

**Before**

# **UTTARAKHAND ELECTRICITY REGULATORY COMMISSION**

**Petition No. 64 of 2026**

**In the matter of:**

Petition for examination of claim of Aggregate Revenue Requirement (ARR) relating to Transfer Scheme by the Uttarakhand Electricity Regulatory Commission.

**In the matter of:**

Uttarakhand Power Corporation Ltd

... Petitioner

**CORAM**

**Shri M.L. Prasad**

**Chairman**

**Shri Anurag Sharma**

**Member (Law)**

**Shri Prabhat Kishor Dimri**

**Member (Technical)**

**Date of Order: September 30, 2026**

The Order relates to the Petition filed by Uttarakhand Power Corporation Limited (hereinafter referred to as "UPCL" or "the Petitioner") for examination of claim of Aggregate Revenue Requirement (ARR) relating to Transfer Scheme, filed pursuant to the direction issued by the Government of Uttarakhand (hereinafter referred to as "GoU") under Section 108 of the Electricity Act, 2003.

## **1. Background and submissions**

- 1.1 The Petitioner filed the present Petition under Section 86(1)(a), Section 86(2) and Section 108 of the Electricity Act, 2003, read with Regulation 59 of the UERC (Conduct of Business) Regulations, 2014.
- 1.2 The Petitioner submitted that an agenda proposal for filing of additional claim of ARR, as per Transfer Scheme of Assets and Liabilities executed between Uttar Pradesh Power Corporation Limited (hereinafter referred to as "UPPCL") and UPCL and notified by the GoU on 08.03.2022, was put-up by the Petitioner company to the Board of Directors in the 126<sup>th</sup> Meeting

held on 04.12.2025 wherein the Board recommended that, before filing the Petition, the Corporation should have its claim examined by the Uttarakhand Electricity Regulatory Commission (hereinafter referred to as “Commission or UERC”) and for this purpose a request may be made to GoU to issue directions u/s 108 of the Electricity Act, 2003 to the Commission, requiring it to examine UPCL’s ARR claim arising from the Transfer Scheme in accordance with the provisions of the Electricity Act, 2003 and the rules and regulations framed thereunder. The Petitioner submitted that its BoD also directed in the meeting that once such directions are issued by the GoU to the Commission, UPCL should submit the requisite details of its claims relating to the Transfer Scheme for examination following which further action will be taken.

- 1.3 The Petitioner submitted that on the request of UPCL, Principal Secretary (Energy), GoU vide its letter no. 419, dated 08.06.2026 at para 11 and 12 has directed the Commission, as follows:

*“11. Since the Transfer Scheme has now been formally notified vide Government Order dated 08.03.2022, the issue requires examination by the Hon’ble Commission in accordance with law. Accordingly, in exercise of the powers conferred under Section 108 of the Electricity Act, 2003, the Government of Uttarakhand directs the Hon’ble Commission to examine the additional ARR claim computed by UPCL in terms of the notified Transfer Scheme of Assets and Liabilities between UPPCL and UPCL. This direction is issued in the larger public interest, having due regard to the financial viability of the State distribution licensee and the interest of electricity consumers in Uttarakhand.*

*12. UPCL shall, upon receipt of this direction, file the complete details of its ARR claim relating to the Transfer Scheme before the Hon’ble Commission. The Hon’ble Commission may thereupon proceed to examine the claim and pass such orders as it deems appropriate in accordance with the applicable law and regulations.”*

- 1.4 The Petitioner submitted that, in compliance of the said direction of the GoU, the Petitioner company vide its letter no. 3197/UPCL/RM/B-29, dated 10.06.2026 filed the requisite details of the claim of ARR relating to the Transfer Scheme before the Commission. In turn, the Commission vide its letter no. UERC/6/TF-854/2026-27/2026/380, dated 17.06.2026 directed UPCL to file a Petition before the Commission in the matter, in accordance with the provisions of UERC (Conduct of Business) Regulations, 2014, and accordingly, this Petition is being filed in compliance of the above provisions of law and in accordance with the procedure specified in UERC (Conduct of Business) Regulations, 2014.

1.5 The Petitioner submitted the facts of the case as summarized herein below:

- a) The State of Uttaranchal (now Uttarakhand) came into existence on 09.11.2000 in accordance with the provisions of the Uttar Pradesh Reorganization Act, 2000. Section 63 of the Reorganization Act laid down the broad principles for sharing and transfer of undertakings, assets, rights and liabilities with respect to the Power sector between the States of Uttaranchal and Uttar Pradesh. UPCL was established under the Companies Act, 1956 on 12.02.2001 as per the provisions of Section 63(4) of the Reorganization Act.
- b) The Government of India (GoI), in accordance with the powers conferred on it under Section 63 of the Reorganization Act, divided the assets, liabilities, rights and undertakings of U.P. Power Corporation Limited (UPPCL) and U.P. Jal Vidyut Nigam Limited (UPJVNL) between them and UPCL and Uttarakhand Jal Vidyut Nigam Limited (UJVNL) with effect from 09.11.2001 vide its Order No.-42/7/2000-R&R, dated 05.11.2001.
- c) On 12.10.2003, a scheme for division of assets and liabilities was executed between UPPCL and UPCL in accordance with the provisions of GoI Order dated 05.11.2001, showing Gross Fixed Assets (GFA) of Rs. 1,058.18 Crore.
- d) GoU wrote to the Commission on 01.12.2003, stating that the liability of Rs. 572 Crore of Central Public Sector Undertaking (CPSU) dues and the interest thereof stood shifted from UPCL to the State Government.
- e) The Commission, considering the value of opening GFA of UPCL as Rs. 508 Crore (as against Rs. 1,058.18 Crore as per the Transfer Scheme), allowed return on equity, depreciation and interest on loan on the said amount.
- f) A liability of Rs. 572 Crore towards power purchase dues on UPPCL (CPSUs) was taken over by GoU, and GoU, vide Order No.-258/I(2)/2010-05/81/2006, dated 09.02.2010, accorded the conversion of the said liability into share capital of UPCL. The Petitioner's consequent claim for return on equity of Rs. 572 Crore was rejected by the Commission vide Tariff Order dated 24.05.2011 stating as follows:

*“Further, the Commission also observed that the issue is related to the finalization of the Transfer Scheme which can be best examined along with the other aspects such as opening value of Gross Fixed Assets only upon finalization of the Transfer Scheme.”*

- g) On the request of the Petitioner, GoU, vide Order No. 117/I(2)/2011-05/19/2002, dated 27.04.2012, approved the Transfer Scheme executed between UPPCL and the Petitioner on 12.10.2003, considering the value of GFA as Rs. 1,058.18 Crore, however, the Commission, in the Tariff Order dated 06.05.2013, held that the Transfer Scheme could not be considered as finalized, as it was only a letter to UPCL from GoU and not a proper notification on finalization of the Transfer Scheme in accordance with the Uttar Pradesh Reorganization Act, 2000.
- h) In a meeting held on 17.08.2019 between the Chief Secretaries of Uttar Pradesh and Uttarakhand, the scheme for transfer of assets and liabilities between the two States was finalized, and UPPCL, vide its letter no. 1677 dated 30.12.2019, made payment of Rs. 1.56 Crore to the Petitioner, the issue having been clarified to be settled forever.
- i) On the request of the Petitioner, GoU, vide Order no. 263/I(2)/2022-05-20/2007-TC, dated 08.03.2022, notified the scheme for transfer of assets and liabilities executed between UPPCL and the Petitioner.
- j) In a meeting held with GoU on 05.12.2024, the Petitioner was advised to seek clarification regarding creation of Regulatory Assets for the claim, to be amortized as per the provisions of the Tariff Policy of the Ministry of Power (MoP), Government of India, and to simultaneously file the ARR and Tariff Petition for FY 2025-26, excluding the claim of Transfer Scheme. The Petitioner requested Power Finance Corporation (PFC) for allowing creation of Regulatory Assets against the pending claim for the period from 12.10.2003 to 31.03.2023. Further, Secretary Energy, GoU made a similar request to Secretary Power, GoI. Subsequently, the BoD of UPCL in its meeting dt. 26.12.2024 authorized the Committee of Directors (CoD) of UPCL for filing the Petition before the Commission in the matter of transfer of Assets and Liabilities between the UPCL and UPPCL based on response of M/s PFC/MoP, GoI. However, no clarification was received from MoP till the date of issuance of the Tariff Order dated 11.04.2025.
- k) The Commission, vide its Tariff Order dated 11.04.2025, directed the Petitioner to claim the impact of the Transfer Scheme along with the next tariff filing, stating as follows:

