

augmentation/upgradation, amongst various other measures, are being undertaken to ensure that the continuous power is made available to the consumers of the State.

2.19.3 Commission's Views

The Commission observes that it has already substantially reduced the Continuous Supply Surcharge. As discussed in subsequent Chapters, UPCL is still having shortages in winter months, which are primarily met through short-term power purchase. The issue of continuous surcharge has been dealt in detail by the Commission in Chapter 6 of this Order.

2.20 Recovery of Pending Bills

2.20.1 Stakeholder's Comments

Shri Arvind Sharma of Human Rights & RTI Association submitted that the bill raised by the utility for every consumer is to be paid on time. There are around 40% consumer who do not pay bills on timely basis and the shortage of cash recovery is imposed as burden on the balance 60% of the consumer in the form of tariff hike.

He further submitted that many Government Departments are not paying bills on time and the burden of shortfall in recovery of bills from the Government department is imposed on the consumer in the form of tariff hike.

2.20.2 Petitioner's Reply

The Petitioner submitted that the total amount billed in any financial year is considered as the total revenue of the utility for that particular financial year, in spite of the fact that whether the utility recovers it from the consumer or not. However, non-recovery of billed amount is a loss to the utility and the burden of shortfall in recovery of billed amount is not imposed on the consumer in the form of tariff hike. The Commission also carries out prudence scrutiny of the billing system. Further, in case of any abnormality in the billing, the Commission, accordingly, recasts the sales to adjust the revenue, accordingly. Hence, on accrual basis there is no burden on the consumer in the form of tariff hike.

As per the provision of the tariff order dated 26.04.2021, prompt payment rebate is applicable to the consumer and, accordingly, the rebate is being allowed by the UPCL. The relevant extract of the Order is as below:

“(i) A prompt payment rebate of 1.25% of the monthly bill (excluding taxes and duties) shall be provided to the consumers for payment of electricity bills through various modes of digital payment such as credit cards, debit cards, UPI BHIM, internet banking, mobile banking, mobile wallet etc. within 10 days from the date of issuance of the bill/bill date.

A prompt payment rebate of 0.75% of the monthly bill (excluding taxes and duties) shall be provided to the consumers for payment of electricity bills not through digital mode but through other modes as payment, namely Cash/Cheque/Demand Draft/Bank Transfer etc. within 10 days from the date of issuance of the bill/bill date.

Provided that the prompt payment rebate shall be subjected to a cap of Rs. 10,000/- per month for LT consumer and Rs 1,00,000/- per month for HT consumers”.

Further, the Petitioner submitted that it has been making constant efforts to collect the revenue amount arrears from the government departments. It further submitted that UPCL vide its letter number 4338/UPCL/RM/H6 dated 27.11.2021 requested GoU for adjustment of its receivables for the sale of power from the payables to the GoU and to provide grant in aid for balance amount of payables.

2.20.3 Commission's Views

The Commission has given due consideration to the issues raised by the stakeholders and the replies submitted by the Petitioner. The Petitioner should continue to take all possible steps to reduce the arrears, in order to improve its cashflows. However, it is clarified that collection of arrears will not result in tariff reduction, as the tariffs are determined on accrual basis and not on cash basis.

2.21 Delayed Payment Surcharge

2.21.1 Stakeholder's Comments

Shri Ashok Bansal of M/s Kumaun Garhwal Chamber of Commerce & Industry and Shri Rajeev Gupta of M/s Kashi Vishwanath Steel Pvt. Ltd. submitted that as per General Conditions of supply given in Annexure-I to Rate Schedule, the existing provision for delayed payment surcharge (Late Payment Surcharge) is as follows:

Delayed Payment Surcharge (DPS) (for all categories except PTW) - In the event of electricity bill rendered by licensee, not being paid in full within 15 days grace period after due date, a surcharge of

1.25% on the principal amount of the bill which has not been paid, shall be levied from the original due date for each successive month or part thereof until the payment is made in full without prejudice to the right of the licensee to disconnect the supply in accordance with Section 55(6) of the Electricity Act, 2003.

The stakeholder submitted that the Licensee should clearly indicate in the bill itself the total amount, including DPS, payable for different dates after the due date, after allowing for the grace period of 15 days, taking month as the unit. They further submitted that it is evident that delayed payment surcharge is to be levied on the principal amount of the bill, which remains unpaid excluding the delayed payment surcharge levied in previous months. However, as per practice prevailing in UPCL, if the bill is not paid by the consumer, the delayed payment surcharge is levied on the total unpaid amount including delayed payment surcharge for previous month. The provision in the billing software is such that the arrears are not split into principal amount and delayed payment surcharge in the following month to enable levy of delayed payment surcharge on the principal amount only. Thus, once a consumer becomes defaulter, delayed payment surcharge is charged on both principal amount and previous delayed payment surcharge in arrears. This anomaly needs to be corrected and billing software needs to be modified suitably so that delayed payment surcharge is levied on the principal amount remaining unpaid and not on delayed payment surcharge levied in previous months. In the existing billing system, delayed payment surcharge is levied and charged from the consumers on the amount of delay payment surcharge also. Levy of surcharge at 1.25% is very much high as per market condition and, therefore, the stakeholder requested the Commission to reduce this to 0.5%.

Shri Vikas Jindal of M/s Kumaun Garhwal Chamber of Commerce & Industry submitted that the consumer's bill issued by the Licensee violates the provisions of the Regulations and Tariff. The UERC (Electricity Supply Code) Regulations, 2007 provides that delivery of each bill to the consumer shall be affected 15 days before the due date of payment of the bill. The provisions of Tariff lay down grace period of 15 days from the due date before levy of delayed payment surcharge. Evidently, a consumer is not liable for delayed payment surcharge if the bill is paid by him within 30 days of receipt of the bill. As per practice prevailing in UPCL for billing, due date is fixed giving only 3-4 days' time from bill generation date (instead of minimum 15 days provided in the Regulations) and then grace period is fixed allowing 15 days grace period from due date. Thus, consumer is not allowed the specified period to pay the bill without delayed payment surcharge.

The Commission may look into this anomaly in the billing of the consumers so that they are not penalized unnecessarily by violations of the provisions by the Licensee. Further, the due dates and grace period should be system generated. The billing software should be modified so that due date is automatically fixed 15 days from the bill generation date and further 15 days grace period is fixed, accordingly, for payment without attracting delayed payment surcharge.

Shri Shakeel A. Siddiqui of Galwalia Ispat Udyog Private Limited submitted that the Petitioner is not following the directions of Commission, as the bills are not being issued well in time and are not being delivered 15 days before the due date of bill. Also, marking date on the bills is in the hands of UPCL accounting department who use the same as per their own convenience. The LPS is being charged on the old system, if the bill is paid after the due date, LPS is being charged for whole month. If any consumer wishes to pay his dues in instalments the same is being not accepted by the accounts department of UPCL, and they try to compel consumer to pay the bill amount in one go. Further, the entry in accounts is being made when the whole amount is deposited, instead of posting the amount when deposited in UPCL account. The improper accounting treatment generates wrong LPS amount which is then being protested by the consumer. He further requested that LPS issue needs to be considered seriously by the Commission advising the UPCL authorities to act as per relevant tariff orders and regulations.

