to get it passed through Commission. Therefore, he requested the Commission to do a detailed scrutiny of all such capex claims w.r.t to 33/11 kV substations and allow such capex claims only after the Commission is satisfied.

2.2.95 Shri Avadhesh Kumar Verma, Chairman, M/s U.P Rajya Vidyut Upbhokta Parishad submitted that Rs. 13.49 Crore was spent on 33/11 kV substation in FY 2018-19 whereas in format P3, no 33/11kV substation is increased in FY 2018-19. He also submitted that in FY 2019-20, Rs. 72.94 Crore for construction of 33/11kV Substation in F19 for 3 nos. In format P3, it comes to the tune of Rs. 24.23 Crore. per Substation which is more than Rs. 10 Crore. Further, he submitted that in FY 2017-18, the Petitioner have claimed Rs 53.33 Crore for only one 33/11kV Substation and is doubtful expenses. He requested the Commission to look into sanctity of such expenses and in case funds are diverted to some other projects, it should be mentioned and approval from the Commission should have taken. He also submitted that in GFA statement provided by the Petitioner, all equipment has been separately capitalised which shows the intentions to avoid to take approvals from Commission.

2.2.96 Shri Rama Shanker Awasthi submitted that in form F19B, the capex done on development of 33/11 kV Substation from FY 2018-19 to FY 2020-21 will be to the tune of approximately Rs. 105 Crore. He has submitted the surge in expenditure for FY 2019-20, as shown in the table below:

Table 2-17: Details of Capex done on 33/11kV Substation

Project Details	UOM	FY 2018-19	FY 2019-20	FY 2020-21
33/11kV Substation	Rs. Crore	13.94	72.84	18.1
Increase Y-O-Y	%	**-**	**423%**	**-75%**

2.2.97 He submitted that in form no. F9, the Petitioner provides that no new power transfer has been added from FY 2017-18 to FY 2018-19 and is further submitted that in form no F8, the number of tripping on 11 kV feeder has increased by 60% over the preceding years, which indicates poor R&M practices. Therefore, he requested the Commission to direct the Petitioner to submit the cost benefit analysis of expenditure on Substation vis a vis reduction in losses, based on which the true up, APR and ARR/Tariff for FY 2018-19, FY 2019-20 and FY 2020-21 shall be decided. Further he submitted that asset audit must be done in the Petitioner service area, to certain, actual expenditure has been done.

B. Petitioner's Response

2.2.98 As regards to objections of Shri Rama Shanker Awasthi & Shri Avadhesh Kumar Verma, the Petitioner submitted the details of 13.94 Crore on 33/11kv Substations during FY 2018-19 are as provided in Table below:

Table 2-18: Details of Capex on 33/11 kV S/s during FY 2018-19

Details of Capex on 33/11 kV S/s during FY 2018-19		
S. No	**Particulars**	**Amount in Rs. Cr**
1	Conversion of 33/11 kv ZETA - 1 S/s to 33kV Switching Station cum 33/11 kV S/s along-with 33kV Feeder Creation	3.59
2	Upgradation of 33/11 kV at Beta -2 S/s along with incoming and outgoing feeder lines	2.74
3	Construction of 33kV Switching Station at Delta-2	4.07
4	Construction of 33kV Switching Station at Delta-3	3.35
5	Other ancillary works	0.18
	Total	**13.94**

2.2.99 The Petitioner further submitted that the details of 72.94 Crore is estimated to be incurred on 33/11 kV Substations during FY 2019-20, as provided in the Table Below:

Table 2-19: Details of Capex on 33/11 kV S/s during FY 2019-20

Details of Capex on 33/11 kV S/s during FY 2019-20 (Estimated)		
S. No.	**Substation Detail**	**Amount in Rs. Cr.**
1	Construction of 33/11KV KP-5 S/s.	5.16

Details of Capex on 33/11 kV S/s during FY 2019-20 (Estimated)		
S. No.	**Substation Detail**	**Amount in Rs. Cr.**
2	Construction of 33/11KV XU-3 S/s.	5.66
3	Construction of 33/11KV Omega-1 S/s.	7.72
4	Augmentation of 33/11KV Chi-IV S/s.	1.21
5	Augmentation of 33/11KV ESS-10 KP-5 S/s.	1.13
6	Augmentation of 33/11KV ESS-2 KP-5 S/s.	1.15
7	Augmentation of 33/11KV Delta - 2 S/s.	1.1
8	Augmentation of 33/11KV Delta - 3 S/s.	1.62
9	Augmentation of 33/11KV Hathewa S/s.	1.2
10	Augmentation of 33/11KV IT City S/s.	1.15
11	Augmentation of 33/11KV Zeta-1 S/s.	1.22
12	Construction of 33KV SMART Switching Station at KP-2	2.28
13	Construction of 33KV SMART Switching Station at KP-3	2.29
14	Other ancillary works	0.42
15	Cost of 5 nos. 33 kV bays at 220/33 kV Substation at Sec-148, Noida paid to UPPTCL	20.48
16	Construction of LILO from 220kV Substation Sec-148 Noida to 220 kV RC Green Substation paid to UPPTCL through GNIDA	14.59
17	Cost of 2 nos. 220kV bays at RC Green Substation paid to UPPTCL through GNIDA	4.53
	Total	**72.94**

2.2.100 The Petitioner also submitted that it has already clarified the matter regarding capital expenditure of above Rs. 10 Core in its reply to 2nd Deficiency Note dated May 13, 2020. Further, the Petitioner submitted that the wild allegations of serious lapses/spurious expenditure on 33/11 kV Substation are therefore factually incorrect.

2.2.101 As regards to the submission of Shri Rama Shanker Awasthi, it is submitted that the Petitioner has already provided detailed justification for all Capital Expenditure in Petition No. 1541 of 2019 dated December 27, 2019 as well as in the Petitioner's reply vide letter no. P-77A/ 2020/001 dated May 27, 2020 and Email dated June 22, 2020 respectively in response to the deficiency notes raised by the Commission vide letter no. UPERC/Secy/D(Tariff) 20-087 dated May 13, 2020 and letter no. UPERC/Secy/D(Tariff) 20-241 dated June 16, 2020.

2.2.102 As regards to the objection of Shri Avadhesh Kumar Verma related to 33/11 kV substation, the Petitioner resubmitted that the queries/ comments / suggestions have been invited by the Commission on Petitioner's Petition no. 1541 of 2019 for True-up for FY 2018-19, APR for FY 2019-20 and ARR for FY 2020-21, therefore, comments on tariffs / ARR prior to FY 2018-19 cannot be the subject matter of the present proceedings. Further, the Petitioner submitted that all desired information for FY 2017-18 was provided to the Commission at the time of approval of Business Plan & ARR for

FY 2017-18, Annual Performance Review and Truing-up thereof and the same was duly approved by the Commission.

2.2.103 Further, it is mentioned that the Petitioner has already clarified regarding capital expenditure of above Rs. 10 Cr. in its reply to query no.59 of the 2nd Deficiency Note dated May 13, 2020 vide email dated June 22, 2020.

C. Commission's View

2.2.104 The Commission has taken the note of the objection / suggestions made by the stakeholders in this regard and also noted reply by the Petitioner. The Commission has appropriately dealt the above matter in the True Up of FY 2018-19, APR for FY 2019-20, ARR for FY 2020-21 and directions issued for the Licensee in the subsequent chapters of these Orders.

220 kV SUBSTATIONS

A. Comments/ Suggestions of the Public

2.2.105 Shri Rama Shanker Awasthi submitted that the Petitioner is continuously carrying out capex works at 220kV substations and alongside claiming the same. He mentioned that the Petitioner is doing non-compliance of the Commission Order while claiming capex for 220kV substation. He has provided the details of capex claimed on 220kV substation, as per the Petitioner's filings, as shown in the Table below:

Table 2-20: Details of capex claimed on 220kV substation

Asset	GL No	Asset Category	Asset Description	Capitalized Date	Capex	Quantity	Additions
13000401	21203	Building & Structures	Mild Steel Works at 220KV IT City S/Stn.	31-03-2019	NPCL Assets	425	79,295
14001512	21301	Transmission & Distribution	160 MVA Transformer 220/132 KV	31-03-2019	NPCL Assets	1	5,75,62,761
14001513	21301	Transmission & Distribution	132 KV Current Transformer (1000/800/500/1AMP)	31-03-2019	NPCL Assets	3	3,95,239

2.2.106 He has submitted that the Commission in the Petition No. 987/ 2014 - order dated 31.10.2018 and Petition No. 1020/ 2015 - order dated 31.10.2018, has opined that all investment in this matter shall be trued up again after adjusting the refund. He also added that the issue regarding the 220 kV RC green and Gharbara substation in FY 2018-19 & FY 2019-20 has been raised continuously before the Commission and the relevant extract from the Tariff Order dated September 03, 2019 has also been provided. He requested the Commission to take strict action and impose penalty under Section 142 of Electricity Act for non-compliance of Commission's Order. It was submitted that in review Petition No. 1512/2019 order dated June 04, 2020, the Commission has opined that such assets have become part of UPPTCL balance sheet and GFA as consumer contribution/deposit works. Therefore, the Petitioner cannot be allowed to claim CWIP and GFA. Further, he submitted that 160 MVA, 220kV transformer and 132kV current transformer are capitalised by UPPTCL as well as by the Petitioner. Therefore, he requested the Commission to direct the Petitioner to clearly disclose the details of all its investment in 132kV or 220 kV substations and related assets such as RC Green, Gharbara, Knowledge Park-5 and BZP sector, T&D assets etc. Further, it is requested to the Commission, that in the true up for FY 2018-19, all capex, & depreciation, interest on capex etc. already claimed in previous years by the Petitioner in RC Green, Gharbara, Knowledge Park-5 and BZP Sector must be disallowed and carrying cost at the rate of interest of working capital shall be adjusted in the True up for FY 2018-19.

2.2.107 Based on the reply of the Licensee, he submitted that the Licensee has taken non-compliance of the Order dated January 22, 2019 while claiming capex for 220 kV substation. The Commission is requested to take strict action against it. He requested the Commission to disallow all capex & depreciation, operation and maintenance expenses, interest on capex etc. which has been claimed in previous years in respect of these assets namely RC Green, Gharbhara, Knowledge Park 5 and BZP sector by the Petitioner from the date of capitalizing of these assets, and carrying cost at the rate of interest of working capital ought to be adjusted in the True Up for FY 2018-19. Accordingly, it would be incumbent upon this Commission to recompute the income tax component after taking into account of these disallowances.

2.2.108 He also added that in spite of Orders of Commission, investment of approx. Rs 170 Cr in 220 kV assets of RC Green and Gharbara is not decapitalised stating appeal in Hon'ble Tribunal which is never 'Stayed' and compliance to Orders of Commission is to be ensured in True up for FY 2018-19. Further, all along UPPTCL was doing R & M thus disallowance of depreciation, RoE, interest, Taxes and O & M from FY 2009-10 are to be ensured.