*“The Commission directs UPCL to claim the impact of the transfer scheme, if any, alongwith the next*

*tariff filing failing which the Commission will not consider any impact of the same."*

- l) The Board of Directors of the Petitioner, in its 126<sup>th</sup> meeting held on 04.12.2025, recommended that, before filing the Petition, the Corporation should have its claim examined by the Commission, and that a request be made to GoU to issue directions under Section 108 of the Electricity Act, 2003 to the Commission, requiring it to examine the Petitioner's ARR claim arising from the Transfer Scheme.
- m) The Principal Secretary (Energy), GoU, vide their letter dated 08.06.2026 directed the Commission under Section 108 of the Electricity Act, 2003 to examine the additional ARR claim computed by the Petitioner in terms of the notified Transfer Scheme, stating as follows:

*"Since the Transfer Scheme has now been formally notified vide Government Order dated 08.03.2022, the issue requires examination by the Hon'ble Commission in accordance with law. Accordingly, in exercise of the powers conferred under Section 108 of the Electricity Act, 2003, the Government of Uttarakhand directs the Hon'ble Commission to examine the additional ARR claim computed by UPCL in terms of the notified Transfer Scheme of Assets and Liabilities between UPPCL and UPCL. This direction is issued in the larger public interest, having due regard to the financial viability of the State distribution licensee and the interest of electricity consumers in Uttarakhand."*

GoU, vide the said letter dated 08.06.2026, also directed the Petitioner to file the complete details of its ARR claim relating to the Transfer Scheme before the Commission for examination.

- n) The Petitioner, vide letter no. 3197/UPCL/RM/B-29, dated 10.06.2026, filed the requisite details of the claim of ARR relating to Transfer Scheme before the Commission, in response to which the Commission, vide letter no. UERC/6/TF-854/2026-27/2026/380, dated 17.06.2026, directed the Petitioner to file a Petition before the Commission in the matter, in accordance with the provisions of the UERC (Conduct of Business) Regulations, 2014.
  - o) The Petitioner accordingly filed the present Petition on 20.06.2026.
- 1.6 The details of claim of Transfer Scheme of assets and liabilities executed between UPPCL and the Petitioner, as furnished in the Petition, are summarised herein in the Table given below:

**Table 1 : Details of claim towards impact of Transfer Scheme claimed by the Petitioner**

| <b>Particulars</b>                           | <b>Amount (Rs. Crore)</b> |
|----------------------------------------------|---------------------------|
| Depreciation                                 | 288.70                    |
| Return on Equity                             | 521.89                    |
| Interest on Loan                             | 115.57                    |
| Interest on Working Capital                  | 10.20                     |
| <b>Total ARR</b>                             | <b>936.37</b>             |
| Carrying Cost                                | 4,963.65                  |
| <b>Total Claim (including Carrying Cost)</b> | <b>5,900.01</b>           |

- 1.7 The Petitioner under the ground of relief stated that the present Petition has been filed as per the direction issued by GoU vide its letter no. 419, dated 08.06.2026, and sought relief before the Commission for examination of the same and to pass such orders as it deems appropriate in the matter.
- 1.8 Subsequent to filing of the Petition, the Commission, vide letter no. UERC/6/TF-856/2026-27/2026/629, dated 22.07.2026, directed the Petitioner to submit the methodology/plan of action for recovery of the proposed claim from the consumers. In response to which, the Petitioner, vide letter no. 4234/UPCL/RM/B-29, dated 28.07.2026, submitted its reply, referring to the minutes of the 126<sup>th</sup> meeting of the Board of Directors held on 04.12.2025, which records as follows:

*“After detailed deliberations, the Board recommended that, before filing the petition, the Corporation should have its claim examined by the Hon'ble UERC. For this purpose, a request may be made to the Government of Uttarakhand to issue directions under Section 108 of the Electricity Act, 2003 to the Hon'ble UERC, requiring it to examine UPCL's ARR claim arising from the Transfer Scheme in accordance with the provisions of the Electricity Act, 2003 and the rules and regulations framed thereunder. Once such directions are issued by the Government of Uttarakhand to the Hon'ble UERC, UPCL should submit the requisite details of its claims relating to the Transfer Scheme for examination following which further action will be taken.”*

The Petitioner submitted that, it is clear that as per the decision of Board of Directors, any further action in the matter shall be taken after the examination of the claim submitted by the Petitioner to the Commission.

- 1.9 The Commission also issued Public Notice in the matter to invite comments from the consumers and stakeholder's at large and the last date of submission of the comments was 27.07.2026. Subsequently, the Commission also held a Public Hearing in the matter on 02.09.2026 at the Commission's office.
- 1.10 The Commission received comments from six stakeholders on the Petition filed by UPCL. The list of stakeholders who have submitted their objections/ suggestions/comments in writing is enclosed as **Annexure-1**.
- 1.11 Subsequent to the Public Hearing held on 02.09.2026, the Commission, vide letter no. UERC/6/TF-856/2026-27/2026/908, dated 08.09.2026, communicated to the Petitioner certain deficiencies/queries observed in the Petition, requiring the Petitioner to submit, inter-alia:
- (i) The basis for claiming Return on Equity on the additional claim of GFA of Rs. 550.18 Crore, having regard to the fact that the liability of Rs. 572 Crore assumed by GoU towards CPSU dues was not utilised by UPCL in creation of assets.
  - (ii) Justification for the claim of Carrying Cost of Rs. 4,963.65 Crore and the manner in which UPCL proposes to recover the same.
  - (iii) The treatment, in UPCL's books of account, of the amount of Rs. 1.56 Crore received from UPPCL vide its letter no. 1677, dated 30.12.2019.
  - (iv) The reasons for computing the impact of the Transfer Scheme with effect from 12.10.2003, instead of 08.11.2001, being the date on which the assets stood transferred under the Transfer Scheme.
  - (v) The basis and reference documents relied upon by UPCL for the rate of interest considered for each financial year for computation of Interest on Working Capital and Carrying Cost.
- 1.12 In response, the Petitioner, vide letter no. 5219/UPCL/RM/B-29, dated 18.09.2026, furnished its point-wise reply to the above deficiencies. The submissions made by the Petitioner in the said letter are examined by the Commission at the relevant places in Section 3 (Commission's views and decision) of this Order below.

## **2. Stakeholders' Objections/Suggestions and UPCL's Responses**

The Commission has received comments/objections on the Petition filed by UPCL for

examination of claim of ARR relating to Transfer Scheme. Since several issues are common and have been raised by more than one stakeholder, the comments have been clubbed issue-wise and summarised below.

## **2.1 General**

### **Stakeholder's Comments**

- 2.1.1 M/s Galwalia Ispat Udyog Private Limited (GIUPL), M/s Kashi Vishwanath Textile Mill Private Limited (KVTMPL) and M/s Kumaun Garhwal Chamber of Commerce & Industry (KGCCI) submitted that passing the impact of the Transfer Scheme in tariff will adversely impact industrial growth, and that the Commission had already directed UPCL to file the issue along with the next tariff filing.

Further, Sh. Rajpal Rana submitted that the claim relating to the Transfer Scheme requires a prudence check before being admitted. He additionally submitted that the Order of the Commission should maintain a balance between the interests of consumers and the utility, and should contain reasons/justification for allowances and disallowances.