Shri Rajeev Gupta of M/s Kashi Vishwanath Steel Pvt. Ltd. submitted that UPCL is charging different types of LPS – Arrears like Current LPS, Advance bill LPS, Last month Arrears, LPS Arrears, Previous year Arrears, Current year arrears etc. without giving details of such arrears. Consumers were not given details of such arrears/LPS on their request. Therefore, the Commission is requested to direct UPCL not to charge such arrears/LPS without giving computation of the same.

Shri R. K. Singh of Tata Motors Ltd. requested the Commission to provide directives to UPCL that if delay in payment occurs due to payment gateway or third-party service provider, the consumer shall not be held liable to pay late payment surcharge.

Shri Man Singh of M/s ALPS Industries Ltd and Shri Harindra K. Garg of SIDCUL Manufacturers Association of Uttarakhand submitted that there are some issues from UPCL end such as improper circulation of bills and wrong accounting of bills. They, therefore, requested the Commission to consider issue of LPS seriously and advise the UPCL authorities to act as per

relevant tariff orders and regulations. In case of delay in bill distribution consumer should be granted grace period and dispute due to wrong accounting shall not be considered for LPS.

Shri B.P. Maithani of RTI Club submitted that one of the clauses in the purchase agreement allows a rebate of two percent of the bill if the payment is made within the stipulated time. For this purpose, the overdraft accounts are opened in the banks so that power bills could be paid instantaneously. But for some reasons, UPCL has become a regular defaulter in timely payment of power bills and, therefore, foregoing the rebate of 2 percent on the bills. So much so UJVNL a sister organization and one of the suppliers of power to UPCL has declared that the rebate is not applicable to UPCL thereby, saving for itself the out go of rebate amount and robbing the consumers of UPCL the benefit of rebate in the cost of power. He further submitted that this is the reason that UPCL suffers loss of Crores of rupees every year. He further submitted that it is deliberate delinquency due to suspected complicity of the top management of both UPCL and UJVNL who must be sharing the benefit accruing to UJVNL from no rebate to UPCL.

Shri Ashok Bansal of M/s Kumaun Garhwal Chamber of Commerce & Industry submitted that UPCL has proposed to abolish the grace period for payment of electricity bills by consumer. The grace period facility was allowed by the Commission to provide appropriate and reasonable time for payment of bills without delayed payment surcharge. Presently, due date given by Licensee is only 2-3 days from the date of generation of bill which is against the provisions of Electricity Supply Code Regulations, which provide for due date of 15 days from the date of delivery of bill to consumer and further, 15 days grace period for payment without delayed payment surcharge. He further submitted that UPCL is continuously making non-compliance of this provision by allowing due date of only 2-3 days from date of generation of bill. The proposal of Licensee to abolish grace period is highly opposed. The facility of grace period introduced by the Commission years back should not be withdrawn.

2.21.2 *Petitioner's Reply*

The Petitioner submitted that the bills are being generated and delivered to the consumers through email and SMS at the registered E-mail ids/mobile phones as per the direction of the Commission in its order dated 26.04.2021. In case consumer has failed to make the payment within due date of the bill, late payment surcharge is being levied as per the provision of the tariff order. Further, on specific complaint of the consumer, the matter may be checked and may be decided as

per the results of the checking.

The Petitioner submitted that based on the cash flow position, the utility is making early payments and earning rebates wherever possible. The same rebate is also taken into account, which reduces the ARR. The cash flow issues arises mainly due to non-payment of electricity dues by consumers on regular basis. Hence, in such situation there are instances of late payment surcharge.

The Petitioner submitted that the Commission in its Tariff Order dated 26-04-2021 at para 5.1.3.1.2 held as follows in the matter:

"Hence, considering the request of the Petitioner, the Commission has decided to abolish the grace period for all the categories"

The Petitioner also submitted that the bills are being generated and delivered to the consumers through email and SMS at the registered E-mail ids/mobile phones as per the direction of the Commission in its order dated 26.04.2020. In case consumer fails to make the payment within due date of the bill, late payment surcharge is being levied as per the provision of the tariff order.

The Petitioner further submitted that as per directions of the Commission bills are being delivered to the consumers on time and the consumers are being allowed clear 15 days time for making the payment of the bills.

The Petitioner further clarified that the Delayed Payment Surcharge is not being levied on the arrear amount of delayed payment surcharge. This is being levied only on the principal amount of electricity arrears.

2.21.3 Commission's Views

The Commission has gone through the comments of the stakeholders and submissions of the Petitioner. DPS is a penalty on the defaulting consumers leviable only in case the consumer is unable to pay, in full, the amount by the due date and hence, the rate should be on a higher side. The Commission has abolished the Grace Period in its Tariff Order dated April 18, 2020 and had directed the Petitioner to ensure that bills are delivered to the consumers on time and due date for payment of bills is specified atleast 15 days from the date of delivery of bills. Hence, **UPCL is once again directed to ensure compliance of the same failing which action may be initiated against it.**

2.22 Provision for Bad & Doubtful Debts

2.22.1 Stakeholder's Comments

Shri Pankaj Gupta of Industries Association of Uttarakhand and Shri Vikas Jindal of M/s Kumaun Garhwal Chamber of Commerce & Industry submitted that even though UPCL has not provided any amount for bad and doubtful debts this year but they have justified their earlier analogy in this ARR also and have asked Commission to allow for Bad and doubtful debts at the time of true up in future years. He further requested the Commission to be very careful in this as amount as claimed by UPCL against Bad and doubtful debts is very high and the previous provisions allowed to UPCL have not been utilised by UPCL so far. Accordingly, until the previous provisions are exhausted, no further provision should be allowed to UPCL in this respect.

2.22.2 Petitioner's Reply

The Petitioner submitted that as per Regulation 31(1) of the UERC Tariff Regulations, 2021, the provision for bad and doubtful debts is as under:

"The Commission may allow a provision for bad and doubtful debts up to one percent (1%) of the estimated annual revenue of the distribution licensee, subject to actual writing off bad debts by it in the previous years."

However, the Petitioner has not claimed any Bad and doubtful debts for FY 2020-21.

It is further submitted that the Petitioner has received approval from the Commission vide letter no. UERC/6/TF-540/2021-22/2021/671 dated 12.10.2021 on Policy for Provisioning and Writing Off Bad & Doubtful Debts. The Petitioner is in the process to identify and write off the fictitious and irrecoverable revenue arrears.

2.22.3 Commission's Views

The issue of the provision for Bad & Doubtful debts has been deliberated by the Commission in Chapter 4 and 5 of the Order.

2.23 Theft

2.23.1 Stakeholder's Comments

Shri S.P. Chauhan submitted that power theft should be stopped by 100% and efforts should

be made for curbing corruption cases in the department.

