

Before

UTTARAKHAND ELECTRICITY REGULATORY COMMISSION

Petition No. 24 of 2022

In the matter of:

Petition seeking approval of the Commission on Deviation in Power Purchase Costs and Removal of Difficulty for allowing Recovery of Incremental Power Purchase Cost and compliance thereof to directives issued under Multi Year Tariff Order.

In the matter of:

Uttarakhand Power Corporation Ltd.

... Petitioner

CORAM

Shri D.P. Gairola Member (Law) / Chairman (I/c)

Shri M.K. Jain Member (Technical)

Date of Order : September 28, 2022

Uttarakhand Power Corporation Ltd. (hereinafter referred to as “UPCL” or “the Petitioner”) has filed a Petition for approval of the Commission on Deviation in Power Purchase Costs and Removal of Difficulty for allowing Recovery of Incremental Power Purchase Cost and compliance thereof to directives issued under Multi Year Tariff Order dated 31.03.2022 under Section 86(1)(b) of the Electricity Act, 2003 (herein after referred to as “the Act”), Regulation 74(1), Regulation 75, Regulation 83 and Regulation 104 of the UERC Tariff Regulations, 2021.

1 Background

1.1 The Petitioner on 15.12.2021 had filed Business Plan Petition and Multi Year Tariff Petition for the Control Period from FY 2022-23 to FY 2024-25 along with Tariff Determination for FY 2022-23, True-up for FY 2020-21 and Annual Performance Review for FY 2021-22. The Commission vide Order dated 31.03.2022 approved the Business Plan and MYT Petition for the fourth Control Period from FY 2022-23 to FY 2024-25 alongwith truing up of FY 2020-21 and Annual Performance Review for FY 2021-22.

- 1.2 The Petitioner filed the present petition in compliance to the directives on Power Purchase cost passed by the Commission and to seek approval for pass through of incremental cost towards such power purchase.
- 1.3 The Petitioner submitted that the State of Uttarakhand is presently facing power crisis due to various factors viz less availability of power in the Indian Exchanges because of exceptionally high prices of Coal & Gas on account of international crisis, exceptional temperature rises and consequent increase in demand, lower water availability for hydro power plants etc. The Petitioner submitted that it experiences peak requirement in morning and evening in the months of October to March wherein the peak requirement is almost 50% more than the base energy requirement of ~1200-1300 MW, and the demand during the other months, i.e. April – September remains relatively flat.
- 1.4 The Petitioner submitted that the average hourly energy requirement in the first quarter of FY 2022-23 has even surpassed the levels of FY 2021-22 wherein the demand in June 2022 has remained well above 2000 MW on Round the Clock (RTC) basis. The Petitioner submitted that the incremental power requirement in the first quarter has been a nationwide phenomenon on account of increased economic activity, significant changes in weather leading to creation of low-pressure zones in the Northern Region of the country and overall intense heatwave that gripped almost the entire country. The Petitioner submitted that it had envisaged this incremental trend in power requirement and had, accordingly, projected an increase in sales in the MYT petition for the fourth Control Period from FY 2022-23 to FY 2024-15, and, accordingly, the overall energy requirement projected by UPCL for the year FY 2022-23 in the MYT petition was 15,227 MU at state periphery. UPCL submitted that against the same, the Commission approved 15,357 MUs for FY 2022-23.
- 1.5 The Petitioner submitted that in the MYT petition, the Petitioner had submitted the projected availability of power for Q1 of FY 2022-23 as 3525.74 MUs against which the Commission had approved 3,782.48 MUs for the first quarter of FY 2022-23. The Petitioner submitted that the approval specifically for gas-based power plants, GIPL-I and SEPL-I, for FY 2022-23 was from May 2022 and for GIPL-II and SEPL-II the same was considered from October 2022.
- 1.6 The Petitioner submitted that the actual power purchase quantum and cost for the first 3 months of FY 2022-23 has been more than 105% of the limit provided by the Commission due to

unavailability of power from State gas-based generating Stations, abnormal high price of gas, extreme weather conditions in various part of world leading to high demand and creating wide mismatch between supply and demand etc. The Petitioner submitted that it was expected that the international gas price will stabilize and resume normalcy in coming times, and the crisis would end in a short span, however, the crisis has been prevailing since then.

1.7 The Petitioner submitted that the arrangement of power (low cost assured power) in the current market sentiments has become a very difficult task. The Petitioner further submitted that although it has 90% of its supply from firm long-term sources and only a small share has been considered from the short term route, however, non-availability of cheaper gas based generation has increased the reliance on other short term sources tremendously.

1.8 The Petitioner submitted that the following options were available before it for short term procurement of power.

- DEEP Portal –The Petitioner has been trying to meet the shortfall caused on account of non-availability of gas-based stations by inviting bids on the DEEP portal.
- Day Ahead Markets (DAM) – In the absence of cheaper alternatives on DEEP platform, the day ahead shortfalls were considered for procurement from the DAM platform of IEX, however, the prices on DAM have exceeded its historical high and have remained at the ceiling limits of Rs. 20/kWh followed by Rs. 12/kWh in line with the CERC orders for a significant period of time.
- Other initiatives for bilateral/ allocation of higher Central Power.

1.9 The Petitioner submitted a comparison of the power purchase cost for the first quarter of FY 2022-23 vis-à-vis approved power purchase cost and stated that there is a deviation of ~67 % in cost and ~12 % in quantum as compared to approved figures for Q1 which is a substantial variation. The Petitioner further submitted that anticipating the shortages from gas sources and volatility of prices at DAM, the Petitioner is making continuous efforts at DEEP portal to get the best offers from the suppliers. The Petitioner submitted that the prevailing market sentiments are expected to prevail for the remaining part of the financial year, and also the CERC in anticipation to similar market dynamics has extended the applicability of the ceiling rates on Power exchanges of Rs 12/kWh till September 2022, which conveys the market signals for potential suppliers and buyers about the likely prices that can be expected from short term

markets. The Petitioner further submitted that the Ministry of Power had made it mandatory for procurement of ~10% of the coal from imports, which indicates shortages of coal in the domestic markets which will eventually rule out possibility of increasing the generation from coal based sources in the near future, and if the prices of imported coal remain in a favorable range, the same will trigger the domestic market /exchange to make the necessary price corrections.

- 1.10 The Petitioner submitted the revised projection of power purchase cost (Rs. Crore) for FY 2022-23 along with the Power Purchase Quantum (MUs) as summarized in the below tables:

Particulars	Q1	Q2	Q3	Q4	Total
<u>Power Purchase Quantum computations:</u>					
Approved Power purchase quantum	4,247.89	4,051.88	3,844.27	3,678.43	
Less: Power from gas based station		584.91	780.18	771.70	
Add: Purchase from short term sources		51.82	1,047.27	1,205.05	
Total Revised Power purchase quantum (MUs)	4,247.89	3,518.78	4,111.36	4,111.78	15,989.81
<u>Power Purchase Cost computations:</u>					
Approved Power purchase Cost	2,339.55	1,502.03	1,425.07	1,363.59	
Less: Power Purchase Cost of Gas based station*		289.41	397.86	392.40	
Add: Power Purchase Cost from short term sources		33.68	680.73	783.28	
Total Revised Power purchase cost (Rs.Cr)	2,339.55	1,246.30	1,707.94	1,754.47	7,048.26
Average Rate (Rs/kWh)	5.51	3.54	4.15	4.27	4.41

Note: The same has been computed as Approved figures minus gas based figures plus short term sources as indicated in earlier table.