2.2.109 Further, it is submitted that the Petitioner has invested approx. Rs 20 Cr in purchase of land and boundary wall for construction of 220kv substation and thermal power plant at BZP, KP - 5 and Jaun Samana which are never fructified till now. For such a capital expenditure which is not in use, consumer cannot be burdened and need to be disallowed along with consequential gains on depreciation, ROE, Tax, Interest and O & M from the date of capitalisation.

2.2.110 Shri Avadhesh Kumar Verma, Chairman, M/s U.P Rajya Vidyut Upbhokta Parishad submitted that in spite of orders of Commission on 220kV Substation to be in purview of UPPTCL, the Petitioner is continuously spending and availing Return on Equity, depreciation, interest and O&M on assets of 220kV Substation. Commission in its order in Petition No. 987/ 2014- Order dated 31.10.2018 and Petition No. 1020/ 2015- Order dated 31.10.2018, the Petitioner is to claim refund of the amount from GNIDA.

2.2.111 He also submitted the details of capital expenditure claimed on 220kV substation in FY 2018-19, as provided below:

Table 2-21: Details of capital expenditure claimed on 220kV substation in FY 2018-19

Asset	Asset Description	Quantity	Additions
13000401	Mild Steel Works at 220KV IT City S/Stn.	425	79,295
14001512	160 MVA Transformer 220/132 KV	1	5,75,62,761
14001513	132 KV Current Transformer	3	3,95,239

2.2.112 He also submitted that UPPTCL is claiming all O&M on RC Green and Gharbara Substation from FY 2009-10 onwards and it will be a double charging to consumers of the Petitioner. The Commission is requested to recover all O&M from FY 2009-10 along with ROE, Depreciation and interest towards RC Green, Gharbara from the Petitioner in true-up.

2.2.113 Further, he submitted that the investment in 220kV land at BZP and KP-5 which is capitalised should be decapitalized by Commission as there is no advantage to consumers from this land. The Petitioner should transfer this land back to Greater Noida Authority and UPPTCL should take over it to construct 220 kV substation. A total of approximately Rs 300 Crore of capital expenditure on 220kV, 132 kV and 400 kV substations are to be decapitalized from the books of the Petitioner. Further, he requested the Commission to recover back the O&M, depreciation, RoE and interest allowed to the Petitioner in last 12-15 years on account of capital expenditures on 220kV, 132kV and 400 kV substations or Intra-State Transmission charges be made free.

2.2.114 He submitted that the T&D network of the Petitioner comprises of 220KV RC Green and Gharbara substation, assets at 132kV Surajpur substation and 400kV Greater Noida substation. Approximately, Rs 200-210 Crore of such transmission assets in last 15 years added by the Petitioner must be decapitalized and entire depreciation, ROE and O&M and interest should be recovered in FY 2020-21.

2.2.115 Further, he submitted that how the Petitioner can show 220kV Substations and 220kV or 132kV Transformers. Further, he submitted that all such assets should be disallowed.

B. Petitioner's Response

2.2.116 The Petitioner submitted the details of capital expenditure in the Table below:

Table 2-22: Summary of Capital expenditure

Summary of Capex					
Asset Category	**Asset Description**	**Capitalized Date**	**Qty.**	**Addition in Rs. Cr.**	**Remarks**
Building & Structures	Mild Steel Works at Land for 220KV IT City S/s.	31-03-2019	425 Kg	0.01	The land is for 33/11kV S/s and associated office facilities, inadvertently mentioned as 220kV S/s. The cost incurred is for metal signboard to safeguard the above land from illegal encroachment.
Transmission & Distribution	160 MVA Transformer 220/132 KV	31-03-2019	1 no.	5.76	Cost of new 160 MVA transformers for increasing distribution capacity at R C Green Substation paid to UPPTCL through GNIDA
Transmission & Distribution	132 KV Current Transformer (1000/800/500/1AMP)	31-03-2019	3 no.	0.04	

2.2.117 The Petitioner submitted that the detailed justification for the Capital Expenditure on 160 MVA transformer at RC Green Substation which was required for increasing distribution capacity for meeting the growing demand of the consumers and has already been provided in Petitions no. 1349 of 2018 and 1382 of 2018. Further, as informed, the Petitioner has filed appeals before the Hon'ble APTEL against the orders dated October 30, 2018 in Petition No. 987 of 2014 and 1020 of 2015 wherein the Commission is also the relevant party. Also, with regard to order dated June 04, 2020 of the Commission, the Petitioner has filed an appeal before Hon'ble APTEL.

2.2.118 Therefore, the Petitioner submitted that, all the aforesaid matters are sub-judice before the Hon'ble APTEL and therefore, any action, which may impinge on such judicial process is not warranted in the matter. Hence, there is no illegitimate assets creation with respect to 220 kV Substations as falsely alleged by the Objector.

2.2.119 As regards to the objections, the Petitioner did not submit any reply.

C. Commission's View

2.2.120 The Commission has appropriately dealt with the issues of all 132kV and above assets in the subsequent chapters of this Order.

REFUND OF 220 KV LILO AND TWO 220 KV BAYS

A. Comments/ Suggestions of the Public

2.2.121 Shri Rama Shanker Awasthi submitted that Commission in its order dated June 06, 2020 in Review Petition No. 1512/2019 has ordered the Petitioner to claim refund of amount deposited with GNIDA towards the cost of 220kV LILO amounting to Rs. 14.59 crore, the cost of Rs. 4.53 Crore for two 220 kV bays at RC green substation. He requested the Commission to adjust this amount of Rs 14.50 Crore and Rs. 4.53 Crore in the current true up for FY 2018-19 along with carrying cost.

B. Petitioner's Response

2.2.122 The Petitioner submitted that it has filed appeals before the Hon'ble APTEL against the orders dated October 30, 2018 in Petition No. 987 of 2014 and 1020 of 2015 wherein Commission is also a relevant party. Also, with regard to Order dated June 04, 2020, the Petitioner has filed an appeal against the same before Hon'ble Appellate Tribunal for Electricity.

2.2.123 Thus, the Petitioner submitted that, all the aforesaid matters are sub-judice before Hon'ble APTEL and therefore, any action, which may impinge on such judicial process is not warranted in the matter.

C. Commission's View

2.2.124 The cost of 220kV LILO amounting to Rs. 14.59 crore and the cost of Rs. 4.53 Crore for two 220 kV bays at RC green substation has been deducted from the closing CWIP of FY 2017-18 in the True Up Order of FY 2017-18 and the capitalisation of the same has also been dealt in the APR of FY 2019-20 as the asset has been capitalised in FY 2019-20 as submitted by the Petitioner.

INVESTMENT PLAN

A. Comments/ Suggestions of the Public

2.2.125 Shri Rama Shanker Awasthi submitted that under the investment plan submitted by the Petitioner for FY 2018-19, the project starts and project completion date is being provided as April 1, 2017 to March 31, 2018, similar to FY 2017-18, which appears to be dubious. Therefore, he requested the Commission to prudently check the investment plan for FY 2018-19 and FY 2019-20, and check whether the same projects of FY 2017-

18 are claimed again in FY 2018-19 and FY 2019-20. The Commission shall disallow the investments for such double accounting of projects.

B. Petitioner's Response

2.2.126 The Petitioner submitted that, in Form 19, the start date as 01.04.2017 and end date as 31.03.2018 has inadvertently been mentioned for FY 2018-19 and FY 2019-20. The start and end date for FY 2018-19 may please be read as 01.04.2018 and 31.03.2019 and for FY 2019-20 as 01.04.2019 and 31.03.2020. The Petitioner also submitted that it sincerely regrets the inadvertent error.

C. Commission's View

2.2.127 The Commission has taken note of the objections/suggestions made by the stakeholder and the response of the Licensee in this regard.

COST OF TRANSFORMER

A. Comments/ Suggestions of the Public

2.2.128 Shri Rama Shanker Awasthi based on the reply of the Licensee, has submitted that the Licensee has procured various capacity of transformer such as 25KVA, 100 kVA, 250 kVA at a higher range from the cost approved by the Commission in the cost data book. He added that the Petitioner has provided the details of 5 nos of 25 kVA transformers and each of these assets have a varying cost. The Licensee has also included the cost of erection / installation and supervision in the cost of the asset. The Petitioner has provided details of 5 no. of 25 kVA transformer under the Asset No. 14001495. Each of these assets have a varying cost, that varies from 100728 to Rs. 109697. The Petitioner has included the cost of erection / installation and supervision in the cost of the Asset No. 14001495 as capex.

B. Petitioner's Response

2.2.129 The Licensee did not submit any reply.

C. Commission's View

2.2.130 The allegations of the objector will need investigation, however such investigation cannot be part of the present proceedings of determination of ARR and Tariff for FY 2020-21 and may be dealt vide a separate Petition in this matter.

O&M EXPENSES

A. Comments/ Suggestions of the Public

2.2.131 Shri Avadhesh Kumar Verma, Chairman, M/s U.P Rajya Vidyut Upbhokta Parishad submitted that the asset of the Petitioner is loaded to only 20% and thus their O&M expenses should be allowed at a maximum of Rs 30 Crore. He also mentioned that in case the Petitioner find it difficult, the area shall be given to PVVNL which can easily operate in Rs 30 Crore of O&M for almost entire HT load distribution system. The Petitioner has mentioned that its 33/11Kv substation are Scada controlled, then how private agency is put into place. Further, he mentioned that in employee cost and R&M cost the Petitioner have already taken expenses for substation maintenance and the details of work and expenses for each substation shall be sought. The details of work and expenses for each substation must be sought. He also enquired how vehicle expenses and transportation expenses are differentiated.

2.2.132 He submitted that the Petitioner has already considered substation maintenance in employee expense and then again considered huge money in R&M towards substation maintenance. He submitted that saving of Rs 10 Crore in R&M expenses will save 6 paisa per unit for consumers. He also submitted that the Petitioner may also provide reason for so many consumers when all capital and R&M activities are outsourced.

2.2.133 Shri Rama Shanker Awasthi submitted that the Petitioner have stated it is not possible to carry out business operations at a net O&M Expense of Rs. 60.49 Crore for FY 2020-21, as shown below:

Table-11 : Summary of O&M Expenses

Rs. Cr.

Sl. No.	Financial Year	Nature	Employee Expenses	A&G Expenses	R & M Expenses	Gross O&M Expenses	Expenses Capitalised	Net O&M Expenses
1	FY 2015-16	Trued-up	18.16	8.30	27.88	54.33	(6.90)	47.43
2	FY 2016-17	Trued-up	22.37	10.22	34.34	66.93	(12.32)	54.61
3	FY 2017-18	Trued-up	25.37	12.05	40.48	78.91	(10.34)	68.57
4	FY 2015-16	Normative	19.06	8.71	29.27	57.04	(6.90)	50.14
5	FY 2016-17	Normative	19.75	9.03	30.32	59.10	(12.32)	46.78
6	FY 2017-18	Normative	20.35	9.30	31.24	60.90	(10.34)	50.55
7	FY 2018-19	Normative	21.41	9.78	32.87	64.07	(8.99)	55.08
8	FY 2019-20	Normative	22.44	10.26	34.45	67.15	(9.00)	58.15
9	FY 2020-21	Normative	23.51	10.55	35.43	69.49	(9.00)	60.49

2.2.134 He strongly recommends that the Petitioner should hand over the license area to UPPCL or to any other company. Even the objector, can run these operations easily in Rs 50.00 Crore for FY 2020-21.