### **UPCL's Reply**

- 2.1.2 In reply, UPCL submitted that the Transfer Scheme was notified by GoU vide Gazette Notification dated 08.03.2022, and that the present Petition has been filed pursuant to the direction issued by GoU vide letter No. 419 dated 08.06.2026 in the larger public interest, through which the State Government, in exercise of its powers under Section 108 of the Electricity Act, 2003, directed the Commission to examine the financial implications/claim arising from the Transfer Scheme. Accordingly, the claims have been computed in line with the applicable UERC Tariff Regulations and Tariff Orders. UPCL further submitted that the issues raised in the Petition may be considered and decided by the Commission in accordance with the provisions of the Act and the Regulations.

## **2.2 Maintainability of the Petition**

- 2.2.1 M/s GIUPL, M/s KVTMPL and M/s KGCCI further submitted that the Petition is not maintainable, lacks a valid cause of action, invokes wrong and inapplicable legal provisions, and fails to satisfy statutory requirements, since under Section 108 the State Commission is

only guided by policy directions of the State Government and is not bound to follow administrative or arbitrary communications. They further stated that Section 86(2) of the Electricity Act, 2003 is inapplicable as the present matter does not call for the Commission's advice to the State Government, and also, there is no occasion to invoke Regulation 59 of the UERC (Conduct of Business) Regulations, 2014.

### **UPCL's Reply**

2.2.2 In response, UPCL submitted that it has filed the present Petition pursuant to the directions of the State Government given on 08.06.2026, and that under clause (2) of Section 86 (Functions of State Commission), the State Commission can advise the State Government on matters concerning generation, transmission, distribution and trading of electricity, or any other matter referred to it by that Government. Further, the ARR claim has been computed and presented in accordance with the applicable UERC Tariff Regulations and Tariff Orders issued by the Commission from time to time, and the Petition has been filed to place the complete details of the claim before the Commission for examination in compliance with the directions of GoU.

### **2.3 Valuation of Gross Fixed Assets and treatment of Equity/CPSU Liability**

#### **Stakeholder's Comments**

2.3.1 M/s Industries Association of Uttarakhand (IAU) submitted that the Transfer Scheme records the underlying asset allocation as based on normative/proportionate formulae rather than physical verification, and that an independent prudence audit/vintage physical verification is required before any part of the claim is admitted.

2.3.2 M/s GIUPL, M/s KVTMPL and M/s KGCCI sought clarification as to the value of the assets actually transferred, and whether UPCL is justified in considering Rs. 1,058.18 Crore as GFA as per the Transfer Scheme as on 08.11.2001, submitting that assets ought to be booked at historical cost in accordance with prevailing accounting standards.

2.3.3 M/s GIUPL, M/s KVTMPL and M/s KGCCI further submitted that the value of Rs. 1,058.18 Crore, being based on a normative/proportionate formula under the Transfer Scheme, is a normative value that cannot be used for computing depreciation, which is required under the Regulations to be provided only on the historical cost of assets.

2.3.4 M/s GIUPL, M/s KVTMPL and M/s KGCCI additionally submitted that the amount of Rs. 572 Crore cannot be treated as equity of the Government of Uttarakhand in UPCL so as to attract Return on Equity, since under the Regulations only that equity which is invested in the creation of fixed assets is entitled to return.

They further submitted that a transfer scheme for sharing of assets and liabilities could only be given effect to by an order of the Central Government under Section 63(4) of the U.P. Reorganization Act, 2000, and that the Transfer Scheme dated 12.10.2003, and the GoU letter dated 27.04.2012 approving it, do not satisfy this requirement.

### **UPCL's Reply**

2.3.5 In reply, UPCL submitted that it was incorporated on 12.02.2001, and that under the Transfer Scheme executed on 12.10.2003, GFA of Rs. 1,058.18 Crore was transferred to it. The Commission, while determining tariff vide Order dated 25.04.2005, considered the opening GFA of Rs. 508 Crore based on the value claimed by UPPCL in 2001 and accepted on a provisional basis, and any assessment relating to the opening asset base should be examined in light of the assets transferred under the Transfer Scheme. UPCL reiterated this position in response to the queries on historical versus normative valuation for depreciation purposes.

2.3.6 Further, on the query regarding treatment of Rs. 572 Crore as equity, UPCL submitted that a liability of Rs. 572 Crore was transferred to it against power purchase dues on UPPCL towards Central Power Sector Undertakings (CPSUs). This liability was taken over by GoU, which, vide Order No.-258/I(2)/2010-05/81/2006, dated 09.02.2010, accorded conversion of the said liability into share capital of UPCL. UPCL furnished the following break-up of funding of the fixed assets transferred as on 09.11.2001:

**Table 2 : Break-up of funding of the fixed assets transferred as on 09.11.2001 as submitted by the Petitioner**

| <b>Particulars</b>                     | <b>Amount (Rs. Cr.)</b> |
|----------------------------------------|-------------------------|
| <b>Fixed Assets</b>                    |                         |
| Gross Block of Fixed Assets            | 1,058.18                |
| Cumulative Depreciation                | 397.10                  |
| Net Block of Fixed Assets              | 661.08                  |
| Capital Work in Progress               | 73.48                   |
| <b>Total Fixed Assets</b>              | <b>734.56</b>           |
|                                        |                         |
| <b>Capital Invested in Fixed Asset</b> |                         |

|                                                                                   |               |
|-----------------------------------------------------------------------------------|---------------|
| Long Term Loan from REC                                                           | 230.64        |
| Long Term Loan from IDBI                                                          | 8.93          |
| Long Term Loan from PFC                                                           | 3.50          |
| Long Term Loan from HDFC                                                          | 0.22          |
| Long Term Loan from CBI                                                           | 10.24         |
| <b>Sub-Total (Loan)</b>                                                           | <b>253.53</b> |
|                                                                                   |               |
| <b>Consumer Contribution (Grant)</b>                                              | <b>17.50</b>  |
| <b>Liability for CPSUs converted as Equity by GoU vide Order dated 09.02.2010</b> | <b>463.53</b> |
| <b>Total GFA (Loan + Grant + Equity)</b>                                          | <b>734.56</b> |

UPCL submitted that, on this basis, it is entitled to recovery of return on equity of Rs. 165.05 Crore (being 30% of Rs. 550.18 Crore not so far considered by the Commission) and interest on normative loan of Rs. 178.67 Crore (being 70% of Rs. 550.18 Crore less accumulated depreciation of Rs. 206.46 Crore).

2.3.7 On the query regarding the validity of the Transfer Scheme under Section 63(4) of the U.P. Reorganization Act, 2000, UPCL submitted that, in exercise of powers under the said Section, the Ministry of Power, GoI, issued the Order dated 05.11.2001 providing for constitution and operationalisation of the successor State power utilities, pursuant to which UPCL's operations were deemed to have commenced w.e.f. 09.11.2001. UPCL reproduced the relevant provisions of the said Order as follows:

*“(4) Nothing in the preceding provisions of this section shall be construed as preventing the Government of the State of Uttar Pradesh or, as the case may be, the Government of the State of Uttaranchal from constituting, at any time on or after the appointed day, a State Power Corporation, an Electricity Regulatory Commission or a State Warehousing Corporation for the State under the provisions of this Act relating to such Power Corporation, Commission or Warehousing Corporation; and if such a Power Corporation, Commission or Warehousing Corporation is so constituted in either of the States before the dissolution of the Power Corporation, Commission or Warehousing Corporation referred to in sub-section (1) –*

*(a) provision may be made by order of the Central Government enabling the new Power Corporation, new Commission or the new Warehousing Corporation to take over from the existing Power Corporation, Commission or Warehousing Corporation all or any of its undertakings, assets, rights and liabilities in that State, and*

*(b) upon the dissolution of the existing Power Corporation, Commission or Warehousing Corporation –*

*(i) any assets, rights and liabilities which would otherwise have passed to that State by or under the provisions of sub-section (3) shall pass to the new Board, new Commission or the new Warehousing Corporation instead of to that State;*

*(ii) any employee who would otherwise have been transferred to or reemployed by that State under sub-section (3), read with clause (i) of sub-section (5), shall be transferred to or re-employed by the new Power Corporation, new Commission or the new Warehousing Corporation instead of to or by that State."*

## **2.4 Carrying Cost, Delay Attribution and Recovery Methodology**

### **Stakeholder's Comments**

2.4.1 M/s IAU and Sh. Rajpal Rana submitted that the delay in implementation of the Transfer Scheme arose from administrative and institutional actions and is attributable to controllable factors, namely, the Petitioner's own delay in pursuing formal notification and the delay on the part of the State Government in issuing the notification. They submitted that the carrying cost should be allowed only after examination of the controllable and uncontrollable factors of delay, attribution of responsibility, and regulatory justification for recovery.