2.23.2 Petitioner's Reply

The Petitioner submitted that following action is being taken for reduction of theft of energy:

- a) Vigilance raids are being conducted and cases are being registered under Section 126 and 135 of the Electricity Act, 2003. Legal proceedings are being initiated against the person(s) who are found indulging in theft of electricity.
- b) Mechanical meters are being replaced by electronic meters.
- c) Defective Meters are being replaced
- d) LT ABC is being laid in theft prone areas.
- e) Automatic Meter Reading is being done for high value consumers.

2.23.3 Commission's Views

The Commission has taken note of the concerns raised by the stakeholders and the initiatives taken by UPCL for reducing the theft and losses.

2.24 KCC Data

2.24.1 Stakeholder's Comments

Shri Pankaj Gupta of Industries Association of Uttarakhand submitted that UPCL has done a good job in compiling data in KCC cell. Though the compilation is excellent but it seems that sufficient benefits have not been derived from the scrutiny of this data. He further requested the Commission to set up one cell either in the office of the Commission or in UPCL for scrutiny of this data. This cell should be independent and should not be reporting to UPCL. He also submitted that this initiative will help in proper diagnostics of ills and malafides prevailing in UPCL at division level and will highlight the vital areas to be settled.

2.24.2 Petitioner's Reply

The Petitioner submitted that after due approval from the Commission, UPCL vide its letter no. 1674/UPCL/CE/CCP-II/14/2018-19 (Mobineers)/Part-(b), dated 01-03-2019 awarded the work for one-year monthly meter data analysis through various reports of 8000 consumers to M/s

Mobineers Info Systems Pvt. Ltd., New Delhi. The said work was extended for one more year vide UPCL's letter no. 1532/UPCL/CE/CCP-II/14/2018-19 (Mobineers)/Part-(b), dated 10-03-2021. The data analysis shall cover the following attributes:

- a) Tamper analysis by way of PT missing, CT short, CT open, CT interchange /reversal, voltage imbalance, current imbalance, neutral disturbed, power failure, magnetic tamper, transactions, 35 KV spark Test, Cover open temper, high voltage/ frequency surges.
- b) Percentage slots for which demand is less than a given percentage when demand is available. (Default 5%)
- c) Percentage black out slots when power is available.
- d) Current month consumption Vs last month consumption or current month consumption Vs that of same month last year is less than given percentage (Default 20%).
- e) Contract demand violation.
- f) Number of slots for which power factor is less than or more than or in between for a given value.
- g) Consumption vis-a-vis usage index for the industry (process) wise, based on the data provided. Process wise load factor will be provided to vendor.
- h) Ratio of Average/ contracted demand, maximum/ contracted demand, average/ maximum demand, average demand shall be calculated for the number of months as specified time to time.
- i) Double meter /Main meter/ Independent feeder meter/ Net Off meter/ Bi-directional meter/ ABT meter comparison difference of load survey data for every 30 minutes / 15 minutes slot on per day & per month basis demand and consumption is more than given percentage (Default 3%) for entire months.
- j) Consumption comparison of main meter with check meter/other end meter in terms of kWh, kVAh, MD on each & every month is to be complied checked and if difference of main meter w.r.to check meter/other end meter is more /less than the standardised value or as fixed by UPCL the check-out list is to be submitted.
- k) Any other comparison, details, analysis, report etc. in desired format of UPCL from time to

time for desired period and in desired timeline shall mandatorily be provided by the contractor.

The result of checking is tabulated as below:

Table 2.2: Status of Meter Data Analysis

S. No.	Particulars	May, 19 to August, 20	November, 20 to August, 21
1.	Total MRI checked by agency (No.)	100748	55016
2.	No. of consumer checked by agency	10547	7894
3.	No. of consumers against whom assessment proposed by agency	606	437
4.	No. of consumers checked by test division	536	213
5.	No. of consumers whose assessment found correct by test division	257	111
6.	No. of assessment done	239	66
7.	Remaining consumers on whom assessment to be done	18	44
8.	Value of assessment raised	Rs. 618.76 Lakh	Rs. 340.41 Lakh
9.	Amount realized	Rs. 444.93 Lakh	Rs. 234.86 Lakh

2.24.3 Commission's Views

As regards the suggestion for scrutiny of KCC data, **the Commission directs UPCL to continue monitoring KCC data including low load factor cases, meter tamper cases, etc. The Commission directs UPCL to submit the report on analysis and monitoring of KCC data on monthly basis by 15th of every month.**

2.25 Tariff Structure

2.25.1 Stakeholder's Comments

Shri Vijay Singh Verma submitted that in RTS-1 fixed charges for domestic consumers should be uniform with consumption within 0-300 units since data were provided by UPCL in their Petition with consumption up to 0-200 units are less in comparison to the realistic figures. He further submitted that Tariff for RTS-4 category should be reduced and tariff for RTS-4(A) should be increased in order that margin of 20% tariffs is maintained in between RTS-4 and RTS-4(A).

Shri Rajendra Kumar Chaudhary submitted that domestic consumer to be placed in similar slab. He further submitted that farmers, widows and army personnel to be put in slab with minimum rates.

Shri S.K. Agrawal submitted that for domestic consumers slab be changed from 0-100 units, 100-200 units to 0-200 units, 200-400 units.

2.25.2 *Petitioner's Reply*

The Petitioner submitted that the Tariff proposal submitted by the Petitioner for RTS-1 consumers (domestic) is to simplify and rationalize the tariff structure in accordance with the provisions laid down in the draft Tariff Policy, 2020. It also submitted that the Tariff structure comprising fixed and energy charges proposed by UPCL is on the basis of average cost of supply.

2.25.3 *Commission's Views*

The Commission has gone through the suggestions of the stakeholders and has duly considered the same while designing and rationalizing the tariff and has discussed the issues in detail in Chapter 6 of this Order.

2.26 Load Reduction and Load Enhancement

2.26.1 *Stakeholder's Comments*

Shri Vikas Jindal & Shri Ashok Bansal of M/s Kumaun Garhwal Chamber of Commerce & Industry submitted that as per the supply voltage to the consumers provided in Tariff Order and the Regulations, no margin has been provided for the consumers requiring marginal enhancement of load. In case of even slight enhancement of load beyond the above specified limit, the consumer has to shift to higher supply voltage, which necessarily requires change of all existing power supply equipment's/ apparatus installed by him for the existing supply voltage and has to bear the cost UPCL incurs to change its installations-lines, substation & metering etc. for higher voltage. This puts heavy burden on such consumer. The Commission may consider this matter and allow such consumers to avail certain percentage of load enhancement (say up to 10% of existing load) without going into higher supply voltage category. This will be a great facility to the consumers desiring marginal load enhancement either to regularize exceeding maximum demand beyond contracted demand or for some minor expansion in the unit requiring load beyond existing threshold limits of contracted load for higher supply voltage.

Shri Ram Kumar Agarwal of Umashakti Steels Pvt. Ltd submitted that application for Enhancement/Reduction of sanctioned load should be online and disposal should be time bound.

At least, reduction in sanctioned load should be implemented from the date of application from the consumer because no feasibility study is required by the department in reduction of contracted load.