2.2.135 Based on the reply of the Licensee, he submitted that the Petitioner has claimed GST on O&M Expenses. It is a settled principle of law that no GST can be claimed on O&M expenses. In this regard, the law has been settled by the CERC vide its various Orders.

2.2.136 He also added that the Petitioner has stated mostly substation to be GIS and also highly under loaded too. This expense is highly doubtful and need scrutiny in details.

B. Petitioner's Response

2.2.137 The Petitioner submitted that the O&M expenses are prudently incurred to run the business efficiently. Accordingly, the Petitioner claims O & M Expenses incurred by it, however, the Commission allows the same as per MYT Regulations only. The disallowances in the O & M Expenses, effectively reduce RoE of the Petitioner.

2.2.138 The Petitioner submitted that the O&M expenses is mainly the function of GFA and Revenue, hence, should be compared with reference to the GFA and Revenue only. The percentage increase in O&M Expenses with reference to GFA and Sales is given in the Table below:

Table 2-23: Comparison of O&M Expenses

Comparison of O&M Expenses						
S. No.	**Fin. Year**	**O&M Exp.**	**Avg. GFA**	**O&M/GFA**	**Revenue**	**O&M / Revenue**
		Rs. Cr.	**Rs. Cr.**	**%**	**Rs. Cr.**	**%**
1	2014-15	48	846	5.60%	919	5.20%
2	2015-16	60	1,061	5.70%	1,039	5.80%
3	2016-17	70	1,204	5.80%	1,172	6.00%
4	2017-18	89	1,378	6.50%	1,334	6.70%
5	2018-19	100	1,559	6.40%	1,490	6.70%
6	2019-20	115	1,684	6.80%	1,699	6.80%

2.2.139 The Petitioner also submitted that the O&M Cost of the Petitioner is amongst the lowest in the country. A comparison of the O&M Cost of the Petitioner vis-à-vis UP Discoms and Delhi Discoms is given in the below Tables:

Table 2-24: Comparison of O&M Expenses with Delhi Discoms

O&M Expense comparison with Delhi Discoms									
Particulars	**UOM**	**NPCL**		**KESCO**	**DVVNL**	**MVVNL**	**PVVNL**	**PuVVNL**	**Avg. UP Discoms**
		Actual	**Normative**						
Sales	MU	1,850	1,850	3,174	19,035	16,698	28,393	20,795	17,619
Revenue	Rs. Cr.	1,407	1,407	2,450	12,440	12,730	18,062	14,413	12,019
Average GFA	Rs. Cr.	1,622	1,622	1,047	10,089	9,243	13,253	11,532	9,033
Emp. Exp.	**Rs. Cr.**	**40**	**21**	**67**	**150**	**1,359**	**873**	**1,283**	**746**
Emp. Exp.	Rs./kWh	0.22	0.11	0.21	0.08	0.81	0.31	0.62	0.42
Emp. Exp./Sales	%	2.80%	1.50%	2.70%	1.20%	10.70%	4.80%	8.90%	6.20%

O&M Expense comparison with Delhi Discoms									
Particulars	UOM	NPCL		KESCO	DVVNL	MVVNL	PVVNL	PuVVNL	Avg. UP Discoms
		Actual	Normative						
R&M Exp.	**Rs. Cr.**	**47**	**47**	**69**	**375**	**484**	**874**	**744**	**509**
R&M Exp.	Rs./kWh	0.25	0.25	0.22	0.2	0.29	0.31	0.36	0.29
R&M Exp. / GFA	%	2.90%	2.90%	6.60%	3.70%	5.20%	6.60%	6.50%	5.60%
A&G Exp.	**Rs. Cr.**	**14**	**14**	**21**	**163**	**303**	**106**	**157**	**150**
A&G Exp.	Rs./kWh	0.07	0.07	0.07	0.09	0.18	0.04	0.08	0.09
A&G Exp. / Sales	%	1.00%	1.00%	0.90%	1.30%	2.40%	0.60%	1.10%	1.20%
Net O&M	**Rs. Cr.**	**100**	**82**	**157**	**688**	**2,146**	**1,853**	**2,184**	**1,406**
Net O&M	Rs./kWh	0.54	0.44	0.49	0.36	1.29	0.65	1.05	0.8
Net O&M / Sales	%	7.10%	5.80%	6.40%	5.50%	16.90%	10.30%	15.20%	11.70%

Table 2-25: Comparison of O&M expenses with Delhi Discoms for FY 2018-19

O&M Expense comparison with Delhi Discoms (FY 2018-19)							
Particulars	UOM	NPCL		BRPL	BYPL	TPDDL	NDMC
		Normative	Actual				
Sales	MU	1,850	1,850	12,194	6,514	8,867	1,357
Revenue	Rs. Cr.	1,407	1,407	9,168	4,929	6,891	1,335
Average GFA	Rs. Cr.	1,622	1,622	6,803	3,586	NA	930
O&M Exp./Sale	Rs. Cr.	82	100	1,130	792	814	282
O&M Exp./Sale	Rs./kWh	0.44	0.54	0.93	1.22	0.92	2.08
O&M Exp. / Revenue	%	5.83%	7.13%	12.32%	16.06%	11.81%	21.12%
O&M Exp./GFA	%	5.06%	6.19%	16.61%	22.08%	NA	30.34%

2.2.140 Therefore, the Petitioner submitted that it reiterates its earlier submissions in Chapter 9 of the Petition No. 1541 of 2019.

2.2.141 It is also submitted that the O&M Expenses in the Audited Annual Accounts of the Petitioner are classified as per the Schedules prescribed under the Companies Act, 2013. However, in order to submit the information in the pre-defined formats / heads prescribed by the Commission, the Petitioner has segregated expenses accordingly like Vehicle Expenses under "Vehicle" and "Transportation" based on expenses incurred on movement of manpower and material respectively. Further, it was mentioned that the O&M expenses are claimed as being incurred, however, the Commission allows the same on normative basis only. Such disallowances, therefore effectively reduce RoE of the Petitioner.

2.2.142 Therefore, the Petitioner submitted that the findings of the Objector are false, baseless and wild allegations to mislead the Commission.

2.2.143 As regards to the submission of Shri Rama Shanker Awasthi, the Petitioner submitted that the O&M expenses of the UPPCL Discoms are much higher than the Petitioner's O&M expenses. Even O&M expenses of privatized Discoms of Delhi and NDMC are higher. Therefore, the comments of the Objector are preposterous and again reinforce his grave bias and ill designs against the Petitioner and its officials to show them in very poor light. It is also mentioned that while the Central Government is vigorously promoting increased private participation in the distribution business for improving the overall performance, which the Petitioner has successfully demonstrated and also acknowledged in the Power Industry.

2.2.144 Further regarding the objection, the Petitioner did not submit any reply.

2.2.145 With regards to the objection of Shri Avadhesh Kumar Verma regarding the number of employees, the Petitioner submitted that it has provided complete details, deployment of employees and justifications.

C. Commission's View

2.2.146 The Commission has taken the note of the objection / suggestions made by the stakeholders in this regard and also noted response by the Petitioner. The treatment has been done by the Commission in the relevant chapters of this Order.

EMPLOYEE EXPENSES CAPITALISATION

A. Comments/ Suggestions of the Public

2.2.147 Shri Avadhesh Kumar Verma, Chairman, M/s U.P Rajya Vidyut Upbhokta Parishad submitted that 8% of project cost is employee expenses at Rs 9.00 Crore in FY 2018-19 and is simply an attempt to inflate and gold plate GFA. He requested that the Commission shall fix it at 0.5% to 0.75% as there is already Gold plating of equipment cost.

2.2.148 Shri Rama Shankar Awasthi submitted that the Petitioner's reply to Commission's query regarding the employee expenses capitalized as Rs. 9.00 Crore for FY 2019-20 is extremely vague. He also submitted that the Petitioner management is naive in project management and is unaware of basics of manpower deployment on the project. He requested that the Commission may get verified the various projects on the basis of:

- Whether at the time of creation of project details of identified employees on the project & their estimated hours or days on the project are mentioned.
- On the progressive basis, generally in weekly basis, employees fill the time sheets and on completion details of each person & their time are computed.
- The Petitioner has not confirmed whether the same person say "X" is assigned multiple capex projects or they also carry out O&M works too. If the same employees carry out Capital project and O&M works on daily basis, what is the methodology for approval of time-sheets.
- The Petitioner must also provide the details for each GFA item as follows:

S. No	Asset No.	Asset Details	Asset Location	Value of Asset Rs.	Supply part of Asset Rs.	Labour Part of Asset Value Rs	Employee Cost Capitalised Rs.	Ratio of Employee to Labour Value %
	1	2	3	4=5+6+7	5	6	7	8=7/6
1								
2								
3								
..								
N								

- It further submitted that the Petitioner in order to claim full employee expenses, seems to be increasing the salary capitalisation every year. The objector has done analysis on the data available for FY 2019-20, the observation are as follows:
- Salary cannot be capitalized for Land purchase and purchase of tools & vehicles.
- For IT and Process Automation, 5% of project value as employee expense can be considered and for other T&D projects, 0.5% of project value as employee expenses may be considered as generally there are high cost materials like GIS panels, RMU, underground and AB cables etc.
- It is observed that not more than Rs. 1.5 Crore should be allowed in Salary Capitalisation.
- It is doubtful whether they have capitalised salary on land, vehicles, tools & tackles.

2.2.149 Further, it was submitted that high level of employee salaries is capitalised every year to save on disallowances. When all works are carried out by contractors, the supervision cannot be so high. Additionally, he submitted that it appears to be their diversion tactics to save on R&M expenses.

Table 2-26: Details of employee cost

Particulars	PY 2	PY 1	CY	Control Period		
	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
	(n-2)	(n-1)	(n)	(n+1)	(n+2)	(n+3)
Total Employee Costs	22.18	27.96	38.26	43.91	48.81	56.86
Less: Employee expenses capitalised	5.13	6.9	12.32	10.34	8.99	10.32
Net Employee expenses	17.05	21.05	25.94	33.56	39.82	46.54
Ratio of Salary capitalised to total Salary	**23%**	**25%**	**32%**	**24%**	**18%**	**18%**

2.2.150 Further, the detailed item wise capitalisation sheet was analysed, wherein it was observed that even meter seals in lacs of quantity are capitalised. Probably, the Petitioner would have capitalised salary also on these seals. Everyone knows these seals cannot be capitalised as used on monthly basis for meter readings, meter change, meter checking etc. But the Petitioner will take shelter of Auditor. It is requested to the Commission that such manipulations shall be tested in full details by deploying some quality professionals.