Further, M/s IAU placed reliance on the APTEL order dated 18.05.2015 and the Commission's Tariff Orders dated 18.03.2008, 24.05.2011 and 06.05.2013 for the proposition that consideration of the enhanced GFA value was contingent upon formal notification, and not that the entirety of the intervening carrying cost would automatically accrue to the Petitioner. M/s IAU further submitted that creation of a Regulatory Asset without formal concurrence of the Ministry of Power (MoP) would jeopardize UPCL's qualification under RDSS, and that the impact of the Transfer Scheme, if allowed, should be passed on to consumers in stages in tariff. M/s IAU also submitted that the rate of interest (carrying cost) claimed should be verified against the actual weighted average cost of borrowing or the Commission approved normative rate of interest.

### **UPCL's Reply**

2.4.2 In reply, UPCL submitted that it continuously pursued the matter of notification of the Transfer Scheme with GoU through letters dated 22.06.2013, 17.08.2019 and 27.01.2022, and that the Scheme was finally notified by GoU only on 08.03.2022. Subsequently, GoU vide

letter No. 419 dated 08.06.2026, directed the Commission to examine the ARR claim arising from the notified Scheme.

UPCL further, with regard to the carrying cost, submitted that the Regulation 12(10) of the UERC MYT Regulation, 2024, permits carrying cost, and reproduced the provision as follows:

*“The surplus/deficit determined by the Commission in accordance with the Regulations on account of truing up of the ARR of Applicant shall be carried forward to the ensuing financial year, along with carrying cost at rate of interest applicable for the year of the tariff period, determined in accordance with Regulation 33 of these Regulations (i.e. MCLR + 350 points).”*

2.4.3 UPCL submitted that the rate of interest (carrying cost) claimed is as approved by the Commission in its Tariff Orders during the relevant period, and that the Commission may take a view on the same as per the provisions of the Electricity Act, 2003 read with the Tariff Regulations. UPCL submitted that the claims have been computed in accordance with the applicable UERC Tariff Regulations and Tariff Orders, and that the issues raised in the Petition may be considered and decided by the Commission accordingly.

## 2.5 FPPCA and its Distinction from the Transfer Scheme Claim

### Stakeholder’s Comments

2.5.1 Sh. Rajpal Rana sought clarification as to what is FPPCA (Fuel and Power Purchase Cost Adjustment), and how the charges recovered under FPPCA differ from the charges claimed under the Transfer Scheme.

### UPCL’s Reply

2.5.2 In reply, UPCL submitted that FPPCA is a regulatory mechanism enabling a distribution licensee to recover or pass on variations in uncontrollable costs such as fuel, power purchase and transmission charges incurred during a particular period, whereas, the present claim under the Transfer Scheme is distinct and relates to ARR components associated with the fixed assets transferred from UPPCL to UPCL, including Return on Equity, Interest on Loan, Depreciation and Interest on Working Capital. The Transfer Scheme claim and the FPPCA mechanism, accordingly, operates in different regulatory domains and addresses separate cost elements.

## 2.6 Additional Comments

2.6.1 One of the stakeholder, Sh. Vijay Bhushan Pandey, filed his comment on the UPCL's proposal for recovery of ARR towards the impact of transfer scheme, which were received in the Commission's office on 15.09.2026. Since the Comments were received way beyond the last date of filing comments, i.e. 27.07.2026 and also beyond the date of Public Hearing held for the purpose, therefore, the Commission did not forward these comments to UPCL for seeking rejoinder on the same. Moreover, most of the comments filed by Sh. Vijay Bhushan Pandey are similar to what other stakeholders have put forth before the Commission, which have already been dealt with by the Commission in the preceding paras of this Order. However, certain additional comments filed by him are summarized herein below:

- i. He submitted that Section 61 of the U.P. Reorganisation Act, 2000 is itself a self-contained, time-bound provision, and a claim never pursued within the window it allowed cannot be treated as though that window never existed
- ii. He submitted that, since only a limited number of persons participated in the hearing dated 02.09.2026 (principally representing the Industries Association), the absence of ordinary domestic consumers cannot legally or equitably be treated as informed acceptance of, or consent to, the proposed burden.
- iii. He submitted that it would be inappropriate to consider only the expenditure side while ignoring the revenue generated by the assets, and that the Commission should obtain the total electricity generated by each project, year-wise generation, sale price, total revenue, revenue already recovered through tariff, revenue from sale of surplus electricity, and grants/subsidies/other receipts.
- iv. He submitted that the Commission may call for the State's rationale for retaining assets for approximately 25 years without recovery of maintenance cost from Uttar Pradesh and whether the burden now sought to be placed on consumers reflects prudent management of a public asset or accumulated administrative default.
- v. He submitted that the newspaper reports reportedly refers to a disagreement of the Finance Department, GoU, concerning adjustment of the amounts against money payable by UPCL to GoU, and requested the Commission to obtain the relevant

Governmental correspondence and determine the amount proposed for adjustment, the legal basis of such adjustment, the reason for its rejection, and whether the disputed amount can lawfully be passed on to the electricity consumers merely because an inter-departmental adjustment did not go through.

2.6.2 The Commission, though has not addressed the issues specifically, have taken into consideration the comments filed by all the stakeholders while finalizing its view on the Petition filed by UPCL, and the reasoned basis for allowing or otherwise, of the claims filed by UPCL have been elaborated in subsequent paras of this Order.

### **3. Commission's views and decision**

3.1 At the outset the Commission clarifies the scope of the present proceedings. The Petition has been filed by UPCL for examination of the claim of Aggregate Revenue Requirement (ARR) relating to the Transfer Scheme, and the relief sought by the Petitioner, as recorded in the Petition, is confined to examination of the said claim by the Commission and passing of such orders as the Commission deems appropriate in the matter. Accordingly, the present proceedings, and this Order, are limited to examination of the claim so put forth by UPCL, and the findings recorded in this Order are for the purposes of such examination alone. This Order does not entail final determination of tariff for any year, and does not pass any order, or direction, whatsoever for recovery of any part of the claim examined herein from consumers. The findings of the Commission recorded hereinafter, including as to the admissibility or otherwise, in principle, of the components of the claim, shall be given effect to, quantified, and translated into tariff and recovery, if any, only through the appropriate mechanism in UPCL's ensuing tariff proceedings, in accordance with the Electricity Act, 2003 and the applicable Tariff Regulations.