2.26.2 Petitioner's Reply

The Petitioner submitted that the charges of supply voltage is based on the charges approved by the Commission in its Tariff Order. It is to further submit that marginal enhancement of load seems unfit on account of grid stability and grid discipline. Hence, the existing methodology seems fit to charge consumers based on the supply voltage as categorised in the prevailing tariff order.

The Petitioner also submitted that as per the provisions of the UERC (The Electricity Supply Code, Release of New Connection and Related Matter) Regulation, 2020, the consumer may apply online for enhancement/reduction of load on the website of the Licensee. The relevant extract of the regulation is as below:

"4.1 Procedure for Enhancement / Reduction in Contracted Load

4.1.1 General

.....

(5) The Consumer may apply online for enhancement/reduction of load on the website of the licensee. In the case of online application, the officer of the Licensee shall check the online application form and if any deficiency is observed, the Licensee shall intimate the same to the Applicant within 2 working days of filing of the Application via email & SMS. Thereafter, the consumer shall remove the deficiency within next 3 working days, failing which the application shall stand lapsed. On receipt of duty filled online application form, the Licensee shall issue an online acknowledgement immediately.

....."

As per provisions of Regulations, the Petitioner has made the provision in its software so that the consumer can apply online for new load / load enhancement / load reduction.

2.26.3 Commission's Views

The Commission is of the view that the issues raised regarding margin in Load

Enhancement are governed by the provisions of the UERC Supply Code Regulations as amended from time to time.

2.27 Street Light Dues and Maintenance

2.27.1 Stakeholder's Comments

Shri Vijay Singh Verma submitted that there is no provision for providing public lamps including street lighting in rural areas. It should be discarded because nobody is paying for consumption against these lights. Solar light should be provided in these areas with a suitable appropriate charge.

2.27.2 Petitioner's Reply

The Petitioner submitted that the responsibility to operate and maintain the streetlight lies with the Municipal Corporation (local body) of respective cities and UPCL has no jurisdiction over such matter. Further, in case solar streetlights are implemented or under implementation in rural areas, relevant details may be provided.

2.27.3 Commission's Views

The Commission is of the view that street lighting/public lamps system is the responsibility of the local bodies namely Municipal Corporations, Panchayats, etc. and these local bodies have elected public representatives as their heads and the staffs in these bodies are primarily Government employees. In case local bodies decides to handover operation & maintenance of the above system to UPCL, it conducts the operation and maintenance of streetlight/public lamp system as an agency to these local bodies and material cost incurred is borne by these local bodies while UPCL is entitled for labour charges to be recovered by these local bodies. It is for these bodies and the Government to decide amongst themselves as to who would be making payments for electricity consumed by them. However, the billed amount have to be paid to UPCL.

2.28 Tariff for Cane Crusher

2.28.1 Stakeholder's Comments

Shri Vijay Singh Verma submitted that under RTS-4, cane crusher, rice huller, chuff cutter, mushroom cultivation plant should be separated from PTW connection. It should be placed in

another category.

2.28.2 Petitioner's Reply

The Petitioner submitted that the Commission may take a view on the same.

2.28.3 Commission's Views

The Commission observes that such usage are covered under Rate Schedule RTS-4 as per the terms and conditions provided in the Rate Schedule. The same is not a permanent activity and is for incidental agricultural processes.

2.29 Vigilance Cell

2.29.1 Stakeholder's Comments

Shri Vijay Singh Verma submitted that the Vigilance Cell of UPCL is not functioning properly and the presence of the Vigilance Cell is not visible at the field level, which results in theft at field level.

Shri Shakeel A. Siddiqui of Galwalia Ispat Udyog Private Limited submitted that complaints in relation to bills made to UPCL authorities are either not attended or if attended are not resolved. He further submitted that even though there is a system of CGRF and Ombudsman but still requested that there should be one day fixed by UPCL authorities in a week to address such complaints and the same should be replied to the consumer in a timebound manner.

2.29.2 Petitioner's Reply

The Petitioner submitted that in order to contain the AT&C losses, UPCL has undertaken a host of measures including the vigilance raids at field level. Such actions of UPCL have resulted into better distribution losses and collection efficiency over the past few years.

The Petitioner submitted that it agrees with the view of the stakeholder on complaints and further submitted that on specific complaint of the consumer, the matter may be checked and may be decided as per the results of the checking.

2.29.3 Commission's Views

The Commission has taken note of the concerns raised by the stakeholders and the initiatives taken by UPCL for reducing the theft and losses.

2.30 Cross Subsidy

2.30.1 Stakeholder's Comments

Shri Vikas Jindal of M/s Kumaun Garhwal Chamber of Commerce & Industry submitted that high levels of cross subsidies result in wastage of economic resources. In the subsidized sectors it encourages electricity consumption to a point where the value attached to incremental consumption is lower than the cost of supply. Lower power tariffs may result in indiscriminate pumping of ground water by farmers. On the other hand, higher tariffs (than the cost of supply) charged to commercial & industrial consumers pushes up their cost of product/services, which leaves them uncompetitive in today's era of globalisation. High cross subsidy may also lead to revenue loss for state utilities, as they incentivize industries to scale up 'captive power generation' to bypass the grid.

2.30.2 Petitioner's Reply

The Petitioner submitted that in the past it has made efforts to maintain the cross-subsidy reduction trajectory. However, due to Covid-19 pandemic in 2020, the Petitioner deemed it fit to provide relief to certain class of consumers and, therefore, level of cross subsidy has been slightly increased in some categories.

2.30.3 Commission's Views

The Commission has been designing the tariffs for previous years with gradual reduction in cross subsidies and similar approach has been followed while designing the tariffs for FY 2022-23 as deliberated in Chapter 6 of the Order.

2.31 Review of peak hours

2.31.1 Stakeholder's Comments

M/s Ganesh Roller Flour Mill submitted that peak hours in Uttarakhand during winter season should be reduced.

2.31.2 Petitioner's Reply

The Petitioner submitted that the peak hours are decided as per the peak demand during the season. During winters, the demand goes on peak in the morning also and, therefore, morning peak

hours have been kept in the winter season whereas there is no peak in the morning during summer season, therefore, no morning peak hours have been kept during summer season. Similarly, the evening peak hours have been decided keeping in view the peak demand during different time slots in summer season and winter season.

The Commission vide its Tariff Order dated 27.02.2019 revised the Time-of-Day slots and reduced the morning peak hours from 3.50 hours to 3.00 hours and evening peak hours from 4.50 hours to 4.00 hours during winter months, i.e. from October to March.

The Petitioner further submitted that the Commission in its Tariff Order dated 27.02.2019 at para 2.8.1.3 has also held in the matter as follows:

"The Commission has analysed the actual daily hourly load curves in the State of Uttarakhand and has found that apparent morning peak demand exists in the State during winter months which exceeds the demand in evening peak. The Commission feels the need for Demand Side Management (DSM) and having ToD tariff as a measure for ensuring curtailment of morning as well as evening peaks. However, considering the suggestions received during the State Advisory Committee (SAC) meeting, the Commission has modified the peak hours and off-peak hours during winter season....."