2.2.151 Further, the objectors analysed the issue of high employee expenses being taken by the Petitioner for capital projects, as shown in the table below:

Table 2-27: Details of analysis of analysis of employee expense of the Petitioner as submitted by the Objector

S. No	Particulars	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
A	Net Capital Expenditure F26A Rs Cr	145.33	123.77	142.7	133.35	109.05	140.18
B	Less: Employee expenses capitalized	5.13	6.9	12.32	10.34	8.99	10.32

S. No	Particulars	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
C	Net Capital Expenditure without Employee expense (a-b)	140.2	116.87	130.38	123.01	100.06	129.86
D	Land, Tools & Vehicles	-	-	-	0.29	8.58	26.97
E	Actual Capital expenditure requiring supervision by employees (c-d)	-	-	-	122.72	91.48	102.89
F	Ratio of employee supervision on Capex (b/e)	-	-	-	8%	10%	10%

2.2.152 It was submitted that during the FY 2014-15, employee expenses capitalised was only 3.5% whereas in FY 2018-19 it has jumped to 8.2% and he requested the Commission to fix it at 1-2% only which is generally the value of PMC services charged by many companies. He also added that it is malicious way to inflate value of Assets and then charge high depreciation and O&M including RoE.

2.2.153 Further, it was submitted that employee expenses capitalisation is without any logic and it is on much higher side. It is to be mentioned that in capex projects, value of labour component is 5-10%. The Objector has provided certain examples in the below table:

Table 2-28: Details of erection cost and supply cost

S. No.	Item	Supply cost	Erection cost by Contractor	% of Supply cost
1	Power Transformer 5 MVA to 16 MVA	Rs 45 lac to Rs 1.20 lac	Rs 1.00 Lac to Rs 2.5 Lac	2.5% to 2%
2	33kV GIS Panels	Rs 15-18 Lac	Rs 25000	2%
3	11kV panel board 1 I/C + 3 O/G	Rs 15-18 Lac	Rs 35000-50000	3-4%
4	33kV Cable (1kM) with all joints, bricks etc	Rs 25 lacs	Rs 2.0 Lac	8%

S. No.	Item	Supply cost	Erection cost by Contractor	% of Supply cost
5	11kV Cable (1kM) with all joints, bricks etc	Rs 15 Lac	Rs 1.50 Lac	10%

2.2.154 It is further submitted that the Employee expenses cannot be more than Labour Contractor expenses. Even if 15% is considered over the labour expenses, it works out to be less than 2% on the overall project value. Further, in Cost Data book most of the items for Labour Charges & Overhead, rates are considered at 25-35% which indicates charges are included for employee expenses. For the sake of benefit of Discom, the 15% of such high labour expenses may be considered for supervision by employee which is 3-3.5% only. He added that the Petitioner has not provided data in such a manner that excel analysis of each table is not possible, it is requested to the Commission to carry out similar analysis for other years to get the true picture. Accordingly, the Petitioner shall not be allowed to be provided such high Salary Capitalisation and also inflate the Gross Fixed Asset which becomes basis to get higher amount of RoE, normative loan interest, depreciation etc.

B. Petitioner's Response

2.2.155 It is submitted that from time to time, the Petitioner has been submitting before the Commission the method of capitalization of salary expenses on projects only, which is based on the actual man-hours deployed on the concerned projects. Salary expense cannot be capitalized on capital items such as land, vehicles, office equipment etc. As regards capitalization of meter seals, these are capitalized when fixed with new meter installation. Thereafter, replacement of meter seals become part of R&M expenses. Since salary expenses are not allowed as incurred but on normative basis only from which salary capitalized is further deducted thereby reducing the normative salary expenses approved for tariff determination. Hence, the Petitioner submitted that there is no impact whatsoever on determination of tariff approved due to capitalization of salary. Therefore, the Petitioner submitted that the contentions of the Objector are incorrect, baseless and misleading.

C. Commission's View

2.2.156 The Commission has taken the note of the objection / suggestions made by the stakeholders in this regard and also noted reply by the Petitioner. As per the general principle the audited values are considered in this respect while Truing Up. The treatment has been done by the Commission in the relevant chapters of this Order.

A&G EXPENSES

A. Comments/ Suggestions of the Public

2.2.157 Shri Avadhesh Kumar Verma submitted that the Petitioner is increasing its A&G expenses since it can play with norms and obtain approval of the Commission very easily. The Responsible management apply the sincere efforts to reducing cost but the Petitioner management is splurging consumer money even when it is not required. He has placed recommendations for reduction of expenses by the Petitioner. Further, it is submitted that he is forced to state that if the Petitioner is providing Salary to KMP at Rs 6.00 Cr per annum with other facilities like Mercedes Benz, who will like to reduce operating costs. The Recommendations from the Objector is as shown, in the below table:

Table 2-29: Recommendations for reduction of expenses

S.No.	Particulars	FY 2020-21		Reason
		Projected	Recommended	
1	Telephone, Postage, Telegram & Telex Charges	0.26	0.03	Use Emails/ Whatsapp etc.
2	Other Professional Charges	8.55	1.5	NPCL should explain purpose of services in details. Till then Rs 12.50 Lac per month be allowed.
3	Vehicle Expenses	1.52	1	Vehicle expenses can be reduced to 50%. Also, in covid it is already 4 months and movements is only 10-15%
4	Fee And Subscriptions Books And Periodicals	0.12	0.06	Although it should be zero as free subscription are available for many periodicals. Still not more than Rs 50000 per month be allowed. They should rely more on digital subscription and provide details for each subscription
5	Printing And Stationery	0.2	0.06	To prevent environment, they must reduce it. Rs 50,000 per month means 50,000 pages per month which itself is very huge. They must promote digital reading and digital reporting

S.No.	Particulars	FY 2020-21		Reason
		Projected	Recommended	
6	Advertisement Expenses	0.29	0.06	They provide bills. Now a days agency agency provide free paper, free printing and also some space for advertisement. Since NPCL management is not modern minded, they might not know this facility. They should adopt it in consumer interest.
7	Miscellaneous Expenses	2.84	1	Misc expenses means they can not declare to Commission are certainly those expenses which NPCL management want to hide. A limit of Rs 1.0 Cr in a year be restricted. In first four months when offices are closed, such expenses are already reduced to 5%
8	Legal Charges	2	1	Since they are not work in a legal fashion they hire costliest advocates in Delhi. These expenses must be done from their own RoE. A maximum limit of Rs 1.0 Cr in a year be restricted. It is already 4 months and there are no such cases so it is easily achievable
	Total	15.78	4.71	The Commission can easily reduce Rs 11. 07 Cr of A&G expenses which works out to be 6.27 paisa per unit of reduction in APR

2.2.158 He submitted that Lacs of people have lost their jobs and even in Government DA, the increments are stopped. He submitted that the Petitioner is proposing to provide Rs 6.26 Crore in Bonus which simply state that management of the Petitioner has no fraternity attitude with fellow citizens of country. He also stated that the Petitioner shall be instructed to freeze salary increments and bonus payouts to safeguard interest of consumers. Further, he submitted that the KMP salary of Rs 6.0 Crore as per FY 2018-19 balance sheet is reduced by 50%, then also at an individual level, loss is only Rs 1.8 Cr after adjusting on taxes etc. At Rs 3.0 Crore of salary, if someone in India's electricity Discom is still much higher salary specially when volume is only under 2000 Mus. A saving of Rs 12.0 Crore in salary and bonus expenses will save consumers by 6.50 paisa per unit.

B. Petitioner's Response

2.2.159 The Petitioner submitted that the O&M expenses are prudently incurred to run the business efficiently. Accordingly, the Petitioner claims O & M Expenses incurred by it, however, the Commission allows the same as per MYT Regulations only. The disallowances in the O & M Expenses, effectively reduce RoE of the Petitioner.

2.2.160 The Petitioner further submitted that the O&M expenses is mainly the function of GFA and Revenue, hence, should be compared with reference to the GFA and Revenue only. The percentage increase in O&M Expenses with reference to GFA and Sales is given in the Table below:

Table 2-30: Comparison of O&M Expenses

Comparison of O&M Expenses						
S. No.	Fin. Year	O&M Exp.	Avg. GFA	O&M/GFA	Revenue	O&M / Revenue
		Rs. Cr.	Rs. Cr.	%	Rs. Cr.	%
1	2014-15	48	846	5.60%	919	5.20%
2	2015-16	60	1,061	5.70%	1,039	5.80%
3	2016-17	70	1,204	5.80%	1,172	6.00%
4	2017-18	89	1,378	6.50%	1,334	6.70%
5	2018-19	100	1,559	6.40%	1,490	6.70%
6	2019-20	115	1,684	6.80%	1,699	6.80%

2.2.161 The Petitioner also submitted that the O & M Cost of the Petitioner is amongst the lowest in the country. A comparison of the O&M Cost of the Petitioner vis-à-vis UP

Discoms and Delhi Discoms is given in the below Tables:

Table 2-31: O&M expense comparison with Delhi Discoms

O&M Expense comparison with Delhi Discoms									
Particulars	UOM	NPCL		KeSCO	DVVNL	MVVNL	PVVNL	PuVVNL	Avg. UP Discoms
		Actual	Normative						
Sales	MU	1,850	1,850	3,174	19,035	16,698	28,393	20,795	17,619
Revenue	Rs. Cr.	1,407	1,407	2,450	12,440	12,730	18,062	14,413	12,019
Average GFA	Rs. Cr.	1,622	1,622	1,047	10,089	9,243	13,253	11,532	9,033
Emp. Exp.	**Rs. Cr.**	**40**	**21**	**67**	**150**	**1,359**	**873**	**1,283**	**746**
Emp. Exp.	Rs./kWh	0.22	0.11	0.21	0.08	0.81	0.31	0.62	0.42
Emp. Exp./Sales	%	2.80%	1.50%	2.70%	1.20%	10.70%	4.80%	8.90%	6.20%
R&M Exp.	**Rs. Cr.**	**47**	**47**	**69**	**375**	**484**	**874**	**744**	**509**
R&M Exp.	Rs./kWh	0.25	0.25	0.22	0.2	0.29	0.31	0.36	0.29
R&M Exp. / GFA	%	2.90%	2.90%	6.60%	3.70%	5.20%	6.60%	6.50%	5.60%
A&G Exp.	**Rs. Cr.**	**14**	**14**	**21**	**163**	**303**	**106**	**157**	**150**
A&G Exp.	Rs./kWh	0.07	0.07	0.07	0.09	0.18	0.04	0.08	0.09
A&G Exp. / Sales	%	1.00%	1.00%	0.90%	1.30%	2.40%	0.60%	1.10%	1.20%
Net O&M	**Rs. Cr.**	**100**	**82**	**157**	**688**	**2,146**	**1,853**	**2,184**	**1,406**
Net O&M	Rs./kWh	0.54	0.44	0.49	0.36	1.29	0.65	1.05	0.8
Net O&M / Sales	%	7.10%	5.80%	6.40%	5.50%	16.90%	10.30%	15.20%	11.70%

Table 2-32: Comparison of O&M expenses with Delhi Discoms for FY 2018-19

O&M Expense comparison with Delhi Discoms (FY 2018-19)							
Particulars	**UOM**	**NPCL**		**BRPL**	**BYPL**	**TPDDL**	**NDMC**
		Normative	**Actual**				
Sales	MU	1,850	1,850	12,194	6,514	8,867	1,357
Revenue	Rs. Cr.	1,407	1,407	9,168	4,929	6,891	1,335
Average GFA	Rs. Cr.	1,622	1,622	6,803	3,586	NA	930
O&M Exp./Sale	Rs. Cr.	82	100	1,130	792	814	282
O&M Exp./Sale	Rs./kWh	0.44	0.54	0.93	1.22	0.92	2.08
O&M Exp. / Revenue	%	5.83%	7.13%	12.32%	16.06%	11.81%	21.12%
O&M Exp./GFA	%	5.06%	6.19%	16.61%	22.08%	NA	30.34%

2.2.162 Therefore, the Petitioner submitted that it reiterates its earlier submissions in Chapter 9 of the Petition No. 1541 of 2019.