3.2 Section 86(1)(a) of the Electricity Act, 2003 specifies as under:

*"86. Functions of State Commission:*

*...*

*(a) determine the tariff for generation, supply, transmission and wheeling of electricity, wholesale, bulk or retail, as the case may be, within the State:*

*Provided that where open access has been permitted to a category of consumers under section 42,*

*the State Commission shall determine only the wheeling charges and surcharge thereon, if any, for the said category of consumers;*

*...”*

3.3 Further, Section 86(2) of the Electricity Act, 2003, specifies as under:

*“86. Functions of State Commission:*

*...*

*(2) The State Commission shall advise the State Government on all or any of the following matters, namely :-*

*(i) promotion of competition, efficiency and economy in activities of the electricity industry; (ii) promotion of investment in electricity industry;*

*(iii) reorganization and restructuring of electricity industry in the State;*

*(iv) matters concerning generation, transmission, distribution and trading of electricity or any other matter referred to the State Commission by that Government.*

3.4 Further, Section 108 of the Electricity Act, 2003, specifies as under:

*“108. (Directions by State Government):*

*...*

*(1) In the discharge of its functions, the State Commission shall be guided by such directions in matters of policy involving public interest as the State Government may give to it in writing.*

*(2) If any question arises as to whether any such direction relates to a matter of policy involving public interest, the decision of the State Government thereon shall be final.”*

3.5 Further, Regulation 59 of the UERC (Conduct of Business) Regulations, 2014, specifies as under:

*“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.*

*(2) 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.*

*(3) 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."*

3.6 The Commission analysed the submissions of UPCL in light of the provisions of the Act and the Regulations mentioned hereinabove, and views of the Commission alongwith its analysis are dealt with in the subsequent paras of this Order.

3.7 The Commission has also considered the objections of the stakeholders on the maintainability of the Petition and on other ancillary issues raised in their comments, in light of the provisions of Sections 86(1)(a), 86(2) and 108 of the Electricity Act, 2003, and Regulation 59 of the UERC (Conduct of Business) Regulations, 2014, extracted hereinabove. The issue-wise analysis and decision of the Commission on the maintainability of the Petition, the other issues raised by the stakeholders, and each component of the claim relating to the Transfer Scheme, namely, Gross Fixed Assets and Depreciation, Return on Capital Base, Return on Equity/Capital, Interest on Normative Loan, Interest on Working Capital, and Carrying Cost, is set out in the succeeding paragraphs.

#### **The Transfer Scheme and its Centrality to the Present Proceedings**

3.8 Before dealing with the specific issues raised by the stakeholders and the components of the claim, the Commission considers it necessary to record the centrality of the Transfer Scheme to the present proceedings in its entirety. The State of Uttaranchal (now Uttarakhand) was carved out of the State of Uttar Pradesh with effect from 09.11.2000 under the Uttar Pradesh Reorganization Act, 2000, Section 63 whereof laid down the principles for division of undertakings, assets, rights and liabilities of the Power sector between the successor States. In exercise of the powers conferred under Section 63 of the said Act, the Ministry of Power, Government of India, vide Order dated 05.11.2001, provided for constitution of the successor power utilities, including UPCL, and divided the assets, liabilities, rights and undertakings of UPPCL and UPJVNL between UPCL and UJVNL with effect from 09.11.2001.

3.9 Pursuant to the said Order, a scheme for division of assets and liabilities, named as the Transfer Scheme, was executed between UPPCL and UPCL on 12.10.2003, reflecting GFA of Rs. 1,058.18 Crore and a liability of Rs. 572 Crore towards CPSU dues. It is this singular instrument, and

no other, that constitutes the source of the entire claim placed before the Commission in the present Petition. Every component of the claim, namely, Depreciation, Return on Equity/Capital, Interest on Normative Loan, Interest on Working Capital, and Carrying Cost, is computed by the Petitioner solely with reference to the GFA and liabilities recorded in this Transfer Scheme, and no part of the claim arises independently of it.

- 3.10 The Commission further notes that the Transfer Scheme executed on 12.10.2003 could not be notified for nearly two decades. As recorded in the Tariff Order dated 06.05.2013, the GoU's approval dated 27.04.2012 was held by the Commission, to be insufficient, being only a letter and not a proper notification of finalisation of the Transfer Scheme in accordance with the Reorganization Act. It was only vide Order No. 263/I(2)/2022-05-20/2007-TC, dated 08.03.2022, that GoU formally notified the Transfer Scheme executed between UPPCL and UPCL on 12.10.2003. The direction of GoU dated 08.06.2026, issued under Section 108 of the Electricity Act, 2003 and forming the immediate occasion for the present Petition, is itself expressly premised on this notification, recording that "the Transfer Scheme has now been formally notified vide Government Order dated 08.03.2022" and that the issue "requires examination by the Commission in accordance with law."
- 3.11 The Commission accordingly holds that the present proceedings, in their entirety, flow from, and are confined to the ambit of, the Transfer Scheme dated 12.10.2003 as notified by GoU on 08.03.2022. The Petition, the objections raised by the stakeholders, the replies furnished by UPCL, and the examination undertaken by the Commission hereinafter on the questions of maintainability, valuation of GFA, treatment of the CPSU liability as equity, and the consequent Depreciation, Return on Equity/Capital, Interest on Normative Loan, Interest on Working Capital, and Carrying Cost, are all, without exception, an examination of what does or does not properly arise out of this one notified Transfer Scheme. No claim, right, or liability that is not traceable to the said Transfer Scheme cannot be considered in the present proceedings, and the findings recorded in this Order are to be read and understood strictly in this light, and subject to the clarification on the limited scope of these proceedings recorded hereinabove.

#### **Maintainability of the Petition**

- 3.12 The stakeholders have objected to the maintainability of the Petition on the ground, inter-alia,

that Section 108 of the Act only requires the Commission to be “guided by” directions of the State Government on matters of policy involving public interest, and does not bind the Commission to adjudicate the claim in any particular manner. Further, Section 86(2) of the Act is inapplicable since the present matter does not call for the Commission's advice to the State Government. Moreover, there is no occasion to invoke Regulation 59 (inherent powers) of the UERC (Conduct of Business) Regulations, 2014.

The Commission has considered these objections in light of Section 86(1)(a), Section 86(2) and Section 108 of the Act as extracted hereinabove. The Commission notes that Section 108(1), requires the Commission, in the discharge of its functions, to be guided by directions of the State Government on matters of policy involving public interest. The State Government does not, and cannot, direct the Commission to allow or disallow any particular claim, and the Commission has, accordingly, treated the direction of GoU dated 08.06.2026 as an occasion for examination of the claim as requested by the Petitioner in light of the facts mentioned in the Petition, the actual determination whereof remains an exercise within the Commission's independent tariff-determination function under Section 86(1)(a). The Commission's findings and directions recorded in this Order, finding certain components of the claim admissible and others not admissible, demonstrate that the Commission has not treated itself as bound by the State Government's direction, but has independently examined and decided the claim strictly on its merits, in exercise of its statutory function under Section 86(1)(a). The objection that Section 86(2) is inapplicable does not affect the maintainability of the Petition, since the Petition itself does not rest on Section 86(2), as the said provision, along with Section 108 and Regulation 59, was invoked by the Petitioner only out of abundant caution, the true and substantive basis for examination of the claim being Section 86(1)(a) read with Section 108. For the same reason, the objection regarding Regulation 59 does not render the Petition non-maintainable, since the Commission's jurisdiction to examine and determine the claim flows directly from Section 86(1)(a) of the Act, independent of the inherent powers preserved under Regulation 59. The Petition is, accordingly, held to be maintainable.

Further, the objection that the Petition ought to have been clubbed with the annual tariff Petition, rather than filed separately, is noted, however, since the Transfer Scheme was notified only on 08.03.2022, and the direction of GoU under Section 108 was issued on 08.06.2026

specifically requiring examination of the claim by the Commission, the Commission does not find the separate filing of the Petition, by itself, to render it non-maintainable. UPCL is, however, directed to give effect to the outcome of this Order, including any consequential tariff impact, only through the appropriate mechanism in its ensuing tariff proceedings, so that Section 86(1)(a) continues to be given full effect in the manner and periodicity contemplated under the Act and the applicable Tariff Regulations.

### **Prudence Check and Verification of Gross Fixed Assets**

- 3.13 The stakeholders have objected that the GFA of Rs. 1,058.18 Crore reflected in the Transfer Scheme ought not to be considered without an independent prudence audit and separate vintage/physical verification of the transferred assets, particularly on the ground that the allocation of assets was based on normative/proportionate principles.