2.31.3 Commission's Views

The Commission has analysed the actual daily hourly load curves in the State of Uttarakhand and has modified the peak and off-peak hours and charges. The details regarding the modified peak hour charges and off-peak hour rebates are elaborated in Chapter 6 of the Order.

2.32 Fuel Adjustment Charges

2.32.1 Stakeholder's Comments

Shri Ram Kumar Agarwal of Umashakti Steels Pvt. Ltd and Shri S.K. Agrawal submitted that no additional FCA/ Energy charges should be levied.

Shri Sanjay Kumar of M/s Ambashakti Glass Pvt. Ltd submitted that FCA charges should not be added in the electricity bill and as even during roasting and breakdown UPCL charges full charge during this period and also charges double in case maximum demand goes up for a moment.

2.32.2 Petitioner's Reply

The Petitioner submitted that the tariff has been proposed in line with the UERC MYT Regulation 2021. According to the UERC MYT Tariff Regulation, 2021:

"81. Fuel Cost Adjustment

(1) The FCA charge shall be applicable on the entire sale of the Distribution Licensee without any exemption to any consumer.

(2) The FCA charge shall be computed and charged on the basis of actual variation in fuel costs relating to power generated from own generation stations and power procured during any month subsequent to such costs being incurred, in accordance with these Regulations, and shall not be computed on the basis of estimated or expected variations in fuel costs.

....."

Further, the Petitioner submitted that FCA charges are usually applied to cater to the variation in coal prices. Since, Uttarakhand being a Hydro dominant state, the major power demand is fulfilled by purchasing power from the Coal Fired Thermal Generating Stations of NTPC and other CPSUs. In addition, the Petitioner also submitted that the Coal Fired Generating Station has to sign the Fuel Purchase Agreement. Hence, any variation in the cost of fuel leads to the ultimate loss of generation. Since, most of the Coal/Thermal Power Plant are situated outside the State of Uttarakhand, whose tariff is determined by CERC/SERC and, hence, it is outside the purview of UERC. However, any change in Fuel Charge is adjusted in the electricity bill as per the provisions of the UERC Tariff Regulation 2021 based on the FCA approved by the Commission.

2.32.3 Commission's Views

With regard to FCA recovery allowed by the Commission, it is clarified that the FCA adjustment of tariffs is allowed under Section 62(4) of the Electricity Act, 2003 and in consonance with the Judgement of Hon'ble ATE.

2.33 Industrial Feeder/Voltage Rebate

2.33.1 Stakeholder's Comments

Shri Vikas Jindal of M/s Kumaun Garhwal Chamber of Commerce & Industry submitted that losses at higher voltages are less, however, the rebates offered for availing supply at higher

voltages than the base voltage is not commensurate with the benefit UPCL derives from supplying at higher voltages in terms of reduction in distribution losses. Accordingly, stakeholder proposed that either the cost to serve to various consumer categories is determined or the voltage rebate may be increased from 2.5% to 5% for supply at 33 kV, 7.5% to 10% for supply at 132 kV and 7.5% to 12% for supply at 220 kV.

Shri Kartikey Tomar of M/s PSR Innovations submitted that consumers connected to 11 kV lines with contracted load of 100 kVA to 1000 kVA should be provided with higher rebate.

Shri Man Singh of M/s ALPS Industries Ltd. & Shri Harindra K. Garg of SIDCUL Manufacturers Association of Uttarakhand submitted that the cost of service to HT consumer connected to high voltage is much less than the average cost of supply, since the distribution losses are much less in comparison to low voltage consumer. For 33 kV the rebate should be at least 5% and for 132 kV it should be 12% of Energy Charges.

Shri Shakeel A. Siddiqui of Galwalia Ispat Udyog Private Limited proposed that that either a separate tariff slab should be defined for HT consumers connected at high voltage or the rebate should be allowed to compensate the tariff cost. For 33 kV the rebate should be minimum by 7.5% and for 132 kV it should be minimum @ 12% in energy charges. Even the cross subsidies should be eliminated in phased manner instead of being increased every year.

2.33.2 *Petitioner's Reply*

The Petitioner submitted that at present, voltage-wise losses are not available and Category-wise tariff has been calculated based on the average cost of supply and permissible level of cross subsidy. This is as per Regulation 91 of the UERC Tariff Regulations, 2021. In the absence of availability of voltage-wise losses, which is a mix of technical losses and commercial losses, the distribution losses are required to be charged on average basis from all category of consumers.

Rebate for taking supply at higher voltage was revised by the Commission in its Tariff Order dated 10th April 2014 from 1.5% to 2.5% and 5% to 7.5% for taking supply at 33 kV and 132 kV and above respectively. The Commission vide Order dated 27.02.2019 also held that the rebate levels of 7.5% and 2.5% (for 132 kV and 33 kV) are appropriate. The relevant extracts of the said Order are reproduced below:

"The Commission in its Order dated April 10,2014 considering the requests made by various

stakeholders and UPCL's response on the same had modified the provisions of voltage rebate and the Commission feels that the provisions of the prevalent voltage rebate are appropriate."

2.33.3 Commission's Views

The Commission has considered the suggestions made by various stakeholders and has rationalised the voltage rebates in Chapter 6 of this Order.

2.34 Load Shedding

2.34.1 Stakeholder's Comments

Shri Kartikey Tomar of M/s PSR Innovations submitted that frequent power cuts are often observed several times in a month by UPCL which indicates its administrative failure.

Shri Vikas Jindal of M/s Kumaun Garhwal Chamber of Commerce & Industry and Shri Rajeev Gupta of M/s Kashi Vishwanath Steel Pvt. Ltd. requested the Commission to allow 15% Contracted load to industries during emergency rostering. He further requested the Commission to direct UPCL not to disconnect power load during load shedding /curtailment of power completely as most of the sensitive equipment like transformers etc. gets damaged in non running conditions.

2.34.2 Petitioner's Reply

The Petitioner submitted that with regard to the availability of quality power, UPCL has been making consistent efforts to provide uninterrupted power supply to its consumers. The load shedding during FY 2020-21 is only 0.12% of the overall energy demand (16.56 MU). Further load shedding for FY 21-22 is 49.89 MU and UPCL has been making consistent efforts to provide uninterrupted power supply to its Consumers. The Petitioner also mentioned that no scheduled power cuts are being imposed and rostering is being done only due to emergency breakdown / shutdown.

With regard to allowing 15% Contracted load, the Petitioner submitted that the Commission may take a view on the suggestions of the consumer and ensure that the Petitioner has no financial impact and it remains revenue neutral.

2.34.3 Commission's Views

In this regard, the Commission in its Tariff Order dated 18.04.2020 has already directed the

Petitioner to obtain prior approval of the Commission for load shedding to be carried out continuously for certain number of hours in a day for 15 days or more. Further, UPCL needs to ensure that load shedding is eliminated so that consumers are not impacted due to intermittency of supply. However, with respect to allowing the usage of 15% power during load shedding period, the Commission is of the opinion that at present UPCL is still having deficit in winter months, so it will not be possible to allow this facility till the entire deficit is wiped out.