2.2.163 It is also submitted that the O&M Expenses in the Audited Annual Accounts of the Petitioner are classified as per the Schedules prescribed under the Companies Act, 2013. However, in order to submit the information in the pre-defined formats / heads prescribed by the Commission, the Petitioner has segregated expenses accordingly like Vehicle Expenses under "Vehicle" and "Transportation" based on expenses incurred on movement of manpower and material respectively. Further, it was mentioned that the O&M expenses are claimed as being incurred, however, the Commission allows the same on normative basis only. Such disallowances, therefore effectively reduce RoE of the Petitioner. Therefore, the Petitioner submitted that the findings of the Objector are false.

C. Commission's View

2.2.164 The Commission has taken the note of the objection / suggestions made by the stakeholders in this regard and also noted reply by the Petitioner. The treatment has been done by the Commission in the relevant chapters of this Order.

PROFESSIONAL CHARGES UNDER A&G EXPENSES

A. Comments/ Suggestions of the Public

2.2.165 Shri Rama Shanker Awasthi submitted that there has been a drastic increase in professional charges under the A&G expenses, over the years. In the last six years, there has been an increase of more than 650% which is a matter of serious concern, as shown in the table below.

Table 2-33: Details of Professional charges

A&G Expenses	UOM	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Other Professional Charges	Rs. Crore	1.06	1.55	4.23	6.75	7.12	8.08
Increase Y-O-Y	%	-	46%	173%	60%	5%	13%

2.2.166 He also submitted that the Petitioner has incurred a huge amount of expenses under the head "other Professional Charges" prima facie which does not appear reasonable. Further, he mentioned that it needs to be checked whether the litigation charges are included under the head" Other professional Charges" because litigation charges are separately claimed by the Petitioner. Therefore, he requested the Commission to investigate the expenses claimed under 'Other Professional charges', and it shall only be allowed once the investigation is completed and the expenses are found to be legitimate.

2.2.167 Based on the reply of the Licensee, he submitted that the Petitioner over the years has incurred more professional expenses then the normal one. In spite of asking details, they have not provided. It is doubtful that these are sham expenses. Dis-allowance impact is Rs 5.00 Cr. It is a settled principle of law that no GST can be claimed on O & M expenses. In this regard, the law has been settled by the Ld. Central Electricity Regulatory Commission (CERC) vide its various orders. It also added that the licensee has claimed depreciation before COD.

2.2.168 Shri Avadhesh Kumar Verma, Chairman, M/s U.P Rajya Vidyut Upbhokta Parishad submitted that other professional charges have increased from Rs 1.06 Cr in FY 2015-16 to Rs 8.08 Cr in FY 2020-21. He submitted that these are doubtful expenses and need to be fully investigated by Commission before grant of approval.

B. Petitioner's Response

2.2.169 It is submitted that based on the business requirement, the Petitioner from time to time hire the services of the professionals. While in the books of accounts, the legal and professional charges are classified under one head, however, in the Tariff Formats, these are shown separately as required by the Commission. Further, the Petitioner has already provided detailed justification for all O&M Expenses in Petition No. 1541 of 2019 dated December 27, 2019 as well as in the Petitioner's reply vide letter no. P-77A/ 2020/001 dated May 27, 2020 and Email dated June 22 , 2020 respectively in response to the deficiency notes raised by the Commission vide letter no. UPERC/Secy/D(Tariff) 20-087 dated May 13, 2020 and letter no. UPERC/Secy/D(Tariff) 20-241 dated June 16, 2020.

C. Commission's View

2.2.170 The Commission has taken the note of the objection / suggestions made by the stakeholders in this regard and also noted reply by the Petitioner. The treatment has been done by the Commission in the relevant chapters of this Order.

R&M EXPENSES

A. Comments/ Suggestions of the Public

2.2.171 Shri Rama Shanker Awasthi has submitted the details regarding the R&M Expenses provided by the Petitioner under Form 34 A, as shown in the table below:

Table 2-34: Details regarding R&M Expenses

		PY 2	PY 1	CY	Control Period		
S. No	**Particulars**	**FY 2014-15 (n-2)**	**FY 2015-16 (n-1)**	**FY 2016-17 (n)**	**FY 2017-18 (n+1)**	**FY 2018-19 (n+2)**	**FY 2019-20 (n+3)**
1	Repair of Distribution System Networks, Machine, Building etc.	20.4	26.23	26.38	33.92	38.26	43.42
2	Vehicles	0.38	0.47	0.52	0.57	0.87	0.94
3	Furniture and Fixtures & IT	-	-	0.17	0.23	0.2	0.46
4	Office Equipments	-	-	-	-	0.03	0.04
5	Transportation	0.17	0.2	0.25	0.3	0.37	0.45
6	Substation maintenance by private Agencies	1.83	1.91	4.34	5.33	5.99	7.24
7	Any other items			0.91	1.12	1.23	0.87
	Subtotal	**22.77**	**28.8**	**32.57**	**41.48**	**46.95**	**53.43**
	Less: GST Claimed Separately					2.76	2.95

		PY 2	PY 1	CY	Control Period		
S. No	**Particulars**	**FY 2014-15 (n-2)**	**FY 2015-16 (n-1)**	**FY 2016-17 (n)**	**FY 2017-18 (n+1)**	**FY 2018-19 (n+2)**	**FY 2019-20 (n+3)**
	Total Repair & Maintenance Expenses	**22.77**	**28.8**	**32.57**	**41.48**	**44.19**	**50.48**

Based on the above Table, the Objector has made the following observations:

- **Repair of Distribution System Networks, Machine, building etc. -** R&M expenses approved for the Petitioner increased suddenly at the rate of 30% in FY 2017-18 and thereafter almost 15-16 % on yearly basis. It is requested to the Commission to look into the drastic increase over the years.
- **Furniture and Fixtures and IT** - It may be observed that till FY 2015-16, there was no R&M towards furniture and fixture & IT. However, one can see that it started from FY 2016-17 at Rs 0.17 Lac and reached almost 2.7 times in 3 years to 0.46 Lac in FY 2019-20. It may be observed that these expenses must be part of Repair of Distribution System Networks, Machine, Building etc. It appears that in order to grab more amount, the Petitioner has shown such expense separately.
- **Vehicle and Transportation** – It is important to question how vehicles R&M and transportation R&M are two different things. It is surprising that using synonyms, the Petitioner can actually double the claims for R&M.
- **Substation maintenance by private agencies:** The objector has repeatedly raised this objection in the past submissions. However, no response was received. This year, these are again pointed out.

  First of all, it is important to ask the Petitioner what all R&M work is carried out under Substation maintenance by private agencies. Further, how this R&M is different from the R&M work claimed under Repair of Distribution System Networks, Machine, building etc. Further, why there is an increase in substation maintenance by private agencies and the same has become four times in 5 years.

- **Any other items –** It is important to ask the Petitioner what all R&M work is carried out under “Any other items” and how it is different from other heads and further the Petitioner has claimed close to Rs. 1 crore average in the last few years.

2.2.172 He further submitted that if investigation is carried out using Lineman certificate, Aadhar Card & Bank Details of people engaged in R&M of the Petitioner, it is sure that many unwarranted things, which are under carpet till now, will come out. It is therefore that the demand for CAG audit of the Petitioner has been made for so many years. It is surprising to note that even an auditor appointed by the Commission found every transaction of the Petitioner in order.

2.2.173 Therefore, he requested the Commission that the Petitioner must be directed to provide reasons for drastic increase in expenses incurred against substation maintenance by private agencies. Also, if it is established that there is no basis for above claims, then it shall be dis-allowed for the current year and all the preceding years, as it will be a burden on the consumers in the form of Tariff.

2.2.174 Further, he requested the Commission to direct the Petitioner to submit a detailed response to all the above objections. Further, it is requested that such expenses shall only be allowed after proper scrutiny of True up of FY 2018-19, APR of FY 2019-20 and ARR/Tariff for FY 2020-21.

B. Petitioner's Response

2.2.175 The Petitioner submitted that the Objector has incorrectly and wrongly analyzed the increase in R&M Cost again to mislead the Commission. The R&M expenses are directly related to the GFA and therefore, should be compared with reference to the GFA only. The percentage increase in R&M Expenses with reference to GFA and Sales is given in the Table below:

Table 2-35: Details of percentage increase in R&M Expenses with reference to GFA & Sales

R&M Expenses						
S. No.	Fin. Year	R&M Exp.	Avg. GFA	R&M/GFA	Revenue	R&M / Revenue
		Rs. Cr.	Rs. Cr.	%	Rs. Cr.	%
1	2014-15	23	846	2.70%	919	2.50%
2	2015-16	29	1,061	2.70%	1,039	2.80%
3	2016-17	33	1,204	2.70%	1,172	2.80%
4	2017-18	41	1,378	3.00%	1,334	3.10%
5	2018-19	47	1,559	3.00%	1,490	3.10%
6	2019-20	53	1,684	3.20%	1,699	3.10%

2.2.176 The Petitioner also submitted that, not only the R&M Expenses but the total O & M Cost of the Petitioner is amongst the lowest in the country. A comparison of the O&M Cost of the Petitioner vis-à-vis UP Discoms and Delhi Discoms is given below in Tables below:

Table 2-36: Comparison of O&M Expenses with Delhi Discoms

O&M Expense comparison with Delhi Discoms									
Particulars	UOM	NPCL		KESCO	DVVNL	MVVNL	PVVNL	PuVVNL	Avg. UP Discoms
		Actual	Normative						
Sales	MU	1,850	1,850	3,174	19,035	16,698	28,393	20,795	17,619
Revenue	Rs. Cr.	1,407	1,407	2,450	12,440	12,730	18,062	14,413	12,019
Average GFA	Rs. Cr.	1,622	1,622	1,047	10,089	9,243	13,253	11,532	9,033
Emp. Exp.	**Rs. Cr.**	**40**	**21**	**67**	**150**	**1,359**	**873**	**1,283**	**746**
Emp. Exp.	Rs./kWh	0.22	0.11	0.21	0.08	0.81	0.31	0.62	0.42
Emp. Exp./Sales	%	2.80%	1.50%	2.70%	1.20%	10.70%	4.80%	8.90%	6.20%
R&M Exp.	**Rs. Cr.**	**47**	**47**	**69**	**375**	**484**	**874**	**744**	**509**
R&M Exp.	Rs./kWh	0.25	0.25	0.22	0.2	0.29	0.31	0.36	0.29
R&M Exp. / GFA	%	2.90%	2.90%	6.60%	3.70%	5.20%	6.60%	6.50%	5.60%
A&G Exp.	**Rs. Cr.**	**14**	**14**	**21**	**163**	**303**	**106**	**157**	**150**
A&G Exp.	Rs./kWh	0.07	0.07	0.07	0.09	0.18	0.04	0.08	0.09
A&G Exp. / Sales	%	1.00%	1.00%	0.90%	1.30%	2.40%	0.60%	1.10%	1.20%
Net O&M	**Rs. Cr.**	**100**	**82**	**157**	**688**	**2,146**	**1,853**	**2,184**	**1,406**
Net O&M	Rs./kWh	0.54	0.44	0.49	0.36	1.29	0.65	1.05	0.8
Net O&M / Sales	%	7.10%	5.80%	6.40%	5.50%	16.90%	10.30%	15.20%	11.70%