In this regard, the Commission notes that the Transfer Scheme was executed between UPPCL and UPCL and has thereafter been formally notified by the Government of Uttarakhand vide Government Order dated 08.03.2022. Once the Transfer Scheme has been so notified by the competent Government under the applicable statutory framework, the same constitutes the governing and operative record for the purpose of regulatory examination of UPCL's claim. Under Section 131(3)(b) of the Electricity Act 2003, any transaction or asset allocation effected through an officially notified Transfer Scheme becomes binding on all persons and third parties, including the Regulatory Commission. The Commission is a creature of the statute and does not possess the legislative power to rewrite, alter, or undo the restructuring, valuation of assets, or reallocation of liabilities finalized by the State Government in a notified scheme. While the facts of the transfer scheme (e.g., which entity owns which assets, what liabilities were passed on, and the opening balance sheet numbers) are binding, the Commission retains full independent authority over how those figures impact tariff determination and performance metrics moving forward. The Commission has to accept the structural changes mandated by the scheme but it also has to apply its independence to evaluate reasonable costs and protect consumer interests.

Hence, in the Commission's view, the validity or correctness of the inter-governmental allocation of assets under the notified Transfer Scheme is not required to be re-opened in the present proceedings by directing a fresh independent physical verification of the assets. The

scope of the present examination is confined to assessing the regulatory admissibility of the claim with reference to the notified Transfer Scheme, the applicable provisions of the Act and Regulations, the material placed on record, and the Commission's earlier tariff orders. The Commission has, nevertheless, subjected the claim to a record-based prudence check and has examined the same in light of the notified Transfer Scheme, the documents submitted by UPCL, and the Commission's findings in the past Tariff Orders. Such scrutiny, in the facts and circumstances of the present case, is sufficient for the purposes of prudence examination. This finding shall, however, be without prejudice to the Commission's power to seek any further information, supporting records or verification in the ensuing tariff proceedings or at any subsequent stage, if the Commission considers the same necessary.

### **Regulatory Asset and RDSS Compliance**

- 3.14 The stakeholders have submitted that creation of a Regulatory Asset without formal concurrence of the Ministry of Power would jeopardize UPCL's qualification under the Revamped Distribution Sector Scheme (RDSS).

The Commission clarifies that this Order is limited to the examination of claims made by UPCL w.r.t. the various components of the ARR relating to the Transfer Scheme, and computation of carrying cost under provisions of the UERC MYT Regulations. The Commission has not directed creation of any Regulatory Asset in this Order in the sense contemplated under the RDSS Standard Operating Procedure.

### **Staged Recovery of the Approved Impact**

- 3.15 The stakeholders have suggested that the impact of the Transfer Scheme, if allowed, be passed on to consumers in stages rather than in a single tariff cycle, having regard to the tariff impact that would otherwise result.

In this regard, the Commission, in the exercise of its tariff-determination function under Section 86(1)(a) of the Act, agrees that recovery of the amounts computed under this Order should be undertaken in a manner that avoids an unreasonable tariff shock to consumers in any single year. UPCL is, accordingly, directed to propose, in its ensuing tariff filing, a staged recovery mechanism/amortisation schedule for the components of the claim found admissible under this Order, for the Commission's consideration, having regard to the components of

ARR as determined in this Order.

**FPPCA and the Transfer Scheme Claim**

- 3.16 The stakeholders have sought clarification as to whether the charges recovered from consumers under Fuel and Power Purchase Cost Adjustment (FPPCA) overlap, directly or indirectly, with the present claim relating to the Transfer Scheme.

In this regard, the Commission notes UPCL's reply that FPPCA is a distinct mechanism for recovery of variations in uncontrollable costs such as fuel, power purchase and transmission charges, whereas the present claim relates to ARR components, namely, Return on Equity, Interest on Loan, Depreciation and Interest on Working Capital, associated with the fixed assets transferred under the Transfer Scheme. The Commission agrees that the two mechanisms operate in different regulatory domains and addresses separate cost elements, and finds no overlap or double-recovery between the amounts recovered under FPPCA and the components of the claim found admissible under this Order.

**Treatment of Rs. 1.56 Crore Received from UPPCL**

- 3.17 The Commission notes that UPPCL, vide its letter no. 1677, dated 30.12.2019, made payment of Rs. 1.56 Crore to the Petitioner towards final settlement of the issue relating to transfer of assets and liabilities between the two States. The Commission, vide its letter dated 08.09.2026, required the Petitioner to submit the treatment of the said amount in its books of account. In response, the Petitioner, vide letter no. 5219/UPCL/RM/B-29, dated 18.09.2026, submitted the relevant accounting vouchers, evidencing that the said amount of Rs. 1.56 Crore, being GPF (General Provident Fund) settlement money received from UPPCL, was recorded as revenue received on behalf of UPPCL and was thereafter paid over to UJVN Limited towards settlement of GPF liabilities, vide Transfer Voucher dated 27.12.2019, Bank Payment Voucher dated 17.02.2020 and Journal Voucher dated 17.02.2020. The Commission takes the Petitioner's submission on record. Since the said amount of Rs. 1.56 Crore was not retained by UPCL and does not form part of, and has no bearing on the quantification of, any component of the ARR claim examined by the Commission in this Order, no further directions in this regard are called for.
- 3.18 The Commission has broadly addressed the stakeholders' concerns in the preceding paras of

this Order and now proceeds to deal with the claims made by UPCL in the Petition filed by it for examination of claims related to the transfer scheme.

### **Gross Fixed Assets (GFA) and Depreciation**

- 3.19 The Commission has considered the submissions of the Petitioner and the objections of the stakeholders on the issue of Gross Fixed Assets (GFA) and Depreciation relating to the Transfer Scheme. The Commission notes that the Transfer Scheme of assets and liabilities executed between UPPCL and UPCL on 12.10.2003 reflects GFA of Rs. 1,058.18 Crore, and that assets stood transferred to UPCL with effect from 09.11.2001, being the date on which UPCL's operations were deemed to have commenced. The Commission has, in its past Tariff Orders and more so specifically in the Tariff Orders dated 25.04.2005, 18.03.2008, 24.05.2011 and 06.05.2013, consistently held that consideration of the GFA as per the Transfer Scheme was contingent upon formal notification of the Scheme by the State Government, which notification has since been issued on 08.03.2022.
- 3.20 In this regard, the Commission notes that the Petitioner, vide its letter dated 18.09.2026, in response to the Commission's query as to why the impact of the Transfer Scheme has been computed by UPCL with effect from 12.10.2003 instead of 08.11.2001 (being the date of transfer of assets as per the GoI Order dated 05.11.2001), submitted that since the Scheme for division of Assets and Liabilities between UPPCL and UPCL was executed and signed on 12.10.2003, and GoU, in its notification dated 08.03.2022, also approved the Transfer Scheme as executed and signed on 12.10.2003, the impact of the Transfer Scheme has, accordingly, been computed by UPCL from the date of execution of the Transfer Scheme, i.e. 12.10.2003.
- 3.21 The Commission having regard to the fact that the Transfer Scheme, upon its notification, constitutes the operative instrument recording the assets and liabilities transferred to UPCL upon its constitution, and that the date on which such assets stood vested in UPCL is 08.11.2001, the Commission, for the purposes of the present examination, finds GFA and the consequent Depreciation and other related expenses thereon to be admissible in principle with effect from FY 2001-02, corresponding to the date of transfer of assets from UPPCL to UPCL, i.e. 08.11.2001.
- 3.22 The Commission notes that as against the value of GFA of Rs. 1058.18 Crore (accumulated

Depreciation of Rs. 397.10 Crore) as per the approved transfer scheme, the Commission has already considered and allowed servicing of the capital cost for an amount of Rs. 508 Crore (accumulated Depreciation Rs. 190.64 Crore) in its past Tariff Orders. The same fact has also been reiterated by the Petitioner in the Petition. The Commission, for the examination of the present claims of UPCL has now examined the claims of GFA based on the value of GFA as per the transfer scheme and the values already considered by the Commission, and accordingly, the remaining value of GFA of Rs. 550.18 Crore (remaining accumulated Depreciation of Rs. 206.46 Crore) has been considered by the Commission for computing the Depreciation. Further, as per the Tariff Regulations, the recovery of Depreciation is allowed to a maximum extent of 90% of the asset value, which works out to Rs. 288.70 Crore, i.e. Rs. 550.18 Crore x 90% - Rs. 206.46 Crore.