*Note: Only Energy Charge of the Gas Station considered

Particulars	Q1	Q2	Q3	Q4	Total
Revised Power Purchase Cost (Rs. Crore)	2,339.55	1,246.30	1,707.94	1,754.47	7,048.26
Approved Power Purchase Cost (Rs. Crore)	1,402.16	1,502.03	1,425.07	1,363.59	5,692.85
Variation (Rs. Crore)	937.39	-255.73	282.87	390.88	1,355.41
Variation (%)	67%	-17%	20%	29%	

- 1.11 The Petitioner submitted that as per assessment made by it, securing reliable power for the consumers of the State is likely to cost an additional outlay of Rs 1,355.41 Crore for FY 2022-23, and under the current restrictions, it may not be possible for UPCL to manage the cash flows required to procure such costly power from the markets. The Petitioner submitted that delays in making adequate arrangements/tie-ups for procuring power may lead to possible increase in cost of power going forward given the prevailing market sentiments.
- 1.12 The Petitioner submitted that almost 85-90% of its ARR is towards meeting the cost of power purchase, and the overall Return on Equity allowed to the Petitioner for FY 2022-23 is Rs. 154.73

Crore which is almost 1/10th of the proposed incremental outlay on power purchases. The Petitioner submitted that in case any immediate cash flow arrangement is not allowed to the Petitioner, the same will eventually result in significant load shedding to the tune of ~40-50% during the balance period of the year.

- 1.13 The Petitioner submitted that in view of the above, the Commission may kindly consider the aforesaid submissions and allow the Petitioner to recover the incremental charges from the consumers under FAC mechanism (without any ceiling) or as a separate “Additional Charge” or “Surcharge” in the balance months of FY 2022-23 as deemed appropriate.
- 1.14 The Petitioner while stating the cause of action for the current Petition submitted that the situation of increase in demand and shutdown of gas based generating stations of the State could not be predicted at the time of filing of Business Plan and Multi Year Petition in the month December, 2021 and also the same could not be predicted by the Commission at the time of issuance of the tariff order dated 31.03.2022. The Petitioner submitted that the Commission approved 2524.61 MUs availability of power from the gas based generating stations of the State whereas the said generating stations are presently in shutdown due to very costly power and the Petitioner company is forced to procure/replace this power from the Power Exchanges/DEEP Portal. The additional financial burden on this account on the Petitioner is expected to be Rs. 1,355.41 Crore, and the present Petition has been filed before the Commission for recovery of this additional financial burden of Rs. 1,355.41 Crore.
- 1.15 The Petitioner proposed levy of surcharge on the consumers, to recover additional power purchase cost, for all the three quarters of FY 2022-23 starting from August, 2022 as the same will give right pricing signals of the market to the consumers and the consumers would be prompted to use Demand side measures to curtail unwarranted consumption and optimize their utilization. The Petitioner further submitted that the incremental levy has not been proposed to be levied on the consumers falling in the category of economically weaker sections viz. BPL consumers, Domestic consumers that consume less than 100 units on a monthly basis, snowbound consumers and PTW consumers.
- 1.16 The Petitioner submitted that with the proposed surcharge, the revenue to be collected over a period of 8 months (starting from 1st August, 2022) will be Rs.1,355.41 Crore, at an additional ACOS of Rs.1.56/kWh. The Petitioner further submitted that the proposed surcharge as variable

component will be levied on all sub-categories/slabs (except BPL consumers, Domestic consumers that consume less than 100 units on a monthly basis, snowbound consumers and PTW consumers). The comparison of the increase in tariff on account of proposed levy of surcharge over existing approved tariff based on 8 months recovery period as submitted by the Petitioner is summarized in the table below:

Table 1: Levy of Proposed Surcharge and Recovery of Incremental Power Purchase cost

Category	Number of Consumers (as submitted in MYT)	Balance 8 months Sales (MU)	Proposed Surcharge (Rs./kWh)	Revenue from Proposed Surcharge (Rs. Cr.)
RTS -1 Domestic	25,40,569	2,681.41	0.11	30.79
1.1 BPL / Lifeline Consumers	5,08,114	196.17	NIL	-
1.2 Other Domestic Consumers	20,32,455	2,437.94		24.87
(i) upto 100 Units/month	11,43,256	1,206.64	NIL	-
(ii) 101-200 Units/month	4,57,302	536.28	0.15	8.04
(iii) 201-400 Units/month	3,04,868	402.21	0.20	8.04
(iv) Above 400 Units/month	1,27,028	292.81	0.30	8.78
2. Single Point Bulk Supply	150	47.30	1.25	5.91
RTS-1A: Snowbound				
1. Domestic	-	-	NIL	-
2. Non-Domestic upto 1 kW	-	-	NIL	-
3. Non-Domestic above 1 kW & upto 4 kW	-	-	NIL	-
4. Non-Domestic above 4 kW	-	-	NIL	-
RTS 2: Non-Domestic Consumer	3,22,104	897.14	2.39	214.20
RTS 3: Government Public Utilities (RTS 3: Public Lamps)	8,485	596.35	2.37	141.24
RTS 4: Private Tubewells/Pumping Sets	46,786	206.14	NIL	-
RTS- 4A: Agriculture Allied Services	290	14.14	0.15	0.21
RTS 5: LT Industry	16,050	222.94	2.19	48.77
RTS 5: HT Industry	2,455	3,933.42	2.25	885.47
RTS 6: Mixed Load	80	133.88	2.15	28.78
RTS 7: Railway Traction	2	12.97	2.24	2.91
RTS 8: Electric Vehicle and Charging Station	100	14.65	2.10	3.08
Total	29,37,071	8,713.05	1.56	1,355.45

1.17 The Petitioner submitted that it has proposed to approve the levy of above surcharge under FAC mechanism without any ceiling limit. The Petitioner further submitted that if the incremental cost of power purchase is annualized/recovered over 12 months instead of 8 months then the impact would be much lower (i.e. Rs. 1.04/kWh against Rs. 1.56/kWh).

1.18 The Petitioner sought following relief through the present Petition:

- Replace gas-based power with power from DEEP/short-term arrangements.
- Approve the rate of procurement of short-term power to minimum of Rs 6.50/kWh to

ensure supply of consistent power to the consumers.

- Permit the Petitioner to enter into arrangement for procurement of short-term power for ensuing quarters based on such revised approved rate
- Allow inclusion of short-term power purchases in the FAC mechanism/Power Purchase surcharge to ensure steady cash flows for procuring the power
- Allow recovery of such charges from the consumers as proposed in this Petition without the restriction of 10% from August 2022 under FAC mechanism.
- Provide any other appropriate directives that would ensure supply of reliable and consistent power to the consumers in the state.

1.19 The Petitioner vide its letter dated 26.07.2022 made additional submission in reference to the Petition to rectify certain errors which have been accepted by the Commission and already incorporated in the discussion made in preceding paras.

