

Before
UTTARAKHAND ELECTRICITY REGULATORY COMMISSION
Petition No. 47 of 2025

In the matter of:

Determination of additional surcharge in accordance with the provisions of UERC (Terms and Conditions of intra-State Open Access) Regulations, 2015 to meet the fixed cost of UPCL arising out of its obligation to supply electricity to the open access consumers for the period October 2025 to March 2026.

And

Uttarakhand Power Corporation Limited. (UPCL)

...Petitioner

Coram

Shri M. L. Prasad	Chairman
Shri Anurag Sharma	Member (Law)
Shri Prabhat Kishor Dimri	Member (Technical)

Date of Order: October 03, 2025

ORDER

This Order relates to the Petition dated 28.06.2025 filed by Uttarakhand Power Corporation Ltd. (hereinafter referred to as “the Petitioner” or “UPCL” or “Licensee”) under Section 42(4) of the Electricity Act, 2003, Clause 8.5.4 of the Tariff Policy issued by Ministry of Power, Government of India, and Regulation 23 of UERC (Terms and conditions for Determination of Tariff) Regulations, 2015 seeking determination of additional surcharge in accordance with the provisions of UERC (Terms and Conditions of intra-State Open Access) Regulations, 2015 to meet the fixed cost of UPCL arising out of its obligation to supply electricity to the open access consumers for the period October 2025 to March 2026.

1. Background

- 1.1. Section 42(4) of the Electricity Act, 2003 stipulates as follows:

“ ...

Where the State Commission permits a consumer or class of consumers to receive supply of electricity from a person other than the distribution licensee of his area of supply, such consumer shall be liable to pay an additional surcharge on the charges of wheeling, as may be specified by the State Commission, to meet the fixed cost of such distribution licensee arising out of his obligation to supply...”

- 1.2. Clause 8.5.4 of Tariff Policy stipulates as follows:

“ ...

The additional surcharge for obligation to supply as per section 42(4) of the Act should become applicable only if it is conclusively demonstrated that the obligation of a licensee, in terms of existing power purchase commitments, has been and continues to be stranded, or there is an unavoidable obligation and incidence to bear fixed costs consequent to such a contract. The fixed costs related to network assets would be recovered through wheeling charges...”

- 1.3. Regulation 23 of the UERC (Terms and Conditions of Intra State Open Access) Regulations, 2015 in respect of applicability of Additional Surcharge specifies as under:

“ ...

- (1) Any consumer, receiving supply of electricity from a person other than the distribution licensee of his area of supply, shall pay to the distribution licensee an additional surcharge on the charges of wheeling, in addition to wheeling charges and cross-subsidy surcharge, to meet out the fixed cost of such distribution licensee arising out of his obligation to supply as provided under sub-section (4) of Section 42 of the Act.*
- (2) This additional surcharge shall become applicable only if the obligation of the licensee in terms of power purchase commitments has been and continues to be stranded or there is an unavoidable obligation and incidence to bear fixed costs*

consequent to such a contract. However, the fixed costs related to network assets would be recovered through wheeling charges.

- (3) *The distribution licensee shall submit to the Commission, on six monthly basis, a detailed calculation statement of fixed cost which the licensee is incurring towards his obligation to supply.*

The Commission shall scrutinize the statement of calculation of fixed cost submitted by the distribution licensee and obtain objections, if any, and determine the amount of additional surcharge.

Provided that any additional surcharge so determined by the Commission shall be applicable on prospective basis on all open access consumers.

- (4) *Additional surcharge determined on per unit basis shall be payable, on monthly basis, by the open access consumers based on the actual energy drawn during the month through open access.*

Provided that such additional surcharge shall not be levied in case distribution access is provided to a person who has establish a captive generation plant for carrying the electricity to the destination of his own use..."

- 1.4. For justification of applicability of additional surcharge and its determination, the Petitioner submitted that in fulfilment of its obligation, it has made arrangements to supply power to all consumers including embedded Open Access Consumers. However, some of these consumers opted for open access during certain hours based on their convenience and economic advantage, resulting in the stranding of power contracted by the Petitioner (Discom). Due to power purchase through open access by the consumers, the fixed power purchase cost of the Petitioner has become stranded which needs to be recovered from the open access consumers as per provisions of the Electricity Act, 2003.
- 1.5. The Petitioner has submitted month wise Stranded Energy due to open access and Open Access Energy drawn by the open access consumers at state periphery for the period October, 2024 to March, 2025 as shown in the Table below:

Table 1

S. No.	Month	Open Access Energy (MU)	Stranded Energy (MU)
1	October, 2024	24.09	24.09
2	November, 2024	27.53	27.53

Table 1

S. No.	Month	Open Access Energy (MU)	Stranded Energy (MU)
3	December, 2024	17.76	17.76
4	January, 2025	18.73	18.73
5	February, 2025	23.56	23.56
6	March, 2025	14.33	14.33
Total		125.99	125.99