Table 2-37: Comparison of the O&M Expenses with Delhi Discoms for FY 2018-19

O&M Expense comparison with Delhi Discoms (FY 2018-19)							
Particulars	UOM	NPCL		BRPL	BYPL	TPDDL	NDMC
		Normative	Actual				
Sales	MU	1,850	1,850	12,194	6,514	8,867	1,357
Revenue	Rs. Cr.	1,407	1,407	9,168	4,929	6,891	1,335

O&M Expense comparison with Delhi Discoms (FY 2018-19)							
Particulars	UOM	NPCL		BRPL	BYPL	TPDDL	NDMC
		Normative	Actual				
Average GFA	Rs. Cr.	1,622	1,622	6,803	3,586	NA	930
O&M Exp./Sale	Rs. Cr.	82	100	1,130	792	814	282
O&M Exp./Sale	Rs./kWh	0.44	0.54	0.93	1.22	0.92	2.08
O&M Exp. / Revenue	%	5.83%	7.13%	12.32%	16.06%	11.81%	21.12%
O&M Exp./GFA	%	5.06%	6.19%	16.61%	22.08%	NA	30.34%

2.2.177 The Petitioner has submitted that the O&M Expenses in the Audited Annual Accounts of the Petitioner are classified as per the Schedules prescribed under the Companies Act, 2013. However, in order to submit the information in the pre-defined formats / heads prescribed by the Commission, the Petitioner has segregated Vehicle Expenses under "Vehicle" and "Transportation". The transportation expenses are relating to movement of Breakdown gangs and materials. Further, the Petitioner mentioned that the O&M expenses are claimed as being incurred, however, the Commission allows the same on normative basis only. Such disallowances, therefore, effectively reduce Return on Equity of the Petitioner. Thus, the Petitioner submitted that the Objector has made false allegations.

C. Commission's View

2.2.178 The Commission has taken the note of the objection / suggestions made by the stakeholders in this regard and also noted reply by the Petitioner. The treatment has been done by the Commission in the relevant chapters of this Order.

WHEELING CHARGE

A. Comments/ Suggestions of the Public

2.2.179 Shri Vedant Sonkhiya, Legal Officer, M/s Open Access Users Association, submitted that the allocation matrix used by the Petitioner for segregating wheeling and supply ARR seems incorrect as the Petitioner has considered 100% of the interest on finance charges as a part of the wheeling charges. He also mentioned that interest from working capital and interest from security deposit form a part of the retail business and not wheeling business, thereby the computation of the wheeling charge by the Petitioner is flawed. He also submitted that the allocation of Employee Cost and A&G Cost seems incorrect while computing the wheeling charge. He further submitted that the Petitioner has considered 97% of the carrying cost of the Regulatory Asset as part of the wheeling charge without any rationale and justification, whether the regulatory asset allowed by the Commission were on account of power purchase or O&M or interest or other charges. The Petitioner also submitted the details of allocation methodology of Gujarat and Kerala for the Commission to consider before finalizing the allocation of matrix for wheeling charge.

2.2.180 Shri Jogendra Behera, Vice President- Market Design & Economics, M/s Indian Energy Exchange Limited submitted that the allocation matrix used by the Petitioner for segregating wheeling and supply ARR seems incorrect, with excessive allocation of interest on security deposit, employee cost and A&G cost on the wheeling charges.

B. Petitioner's Response

2.2.181 The Petitioner submitted that for the purpose of computing the wheeling and retailing charges, the Petitioner prepares the cost allocation summary, based on cost records maintained under Section-148 of the Companies Act, 2013 and prepared in accordance with Rule 5 of the Companies (Cost Records and Audit) Rules, 2014 (as amended). The Cost Records prepared by the Petitioner are duly audited by qualified Cost Accountant and the report is submitted to the Commission along-with the Petitioner's Truing up Petition. The wheeling & retailing charges have been computed accordingly.

C. Commission's View

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

CROSS SUBSIDY SURCHARGE (CSS)

A. Comments/ Suggestions of the Public

2.2.183 Shri Vedant Sonkhiya, Legal Officer, M/s Open Access Users Association, submitted that the Petitioner has considered high ABR and revenue from large industries despite the decrease in sales and no hike proposed in the existing tariff resulting in abruptly high CSS to be borne by the consumers opting to avail power through open access. He requested the Commission to consider lower ABR while computing CSS as the sales are low due to lockdown. Further, he submitted that for FY 2016-17 and FY 201-18, the ABR approved for in True-up Order is almost in line with the ABR vide ARR order, however, with no tariff hike, a sudden increase in the revenue and ABR is observed in FY 2018-19. Therefore, he requested the Commission to approve appropriate ABR for FY 2020-21 in line with the tariff fixated. He further requested the Commission to continue with the same methodology (as earlier) to work out the CSS so that industries can optimise their power purchase cost. Further, it was submitted that the Petitioner while computing the CSS has not followed the methodology specified by the Commission in UPERC (Terms and Conditions of Tariff), Regulation, 2019. He added that the Petitioner has not taken into account the transmission losses and also the cap of 20% of tariff applicable while determining the CSS. Therefore, he requested the Commission to approve the CSS as NIL or to a level that doesn't hinder industrial growth and activity in the state.

2.2.184 Shri Jogendra Behera, Vice President- Market Design & Economics, M/s Indian Energy Exchange Limited, requested the Commission to consider lower ABR while computing CSS as increase in CSS will have a direct bearing on the operations of industries which optimize power purchase costs through open access when economies for the same prevail and also suggested waivers in Open Access charges in a manner other SERCs have done in the past.

2.2.185 Shri Avadhesh Kumar Verma, Chairman, M/s U.P Rajya Vidyut Upbhokta Parishad submitted that in FY 2020-21, there is no requirement of CSS at the Petitioner and is pertinent to mention that unlike UPPCL, the Petitioner is obstructing grant of Open Access on flimsy grounds. He requested the Commission to instruct them to provide Open Access within 7 days to consumers. He also mentioned that the Petitioner has sought Rs 5.98 Crore of subsidy in HV-2 consumer category. Further, he submitted that the Petitioner is purchasing power at very high cost due to its inefficient management of system and also granting of Open Access to all consumers requiring more than 1 MW will be a win-win situation. He further submitted that, as per Block chain Orders of Commission, the Petitioner should also provide Open Access to smaller consumers specially in LMV-1 category.

Table 2-38: Details of the Cross Subsidy as submitted by the Objector

S.No.	Particulars	Control Period				
		FY 2020-21				
		Projected				
		Total Cost to Serve	Revenue	Total Subsidy	Govt Subsidy	Cross Subsidy
1	Domestic (LMV-1)	524.82	422.14	102.68	-	102.68
2	Non-Domestic Light Fan and Power (LMV-2)	28.57	36.85	-8.28	-	-8.28
3	Public Lamps (LMV-3)	25.06	30.76	-5.7	-	-5.7
4	Light and Power for Public Institutions and Private institutions (LMV-4)	10.28	10.63	-0.35	-	-0.35

S.No.	Particulars	Control Period				
		FY 2020-21				
		Projected				
		Total Cost to Serve	Revenue	Total Subsidy	Govt Subsidy	Cross Subsidy
5	Private Tube Wells (LMV-5)	17.12	4.63	12.49	-	12.49
6	Small and Medium Power (LMV-6)	68.96	77.03	-8.07	-	-8.07
7	Public Water Works (LMV-7)	17.21	22.08	-4.86	-	-4.86
8	State Tube Wells (LMV-8)	0.16	0.21	-0.06	-	-0.06
9	Temporary Supply (LMV-9)	31.77	48.21	-16.44	-	-16.44
10	Electric Vehicle Charging (LMV-11)	6.43	4.5	1.93	-	1.93
11	Non-Industrial Bulk Load (HV-1)	153.47	191.43	-37.96	-	-37.96
12	Large and Heavy Power (HV-2)	594.05	588.87	5.18	-	5.18
	Total	**1,477.91**	**1,437.34**	**40.57**	**-**	**40.57**

2.2.186 Shri Rama Shanker Awasthi submitted that for FY 2020-21, the gap between ACoS and ABR for HV-2 categories is almost nil, which implies that there is no need for allowing Cross Subsidy Surcharge. He submitted that by looking at the consumer mix of the Petitioner, it can be established that there is less requirement of cross subsidy. He requested the Commission to disallow any cross-subsidy surcharge and additional surcharge for FY 2020-21. Further, he submitted that, considering the high cost power procurement of the Petitioner, it is again a win-win situation for both HV-2 consumers and the Petitioner to allow open access.

B. Petitioner's Response

2.2.187 The Petitioner has submitted its petitions for True-up FY 2018-19, Annual Performance Review FY 2019-20 and Aggregate Revenue Requirement (ARR) FY 2020-21 to recover its ARR for approval of the Commission in accordance with the provisions of MYT Regulation 2014 and MYT Regulations 2019.

2.2.188 As regards to the objection of Shri Avadhesh Kumar Verma and Shri Rama Shanker Awasthi, the Petitioner resubmitted that the cross-subsidy surcharge has been computed in accordance with the provisions of Regulation 49 of Uttar Pradesh Electricity Regulatory Commission (Multi Year Tariff for Distribution and Transmission)

Regulations, 2019 and Regulation 40 of the Uttar Pradesh Electricity Regulatory Commission (Multi Year Distribution Tariff) Regulation 2014. The Petitioner further submitted that the detailed justification and calculation for cost allocation and cross subsidy surcharge has been provided.

2.2.189 As Regards to the objection of Shri Vedant Sonkhiya, the Petitioner has resubmitted that the Petitioner would state that revenue from large industries has been estimated as per projected volume and revenue based on the prevailing tariff. The Petitioner further submitted that the detailed justification and calculation for cost allocation and cross subsidy surcharge has been provided for ready reference.

C. Commission's View

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

RENEWABLE PURCHASE OBLIGATION (RPO)

A. Comments/ Suggestions of the Public

2.2.191 Shri Jogendra Behra, Vice President- Market Design & Economics, M/s Indian Energy Exchange Limited has submitted that the Petitioner has computed the quantum of RPO for FY 2020-21 incorrectly by multiplying the RPO percentage with the difference of sale of power within state and power purchase from hydro.