1.20 The Commission in order to provide transparency to the process of tariff determination and give all the stakeholders an opportunity to submit their objections/suggestions/comments on the proposals of the Distribution Licensee, directed UPCL to publish the salient points of its proposals in the leading newspapers. The salient features of the proposal were published by the Petitioner in the following newspapers:

Table 2: Publication of Notice

S. No.	Newspaper Name	Date of Publication
1.	Amar Ujala, Uttarakhand	30.07.2022
2.	The Hindustan Times, New Delhi	31.07.2022

Through the above notice, the stakeholders were requested to submit their objections/suggestions/comments latest by 19.08.2022 on the Petition filed by UPCL (copy of the notice is enclosed as **Annexure-I**). The Commission received total 6 Nos. objections/suggestions/comments in writing on the Petition filed by UPCL. One of the consumer submitted its comments directly to UPCL, accordingly, the Commission received a total of 7 Nos. objections/suggestions/comments in writing on the Petition filed by UPCL.

1.21 The Commission also held a public hearing in the matter through online mode on 22.08.2022 as per the following schedule:

S. No.	Designated place for online Public Hearing	Date and time for Public Hearing
1	Conference Hall, EDD Office, Uttarakhand Power Corp. Ltd., Rudrapur, Udham Singh Nagar	22.08.2022 (10:30 AM to 12:00 Noon)
2	Conference Hall, Gardenia Hotel, SIDCUL, Haridwar	22.08.2022 (12:30 PM to 02:00 PM)
3	Meeting Hall, Uttarakhand Power Corp. Ltd. Headquarter, Victoria Cross Vijeta Gabar Singh Bhawan, Kanwali Road, Dehradun	22.08.2022 (03:00 PM to 04:30 PM)
4	Conference Hall, Nagar Nigam, Haldwani	22.08.2022 (05:00 PM to 06:30 PM)

1.22 The Commission in order to ensure the participation of large no. of consumers in the Public hearing and to give all stakeholders an opportunity to put forth their view before the Commission, made wide publication of the date, time and venue of the public hearing in the leading newspapers as summarized below:

Table 3: Publication of Notice regarding Public Hearing

S. No.	Newspaper Name	Date of Publication
1.	Amar Ujala, Uttarakhand	14.08.2022
2.	Dainik Jagran, Uttarakhand	17.08.2022
3.	Hindustan (Hindi), Uttarakhand	18.08.2022
4.	Dainik Bhaskar, Uttarakhand	19.08.2022
5.	Amar Ujala, Uttarakhand	20.08.2022
6.	Dainik Jagran, Uttarakhand	21.08.2022
7.	Hindustan (Hindi), Uttarakhand	22.08.2022

1.23 The issues raised by the Petitioner in the Petition, alongwith the analysis of the Commission are dealt in the subsequent section.

2 Stakeholders' Objections/Suggestions, Petitioner's Responses and Commission's Views

The Commission has received suggestions and objections on UPCL's Petition seeking approval of the Commission on the Deviation in Power Purchase Costs and Removal of Difficulty for allowing Recovery of Incremental Power Purchase Costs and compliance thereof to directives issued under the tariff Order dated 31.03.2022. The Commission also held a public hearing in the matter on 22.08.2022 to decide on admissibility of the Petition.

The Commission has not taken into records the comments made by certain consumers during Public Hearing that does not relate to the current Petition filed by UPCL.

Since, several issues are common and have been raised by more than one Respondent, all suggestions/responses/comments have been clubbed issue-wise and summarized below.

2.1 General

2.1.1 Stakeholder's Comments

M/s Vista Furnishing Limited, Haridwar submitted that UPCL should not be allowed to replace gas-based power with power from DEEP / short term arrangements. They submitted that UPCL should be allowed to procure power from short term contracts on quarterly basis at reasonably approved rates. It was further submitted that no such instance of tariff hike has come to their notice from the neighbouring states as they also must be facing similar conditions, and even some States are giving free electricity to domestic users up to a certain limit. They further submitted that recently there has been hike in tariff in April 2022 and again in July 2022 FCA has been imposed by UPCL, and such huge hike in tariff in the form of additional charge will be detrimental for the Industrial sector.

2.1.2 Petitioner's Reply

In response to the same, UPCL submitted that the incremental power purchase cost incurred is mainly due to unavailability of power from gas-based power stations at reasonable rates and also on account of nationwide phenomenon of increased economic activity coupled with coal shortages leading to increase in rates for short term power at exchanges etc. UPCL submitted that it is obligated to supply 24 x 7 reliable power supply under Universal Service Obligation, and in such adverse situation if gas power would not have been replaced by the DEEP/Short term arrangement, it would have eventually resulted in the significant load shedding to the tune of 40% to 50% during that period and would have eventually put large number of consumers of the State in the darkness, and to avoid this situation, the Petitioner has replaced gas based power with power from DEEP/short term arrangement.

The Petitioner further submitted that as per the Regulations issued by the Commission, the power procurement plan is approved on quarterly basis and is in line with the MYT Order issued by the Commission. UPCL further submitted that FCA charges are usually applied to cater

to the variation in coal and gas prices on quarterly basis and the Commission issues order based on the post-facto approval sought by the Petitioner for every quarter to adjust any change in fuel charges in the electricity bill as per the provision of the Regulation 83 of UERC Tariff Regulation 2021. The Petitioner submitted that at many times prices at exchanges had crossed Rs. 20 per unit and eventually CERC intervened and capped the rate at Rs. 12 per unit. The Petitioner submitted, that DEEP/ Short term arrangement is the only alternate available to replace the gas-based power, and the rates at Exchange/ DEEP portal are usually reasonable and normally increase during any extraordinary/emergency situation.

The Petitioner, in reference to the tariff hike in other States, submitted that most of the State Discoms have FCA/ FAC/ PPAC/FPPPA formula which is dynamic to cover total variations in power purchase cost including transmission charges, therefore, only limited States that have got majorly impacted must have approached respective Commissions for relief. The Petitioner gave reference of direction/order issued by Delhi Electricity Regulatory Commission and Punjab State Electricity Regulatory Commission in this regard.

The Petitioner further submitted that the incremental cost in power purchase is mainly on account of unavailability of power from Gas based Stations at reasonable rate and also on account of nationwide phenomenon of increased economic activity coupled with coal shortages leading to increase in rates for short term power at exchanges etc., and non-recovery of timely incremental power purchase cost will lead to huge financial crisis and there could be grave situation of increase in dues of generators and may eventually lead to ineligibility to purchase power from energy exchanges. The Petitioner submitted that in a situation of financial crisis, non-availability of gas-based power, and also not being able to buy power from exchange, UPCL will get into the vicious cycle of not being able to supply power on 24x7 basis ,which will lead to load shedding to the tune of 40% to 50% during the balance of the year, and the same will eventually put large number of consumers of the State in the darkness.

2.2 Maintainability

2.2.1 Stakeholder's Comment

Shri Vineet Kumar Sangal, Kumaun Garhwal Chamber of Commerce & Industry, Shri Pankaj Gupta, President, Industry Association, and Shri Vijay Kumar, THDC Colony, Dehradun submitted that there should not be any tariff hike in the middle of the year. Shri Sangal and Shri

Gupta further submitted that the Petition filed by UPCL is not maintainable, and any increase in power purchase cost can be claimed in next tariff proceedings or proceedings related to true-up of the respective year. Shri Pankaj Gupta submitted that electricity tariff plays an important role in the cost of running Industry, and once tariff is fixed for the year estimates are made based on the same. He further submitted that the tariffs cannot be based on real time or be subjected to revisions during the year.

