

Before

**UTTARAKHAND ELECTRICITY REGULATORY COMMISSION**

**Petition No. 06 of 2018**

**In the matter of:**

Petition seeking approval for increase in existing transaction charges per electricity bill, collected by VLEs (Village Level Entrepreneurs) through M/s CSC e-Governance Service India Ltd and introduction of incentive scheme to VLEs.

AND

**In the matter of:**

Uttarakhand Power Corporatin Ltd.  
Victoria Cross Vijeta Gabar Singh Urja Bhawan,  
Kanwali Road, Dehraudn

.....Petitioner

**Coram**

**Shri Subhash Kumar      Chairman**

**Date of Order: March 23, 2018**

**Order**

This order relates to the Petition filed by Uttarakhand Power Corporation Ltd. (hereinafter referred to as 'UPCL' or 'the Petitioner' or 'licensee') on 09.03.2018 under Regulation 59 of UERC (Conduct of Business) Regulations 2014, seeking approval for increase in existing transaction charges per electricity bill, collected by VLEs (Village Level Entrepreneurs) through M/s CSC e-Governance Service India Ltd and introduction of incentive scheme to VLEs.

2. CSC e-Governance Services India Limited, a Special Purpose Vehicle, has been set up by the Ministry of Electronics & IT under the Companies Act, 1956 to oversee implementation of CSC scheme and workings of Common Service Centers that are the access points for delivery of essential public utility services, social welfare schemes, healthcare, financial, education and agriculture services to citizens in rural and remote areas of the country.

3. The Commission took cognizance of the potential of this scheme and the fact that despite having such large network of Common Service Centers (CSCs) in the State, UPCL is unable to utilize this facility. Therefore, the Commission decided to conduct a meeting with UPCL and Department of IT, Government of Uttarakhand (nodal department for implementation of CSCs in the State) in this regard. On aforesaid meeting dated 21.12.2017, the Commission expressed dissatisfaction over lackadaisical approach of UPCL towards integration of existing CSCs with licensee's bill collection system in the State, besides also regarding lesser number of electricity bill collected in already integrated CSCs. One of the reasons highlighted both by UPCL & CSC Ltd. representatives was lack of interest shown by VLEs running the CSCs due to less remunerative bill transaction charges paid to them. In this regard, the Commission directed UPCL to devise a incentive scheme and submit a proposal including remunerative per bill commission to the VLEs and thereby encouraging them in collection of Electricity Bills at their centers.
  
4. Further, in continuation to the above meeting, another meeting was again conducted at the Commission's for reviewing the compliance status of the Record Note of earlier held meeting dated 21.12.2017. During the review meeting, the Commission directed representatives of UPCL & CSC Ltd. to co-ordinate between them for drafting a proposal as directed above in the matter and submit a formal proposal before the Commission. Relevant extract of the Record Note of the meeting dated 02.01.2018 is reproduced hereunder:  
*"Chairman, UERC directed UPCL and CSC to co-ordinate for preparation of such proposal and further, directed UPCL to submit a formal proposal within 15 days, before the Commission for recovery of these charges through ARR. MD, UPCL and Head, CSC agreed to the same."*  
*"Chairman, UERC directed UPCL to make widespread publicity/advertisement/workshop of Bill Collection Facilitates & list of VLEs operating in the vicinity of various Electricity Sub-division/Division offices of UPCL across the State."*

5. Subsequently, UPCL filed a Petition including revised transaction charges for CSC Ltd., reward scheme for VLEs increasing with every 100 number of bills collected and diversified wide publicity campaigns along with estimated cost on each such aspect of the scheme. Salient features of the proposal as submitted by UPCL is reproduced hereunder:

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- (a) *Hike in transaction charges from existing rate of Rs. 4 to Rs. 8 per electricity bill collected by the CSCs.*

*Estimated annual expenditure incurred is approx Rs. 1.13 Crores.*

- (b) *Reward schemes for CSC VLEs:-*

*To increase number of VLEs/CSCs in addition to transaction charges of Rs. 8 per electricity bill collection, the VLEs will get incentive based on number of bill collection per month as per following table:-*

	<b><i>Electricity Bill collection per VLE per month</i></b>	<b><i>Incentive</i></b>
1	<i>Upto 100 Nos.</i>	<i>NIL (Only Transaction charges of Rs. 8)</i>
2	<i>From 101 to 200 Nos.</i>	<i>Rs. 1 per bill (apart from transaction charges of Rs. 8)</i>
3	<i>From 201 to 300 Nos.</i>	<i>Rs. 2 per bill (apart from transaction charges of Rs. 8)</i>
4	<i>From 301 to 400 Nos.</i>	<i>Rs. 3 per bill (apart from transaction charges of Rs. 8)</i>
5	<i>From 401 to 500 Nos.</i>	<i>Rs. 4 (apart from transaction charges of Rs. 8)</i>
6	<i>Above 500 Nos.</i>	<i>Rs. 5 (apart from transaction charges of Rs. 8)</i>

*Estimated annual expenditure is Rs. 25 Lacs.*

- (c) *Wide publicity for promotion of electricity bill payment through CSC VLEs:-*

*UPCL is planning for wide publicity for promotion through following ways:*

- Flex Boards/Hording can be installed at various collection centers and other electronic medias like local FM channel shall be utilized to increase the consumer awareness.*
- Promotion through bulk SMS to all mobile numbers of Uttarakhand State.*

- *Distribution of Pamphlets to consumers at all bill collection centers.*
- *Distribution of informative pamphlets to consumers through meter readers to increase consumer awareness.*
- *Promotion of bill payments at CSCs in B.D.C meetings by local field officers by circulating the Pamphlets to Gram Pradhans, BDC members and other public representatives along with the general public attending the meeting.*
- *Estimated annual expenditure is approx. 20 Lacs.*