2.35 Voltage-wise Cost of Supply

2.35.1 Stakeholder's Comments

Shri Vikas Jindal & Shri Ashok Bansal of M/s Kumaun Garhwal Chamber of Commerce & Industry and Shri Rajeev Gupta of M/s Kashi Vishwanath Steel Pvt. Ltd. submitted that in all the Tariff Orders issued by the Commission, the Licensee has been directed to workout voltage-wise and category-wise losses and cost of supply for fixation of category-wise tariffs. However, the Licensee did not comply with the direction. On this account, the Commission has been fixing tariff on pooled average losses for all the categories. Section 61(g) of Electricity Act 2003 states that appropriate Commission should be guided by the objective that the tariff progressively reflects the efficient and prudent cost of supply. The Licensee has again ignored the direction of the Commission and the current ARR and Tariff proposed does not depict any such concrete exercise by the Licensee. The Commission may again make assumptions for HT losses while approving the ARR and Tariffs for FY 2022-23. Such assumptions, which are not based on facts and figures may be detrimental to the interest of the HT consumers. The stakeholder requested the Commission to take appropriate action to protect interest of consumers and compliance of provision of Section 61(g) of the Electricity Act, 2003 by the Licensee.

2.35.2 Petitioner's Reply

The Petitioner submitted that at present, voltage-wise/category-wise losses are not available and Category-wise Tariff has been calculated on the basis of average cost of supply and permissible level of cross subsidy. This is as per Regulation 91 of the UERC Tariff Regulations, 2021. In the absence of availability of voltage-wise losses, which is mix of technical losses and commercial losses, the distribution losses are required to be charged on average basis from all categories of consumers.

2.35.3 Commission's Views

The Commission has taken note of the concerns raised by the stakeholders. In this regard it would be relevant to mention that not only voltage wise losses are required for fixing voltage wise tariffs but segregation of voltage wise costs is also essential for the same. However, to compensate voltage wise losses, voltage wise rebates have been allowed to the industrial consumers. **Accordingly, the Commission once again directs UPCL to compute Voltage-wise losses & also segregate voltage wise costs for each category of consumers and submit the data on voltage-wise losses and cost of supply along with next Tariff Petition failing which action may be initiated against it.**

2.36 Separate Tariff for EHT Industrial Consumers

2.36.1 Stakeholder's Comments

Shri Vikas Jindal & Shri Ashok Bansal of M/s Kumaun Garhwal Chamber of Commerce & Industry and Rajeev Gupta of M/s Kashi Vishwanath Textile Mill submitted that as UPCL is finding it difficult to workout voltage-wise and category-wise cost of supply to various categories of consumers for fixation of their tariff, it is proposed that the Commission may consider to evolve a separate tariff at least for EHT (132 kV & 220 kV) industrial consumers. There are few (about 9-10) industries in the State that are getting supply directly from 220 kV and 132 kV grid substations under PTCUL through dedicated feeders. The line losses on the feeders are around 0.5% - 1.0%. The stakeholders also submitted that it will not be a difficult task for UPCL to calculate cost of supply to these EHT consumers on the basis of which a separate tariff can be evolved by the Commission. This will be in the interest of such consumers. They further submitted that such consumers should not be made to suffer due to not working out voltage-wise/category-wise cost of supply by UPCL in spite of repeated orders by the Commission. Therefore, EHT industries may be categorized as a separate category in tariff schedules and distinct tariffs can be formulated for them based on actual cost of supply as per the line losses in their feeders and other O&M expenses in maintenance of supply and other related services to them by UPCL and PTCUL. The Commission may consider this matter to provide relief to EHT industries who have made huge expenditure towards construction of EHT feeders from their substations, establishment of EHT substations and step-down transformers in their premises for supply at desired voltage.

2.36.2 Petitioner's Reply

The Petitioner submitted that at present, voltage wise losses are not available and Category wise Tariff has been calculated on the basis of average cost of supply and permissible level of cross subsidy. This methodology is as per Regulation 91 of the UERC Tariff Regulations, 2021 according to which, in the absence of availability of voltage wise losses, which is mix of technical losses and commercial losses, the distribution losses are required to be charged on average basis from all category of consumers.

The Petitioner further submitted that rebate for taking supply at higher voltage was revised by the Commission in its Tariff Order dated 10th April 2014 from 1.5% to 2.5% and 5% to 7.5% for taking supply at 33 kV and 132 kV and above respectively.

2.36.3 Commission's Views

The Commission clarifies that the Commission has already provided substantial rebates to EHT consumers which do compensate such consumption to a large extent and, therefore, the Commission feels that the provisions of the prevalent voltage rebate are appropriate and, therefore, there is no need for any separate tariff category for EHT consumers. Further, it would be relevant to mention that not only voltage wise losses are required for fixing voltage wise tariffs but segregation of voltage wise costs, like HT lines and substations/O&M expenses, etc. is also essential for the same.

2.37 Load Factor based Tariff

2.37.1 Stakeholder's Comments

Shri Vikas Jindal & Shri Ashok Bansal of M/s Kumaun Garhwal Chamber of Commerce & Industry and Rajeev Gupta of M/s Kashi Vishwanath Textile Mill submitted that the load factor-based tariff has increased the cross-subsidy burden on HT industries. Thus, the concept of load factor-based tariff as introduced for HT industries being contrary to equitable principles, may be reviewed by the Commission. It was further submitted that on the representation of industries on Tariff Proposals, in the earlier Tariff Orders, the Commission had justified load factor-based tariff to HT industries on the ground that the utility has to procure marginal power at a costlier rate due to increased consumption by the industrial consumers in the State. In this regard, it is submitted that upon entering into an agreement with the consumer to supply power, the onus is on the Licensee to

arrange for power up to the agreed contracted demand. The stakeholder also submitted that procuring marginal power at a costlier rate due to increased consumption by the industrial consumers defies logic and further, the Petitioner did not provide any data to prove that such marginal power is procured exclusively for HT industries to which load factor-based tariff has been levied while all other categories of consumers also draw power from the utility without any restriction of load factor. The stakeholders submitted that the Commission should provide telescopic tariff for charging incremental consumption beyond specified load factor on higher rates instead of charging the whole consumption at a higher rate of energy charge for the particular load factor slab. The stakeholders further submitted that if load factor-based tariff is inevitable, there may be three slabs of load factors for energy charges up to 40%, above 40% to 60% & above 60% as were prevailing since introduction of load factor base tariff approved by the Commission.

Shri Ashok Bansal of M/s Kumaun Garhwal Chamber of Commerce & Industry and Shri Rajeev Gupta of M/s Kashi Vishwanath Steel Pvt. Ltd. submitted that the formula considered by the Commission for Load Factor calculation results in paying of higher energy charges while using 80% of the contracted demand and needs to be rectified as below:

$$\text{Load factor} = \frac{\text{Consumption during billing period} \times 100}{\text{Billable demand or Contracted demand if the billable demand is higher than the contracted demand} \times \text{No. of hours in the billing period}}$$

Shri Shakeel A. Siddiqui of Galwalia Ispat Udyog Private Limited submitted that most of the prominent industrial active States have defined tariff slab load wise, the cost of service to HT consumer connected at high voltage is much less than the average cost of supply, since the distribution losses are very much less in comparison to low voltage consumers. He further requested that Commission may determine less rates for high load factor and high rates for low load factor to promote energy consumption by HT industries who are the maximum contributor of revenue to UPCL.