Shri Shakeel A. Siddiqui, Galwalia Ispat Udyog Pvt. Ltd. submitted that Tariff Hike should not be made repeatedly in a year and opposed the Petition filed by UPCL for recovery of proposed surcharge and change in 10% restriction on FCA. He further submitted that UPCL should ensure supply of reliable and consistent power. Shri Siddiqui further submitted that Power Purchase through Open Access should be allowed without levying additional surcharge every 6 months.

Shri Shanti Prasad Bhatt, Uttarakhand Kranti Dal submitted that UPCL should remove corruption in its departments.

2.2.2 Petitioner's Reply

In response to the same UPCL submitted that as per the UERC Tariff Regulation 2021, the Commission shall consider the True up of FY 2021-22 in the ARR for FY 2023-24, and to claim the power purchase of FY 2022-23 on actual basis, the Petitioner will have to wait for 2 years and also the consumers will also have to pay carrying cost for the same. The Petitioner submitted that to avoid the situation of financial crisis, which will result in the significant load shedding to the tune of 40% to 50% during the balance months of the year and eventually put large number of consumers of the State in the darkness, the Petitioner has filed this Petition. The Petitioner further submitted that it is required to take prior approval from the Commission in case the variation in any quarter exceeds 5% either in quantum or cost of power purchase, failing which the Commission may disallow power purchases so made under trueing-up of FY 2022-23, and accordingly, the Petitioner has followed the Commission's direction.

The Petitioner further submitted that as per Section 62(4) of the EA 2003 the tariff can be amended more than once under extraordinary situation and under fuel surcharge formula as may be specified. The Petitioner submitted that Regulation 83 of MYT Tariff Regulation 2021 provides for recovery of variation in power purchase cost from approved sources (basically fuel cost),

however, the FCA formula does not envisage variation/consideration for short-term power purchases. The formula basically lacks to recognize the full variation being claimed by generators and transmission licensees and restricts distribution licensee for recovery in variation from certain sources only and further up to certain ceiling only (10%). The Petitioner submitted that this impacts the Petitioner, and it loses on both account viz. non-recovery from certain sources and 10% ceiling recovery from retail consumers. The Petitioner submitted that such situation has also led to financial crisis for the Petitioner and making it difficult to run its day-to-day operations, and hence, tariff hike in the middle of FY 2022-23 has been proposed to recover the incremental power purchase cost.

The Petitioner further submitted that the instant Petition is maintainable and needs to be admitted by the Commission for favorable dispensation to avoid situation of financial crisis of UPCL and load shedding to the consumers. The Petition is filed under appropriate provisions of the Electricity Act 2003 and provisions of the UERC MYT Regulations 2021. The Petitioner submitted that to remove the difficulty in implementation of FCA in totality, i.e. without any restrictions the Petitioner has submitted before the Commission to exercise its powers to remove difficulties provided in the Regulation 104 of MYT Regulation 2021.

The Petitioner w.r.t. to submission made by Shri Siddiqui regarding reliable power supply and objection against the current Petition, submitted that its efforts have always been inclined towards the Universal Service Obligation (USO) for providing reliable and consistent power supply to the consumers. The Petitioner submitted that it has replaced the gas-based power from the short-term market purchase at a cost much higher than the cost as approved by the Commission due to non-availability of gas-based power on account of nationwide phenomenon of increased economic activity coupled with coal shortages leading to increase in rates for short term power at exchanges etc. The Petitioner also referred to the various steps taken by MoP to overcome the situation of power crisis. Further, w.r.t. to the comment of Shri Siddiqui regarding additional surcharge on open access, the Petitioner submitted that the said matter can be dealt separately through a separate Petition and cannot be intermixed with the current proceedings.

The Petitioner w.r.t. the comment filed by Shri Shanti Prasad Bhatt submitted that the issues raised by Shri Bhatt is not in the context of current Petition, and accordingly, cannot be dealt here.

2.3 Short term Procurement

2.3.1 Stakeholder's Comments

Shri. Ramesh Joshi, State President, Suraj Sewa Dal asked UPCL to submit the details of actual Short Term Power Purchase (STPP) cost for 1st Quarter of FY 2022-23 alongwith the supporting documents. He also sought reasons for not taking prior approval from the Commission before procuring such high cost STPP, and details of the provision under which Power Purchase has been done. He further submitted that the Commission should order probe through SIT. Shri Joshi further submitted that the power is being purchased at costly rates & is being sold to consumers at lower rate, and, therefore, the Commission may scrap the proposal of the Petitioner. He further sought details of additional impact & consumer category wise proposed charges on account of the Petition filed by UPCL. He further asked UPCL to give example of other business who will purchase costly things and sell at the lower rate. He submitted that the loss due to sale of power at lower rates to industrial consumer be recovered from the officials of UPCL.

2.3.2 Petitioner's Reply

In this regard, the Petitioner submitted that the details of STPP sought by Shri Joshi has already been submitted to the Commission vide its letter dated 24.08.2022.

Further, UPCL submitted the summary of events about the emergency conditions that led to procurement of power at such high cost as discussed below:

- a. 24.03.2022 Onwards- The prices in the DAM (Day Ahead Market) at IEX (Indian Energy Exchange) were getting cleared at Rs. 20 per unit of electricity for more than 30 blocks.
- b. UPCL floated tender for short term power purchase from April, 2022 to March, 2023, keeping in mind high market rates of coal and lack of affirmation regarding availability of gas at reasonable prices.
- c. 01.04.2022 - CERC capped the electricity prices at exchange from Rs. 18-20 per unit to Rs. 12 per unit.
- d. 04.04.2022 - Initial Price offer was opened and e-Reverse auction was conducted.
- e. 13.04.2022 - The Commission was intimated about such bid results and also indicating that fresh bids may be invited as rates discovered were in the range of

Rs. 12 per unit (Apr22-Jun22) and thereafter Rs. 7-10 per unit (July 22 to Mar 23).

- f. 22.04.2022 - The situation across country worsened and average rate for all 96 blocks at exchanges was Rs. 12 per unit and power quantum clearance was around 39% only.
- g. Hon'ble Chief Minister, Govt of Uttarakhand took review of the power situation in the State and directed UPCL to ensure continuous power supply and procure all available power from all potential sources including requests to Ministry of Power, Govt. of India for additional allocation from Central Generating Stations.
- h. 23.04.2022 - The situation across the country further worsened and average rate for all 96 blocks at energy exchanges was Rs. 12 per unit and clearance dropped to 20%. The average shortfall was more than 7 MU (25% of total power requirement for that day) inspite of UPCL putting its best efforts of arranging the power from exchanges even at ceiling rates.

The Petitioner also submitted that the Ministry of Power, Govt. of India has also taken several efforts/measures to overcome Power Crisis and to deal with the extraordinary condition. The Petitioner submitted that it had intimated the Commission regarding procurement of power from short term sources, however, if the purchase would not have been made through short term due to unavailability of gas-based power stations, it would have resulted in the significant load shedding across the consumer categories throughout the State.

The Petitioner further submitted that as per Regulation 74(1) of UERC Tariff Regulations 2021, the distribution licensee is required to take prior approval for any change to an existing arrangement or agreement for power procurement, whether or not such existing arrangement or agreement was approved by the Commission. Further, as per Regulation 75 of UERC Tariff Regulations 2021, the distribution licensee is required to take approval from the Commission for short term power procurements.