B. Petitioner's Response

2.2.192 The Petitioner submitted that as per the Objector, computation of RPO quantum is required to be on the electricity consumption. However, according to the Objector, network losses also need to be considered as consumption, which is incorrect. If the methodology suggested by Objector is implemented, then transmission companies would also be required to fulfil RPO obligations. Thus, based on the aggregate consumption of the consumers of the Petitioner's licensed area, the Petitioner has been computing its RPO Obligations which is in accordance with UPERC RPO Regulations, 2010.

C. Commission's View

2.2.193 The Commission has taken note of the objections/suggestions made by the stakeholders and the reply of the Licensee in this regard and appropriately dealt in the relevant chapters of this Order.

EXPENSIVE VEHICLES

A. Comments/ Suggestions of the Public

2.2.194 Shri Rama Shanker Awasthi submitted that 14 vehicles amounting to Rs 1.92 Cr were purchased by the Petitioner and the same was capitalized in FY 2018-19, as shown in the table below:

Table 2-39: Details of the vehicles purchased and capitalised by NPCL as submitted by the Objector

Asset	GL No	Asset Category	Asset Description	Capitalized Date	Quantity	Additions
30000087	21701	Vehicles	S Cross (Zeta) 1.3 D REGN.NO.UP16BW4208	11-06-2018	1	9,90,522
30000088	21701	Vehicles	New Dzire Zxi (+) REGN.NO.UP16BW3101	05-06-2018	1	7,69,463
30000089	21701	Vehicles	Vento Highline (P) MT (UP16BZ2208)	20-10-2018	-	10,78,876
30000090	21701	Vehicles	MARUTI CIAZ ALPHA MT (P) REGN.NO.UP16BZ3622	25-10-2018	1	11,06,260
30000091	21701	Vehicles	Hyundai Creta SX (P) UP16BZ9659	17-11-2018	1	11,58,685
30000092	21701	Vehicles	Ciaz Alpha MT(P) 1.5 (UP16BZ6453)	06-11-2018	1	10,97,757
30000093	21701	Vehicles	Innova Crysta 2.4 MT (D) (UP16CA8107)	17-12-2018	1	22,66,768
30000094	21701	Vehicles	Honda City VMT (P) UP16BZ9426	16-11-2018	1	10,92,438
30000095	21701	Vehicles	Corolla Altis VL CVT(P) (UP16CA4091)	30-11-2018	1	17,40,967
30000096	21701	Vehicles	Corolla Altis VL CVT(P) (UP16CB1329)	02-01-2019	1	21,76,105
30000097	21701	Vehicles	Marrazo M6 (D) 7STR (UP16CA070)	19-11-2018	1	13,98,016
30000098	21701	Vehicles	Ciaz Alpha MT(P) 1.5 (UP16CA4022)	29-11-2018	1	11,00,860
30000099	21701	Vehicles	Marazzo M4 (D) 7STR (UP16CA0062)	19-11-2018	1	11,32,654
30000100	21701	Vehicles	Skoda Superb Style 1.8 (MT) (P) UP16CA6737	10-12-2018	1	21,56,070
		Total			**1,92,65,441**	

2.2.195 He also submitted that more than 10 high-end vehicles such as Mercedes Benz were capitalized in FY 2017-18. He further submitted that the Petitioner has various group company offices in Delhi-NCR therefore it is possible that the Petitioner has purchased these four-wheeler vehicles on its own accounts and claimed in the annual revenue requirement and the same are used in their other sister concern offices. He requested the Commission to check all records including GFAs for the last 10 years on this serious issue and check if any such vehicles are sold to their own employee or any other person before expiry of the 13 years from the date of Purchase of four-wheeler vehicle. Therefore, he requested the Commission to disallow the depreciation and A&G expenses on these assets for all the respective year, if found true. Further, he requested the Commission to direct the Petitioner to submit the following details:

- How many employees, and at what levels (designation) are entitled to get a four-wheeler vehicle? And how many entitled employees are provided?
- Details of date of purchase, age, existing locations of these four wheelers?
- Provide all the details of four-wheeler vehicles for the last 10 years in the specified format mentioned below:

Sl. No.	Vehicle details	Date of purchase	Cost of purchase	Date of Retirement	Party to whom retired vehicle were sold	Cost recovered at the time of retiring the vehicle
1						
2						
3						
4						
5						

2.2.196 Based on the reply of the Licensee, he submitted that the Licensee has purchased high end vehicles such as Mercedes benz which are being capitalised in FAR. He added that in terms of the Depreciation schedule as per UPERC (Multi Year Distribution Tariff) Regulations, 2014 the life of a vehicle is considered to be 15 years and is entitled to a depreciation of 33.4% year on year depreciation. Therefore, any vehicle so procured is retired after an approximation time period of 15 years from service. He further submitted that there are certain vehicles vehicle which are being transferred in the name of the employees and thereafter retired from the Licensee FAR. He submitted that the Licensee is replacing the vehicles every 5 years. He submitted that the

Petitioner is receiving depreciation on more than 80% of the cost of the Petitioner in 5 years and then admittedly they sell / provide the vehicles apparently to their own employees.

2.2.197 He also added that NPCL has provided luxury cars Honda Amaze, Creta, Toyota to Mercedes Benz which are sold to employees on or before completion of 5 years, though some are sold in 6 months. While it is to be used for 15 years, this way almost 2.5 times depreciation is claimed. These cars to be booked in employee expenses (and to be decapitalised) as it is part of their remuneration. It is double whammy for consumer that an expense which would have been disallowed, they are forced to pay for capital expenditures and also for corresponding depreciation, tax, RoE and O & M. Almost Rs 5-7 Cr is to be decapitalised and booked in employee expenses.

2.2.198 Shri Avadhesh Kumar Verma, Chairman, M/s U.P Rajya Vidyut Upbhokta Parishad submitted that Petitioner is the only DISCOM in entire Uttar Pradesh where expensive cars, over the years, are allowed to be part of GFA by the Commission in tariff orders for which depreciation, ROE, interest and O&M is also paid by consumers. Instead these expensive cars should be part of O&M and not GFA. He also submitted that all expenses like car cost, driver, maintenance and insurance, petrol/ diesel should make part of employee expenses. In FY 2018-19, only 14 expensive cars are purchased for Rs. 1.92 Cr. Similarly, in earlier years high end cars including Mercedes Benz, Innova etc. are purchased at cost of crores of rupees and the same is planned in FY 2019-20 and FY 2020-21. He also mentioned that it is highly objectionable that the Petitioner is enjoying high level of luxury at cost of consumers. Also, he added that the Petitioner shall provide details of purchases, retiring of cars, party who has purchased, when it is sold etc.

2.2.199 He also submitted that luxury cars of Rs 7.98 Cr are mentioned after Depreciation. The Petitioner may provide details of all luxury cars purchased in last 13 years. A vehicle is having life of 13 years and therefore the Petitioner must provide details of purchase date, retiring date etc. of each vehicle. These expenses must be recovered for last 10 years including depreciation, ROE and O&M and interest. These are part of employee expenses. The consumer cannot be harassed by allowing luxury cars to the Petitioner employees who are working with so much inefficiency.

B. Petitioner's Response

2.2.200 The Petitioner submitted that the company vehicles are provided to the Senior Officers for discharging their official duties efficiently including travelling within NCR and destinations within 300 Kms. The Petitioner mentioned that the licensed area of the Petitioner is spread over 335 Sq. Kms. and vehicles are required for smooth movement of these officers for discharging their duties. The Petitioner also mentioned that such vehicles are also necessary for 24x7 availability as well as safety of the employees and the vehicles provided to the officers varies as per their seniority/designation. The Petitioner also submitted that, as per the policy, these vehicles are generally replaced after 5 years period. Further, the Petitioner submitted that the field duties and shift-based duties in call center, control room etc. pooled vehicles are provided to the officers/staff. Also, it is submitted that, Greater Noida city lacks adequate public transport facility for local movement.

C. Commission's View

2.2.201 The Commission has taken note of the objections/suggestions made by the stakeholders and the reply of the Licensee in this regard. The Commission has dealt the issue appropriately in the relevant Chapters of this Order.

HIGH VALUED CAPITALISED ASSETS

A. Comments/ Suggestions of the Public

2.2.202 Shri Rama Shanker Awasthi submitted a comparison between Fixed Asset Register for FY 2018-19 with Cost Data Book, 2016, as shown in the table below:

Table 2-40: Comparison of Fixed Asset Register of FY 2018-19 with Cost Data Book, 2016 as submitted by the Petitioner

All Capitalised dated 31-03-2019							
Asset	**GL No**	**Asset Description**	**Capex**	**Qty**	**Additions Rs**	**Per Unit Cost**	**Cost as per Cost data book 2016 (Annexure-29)**
14001490	21302	25 kVA Transformer	Consumer Contribution	5	5,40,472	1,08,094	63175
14001477	21302	25 kVA Transformer	Consumer Contribution	1	1,03,221	1,03,221	
14001493	21302	25 kVA Transformer	Consumer Contribution	2	1,67,823	83,912	
14001494	21303	25 kVA Transformer	Consumer Contribution	15	16,78,385	1,11,892	
14001495	21303	25 kVA Transformer	Consumer Contribution	5	5,52,903	1,10,581	

All Capitalised dated 31-03-2019							
Asset	**GL No**	**Asset Description**	**Capex**	**Qty**	**Additions Rs**	**Per Unit Cost**	**Cost as per Cost data book 2016 (Annexure-29)**
14001496	21302	25 kVA Transformer	Consumer Contribution	8	20,47,998	2,56,000	
14001511	21302	25 kVA Transformer	Consumer Contribution	21	20,17,550	96,074	
14001505	21303	25 kVA Transformer	Consumer Contribution	13	14,74,010	1,13,385	
14001501	21303	25 kVA Transformer	Consumer Contribution	21	24,05,772	1,14,561	
14001471	21303	25 kVA Transformer	Consumer Contribution	19	16,57,564	87,240	
14001074	21303	100 kVA Transformer	Consumer Contribution	1	57,820	57,820	145308
14001472	21303	100 kVA Transformer	Consumer Contribution	1	1,70,066	1,70,066	
14001476	21302	100 kVA Transformer	Consumer Contribution	1	11,25,882	11,25,882	
14001480	21302	100 kVA Transformer	Consumer Contribution	34	66,24,475	1,94,838	
14001482	21302	100 kVA Transformer	Consumer Contribution	6	1,02,38,118	17,06,353	
14001483	21303	100 kVA Transformer	Consumer Contribution	10	19,50,086	1,95,009	
14001485	21302	100 kVA Transformer	Consumer Contribution	1	1,65,357	1,65,357	