2.37.2 Petitioner's Reply

The Petitioner submitted that in its tariff proposal for FY 2021-22 they had proposed lower tariff for higher load factor and vice versa, but the Commission did not accept the view of UPCL and continued with its previous approach, i.e. Higher energy charge for Low Load Factor and vice versa. The Commission in its Tariff Order dated 26.04.2021 at para 5.1.3.5 held as follows in the

matter:

“The two-part tariff tends to encourage high consumption as the same reduces the effective per unit composite rate. Accordingly, to correct this, tariff also needs to increase in a manner so as to achieve a near uniform composite rate. To achieve this, demand and energy charges will have to increase with every small increase in contracted demand or load utilization percentage. Although theoretically possible, such an approach would make the tariffs too complex, incomprehensible and will pose serious problems in implementation. There is, therefore, a trade-off between the simplicity of the tariff structure and precision in correcting the above distortion. The Commission's attempt has been to strike a balance between the two by choosing a uniform rate of demand charge and different rates of energy charges linked to the consumption levels represented by the Load Factor.”

2.37.3 Commission's Views

This issue had been dealt in detail by the Commission in the in-house paper issued during the MYT Order for the second Control Period. Since, the marginal cost of power is higher than the average cost of power, therefore, to have cost reflective tariffs, the energy charges should increase with load factor. Further, the Commission has deliberated on this issue in detail in Chapter 6 of the Order.

2.38 Tariff to Hotels & Cinema

2.38.1 Stakeholder's Comments

Shri Ashok Bansal of M/s Kumaun Garhwal Chamber of Commerce & Industry has submitted that the consumers of these categories are billed under non-domestic category, which is the highest tariff prevailing in UPCL. In the plain areas of Uttarakhand, there is more consumption of electricity in summers in these categories due to running of air conditioners but the consumption is reduced in winters. On the other hand, in the hills there is more consumption in winters due to usage of heaters and geysers and less consumption in summers due to no usage of air conditioners. Thus, seasonal variation needs to be considered in fixation of tariff to such consumers.

2.38.2 Petitioner's Reply

The Petitioner submitted that UPCL is a commercial organization and is required to meet its Annual Revenue Requirement out of the revenue realized from the consumers through electricity

tariffs. The consolidated revenue deficit for FY 2022-23 (including the carrying cost of FY 2020-21) at existing tariff has been estimated at Rs. 447.56 Crore. For recovery of the said gap of Rs. 447.56 Crore, UPCL has proposed an overall tariff hike of 6.02%. As against the average tariff hike of 6.02%, no tariff hike for BPL & PTW consumer, nominal hike of 2.5% for 0-100 slab in other Domestic Category Average hike of 5-6% in other slabs of other Domestic category, Average hike of 6.4% in non-domestic category, Average hike of 5.0% in LT Industrial category, Average hike of 5.7% in HT Industrial category is proposed and further, increase in all other categories has been proposed in line with the Tariff Policy and the proposed ARR to be recovered in FY 2022-23.

The revenue gap so computed is the result of difference between increased / projected cost and revenue at existing tariff. The Petitioner being a regulated entity needs to be revenue neutral and, hence, approved gap will have to be allowed in terms of tariff increase as per the principles laid down in Tariff Policy and approach adopted by the Commission in past.

2.38.3 Commission's Views

The Commission has gone through the suggestions of the stakeholders and has duly considered the same while designing and rationalizing the tariff and has discussed the issues in detail in Chapter 6 of this Order.

2.39 Consumer Security Deposit

2.39.1 Stakeholder's Comments

Shri Vikas Jindal & Shri Ashok Bansal of M/s Kumaun Garhwal Chamber of Commerce & Industry and Shri Rajeev Gupta of M/s Kashi Vishwanath Textile Mill submitted that at present cash security equal to two months average billing in a financial year is required by UPCL. The security is for the purpose of providing security to UPCL in case of default. Industrial consumers pay initial security @ Rs. 1000/- per kVA at the time of connection in cash and, thereafter, on year-to-year basis as per above criteria. They find it difficult to arrange cash security. The stakeholders submitted that UPCL's bill can be secured through Bank Guarantee also. Bank Guarantee will facilitate the industries and at the same time serve the purpose of UPCL, and the Commission may consider this matter. Presently, the Commission has allowed interest on consumer security deposits at the Bank Rate, which is less than the rate at which banks give credit to the consumers. On the other hand, UPCL has been allowed delayed payment surcharge, which is also interest payable by

the consumer at the rate of 1.25% per month, i.e. 15% per annum for delay in payment of bills to UPCL. Thus, there is a big anomaly in the rate of interest payable to the consumers on their security deposits and rate of interest chargeable by UPCL for delay in payment of bills. The Commission may consider removing this anomaly and allowing the same rate of interest on consumer security deposit and for delayed payments for consumer bills.

Shri Shakeel A. Siddiqui of M/s Kashi Vishwanath Textile Mill (P) Ltd. requested the Commission to allow bank guarantee against the average bills, this will not only secure payment of bills but also have less financial burden on the consumer. Further, for large consumers Commission may allow billing on 15 days basis with one month security amount.

Shri Kartikey Tomar of M/s PSR Innovations submitted that facility of bank guarantee on security deposit to be made available for Consumers.

Shri Ram Kumar Agarwal of Umashakti Steels Pvt. Ltd submitted that interest on security deposit is on a very lower side. Either, the ROI should be increased or consumers should be allowed to deposit Bank Guarantee (so that it will help industries in availability of cash funds for working capital requirements).

2.39.2 Petitioner's Reply

The Petitioner submitted that as per Section 47(4) of the Electricity Act, 2003, the Distribution Licensee is required to pay interest on the security deposit. As interest cannot be paid on the money held with UPCL as Bank Guarantee / Letter of Credit, the security deposits should only be in the form of cash / bank draft/RTGS/NEFT or any other electronic mode as accepted by UPCL. This is in accordance with the provisions of UERC (The Electricity Supply Code, Release of New Connections and Related Matters) Regulations, 2020. Interest on security deposits is being allowed as per Section 47(4) of the Electricity Act, 2003 and Commission's order dated 27-07-2007.

Further, the Commission in its Tariff Order dated 27-02-2019 at para 2.16.1.3 has also held in the matter as follows:

"The Commission is of the view that the issues raised regarding quantum and mode of payment of Security Deposit are governed by the provisions of the Supply Code Regulations and, hence, cannot be modified through Tariff Order."