The Petitioner further submitted that as per the UERC Tariff Regulation 2021, the Commission will consider the true up of FY 2021-22 in the ARR for FY 2023-24, and to claim the power purchase of FY 2022-23 on actual basis, the Petitioner will have to wait for 2 years and consumers will also have to pay carrying cost for the same. The Petitioner submitted that to avoid the situation of financial crisis, which may result in non-availability of sufficient funds to purchase

the deficit power in upcoming winter months of shortages and could lead to unwarranted load shedding across categories throughout the States, it has sought approval of the Commission on the Deviation in Power Purchase Costs and recover the incremental power purchase cost through additional surcharge. The Petitioner further submitted that as per the direction given in the T.O. dated 31.03.2022 it is required to take prior approval of the Commission in case the variation of any quarter exceeds 5% either in quantum or cost of power failing which the Commission may disallow power purchases so made under true-up of FY 2022-23, and the Petitioner had followed the said directive of the Commission in this regard.

The Petitioner submitted that the impact of non-consideration of such power purchase agreement would mean direct loss to UPCL and it would make it difficult for UPCL to come out of this situation, and it may be unable to pay generator bills in future and such situation may lead to debarment in trading in all 3 energy exchanges. The Petitioner submitted that under Regulation 74(4) and 74(5) of the UERC MYT Regulation 2021, under section 94(1)(f) of EA 2003, Regulation 54(1) of UERC Conduct of Business Regulations, 2014 and Regulation 103 of UERC MYT Regulations, 2021 the Commission may give relief to the Petitioner.

The Petitioner submitted that in these extraordinary situations, it appears like UPCL is purchasing costly power and selling it at cheaper rate, however, the Petitioner wants to recover the legitimate incremental power purchase cost with the prior approval of the Commission.

The Petitioner submitted that the details of additional impact & proposed charges to category wise consumer is available in the current Petition filed by UPCL before the Commission. It further submitted that the power purchased in the extraordinary situation is for the benefit of the consumers. The Petitioner submitted that UPCL is in the business of retail supply of electricity and have been always been inclined towards the Universal Service Obligation (USO) for providing reliable and consistent power supply to the respected consumers, therefore, to fulfill the demand of the consumers and to avoid load shedding to the tune of 40% to 50% of the time in the remaining months of FY 2022-23, the Petitioner has purchased power at higher rates and sold it to the consumers at the rates approved the Commission.

3 Petitioner's submission, and Commission's Analysis and Ruling

3.1 Section 62(3) and Section 62(4) of the Electricity Act, 2003 stipulates as follows:

“(3) The Appropriate Commission shall not, while determining the tariff under this Act, show undue

preference to any consumer of electricity but may differentiate according to the consumer's load factor, power factor, voltage, total consumption of electricity during any specified period or the time at which the supply is required or the geographical position of any area, the nature of supply and the purpose for which the supply is required.

- (4) *No tariff or part of any tariff may ordinarily be amended, more frequently than once in any financial year, except in respect of any charges expressly permitted under the terms of any fuel surcharge formula as may be specified."*

3.2 Regulation 12 of UERC MYT Regulations, 2021 specifies as under:

"12. Annual Performance Review

...

(3) *The scope of the Annual Performance Review shall be a comparison of the actual performance of the Applicant with the approved forecast of Aggregate Revenue Requirement and expected revenue from tariff and charges and shall comprise of following:*

- a) *A comparison of the audited performance of the applicant for the previous financial year with the approved forecast for such previous financial year and truing up of expenses and revenue subject to prudence check including pass through of impact of uncontrollable factors;*
- b) *Categorisation of variations in performance with reference to approved forecast into factors within the control of the applicant (controllable factors) and those caused by factors beyond the control of the applicant (un-controllable factors).*
- c) *Revision of estimates for the current and/or ensuing financial year, if required, based on audited financial results for the previous financial year;*
- d) *Computation of the sharing of gains and losses on account of controllable factors for the previous year."*

3.3 Further Regulation 15 (2) of UERC MYT Regulations, 2021 specifies as under:

"15. Periodicity of Tariff determination

(1) *The Commission shall determine the tariff/charges, of a Generating Company/ Transmission Licensee/Distribution Licensees/SLDC covered under a multi-year tariff framework for each financial year during the Control Period, having regard to the following:*

- a) *The MYT principles specified under these Regulations; and*
- b) *The approved forecast of Aggregate Revenue Requirement and expected revenue from tariff and charges for such financial year, including approved modifications to such forecast; and*
- c) *Impact of truing up for previous financial year and performance review for the current financial*

year; and

d) Approved gains and losses to be allowed as pass through in tariffs,

(2) The tariff and charges for recovery of ARR for a Transmission Licensee or a Distribution Licensee or a Generating Company or SLDC shall ordinarily be determined not more than once in a year, except in respect of any changes expressly permitted under the terms of fuel surcharge formula as may be specified under these Regulations on account of fuel cost and power purchase cost."

3.4 Regulation 83(9) of MYT Regulations, 2021 with respect to Fuel Charge Adjustment reads as under:

"(9) The FCA charge for any category shall not exceed 10% of the base energy charge for respective category, or such other ceiling as may be stipulated by the Commission from time to time:

Provided that any excess in the FCA charge over the above ceiling shall be carried forward by the Distribution Licensee and shall be recovered over such future period as may be directed by the Commission."

3.5 The powers available to the Commission to remove difficulties and pass such orders as may be necessary to meet the ends of justice are specified in Regulation 103 & Regulation 104 of the MYT Regulations, 2021 which reads as under:

"103. Savings

(1) Nothing in these Regulations shall be deemed to limit or otherwise affect the power of the Commission to make such orders as may be necessary to meet the ends of justice.

(2) Nothing in these Regulations shall bar the Commission from adopting in conformity with provisions of the Act, a procedure which is at variance with any of the provisions of these Regulations, if the Commission, in view of the special circumstances of a matter or a class of matters, deems it just or expedient for deciding such matter or class of matters.

(3) Nothing in these Regulations shall, expressly or implied, bar the Commission dealing with any matter or exercising any power under the Act for which no Regulations have been framed, and the Commission may deal with such matters, powers and functions in a manner, as it considers just and appropriate.

104. Power to Remove Difficulties

If any difficulty arises in giving effect to any of the provisions of these Regulations, the Commission

may by general or special order give directions, not being inconsistent with the Act, which appears to the Commission to be necessary or expedient for the purpose of removing difficulties. “

- 3.6 The Petitioner through the current Petition submitted that the State of Uttarakhand is presently facing power crisis due to various factors, viz less availability of power in the Indian Exchanges because of exceptionally high prices of Coal & Gas on account of international crisis, exceptional temperature rises and consequent demand rise, lower water availability for hydro power plants etc. The Petitioner, as discussed above, submitted that as per the assessment made by them, securing reliable power for the consumers of the State for the entire FY 2022-23 is likely to cost an additional outlay of Rs. 1,355.41 Crore, and under the current restrictions, it may not be possible for UPCL to manage the cash flows required to procure such costly power from the markets. Delays in making adequate arrangements/tie-ups may lead to possible increase in cost of power going forward given the prevailing market sentiments.
- 3.7 The Petitioner submitted that it is an extraordinary situation and sought relief of the Commission to allow it to pass on the incremental cost of power procurement on the consumers of the State.
- 3.8 The Petitioner submitted that it experiences peak requirement in morning and evening in the months of October to March wherein the peak requirement is almost 50% more than the base energy requirement of ~1200-1300 MW. Further, the demand during the other months, i.e. April – September remains relatively flat.
- 3.9 The Petitioner submitted that the average hourly energy requirement in the first quarter of FY 2022-23 has even surpassed the levels of FY 2021-22 wherein the demand in June 2022 has remained well above 2000 MW on a Round the clock (RTC) basis. The Petitioner further submitted that the incremental power requirement in the first quarter has been a nationwide phenomenon on account of increased economic activity, significant changes in weather leading to creation of low-pressure zones in the Northern Region of the country and overall intense heat wave that gripped almost the entire country.
- 3.10 The Petitioner submitted that the Commission in the tariff Order dated 31.03.2022 had approved 2524.61 MUs availability of generation from the State gas-based generating stations against the UPCL claim of 2336.80 MUs. The Petitioner submitted that against the approved quantum the power purchase from gas-based stations could not be materialized since the beginning of FY

2022-23 due to unprecedented increase in gas prices, which made the procurement from these stations economically unviable.