3.23 The Commission observed that UPCL has made claim of Depreciation w.e.f. 12.10.2003, i.e. the date on which the Transfer Scheme was executed between the UPPCL and UPCL, however, the Commission has been allowing UPCL claims against GFA since the year 2001. Accordingly, the Commission has computed the Depreciation on the remaining value of admissible GFA as per the Transfer scheme w.e.f. 08.11.2001.

3.24 The Depreciation allowed by the Commission, considering the historical rates of Depreciation as approved in the past Tariff Order, is reproduced in the Table given below:

**Table 3 : Depreciation considered toward impact of Transfer Scheme**

| Year                                   | Depreciation Rate (%) | Value of GFA (Rs. Crore) | Depreciation  |
|----------------------------------------|-----------------------|--------------------------|---------------|
| From 08.11.2001 to 31.03.2002          | 7.87%                 | 550.18                   | 16.96         |
| 2002-03                                | 7.89%                 | 550.18                   | 43.41         |
| 2003-04                                | 7.89%                 | 550.18                   | 43.41         |
| 2004-05*                               | 7.86% & 6.78%         | 550.18                   | 38.30         |
| 2005-06                                | 3.76%                 | 550.18                   | 20.69         |
| 2006-07                                | 2.91%                 | 550.18                   | 16.01         |
| 2007-08                                | 3.09%                 | 550.18                   | 17.00         |
| 2008-09                                | 3.05%                 | 550.18                   | 16.78         |
| 2009-10                                | 3.80%                 | 550.18                   | 20.91         |
| 2010-11                                | 3.85%                 | 550.18                   | 21.18         |
| 2011-12                                | 3.82%                 | 550.18                   | 21.02         |
| 2012-13 (limited to maximum allowable) | 3.81%                 | 550.18                   | 13.04         |
| <b>Total</b>                           |                       |                          | <b>288.70</b> |

\* 7.86% from 01.04.2004 to 31.05.2004 & 6.78% from 01.06.2004 to 31.03.2005

### Return on Capital Base

- 3.25 Consequent upon the Commission's finding on GFA above, the Commission has, for the purposes of the present examination, evaluated the Return on Capital Base with reference to the period from 08.11.2001 onwards, in accordance with the applicable provisions of Schedule VI of the Electricity (Supply) Act, 1948, read with the Tariff Regulations applicable for the respective years, till such time as Return on Capital Base was replaced by Return on Equity under the applicable Tariff Regulations. The Commission, under Schedule VI of the Electricity (Supply) Act, 1948 had allowed the return on capital base for the period upto 31.05.2004, and thereafter applied the provisions of the Tariff Regulations as issued from time to time.
- 3.26 The Petitioner has claimed the Return on Capital Base amounting to Rs. 20.69 Crore from 12.10.2003 to 31.05.2004, however, as discussed in preceding para, the Commission in line with approach adopted in past Tariff Orders has computed the Return on Capital Base since the date of transfer of assets by UPPCL to UPCL, i.e. 08.11.2001.
- 3.27 Accordingly, the return on capital base allowed by the Commission is reproduced in the Table given below:

**Table 4 : Return on Capital Base considered toward impact of Transfer Scheme  
(from 12-10-2003 to 31-05-2004)**

| Particulars                                                                                      | Amount (Rs. Crore) |               |              |               |               |
|--------------------------------------------------------------------------------------------------|--------------------|---------------|--------------|---------------|---------------|
|                                                                                                  | 08.11.2001         | 31.03.2002    | 31.03.2003   | 31.03.2004    | 31.05.2004    |
| Capital Base Already approved in past                                                            | 122.72             | 60.58         | (203.03)     | 14.16         | 73.50         |
| (+) Difference of GFA as per Transfer Scheme                                                     | 550.18             | 550.18        | 550.18       | 550.18        | 550.18        |
| (-) Accumulated Depreciation                                                                     | 206.46             | 223.42        | 266.83       | 310.24        | 316.64        |
| <b>Revised Capital Base</b>                                                                      | <b>466.44</b>      | <b>387.34</b> | <b>80.32</b> | <b>254.10</b> | <b>307.04</b> |
| <b>Revised Reasonable Return:</b>                                                                |                    |               |              |               |               |
| (i) 16% on Capital Base                                                                          |                    | 29.24         | 61.97        | 12.85         | 6.79          |
| (ii) 0.50% on the amount borrowed from organizations or institutions approved by the State Govt. |                    | 0.50          | 1.40         | 2.12          | 0.05          |
| <b>Sub-Total (i + ii)</b>                                                                        | <b>-</b>           | <b>29.74</b>  | <b>63.38</b> | <b>14.97</b>  | <b>6.84</b>   |
| 5% of the amount of reasonable return to be as the disposal of the undertaking                   |                    | 1.49          | 3.17         | 0.75          | 0.34          |
| <b>Total Reasonable Return</b>                                                                   | <b>-</b>           | <b>31.22</b>  | <b>66.55</b> | <b>15.72</b>  | <b>7.19</b>   |
| Reasonable Return Already Allowed in past                                                        | -                  | 8.60          | 11.65        | 2.23          | 0.45          |
| <b>Net claim of Reasonable Return Now approved</b>                                               | <b>-</b>           | <b>22.62</b>  | <b>54.90</b> | <b>13.49</b>  | <b>6.74</b>   |

Accordingly, the total return on capital base that was found admissible by the Commission works out to Rs. 97.75 Crore.

### **Return on Equity (RoE)**

- 3.28 As regards the claim of Return on Equity, the Commission notes that the Petitioner's claim of Rs. 501.20 Crore towards RoE is premised on treating 30% of the GFA of Rs. 550.18 Crore. In this regard, the Petitioner submitted that a liability of Rs. 572 Crore was transferred to the Petitioner company against the power purchase dues on UPPCL towards CPSUs. This liability was taken over by Government of Uttarakhand by issuing the power bonds @ 8.5% p.a. to CPSUs on 18-08-2003, and subsequently, GoU vide its Order No.-258/I (2)/2010-05/ 81/2006, dated 09-02-2010 converted the above said liability into share capital of the Petitioner company. Accordingly, UPCL has claimed Return on Equity based on the discharge of Power purchase liability as above.
- 3.29 UPCL further, vide its letter dated 18.09.2026, filed in response to the Commission's letter dated 08.09.2026, submitted that out of the GFA of Rs. 1,058.18 Crore transferred to it under the Scheme for division of Assets and Liabilities executed on 12.10.2003, an amount of Rs. 508 Crore (with accumulated depreciation of Rs. 190.64 Crore) has already been considered by the Commission, leaving a balance GFA of Rs. 550.18 Crore (with accumulated depreciation of Rs. 206.46 Crore, and net fixed assets of Rs. 343.72 Crore) not so far considered, on which the claim of Equity of Rs. 165.05 Crore and Normative Loan of Rs. 178.67 Crore has been made by UPCL, for computing the RoE and Interest on normative loan respectively.
- 3.30 The Commission notes that this issue has already been considered in the Tariff Orders of previous years and has also been adverted to by the Petitioner in the present Petition. Under the applicable Tariff Regulations, Return on Equity is admissible only on equity actually deployed towards creation of fixed assets used for rendering regulated services. Infact the total assets inherited by UPCL were fully funded by long term loans, GPF Liabilities, consumer contributions, power purchase dues, Government of U.P. Loan and consumer security deposits, etc. Thus, there was no equity infused on the date of transfer or any unfunded asset which could have been said to be funded through equity. In the present case, the amount in question represents conversion of the liability of Rs. 572 Crore towards CPSU dues into share capital of UPCL by the Government of Uttarakhand vide Order dated 09.02.2010. This Rs. 572 Crore was in the form of current liabilities and such conversion, being merely a restructuring of an existing liability and not an infusion of equity for creation of fixed assets, cannot be

treated as eligible equity for the purpose of allowing Return on Equity under the applicable Tariff Regulations. The Government since the year 2010 has been converting various loans and also power purchase dues of UPCL into equity and such conversions cannot be assumed from the date of creation of assets. Equity eligible for return purposes should be available on the date of commissioning/inheriting the assets. Hence, the said amount, therefore, does not satisfy the regulatory requirement of equity investment in fixed assets and falls outside the scope of equity eligible for return.