2.39.3 Commission's Views

The Commission is of the view that the issues raised regarding mode of payment of Security Deposit are governed by the provisions of the Supply Code Regulations and, hence, cannot be modified through Tariff Order. Further, it is to be recognised that DPS is not a source of income for UPCL, but a penalty mechanism to deter the consumers from defaulting in payments of their bill on time and hence, interest on security deposits and DPS cannot be equated.

2.40 Promotion of Prepaid Meters

2.40.1 Stakeholder's Comments

Shri Shakeel A. Siddiqui of Galwalia Ispat Udyog Private Limited submitted that the option of prepaid meter may be a good tool for UPCL to recover its amount in advance, hence the same needs to be promoted for all categories of consumers including HT/LT Consumers. It can be a good check in curbing bad debts too.

2.40.2 Petitioner's Reply

The Petitioner submitted that they agree with the view of the stakeholder and has proposed Prepaid Metering Scheme as a part of the MYT Tariff Petition under new Distribution scheme launched by Central Government.

2.40.3 Commission's Views

The Commission has taken note of suggestion received from the stakeholder regarding improvement in metering and billing through prepaid meters and **directs UPCL to roll-out prepaid metering scheme.**

2.41 Absence of Cost Reflective Tariffs

2.41.1 Stakeholder's Comments

Shri Shakeel A. Siddiqui of M/s Kashi Vishwanath Textile Mill (P) Ltd. submitted that the tariffs set by the Commission does not reflect the costs incurred since there are several expenditures, which are not accounted for in the absence of information or due to some regulatory requirement and is not considered or is carried forward. This results in creation of large Regulatory gaps and it may be one more reason that they are being avoided to save the tariff shocks to consumers. These

regulatory gaps are not beneficial for the utilities as they defer cost recovery and put credibility of the DISCOM at risk. On the other hand, they burden the consumers unnecessarily with the carrying costs. In the previous year tariffs, it came to notice that such costs were later considered and additional tariff burden was levied on the consumers in the form of Additional Energy Charge.

Shri Shakeel A. Siddiqui of M/s Kashi Vishwanath Textile Mill (P) Ltd. further submitted that there is an urgent need to determine costs attributable to every consumer category for cost reflective tariff design. For this, there is a pressing need to shift to more advanced methodologies to determine cost of supply from the current practice of Average Cost of Supply, which burdens industrial and commercial consumers. He further submitted that in the absence of any scientific methodology in arriving at voltage wise Cost of Service, voltage wise tariffs cannot be proposed merely on assumptions. Therefore, a necessary mechanism needs to be developed for segregating the assets usage at different HT voltages and calculation of losses attributable to flow of energy at different voltages.

2.41.2 Petitioner's Reply

The Petitioner submitted that the ARR and Tariff are as per the provisions of the Tariff Regulations notified by the Commission and past practices, methodology and normative approach adopted by the Commission. Certain parameters/elements of the ARR are claimed on actual basis as per the actual expenses incurred. However, certain expenses are allowed on normative basis so as to cover the same to the extent of actual expenses. These expenses are subject to the prudent investigation of the Commission. The tariff so determined by the Commission is reflective of the Cost of Supply and the ARR for the year.

The Petitioner submitted that at present, voltage wise losses are not available and Category wise tariff has been calculated on the basis of average cost of supply and permissible level of cross subsidy. This methodology is as per Regulation 91 of the UERC Tariff Regulations, 2021 according to which, in the absence of availability of voltage wise losses, which is a mix of technical losses and commercial losses, the distribution losses are required to be charged on average basis from all the category of consumers.

2.41.3 Commission's Views

The Commission appreciates the concern of the stakeholder and informs that certain

parameters/element of the ARR are claimed on actual basis as per the actual expenses incurred. However, certain expenses are allowed on normative basis so as to cover the same to the extent of actual expenses. These expenses are trued-up after prudent investigation by the Commission. In this Tariff Order, the Commission has trued-up for FY 2020-21 in accordance with the provisions of the UERC Tariff Regulations, 2021 and past practices and methodology adopted by the Commission. It is further clarified that no undue carrying cost is being allowed in case the Petitioner has defaulted in submitting timely information.

2.42 Formation of Consultative Committee

2.42.1 Stakeholder's Comments

Shri Pankaj Gupta of Industries Association of Uttarakhand submitted that in the past they had requested the Commission to constitute a consultative committee, comprising of utility representatives, UERC and stakeholders. This Committee will sit at frequent intervals and where the utilities will make the presentation on their working and issues. This Committee will facilitate better understanding between stakeholders and utilities.

2.42.2 Petitioner's Reply

The Petitioner submitted that the Commission has already constituted State Advisory Committee as per the provision of Section 87 of Electricity Act 2003. This Committee includes the members to represent the interests of Commerce, Industry, Transport, Agriculture, Consumers, Non-Governmental organisation etc. In the previous tariff order dated 26 April, 2020, the said committee gave many suggestions while discussing the ARR and Tariff petition for FY 2021-22. UPCL had submitted the replies of all these suggestions to the Commission which are mentioned at the last para 2.48 of MYT Tariff Petition for FY 2022-23.

2.42.3 Commission's Views

The Commission has taken a note of this and agrees with the suggestion that there should be a committee wherein issues pertaining to supply of electricity to various consumers are deliberated more often for the betterment of consumer satisfaction. **The Commission, therefore, directs UPCL to submit a proposal to the Commission for constitution of such committee within 60 days from the date of this Order.**

2.43 True-Up

2.43.1 Stakeholder's Comments

Shri Pankaj Gupta of Industries Association of Uttarakhand submitted that the Petitioner has claimed expenses in true up as per audited accounts. The Petitioner should provide justification for the difference between the expenses approved by the Commission and the actual expenses incurred. He further requested the Commission to not allow these expenses in true up.

2.43.2 Petitioner's Reply

The Petitioner submitted that it has been providing all justification for deviation in the true-up expenses which is based on the audited accounts. The figures approved in the ARR are based on the projections / estimation of both utility & the Commission as per prevailing tariff regulations and previous years actual audited expenses as base figures.

2.43.3 Commission's Views

The Commission, in this regard, would like to clarify that the actual expenses, both of revenue and capital nature claimed by the Petitioner are examined separately in detail while carrying out the truing up of expenses and revenues and only legitimate expenses are allowed in accordance with the UERC Tariff Regulations applicable from time to time.

2.44 Promotion of Renewable Energy

2.44.1 Stakeholder's Comments

Shri Shakeel A. Siddiqui of Galwalia Ispat Udyog Private Limited submitted that attempts need to be made to promote the solar energy to farmers and domestic consumers that will not only reduce cross subsidies but also reduce AT&C losses. HT industries need to be given opportunities to establish their own solar power generation units and use the same power for their production. It will help the State to be self-generator of power and become power rich. Currently under open access regulation if one has its power generation unit and manufacturing unit at different places it needs to pay wheeling charges and bear distribution losses which makes the power not viable for that particular industry. Hence, to promote such arrangement a keen interest of Commission is required. He further requested that if any manufacturing unit wishes to commission its solar power, then unit relaxation in applicable charges, i.e. wheeling charges and distribution losses to be