- 3.11 The Petitioner submitted that the price of RLNG have been unprecedented in the last few months and any tie up of gas at such high prices would have resulted in a significantly high binding tariffs which was not in the interest of the consumers of the State. This landed tariff would have been in the range of ceiling price suggested by CERC through its suo-moto orders. The Petitioner submitted that, supply from gas based stations can resume only once the international gas prices have stabilized which may take a longer time than initially expected by the stakeholders.
- 3.12 The Petitioner submitted that there is no surplus power available for banking in the summer months which otherwise had been a normal phenomenon in previous years. This would mean that UPCL will have to make more reliance on short term purchases in such months. Further, to balance the energy requirement, there may be a requirement of rostering of power (unless short term power purchases are increased), however, in case there is a stabilisation of power prices on exchange, the same may be met/arranged from such sources. The Petitioner submitted that balance deficit proposed to be met from short term sources (excluding proposed power against gas based power sources) is ~ 21% of the total revised demand for FY 2022-23, for which the Petitioner is making continuous efforts at DEEP portal to get the best offers from the suppliers.
- 3.13 The Petitioner submitted that the prevailing market sentiments are expected to prevail for the remaining part of the financial year, and the extension of applicability of ceiling rates of Rs. 12/kWh on power exchanges by CERC till September 2022 conveys the market signals for potential suppliers and buyers about the likely prices that can be expected from short term markets. Further, the Ministry of Power had made it mandatory for procurement of ~10% of the coal from imports, which indicates shortages of coal in the domestic markets which will eventually rule out possibility of increasing the generation from coal based sources in the near future. In the event, the prices of imported coal remain in a favourable range, the same will trigger the domestic market /exchange to make the necessary price corrections.
- 3.14 Most of the Respondents have opposed the tariff hike sought by the Petitioner claiming that tariff was recently increased by the Commission vide its Tariff Order dated 31.03.2022. In this

regard, reference may be made to Section 62(4) of the Electricity Act, 2003 which reads as under:

*“No tariff or part of any tariff may **ordinarily be amended**, more frequently than once in any financial year, except in respect of any changes expressly permitted under the terms of any fuel surcharge formula as may be specified.”*

(Emphasis Added)

Thus, the plain reading of the above provisions of the Act provides that in ordinary circumstances, the tariff shall not be amended more than once in a Financial Year. However, it will not be denied that the circumstances prevailing in the power sector was beyond the control of the Petitioner company and the rates increased due to global conditions. Hence, the circumstances were not ordinary and as such tariff can be amended in such situations so that UPCL does not face any financial hardship in meeting its day to day expenses and also arrange for power to meet its Universal Supply Obligations (USO) as envisaged under Section 43 of the Electricity Act, 2003.

- 3.15 The Commission analysed the submissions made by the Petitioner and the Stakeholders in this regard and observed that, considering the current power situation, the projections made by UPCL regarding incremental expenditure in power procurement in FY 2022-23 though provisional/estimated appears to be reasonable taking into account the power scenario during the first quarter of FY 2022-23 and also that the situations have not improved much since then. However, these are theoretical projections based on current scenario and anticipation of future and it cannot be concluded that these situations are bound to remain as such for long.
- 3.16 The Commission is not denying the fact that the Petitioner must be facing hardship due to the prevailing situation, but before burdening the consumers of the State with such a huge tariff increase the Petitioner should have looked for options to arrange funds from its sources and ensure the reliable and economical power for the consumers of the State. Proposing the entire cost burden on the consumers by way of average 26% tariff hike would have caused tariff shock to the consumers. UPCL should have instead taken upon itself to increase its revenues by increased efficiency measures alongwith a marginal tariff hike.
- 3.17 The Commission analysed the Petition filed by UPCL and other relevant information and documents and is of the view that it would not be prudent to allow entire Rs. 1335.41 Crore of projected incremental power purchase cost to the Petitioner based on anticipations and

expectations, rather ways need to be worked out so that the funds available with the Petitioner and alternative revenue streams can be utilised in best possible manner to deal with the crisis. The Petitioner in its Petition has projected an increase in both power purchase quantum and cost, and the increase in quantum can be inferred as an increase in Sales over and above the quantum approved by the Commission. However, the Petitioner has not considered any additional revenue on account of the increased sales, and therefore, the Commission at present is not concluding the proposed additional expenditure on power purchase cost as claimed by the Petitioner as it is based on assumptions and current power crisis situation being faced by the Petitioner, and no past trend or data is available for anticipating the future implications. Besides actual sales figures till August, 2022 and estimated sales figures for the remaining period of the Financial Year are also not available. The Commission, therefore, is provisionally considering the claims made by the Petitioner and that too not in entirety, which shall be subject to prudence check based on the actuals at the time of truing up of the respective year. The Commission, accordingly, identified and worked out certain areas through which the Petitioner can arrange funds to meet prevailing power procurement crisis. The same are as summarized below:

1. **Return on Equity:** The Commission had approved RoE of Rs. 154.73 Crore while approving the ARR for FY 2022-23. The RoE is basically the income of the utility on the funds invested by it and is retained by it in the form of profits. The Petitioner can utilize the same to meet its requirement for incremental cost of power purchase, which would eventually be allowed to it at the time of truing up of respective FY.
2. **Collection of Receivables:** During this time of crisis, the endeavour of the Petitioner should not be to pass on the entire burden on to the consumers, but also find means to generate additional revenue through various efficiency measures. The Commercial diary of UPCL for March, 2022 reflects total arrears on electricity bills upto March, 2022 amounting to Rs. 2297.48 Crore. If the Petitioner puts in sincere efforts to collect the same and in turn is able to recover around 10% of the arrears, then the same would provide an additional cash flow of Rs. 229.75 Crore in FY 2022-23. The Petitioner should put in its sincere efforts to ensure collection of the pending arrears and utilise the said amount to meet its requirement for incremental power purchase cost. The Commission understands that the pending arrears would not be recovered in one single go and it will take time and efforts on the part of

Petitioner, and therefore, the Commission presently is considering that if the Petitioner puts its sincere efforts then atleast 10% of the arrears can be recovered by the Petitioner in due course, which would provide additional cash flows of Rs. 229.75 Crore.