- 1.6. Further the Petitioner submitted the details of energy received, energy surrendered, total energy entitled at State periphery and fixed cost of 06 plants for the period from October, 2024 to March, 2025 and the same is shown in the table below:

Table 2

S. No.	Name of Plant	Energy Received at State Periphery (MU)	Energy Surrendered at State Periphery (MU)	Total Energy Entitled at State Periphery (MU)	Total Fixed Costs Incurred (Rs. Cr)	Average Fixed cost (Rs/kWh)
1	Jhajjar Aravali	17.58	52.91	70.49	11.73	1.66
2	Dadri Gas	0.00	166.71	166.71	10.11	0.61
3	FG Unchahar-3	14.71	31.63	46.34	5.93	1.28
4	FG Unchahar-4	46.48	81.69	128.17	20.60	1.61
5	Anta	0.00	81.88	81.88	6.20	0.76
6	Auriya	0.00	135.71	135.71	12.21	0.90
Total		78.77	550.53	629.30	66.78	1.06

- 1.7. As per the Petitioner the computation of per unit additional surcharge to be levied for the period October 2025 to March 2026 has been shown in the table below:

Table 3

S. No.	Particulars	Value
a	Average fixed cost at State periphery (Rs. / unit)	1.06
b	Average fixed cost at consumer end after considering approved PTCUL losses @ 1.40% and distribution losses 13.00 @ (Rs. / unit)	1.24
c	Stranded energy (MU)	125.99
d	Open access energy (MU)	125.99
e	Proposed additional surcharge (b x c / d) (Rs. /unit)	1.24

- 1.8. A Public Notice inviting comments from the Stakeholders on UPCL's Petition was published by the Petitioner in the following News Papers:

Table 4: Publication of Notice

S. No.	Newspaper Name	Date of Publication
1.	Dainik Jagran	22.07.2025
2.	The Hindustan Times	23.07.2025

2. Stakeholders Comments

- 2.1. In response to the Public Notice, following 03 nos. stakeholders have submitted their

objections/suggestions/comments before the Commission.

- (i) Advisor, M/s Kashi Vishwanath Textile Mill (P) Ltd. Kashipur, Uttarakhand.
- (ii) Shri Pawan Agarwal, President, Kumaon Garhwal Chamber of Commerce & Industry Uttarakhand, Chamber House-Industrial Estate Bazpur Road, Kashipur-District U.S. Nagar.
- (iii) Advisor, M/s Galwalia Ispat Udyog Pvt. Ltd. Narain Nagar Industrial Estate, Bazpur Road, Kashipur, U.S. Nagar.

2.2. The comments made by the aforesaid three stakeholders are same and similar in nature. The following concerns were raised by the stakeholders:

- i. No additional surcharge to be levied on consumers connected to the transmission system at 132 kV and above voltage levels.
- ii. Is there real stranded power, or is it stranded due to short term open access power purchased by UPCL from IEX.
- iii. There is no approved methodology of the Commission for deciding the additional surcharge, on what basis it is being derived is unknown.
- iv. The petition is ultra vires to the Act, Rules, Policy and Regulations. The filed petition is as per the provisions, as specified in the Electricity Act, 2003, the National Tariff Policy, 2016, UERC (Terms and Conditions of Intra-State Open Access) Regulations 2015 hence is liable to be dismissed.

3. Petitioner's Response

3.1. The Petitioner vide letters No. 7365, 7366 & 7367/UPCL/RM-B-24 dated 03.09.2025 has submitted its reply on the aforesaid issues as follows:

S.No	Objections/ Comments/Suggestions	Response
1.	No additional surcharge to be levied on consumers connected to the transmission system at 132 kV and above voltage levels.	Section 42 (4) clearly mandates for levy of Additional Surcharge to meet the fixed cost of the distribution licensee arising out of his obligation to supply. Section 42(4) of the Electricity Act, 2003 stipulates as follows: "Where the State Commission permits a consumer or class of consumers to receive supply of electricity from a person other than the distribution licensee of