*Total estimated annual expenditure would be approx. Rs. 1.58 Cr. "*

6. Further, UPCL in its Petition also submitted a cost benefit analysis for the proposed increase in transaction charges. The said analysis is reproduced hereunder:

*"Considering estimated cost per bill collection at UPCL's counters as Rs. 15 and above transaction charges of Rs. 8 per electricity bill collection i.e. Rs. 10 inclusive of taxes at CSCs, expected benefit to UPCL would be approx. Rs. 5 per electricity bill collection. Apart from the above benefits, other benefits are expected to be received from above mentioned proposal:-*

- *Hike in transaction charges shall encourage the participation of more VLSs, thus providing convenience to consumers and subsequently increase revenue realization of UPCL.*
- *Providing incentive to CSC's VLEs will encourage VLEs to maximize numbers of electricity bill collection.*
- *Wide publicity for promotion of CSCs VLEs will raise the consumers awareness, thus increase in footfall at CSC VLEs.*
- *UPCL is already facing acute staff shortage, so if the work of bill collection is shifted to CSC counters, the staff so relieved can be utilized elsewhere. Thus, engaging CSCs for bill collection work is beneficial to UPCL in financial terms as well as manpower field."*

7. The aforesaid Petition is filed under Regulation 59 of UERC (Conduct of Business) Regulations 2014, which stipulates that;
- “59. Inherent power of the Commission***
- a. 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.*
  - b. Nothing in these Regulations shall bar the Commission from adopting in conformity with the provisions of the Central Act or State 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 class of matters and for reasons to be recorded in writing deems it necessary or expedient for dealing with such a matter or class of matters.*
  - c. Nothing in these Regulations shall, expressly or impliedly bar the Commission to deal with any matter or exercise any power under the Central Act or State Act, for which no Regulations have been framed, and the Commission may deal with such matters or exercise such powers and functions in a manner it thinks fit.*
8. Accordingly, the Commission admitted the Petition on 22.03.2018.
9. The Petitioner in the current Petition has requested the Commission to grant approval for proposed hike in transaction charges per electricity bill collected through CSC VLEs and additional cost incurred towards incentive scheme for CSC VLEs & wide publicity for promotion of electricity bill payment through CSC VLEs. Further, the Petitioner has requested the Commission to allow the expenditure incurred during the implementation of the proposed schemes in FY 2018-19 and that actual expenditure will be submitted at the time of filing ARR for FY 2019-20 for approval.
10. It is imperative to mention here the intent of the Commission expressed in its earlier Orders in the matter. The Commission vide its Order dated 09.07.2004 and subsequent directives in the matter had directed the Petitioner to make improvements in its existing bill collection system and make it more pervasive

and consumer friendly. However, failure of the distribution licensee in improvement of the Bill Collection System, the Commission had then imposed a recurring per day penalty on the licensee.

11. Later on, the Commission reviewed the bill collection system of UPCL vis-a-vis prevailing circumstances and issued an Order dated 07.01.2016 wherein, inter alia, the Commission directed licensee to take prompt action to extend the bill collection facility/services integrating all the Common Service Centers (CSCs) situated across the State with its bill collection system. Consequently, the Petitioner filed an Investment Approval Petition before the Commission for augmenting and upgrading the infrastructure of the Bill Collection Centres including facilities thereof, which was accorded in-principle approval by the Commission vide its Order dated 15.05.2017. Further, the Commission vide its letter dated 18.09.2017 directed licensee to submit status/progress of the integration of CSCs in the State for the purpose of bill collection and had then decided to withhold the recovery of penalty for the period of six months subject to completion of the work on Bill Collection Centers and integration of all the functional CSCs in the State.
12. However, taking cognizance of the sluggish approach of licensee in the matter, the Commission held meetings with UPCL as discussed in para 3 & para 4 above. As the outcome of the aforesaid meetings dated 21.12.2017 & 02.01.2018, instant Petition has been filed by licensee.
13. On examination of the proposal submitted by licensee it has been observed that the Petitioner has made its proposal in three parts viz.,
  - (1) Hike in transaction charges from the existing rate of Rs. 4 to Rs. 8 per electricity bill collected by CSCs to encourage participation of more VLEs, thus providing convenience to consumers and subsequently increase revenue realization of UPCL. The cost proposed for the annual expenditure incurred is approx. Rs. 1.13 Crores.

- (2) Under the Reward Scheme for CSC VLEs the Petitioner has proposed that in addition to transaction charges of Rs. 8 per electricity bill, the VLEs will get incentive based on number of bills collected per month. This scheme will encourage VLEs to maximize number of electricity bill collection. The estimated annual expenditure for this scheme is proposed to be approx. Rs. 25 lakh.
- (3) Wide publicity for promotion of electricity bill payment through CSC VLEs which will raise consumer awareness thereby increasing footfall at CSCs. Details of the means and measures through which wide publicity is planned is submitted by the Petitioner alongwith the estimated annual expenditure which is proposed to be approx. 20 Lakh.

Based on the submission of the Petitioner, the total annual expenditure for the said proposal would be approx. 1.58 Cr.

14. The Commission appreciates the proposal devised by the Petitioner in the matter of collection of bills at CSCs in the State as above and finds it plausible both in the interest of the consumers as well as distribution licensee/Petitioner alongwith adequate incentivisation of VLEs also and hereby grants in-principle approval to the proposal under Regulation 59 of the UERC (Conduct of Business) Regulations, 2014.
15. Further, the Commission directs the Petitioner to:
  - (1) Ensure separate accounting of these expenditures.
  - (2) Ensure maximum number of integration of CSCs in the State.

Ordered accordingly.

(Subhash Kumar)  
Chairman