3. **Government Dues:** The dues payable by the Petitioner to GoU (Electricity Duty, Green Energy Cess, Cess & Royalty, Free Power and Water Tax) as on 31.03.2022 was Rs. 3558.95 Crore which has increased to Rs. 3953.95 Crore as on 31.08.2022. It has been observed in the past also that UPCL has not been making regular payment to Government of Uttarakhand of the above referred dues although the same has been allowed to it as costs in the ARR and Tariff Petitions. The Petitioner informed that it had not made any Payment to GoU in FY 2022-23 (till August, 2022) against the aforesaid dues, which means that the Petitioner has surplus cash flows of Rs. 395 Crore which it was actually required to remit back to GoU. The Petitioner can approach the Government to allow it to utilise the said funds lying with it to meet its requirement for incremental power purchase cost which will be allowed to it during the truing up exercise of FY 2022-23.

The cash flows available to the Petitioner from the above three sources totals to Rs. 779.48 Crore.

- 3.18 The Petitioner has projected a requirement of Rs. 1355.41 Crore as incremental power purchase cost in FY 2022-23 and after adjusting Rs. 779.48 Crore, as discussed above, the remaining gap left to be recovered amounts to Rs. 575.93 Crore. As already mentioned above, increased demand would certainly necessitate increased sales and consequently increased revenues, the details of which are not available. However, the increased revenue would not be sufficient to meet the increased power purchase costs which is as high as Rs. 12 per unit during certain time blocks and average of Rs. 8.71 per unit in the month of April, 2022. Hence, there is a need of some tariff hike to meet the unrecovered revenue requirement of Rs. 575.93 Crore.
- 3.19 The Commission is of the view that considering the current power scenario, and high cost of power procurement, as discussed in preceding paras, an extraordinary situation has arisen for which a nominal hike in consumer tariff is necessitated to keep in sync with the rising cost of power procurement across the country. The Commission, accordingly, in light of Section 62(4) of the Electricity Act, 2003, is of the view that the power crisis situation being faced by the Petitioner is not an ordinary situation, and therefore, merits the amendment of tariff already approved by the Commission. Further, Regulation 59(1) of UERC (Conduct of Business)

Regulations, 2014 reads as under:

"59. Inherent power of the Commission

(1) Nothing in these Regulations shall be deemed to limit or otherwise affect the inherent power of the Commission to make such orders as may be necessary for ends of justice or to prevent the abuse of the process of the Commission.

..."

(Emphasis Added)

Further, Regulation 104, Power to Remove Difficulties, of MYT Regulations, 2021 empowers the Commission to pass any general or special order which may be necessary or expedient for the purpose of removing difficulties.

- 3.20 In view of the above, the Commission allows an amount of Rs. 379.06 Crore, around 6.6% hike for remaining 7 months of the FY (which for the entire year works out to 3.85%) in the existing tariffs approved by the Commission for FY 2022-23, to be recovered by the Petitioner across the consumers categories.
- 3.21 The Petitioner, after adjustment of Rs. 379.06 Crore in the form of increased tariff would be left with a deficit of Rs. 196.87 Crore. In this regard, it is pertinent to note that the Petitioner had recently filed a Petition for revision of Continuous Supply Surcharge (CSS) on which the Commission is yet to take a view. Further, the Commission in the tariff Order dated 31.03.2022 had allowed Interest on Working Capital (IWC) for FY 2022-23 to the tune of Rs. 101.90 Crore, and if the Petitioner puts its sincere efforts to ensure 100% collection against its current dues from the consumers, then the requirement of working capital could be minimized and the Petitioner would be left with surplus IWC which could be used to meet its incremental power procurement cost and for balance deficit if any the Petitioner is advised to resort to Working capital loans from Banks/Financial Institutions which will be allowed during the truing up proceedings for FY 2022-23.
- 3.22 The Petitioner in the Petition had proposed to exclude certain category of consumers out of the purview of proposed tariff increase. In this regard, the Commission is of the view that the said approach cannot be accepted because Section 62(3) of the Electricity Act, 2003 clearly states that while determining tariffs no undue preference would be shown to any category of consumers by the Commission. Moreover, if the approach proposed by UPCL is accepted then the same

will distort the existing levels of cross subsidy percentage across the consumer categories which will be against the provisions of the National Tariff Policy which states that the cross-subsidy across the consumer categories should be in the range of +/- 20%. Moreover, the costlier power purchase has not been carried out for any particular category of consumers but for meeting the USO of UPCL for its entire consumer base. Hence, the burden of the same will have to be borne by all the consumers.

- 3.23 The Commission, in view of the above, in exercise of powers given under Regulation 103, Savings and Regulation 104, Power to Remove Difficulties, of MYT Regulations, 2021 allows the recovery of Rs. 379.06 Crore to UPCL in the form of increased Tariff w.e.f. 01.09.2022. The said amount shall be charged in the energy bills of the consumers under a separate head of Additional Power Purchase Surcharge (APPS) and shall remain effective till 31.03.2022. The rate of energy charge to be levied on different category of consumers shall be as per the rates given at **Annexure-II** to this Order.
- 3.24 The amount of APPS of Rs. 379.06 Crore as allowed by the Commission through this Order, to be recovered from consumers of the State during the period 01.09.2022 to 31.03.2023, is provisional and shall be adjusted at the time of truing up proceedings of FY 2022-23 when audited figures of sales and power purchase costs are available. UPCL is directed to take note of the same and file its truing up Petition for FY 2022-23 accordingly.
- 3.25 With regards to UPCL's request to allow it a blanket approval of short term procurement rate of Rs. 6.50 per unit, the Commission considering the uncertainties of rates prevailing in the market is constrained not to approve any such rates at the moment. UPCL is advised to exercise prudence and transparency in procuring power from the short term mode and seek approval of the Commission for such procurement and on the basis of prevailing circumstances the Commission will take a view on the same.
- 3.26 Ordered Accordingly.

(M.K. Jain)
Member (Technical)

(D.P. Gairola)
Member (Law)/Chairman (I/c)


UTTARAKHAND POWER CORPORATION LTD.
 (A Govt. of Uttarakhand Undertaking)
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No. 296/EE(CM)/UPCL/A-2 **PUBLIC NOTICE** Date:- 29.07.2022

Public Hearing on the Petition filed by Uttarakhand Power Corporation Limited for seeking approval of the Commission on the Deviation in Power Purchase Costs and Removal of Difficulty for allowing Recovery of Incremental Power Purchase Cost and compliance thereof to directives issued under Multi Year Tariff Order.

Salient Points of the Petition

- Uttarakhand Power Corporation Limited (UPCL), the sole Distribution and Retail Supply Licensee in the State, has filed a Petition before Uttarakhand Electricity Regulatory Commission (UERC or Commission) seeking approval of the Commission on the Deviation in Power Purchase Costs and Removal of Difficulty for allowing Recovery of Incremental Power Purchase Cost and compliance thereof to directives issued under Multi Year Tariff Order.
- UPCL through its letter dated 26.07.2022 made an additional submission to rectify certain typographical and formula error in the Petition filed by it.
- Through the above Petition, UPCL has assessed an additional cost of Rs. 1355.41 Crore for securing reliable power for the consumers of the State for FY 2022-23. The revised projection of power purchase cost for FY 2022-23 as proposed by the Petitioner is summarized below.