		<i>his area of supply, such consumer shall be liable to pay an additional surcharge on the charges of wheeling, <u>as may be specified by the State Commission</u>, to meet the fixed cost of such distribution licensee arising out of his obligation to supply.”</i> <i>Hence, it is also clear that the Additional Surcharge shall be charged as per the Regulations specified by the Hon'ble UERC.</i> <i>Regulation 23 of the UERC (Terms and Conditions of Intra State Open Access) Regulations, 2015 in respect of applicability of Additional Surcharge specifies as under:</i> <i>“(1) Any consumer, receiving supply of electricity from a person other than the distribution licensee of his area of supply, shall pay to the distribution licensee an additional surcharge on the charges of wheeling, in addition to wheeling charges and cross-subsidy surcharge, to meet out the fixed cost of such distribution licensee arising out of his obligation to supply as provided under sub-section (4) of Section 42 of the Act.</i> <i>(2) This additional surcharge shall become applicable only if the obligation of the licensee in terms of power purchase commitments has been and continues to be stranded or there is an unavoidable obligation and incidence to bear fixed costs consequent to such a contract. However, the fixed costs related to network assets would be recovered through wheeling charges.</i> <i>(3) The distribution licensee shall submit to the Commission, on six monthly basis, a detailed calculation statement of fixed cost which the licensee is incurring towards his obligation to supply. The Commission shall scrutinize the statement of calculation of fixed cost submitted by the distribution licensee and obtain objections, if any, and determine the amount of additional surcharge. Provided that any additional surcharge so determined by the Commission shall be applicable on prospective basis on all open access consumers.</i> <i>(4) Additional surcharge determined on per unit basis shall be payable, on monthly basis, by the open access consumers based on the actual energy drawn during the month through open access. Provided that such additional surcharge shall not</i>
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		<i>be levied in case distribution access is provided to a person who has establish a captive generation plant for carrying the electricity to the destination of his own use."</i> <i>Further, UPCL submits that due to its obligation, it has made arrangement to supply power to the Consumers including Open Access Consumers which they were buying earlier through Open Access. Due to power purchase through open access by the consumers, the fixed power purchase cost of the Petitioner has become stranded which needs to be recovered from the open access consumers as per provisions of the Electricity Act, 2003.</i> <i>In view of the facts mentioned hereinabove, it is clear that additional surcharge payable by all the consumer receiving supply through open access irrespective of their connection at any voltage level including 132 kV and above voltage levels.</i>																																
2.	<i>Is there real stranded power, or is it stranded due to short open access power purchased by UPCL from IEX.</i>	<i>The details of stranded energy due to open access and the energy drawn through open access by the Consumers at State Periphery for the period from October, 2024 to March, 2025 are as follows:</i> <table><tr><th>S.No</th><th>Month</th><th>Open Access Energy (MU)</th><th>Stranded Energy (MU)</th></tr><tr><td>1</td><td>Oct-24</td><td>24.09</td><td>24.09</td></tr><tr><td>2</td><td>Nov-24</td><td>27.53</td><td>27.53</td></tr><tr><td>3</td><td>Dec-24</td><td>17.76</td><td>17.76</td></tr><tr><td>4</td><td>Jan-25</td><td>18.73</td><td>18.73</td></tr><tr><td>5</td><td>Feb-25</td><td>23.56</td><td>23.56</td></tr><tr><td>6</td><td>Mar-25</td><td>14.33</td><td>14.33</td></tr><tr><td colspan="2">Total</td><td>125.99</td><td>125.99</td></tr></table>	S.No	Month	Open Access Energy (MU)	Stranded Energy (MU)	1	Oct-24	24.09	24.09	2	Nov-24	27.53	27.53	3	Dec-24	17.76	17.76	4	Jan-25	18.73	18.73	5	Feb-25	23.56	23.56	6	Mar-25	14.33	14.33	Total		125.99	125.99
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3.	<i>There is no approved methodology of the Hon'ble Commission for deciding the additional surcharge, on what basis it is being derived is unknown.</i>	<i>This petition has been filed as per the provisions, as specified in the Electricity Act, 2003, the National Tariff Policy, 2016, UERC (Terms and Conditions of Intra - State Open Access) Regulations, 2015 and methodology approved by the Commission in its order dated 29-08-2019 and 19-06-2020. All the information required to be filed with petition has been provided within the petition. Further, all information as desired by Hon'ble Commission shall also be provided by UPCL to the Hon'ble UERC.</i>																																
4.	<i>The petition is ultra vires to the Act, Rules, Policy and Regulations. The filed petition is as per the provisions, as specified in the Electricity Act, 2003, the National Tariff Policy, 2016, UERC (Terms and</i>	<i>The petitioner does not agree with the contention of the Consumer that the petition is ultra vires to the Act, Rules, Policy, and Regulations. The filed petition is as per the provisions, as specified in the Electricity Act, 2003, the National Tariff Policy, 2016, UERC (Terms and Conditions of Intra State Open Access) Regulations, 2015 and methodology</i>																																

	<i>Conditions of Intra-State Open Access) Regulations 2015 hence is liable to be dismissed.</i>	<i>approved by the Commission in its order dated 29-08-2019 and 19-06-2020.</i>
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4. Commission's views and decision