All Capitalised dated 31-03-2019							
Asset	**GL No**	**Asset Description**	**Capex**	**Qty**	**Additions Rs**	**Per Unit Cost**	**Cost as per Cost data book 2016 (Annexure-29)**
14001487	21303	100 kVA Transformer	Consumer Contribution	13	29,89,406	2,29,954	
14001489	21303	100 kVA Transformer	Consumer Contribution	1	1,66,247	1,66,247	
14001492	21303	100 kVA Transformer	Consumer Contribution	16	15,60,024	97,502	
14001502	21303	100 kVA Transformer	Consumer Contribution	14	31,27,788	2,23,413	
14001510	21302	100 kVA Transformer	Consumer Contribution	43	83,11,959	1,93,301	
14001514	21303	100 kVA Transformer	Consumer Contribution	1	15,64,188	15,64,188	
14001506	21303	100 kVA Transformer	Consumer Contribution	8	17,66,419	2,20,802	
14001481	21302	250 kVA Transformer	Consumer Contribution	10	51,78,465	5,17,847	
14001475	21302	250 kVA Transformer	Consumer Contribution	1	17,61,027	17,61,027	
14001469	21302	250 kVA, 11/0.433 kV Trf	Consumer Contribution	1	83,328	83,328	596591
14001484	21303	250 kVA Transformer	Consumer Contribution	1	5,64,932	5,64,932	
14001488	21302	250 kVA Transformer	Consumer Contribution	9	67,34,165	7,48,241	

All Capitalised dated 31-03-2019							
Asset	**GL No**	**Asset Description**	**Capex**	**Qty**	**Additions Rs**	**Per Unit Cost**	**Cost as per Cost data book 2016 (Annexure-29)**
14001509	21302	250 kVA Transformer	NPCL Assets	22	1,10,45,548	5,02,070	
14001473	21303	400 kVA Transformer	Consumer Contribution	1	41,017	41,017	752531
14001474	21302	400 kVA Transformer	Consumer Contribution	1	25,144	25,144	
14001497	21302	400 kVA Transformer	Consumer Contribution	6	46,41,161	7,73,527	
14001504	21303	400 kVA Transformer	Consumer Contribution	1	12,721	12,721	
14001507	21303	400 kVA Transformer	Consumer Contribution	1	1,524	1,524	
14001508	21302	400 kVA Transformer	Consumer Contribution	12	94,47,155	7,87,263	
14001491	21302	11/0.433 kV, 400 kVA Trf	NPCL Assets	1	10,08,824	10,08,824	
14001498	21302	11/0.433 kV, 400 kVA Trf	NPCL Assets	1	9,95,670	9,95,670	
Total				328	9,40,04,214	2,86,598	

2.2.203 He also submitted the variance for each transformer, as provided in the table below:

Table 2-41: Transformer Cost variance as submitted by the Objector

Transformer	Minimum per unit cost	Maximum per unit cost	Variance
25 kVA	83,912	2,56,000	205%

Transformer	Minimum per unit cost	Maximum per unit cost	Variance
100 kVA	57,820	17,06,353	2851%
250 kVA	83,328	17,61,027	2013%
400 kVA	1,524	10,08,824	66096%

2.2.204 He submitted that the out of 328 distribution transformers, 24 are shown of the Petitioner assets and the balance as consumer contribution. He also submitted that, consumer contribution transformer means those transformers which are either paid by consumers and purchased by the Petitioner or it might be provided by Consumer/GNIDA. More than 92% of these assets are part of the consumer contribution, which implies that either consumer has been hugely over charged (and there is non- compliance of commission orders (based on cost provided in the Cost data book 2016)) or these expenses are completely forged, claimed on account of other expenses. He further submitted that no data is available on installed location of these assets, pointing to whether these assets were actually installed and put to use. Therefore, he requested the Commission that this is a matter of serious concern, as huge lapses are being highlighted and it is important to point out that previous years true ups need to be re-opened and are again scrutinized for such lapses, and all such amounts shall be recovered from the Petitioner.

2.2.205 Shri Rama Shanker Awasthi submitted the following information regarding the 11kV, 3C x 300Sqmm Cable, as shown below:

Table 2-42: Details of 11kV, 3C X 300 Sqmm Cable as submitted by the Objector

Asset	GL No	Quantity	Additions	Per Unit Cost	Cost as per Cost Data book 2016 (Annexure 13)
21004454	21408	78	1,09,90,981	140910	1644 (considered cost for 33kV cable for comparison)
21004526	21408	15	93,69,299	624620	
21004533	21408	18	61,17,983	339888	
21004640	21408	347	4,35,935	1256	
21004709	21408	6,744	84,50,262	1253	
21004753	21408	530	12,22,369	2306	
Total		**7732**	**3,65,86,829**	**4731**	

2.2.206 He submitted the following observations:

- As per "Cost Data Book, 2016", the Commission's approved XLPE cable for 11 KV are 3X70 Sqmm, 3X120 Sqmm and 3X185 Sqmm and rates are prescribed as Rs.406/meter, Rs.614/meter and Rs. 794/meter respectively, however the Petitioner never used prescribed cable and instead use 3CX300 Sqmm Cable which are normally used for load above 3 MW (as per "Distribution Code", 3 MW load can be released only to 33 KV consumers).
- Further, the Petitioner purchased 3CX300 Sqmm Cable in the price range of Rs.1253 per unit to Rs. 62462 per unit. Although as per Annexure 25 of "Cost Data Book,2016", cost of 33KV XLPE cable 3X300 Sqmm is only Rs. 1644/meter.

2.2.207 He submitted that the Petitioner has recovered a huge amount on account of cable installation either from the consumer or a higher capex is being created by the Petitioner and is a clear-cut violation of "Cost Data Book, 2016". Also, he added that the cost should only be allowed after the prudence check as per rate defined under the cost data book

2.2.208 Therefore, he requested the Commission that this is a matter of serious concern, as variation in rate is much higher in comparison to the rate provided in "Cost Data Book, 2016" and a detailed investigation is required. Also, he submitted that it is important to point out that previous years' true ups need to be re-opened and are again scrutinized for such rate variation and all such amounts shall be recovered from the Petitioner.

2.2.209 Shri Rama Shanker Awasthi submitted the following information regarding the 11kV, 3Cx150 Sqmm Cable, as provided below:

Table 2-43: Details of 11kV, 3C X 150 Sqmm Cable as submitted by the Objector

Asset	GL No	Asset Description	Qty	Additions	Per Unit Cost	Cost as per Cost data book 2016
21004453	21408	11 KV 3C x 150 Sqmm Cable	200	27,06,276	13531	794 (Cost considered for 11kV 3 C x 185 sqmm XLPE cable
21004499	21408	11 KV 3C x 150 Sqmm Cable	90	31,42,191	34913	
21004534	21408	11 KV 3C x 150 Sqmm Cable	97	13,54,396	13963	
21004707	21408	11 KV 3C x 150 Sqmm Cable	525	17,17,645	3272	

2.2.210 He submitted the following observations:

- As per "Cost Data Book, 2016" Commission never approved 3CX150 Sqmm Cable for 11 KV. However, the Petitioner has used 150 Sqmm Cable which is a clear-cut violation of provision provided in the Cost data Book, 2016.
- It observed that a 11 KV, 3CX150 Sqmm cable is in the price range of Rs. 3272/unit to Rs.34913/unit, whereas commission has approved the cost of 11 KV XLPE cable 3X185 Sqmm is only at Rs.794/meter, this is comparatively a rated cable as purchased by the Petitioner.

2.2.211 Further, he submitted that as per the Cost data book 2016, the Petitioner have no right to use 3CX150 Sqmm Cable, and also, cannot book an extra amount in GFA. Therefore, he requested the Commission that this is a matter of serious concern, as huge lapses are being highlighted. Also, he submitted that It is important to point out that previous years true ups need to be re-opened and are again scrutinized for such lapses and all such amounts shall be recovered from the Petitioner.

2.2.212 Shri Rama Shanker Awasthi submitted the following information regarding the 3C x 300 Sqmm 33 KV Grade Cable and 3C x 400 Sqmm 33 kV Grade Cable, as provided below:

Table 2-44: Details of 33 kV, 3C X 300 Sqmm and 3C x 400 Sqmm Cable as submitted by the Objector

Asset	GL No	Asset Description	Quantity	Additions	Per Unit Cost	Cost as per Cost data book 2016
21004531	21407	3C x 300 Sqmm 33 KV Grade Cable	80	11,52,499	14406	1644
21004582	21407	3C x 400 Sqmm 33 kV Grade Cable	191	2,12,26,923	111136	-
21004491	21407	3C X 400 sqmm, 33 kV Grade Cable	149	98,60,196	66176	-
21004494	21407	3C X 400 sqmm, 33 kV Grade Cable	1	1,38,43,345	1,38,43,345	-

2.2.213 He submitted the following observations:

- The Petitioner has purchased 3Cx300 Sqmm 33 KV Grade cable at the price range between Rs. 14406/unit to Rs. 13843345/unit. However, the cost as per UPERC's cost data book, and for the same cable is only Rs.1644/meter and variance on a similar item is not possible.

- Further, the Commission never allowed 3CX400 Sqmm 33 KV Grade cable in the cost data book 2016. The commission only allowed 33KV XLPE cable 3CX120 Sqmm and 3CX300 Sqmm Cable as per Cost Data Book, 2016, so again it's a clear-cut violation.
- The Petitioner purchased 3CX400 Sqmm cable in the price range of Rs. 66176 per unit to Rs. 1,38,43,345 per unit. However, actual cost in the market could be very low. Such a high cost of 3CX400 Sqmm, 33 KV Grade Cable is not possible. It may be possible that this huge amount is the part of transmission substation which was disallowed by the Commission.

2.2.214 Therefore, he requested the Commission that this is a matter of serious concern, as huge lapses are being highlighted above. Also, he submitted that it is important to point out that previous years true ups need to be re-opened and are again scrutinized for such lapses and all such amounts shall be recovered from the Petitioner.

2.2.215 Further, regarding the Cost of 33 kV 3CX300 sq. mm Cables, based on the reply of the Licensee, he submitted that the Petitioner has stated that it has procured 80 units of 3CX300 sq. mm. at the per unit cost of Rs. 14406 as against the approved cost of Rs. 1644 which has been approved by the Commission vide the Cost data Book. He added that when the query was asked about the same, the Licensee did not provide any details.

2.2.216 Regarding the Cost of 11 kV, 3Cx300 sqmm and 33kV 3C X400 sq. mm cable, it is submitted that the Petitioner has attempted to bill multiple cables under one asset no. which ought not to be permitted and raises several doubts with respect to the Genuity of the claims of the Petitioner for capex. The Petitioner appears to have installed 300 sq. mm cables at 11 kV capacity. This is completely in teeth of what has been permitted by the Commission, who has only permitted the installation of 3C X 185 sq. mm cables at 11 kV capacity. It is because the 11 kV capacity is for a load of about 3 MW only which can in and of itself be handled by the 185 sq. mm cables. Similarly, the Petitioner appears to have used 400 sq. mm cables at 33 kV. It is submitted that 400 sq. mm cables have not been permitted to be installed at 33 kV capacity as they are meant for heavier loads and are deployed for load more than 10 MW capacity.

2.2.217 Shri Rama Shanker Awasthi submitted the following information regarding the 12-meter-Long ST Pole, as provided below:

Table 2-45: Details of 12-meter-Long ST Pole as submitted by the Objector