Particulars	Q1	Q2	Q3	Q4	Total
Revised Power Purchase Cost (Rs. Crore)	2,339.55	1,246.30	1,707.94	1,754.47	7,048.26
Approved Power Purchase Cost (Rs. Crore)	1,402.16	1,502.03	1,425.07	1,363.59	5,692.85
Variation (Rs. Crore)	937.39	-255.73	282.87	390.88	1,355.41
Variation (%)	67%	-17%	20%	29%	

- UPCL has proposed to recover the incremental charges from the consumers under FAC mechanism (without any ceiling) or as a separate "Additional Charge" or "Surcharge" in the remaining months of FY 2022-23 as deemed appropriate.
- UPCL has proposed to levy a surcharge on the consumers for all the three quarters of FY 2022-23 starting from August 2022, and proposed to exclude BPL consumers, domestic consumers that consume less than 100 units on a monthly basis, snow bound and PTW consumers from the same. The proposed surcharge over existing approved tariff based on 8 months recovery period as proposed by UPCL is summarized below:

Category	Number of Consumers (as submitted in MYT)	Balance 8 months Sales (MU)	Proposed Surcharge (Rs./kWh)	Revenue from Proposed Surcharge (Rs. Cr.)
RTS -1 Domestic	25,40,569	2,681.41	0.11	30.79
1.1 BPL / Lifeline Consumers	5,08,114	196.17	NIL	-
1.2 Other Domestic Consumers	20,32,455	2,437.94		24.87
(i) upto 100 Units/month	11,43,256	1,206.64	NIL	-
(ii) 101-200 Units/month	4,57,302	536.28	0.15	8.04
(iii) 201-400 Units/month	3,04,868	402.21	0.20	8.04
(iv) Above 400 Units/month	1,27,028	292.81	0.30	8.78
2. Single Point Bulk Supply	150	47.30	1.25	5.91
RTS-1A: Snowbound				
1. Domestic	-	-	NIL	-
2. Non-Domestic upto 1 kW	-	-	NIL	-
3. Non-Domestic above 1 kW & upto 4 kW	-	-	NIL	-
4. Non-Domestic above 4 kW	-	-	NIL	-
RTS 2: Non-Domestic Consumer	3,22,104	897.14	2.39	214.20
RTS 3: Government Public Utilities (RTS 3)	8,485	596.35	2.37	141.24
RTS 4: Private Tubewells/Pumping Sets	46,786	208.14	NIL	-
RTS-4A: Agriculture Allied Services	290	14.14	0.15	0.21
RTS 5: LT Industry	16,050	222.94	2.19	48.77
RTS 5: HT Industry	2,455	3,933.42	2.25	885.47
RTS 6: Mixed Load	80	133.88	2.15	28.78
RTS 7: Railway Traction	2	12.97	2.24	2.91
RTS 8: Electric Vehicle and Charging Station	100	14.65	2.10	3.08
Total	29,37,071	8,713.05	1.56	1,355.45

- UPCL submitted that with the proposed surcharge, the revenue to be collected over a period of 8 months (starting from 1st August, 2022) will be Rs. 1,355.41 Crore, at an additional ACoS of Rs. 1.56/kWh.
- The request made by the Petitioner through the aforesaid Petition is as summarized below:
 - Replace gas-based power with power from DEEP/short term arrangements.
 - Approve the rate of procurement of short-term power to atleast Rs 6.50/kWh to ensure supply of consistent power to the consumers.
 - Permit the Petitioner to enter into an arrangement for procurement of short-term power for ensuing quarters based on such revised approved rate.
 - Allow Inclusion of short-term power purchases in the FAC mechanism/Power Purchase surcharge to ensure steady cash flows for procuring the power.
 - Allow recovery of such charges from the consumers as proposed in this petition without the restriction of 10% from August, 2022 under FAC mechanism.
- Responses/suggestions, if any, are sought from consumers and other stakeholders on the Petition filed by UPCL. Responses may be sent to the Secretary, Uttarakhand Electricity Regulatory Commission, either in person, or by post at 'Vidyut Niyamak Bhawan', Near ISBT, PO-Majra, Dehradun-248171 or through e-mail to secy.uerc@gov.in by 19.08.2022.
- The Commission has also decided to hold an online/offline Public Hearing in the matter on 22.08.2022 at 11:30 AM in the Commission's office on the above-mentioned address. Any person, who wishes to put his views on the subject before the Commission, is invited to appear before the Commission and make the submission in the above public hearing.
- Detailed Petition alongwith additional submission can be seen free of cost on any working day at the Commission's office or at the offices of Chief Engineer (Commercial) at Victoria Cross Vijeta Gabar Singh Urja Bhawan, Kanwali Road, Dehradun/Chief Engineer (Distribution), Garhwal Zone, UPCL, 120-Haridwar Road, Dehradun/Chief Engineer (Distribution), Kumaon Zone, UPCL, 132-KV Substation, Kathgodam, Haldwani/Chief Engineer (Distribution), Haridwar Zone, UPCL, Roshnabad, Haridwar/Chief Engineer (Distribution), Udhampur Singh Nagar, UPCL, 33 kV Sub-Station, Sector-2, SIDCUL, Pant Nagar, Rudrapur-263153. Relevant extracts can also be obtained from the above-mentioned offices of the Petitioner.
- The Petition alongwith additional submission is also available at the website of the Commission (www.uerc.gov.in) and at the Petitioner's website (www.upcl.org).

Managing Director

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Approved Rate of APPS to be charged during last three Quarter of FY 2022-23**(From 01.09.2022 To 31.03.2023)**

S. No.	Category	AEC (Rs./KWh)
1	Domestic (RTS-1) / Concessional Snowbound Area (RTS-1A)	
1.1	Lifeline Consumers(RTS-1) / Concessional Snowbound Area (RTS-1A)	Nil
1.2	Consumers (Metered) (RTS-1)	
	<i>Upto 100 units per month</i>	Rs. 0.05/kWh
	<i>101-200 units per month</i>	Rs. 0.20/kWh
	<i>201-400 units per month</i>	Rs. 0.30/kWh
	<i>Above 400 units per month</i>	Rs. 0.35/kWh
1.3	Single Point Bulk Supply	Rs. 0.45/kVAh
2	Non-Domestic (RTS-2)	
2.1	(i) Government/Municipal Hospitals (ii) Government/Government Aided Educational Institutions (iii) Charitable Institutions registered under the Income Tax Act, 1961 and whose income is exempted from tax under this Act	
	<i>(a) Upto 25 kW</i>	Rs. 0.62/kWh
	<i>(b) Above 25 kW</i>	Rs. 0.62/kVAh
2.2	Other Non-Domestic Users	
	<i>(a) Small Non-Domestic Consumers with connected load upto 4 kW and consumption upto 50 units per month</i>	Rs. 0.30/kWh
	<i>(b) Others upto 25 kW not covered in 2.2(a) above</i>	Rs. 0.77/kWh
	<i>(c) Above 25 kW</i>	Rs. 0.77/kVAh
2.3	Single Point Bulk Supply	Rs. 0.78/kVAh
2.4	Independent Advertisement Hoardings	Rs. 0.86/kWh
3	Government Public Utilities (RTS-3)	Rs. 0.79/kVAh
4	PTW/Pumping Sets (RTS-4)	Rs. 0.05/kWh
5	Agriculture Allied Activities (RTS-4A)	Rs. 0.2/kWh
6	LT Industries (RTS-5)	Rs. 0.62/kWh Rs. 0.62/kVAh
7	HT Industries (RTS-5)	Rs. 0.62/kVAh
8	Mixed Load (RTS-6)	Rs. 0.73/kVAh
9	Railway Traction (RTS-7)	Rs. 0.64/kVAh
10	Electric Vehicle Charging Stations (RTS-8)	Rs. 0.45/kWh