- 4.1. The Commission has gone through the Petition filed by UPCL, objections/suggestions/comments raised by the Stakeholders and response of the Petitioner.
- 4.2. The Commission observes that most of the queries of the Stakeholders are similar to the one received earlier during determination of additional surcharge for the previous periods. Since the Commission has already spelt out its views in the previous Orders for determining additional surcharge, the Commission has nothing new to express in this Order.
- 4.3. The Additional surcharge determined by the Commission has been done in accordance with the provisions of the Electricity Act, 2003, Tariff Policy and UERC (Terms and Conditions of Intra State Open Access) Regulations, 2015.
- 4.4. The Commission examined the relevant data submitted by the Petitioner pertaining to slot wise energy surrendered, open access availed in that particular time slot, and the calculation submitted for working out the average fixed cost during the period (October 2024 to March 2025) of the 06 generating stations namely Jhajjar, Dadri Gas, FG Unchahar-3, FG Unchahar-4, Anta & Auriya. The procedure followed by the Commission for working out the additional surcharge during the period is as detailed below:
 - i. Slot-wise surrendered power (in MW) was calculated for each day of the period (October 2024 to March 2025) by taking the difference of entitlement and the net schedule of all the allotted Inter-State generating stations (ISGS) as per the last revision available on the NRLDC website. Thereafter, month wise surrendered units (in MUs) were calculated.
 - ii. Slot-wise stranded power (in MW) was calculated for each day of the period (October 2024 to March 2025) by considering the lower of the quantum of open access power transactions and surrendered power in that particular

time slot. This was done to ensure that only that surrendered power is taken for calculating additional surcharge which corresponds to power stranded due to open access consumers only. Thereafter, total stranded power (in MUs) for the period was calculated by summing up the stranded power for each month as shown in the Table below:

Table 9

S. No.	Month	Open Access Energy (MU)	Stranded Energy (MU)
1	October, 2024	25.66	25.66
2	November, 2024	27.41	27.41
3	December, 2024	18.68	18.67
4	January, 2025	18.53	18.53
5	February, 2025	25.30	25.11
6	March, 2025	14.42	14.42
Total		130.00	129.80

- iii. The Commission calculated the average fixed cost of the power purchased through 06 generating station namely Jhajjar, Dadri Gas, FG Unchahar-3, FG Unchahar-4, Anta & Auriya on the basis of actual bills raised against the respective generating stations during the period October 2024 to March 2025. The Commission for calculation of stranded power, energy received from the aforesaid 06 stations and open access power at consumer end has taken distribution losses as 13.00% and Transmission losses as 1.10%.

Table 10

S. No.	Month	Total Entitlement at State periphery (in MU)	Total Fixed Cost (Rs. Cr)
1	Jhajjar	69.58	11.73
2	Dadri Gas	199.12	10.11
3	F G Unchahar-3	45.47	5.93
4	F G Unchahar-4	124.38	20.60
5	Anta	102.48	6.20
6	Auriya	172.51	12.21
Total		713.54	66.78

- iv. For arriving at the stranded cost of power (in Rs. Crore) due to open access consumers during the period October 2024 to March 2025, the Commission has considered the weighted average fixed cost (Rs/unit) derived herein above and the quantum of stranded power due to open access drawl (MUs). Thereafter, the Commission has considered recovery of the said stranded cost over the next six months period, i.e. from October 2025 to March 2026. The per unit Additional Surcharge to be levied by the Distribution licensee for the period 01.10.2025 to 31.03.2026 is as shown in the table below:

Table 11	
a) Stranded Power due to open access consumers at State Periphery (MUs)	129.80
b) Stranded Power due to open access at consumer end (MUs)	111.68
c) Billed fixed cost of 6 Generating Stations during the period October 2024 to March 2025 (Rs Cr)	66.78
d) Energy received at State periphery from the 6 ISGS stations during the period October 2024 to March 2025 MUs)	713.54
e) Corresponding energy received from the 6 ISGS stations during the period at Consumer end (MUs)	613.95
f) Weighted average fixed cost of 6 stations at consumer end (Rs. /Unit) [(c)*10/(e)]	1.09
g) Total cost of Stranded power due to open access consumers (Rs. Cr) [(f)*(b)/10]	12.15
h) Total Open Access Units at State periphery for the period October 2024 to March 2025 (MUs)	130.0
i) Corresponding Open Access power at consumer end (MUs)	112
j) Applicable Additional Surcharge for the period October 2025 to March 2026 (Rs./Unit) based on the open access units for the period October 2024 to March 2025 [(g)*10/(i)]	1.09

4.5. In view of the above, the Commission determines Additional Surcharge as Rs. 1.09 per Unit. The additional surcharge so determined shall be effective for the period 01.10.2025 to 31.03.2026.

Ordered accordingly.

(Prabhat Kishor Dimri)
Member (Technical)

(Anurag Sharma)
Member (Law)

(M.L. Prasad)
Chairman