3.31 Further, the Commission notes that this very issue was considered and decided by the Commission in its Tariff Order dated 10.04.2010, wherein the Commission held that only that equity which is invested in the creation of fixed assets is entitled to Return. The relevant extract of the Tariff Order dated 10.04.2010 is reproduced hereunder:

“...

*Further, it is to be noted that converting the power bonds into share capital would amount to increase in equity base of UPCL. However, as per Regulations, only that equity which is invested in creation of fixed assets is entitled for Return. The Commission has considered all the means of finance including equity for the approved asset base and, hence, no further financing through equity of current asset base can be considered.*

...”

As can be seen from the above, the Commission had already considered all the means of finance for the approved asset base in the past Tariff Orders itself, and therefore no further financing through such equity can be considered, which is merely conversion of current liability into share capital of UPCL by the State Government. Accordingly, in view of the consistent position taken by the Commission, for the purposes of the present examination, the Commission finds the claim of Return on Equity on the derived amount of Rs. 165.05 Crore (Rs. 550.18 Crore x 30%) to be not admissible, strictly in line with the precedent set in the Tariff Order dated 10.04.2010.

#### **Interest on Normative Loan**

3.32 The Petitioner has claimed Interest on Normative Loan of Rs. 115.57 Crore, computed on 70% of the GFA of Rs. 550.18 Crore not so far considered by the Commission, treated as notionally

funded through normative loan. Since the said amount of Rs. 550.18 Crore is, for the reasons recorded hereinabove, premised on the same Rs. 572 Crore CPSU liability on which Return on Equity has been found not admissible, and since the Petitioner has itself submitted that this amount pertains to a current liability that was discharged and converted into share capital rather than fresh capital investment in fixed assets, the Commission, for the purposes of the present examination, finds that Interest on Normative Loan computed on the said notional debt component cannot be considered admissible. In line with, and consistent with, the finding on Return on Equity as recorded above, and as submitted by the Petitioner, Interest on Normative Loan on the said amount is, accordingly, not considered/found admissible for the purposes of this examination.

### **Interest on Working Capital (IWC)**

- 3.33 The Petitioner has claimed Interest on Working Capital (IWC) of Rs. 10.20 Crore, computed with reference to the GFA components claimed under the Transfer Scheme. Since the Commission has, for the purposes of the present examination, found GFA and Depreciation admissible in principle with effect from 08.11.2001 (FY 2001-02) as recorded hereinabove, while finding the components of Return on Equity and Interest on Normative Loan attributable to the Rs. 572 Crore CPSU liability to be not admissible, the working capital requirement of the Petitioner and the consequent IWC admissible in relation to the Transfer Scheme is required to be correspondingly recomputed with reference only to the ARR components found admissible in this examination, for consideration in UPCL's ensuing tariff proceedings.
- 3.34 The Commission had adopted the approach to include the interest on working capital as part of the overall interest on capital employed till FY 2004 and FY 2005. Accordingly, also in line with the approach adopted by the Petitioner, the Commission has computed the IWC on the admissible ARR components effective from FY 2005-06 onwards. Further, since the depreciable value of the additional GFA now approved by the Commission in this Order gets fully depreciated till the end of FY 2012-13, therefore, the IWC has been computed till the end of said FY 2012-13. Based on the components of ARR found admissible, the Commission has computed the IWC which is reproduced in the Table given below:

**Table 5 : Interest on Working Capital considered toward impact of Transfer Scheme**

| <b>Period</b> | <b>Receivables (2 months)<br/>(Rs. Crore)</b> | <b>Rate of IOWC<br/>(%)</b> | <b>IOWC<br/>(Rs. Crore)</b> |
|---------------|-----------------------------------------------|-----------------------------|-----------------------------|
| 2005-06       | 3.51                                          | 10.25%                      | 0.36                        |
| 2006-07       | 2.71                                          | 10.25%                      | 0.28                        |
| 2007-08       | 2.88                                          | 10.25%                      | 0.30                        |
| 2008-09       | 2.85                                          | 10.25%                      | 0.29                        |
| 2009-10       | 3.56                                          | 12.25%                      | 0.44                        |
| 2010-11       | 3.60                                          | 11.75%                      | 0.42                        |
| 2011-12       | 3.58                                          | 13.00%                      | 0.47                        |
| 2012-13       | 2.23                                          | 14.75%                      | 0.33                        |
| <b>Total</b>  |                                               |                             | <b>2.88</b>                 |

### **Total claim for ARR**

3.35 In view of the foregoing discussion, the total claim of ARR as approved by the Commission towards the impact of transfer scheme is reproduced in the Table given below:

**Table 6 : Total ARR considered toward impact of Transfer Scheme**

| <b>FY</b>    | <b>Depreciation</b> | <b>Reasonable Return</b> | <b>IWC</b>  | <b>Total ARR</b> |
|--------------|---------------------|--------------------------|-------------|------------------|
| FY 2001-02   | 16.96               | 22.62                    | -           | 39.59            |
| FY 2002-03   | 43.41               | 54.90                    | -           | 98.30            |
| FY 2003-04   | 43.41               | 13.49                    | -           | 56.90            |
| FY 2004-05   | 38.30               | 6.74                     | -           | 45.03            |
| FY 2005-06   | 20.69               | -                        | 0.36        | 21.05            |
| FY 2006-07   | 16.01               | -                        | 0.28        | 16.29            |
| FY 2007-08   | 17.00               | -                        | 0.30        | 17.30            |
| FY 2008-09   | 16.78               | -                        | 0.29        | 17.07            |
| FY 2009-10   | 20.91               | -                        | 0.44        | 21.34            |
| FY 2010-11   | 21.18               | -                        | 0.42        | 21.61            |
| FY 2011-12   | 21.02               | -                        | 0.47        | 21.48            |
| FY 2012-13   | 13.04               | -                        | 0.33        | 13.37            |
| <b>Total</b> | <b>288.70</b>       | <b>97.75</b>             | <b>2.88</b> | <b>389.33</b>    |

### **Carrying Cost**

3.36 The Petitioner has claimed Carrying Cost of Rs. 4,963.65 Crore for the period from FY 2003-04 to FY 2026-27 under Regulation 12(10) of the UERC MYT Regulations, computed at the rate of interest applicable for the respective years. The Commission has considered the submissions of the stakeholders, that the delay in finalisation and notification of the Transfer Scheme, spanning nearly two decades between its execution on 12.10.2003 and its notification on 08.03.2022, is attributable to controllable factors, namely, the delay on the part of the Petitioner in pursuing formal notification of the Transfer Scheme with the State Government, and the delay on the part of the State Government (GoU) itself in issuing such notification, as borne

out by the record traced in the preceding paragraphs of this Order.

- 3.37 In this regard, the Commission notes that the Petitioner, vide its letter dated 18.09.2026, in response to the Commission's query regarding justification for the claim of Carrying Cost of Rs. 4,963.65 Crore and the manner in which UPCL proposes to recover the same, while making its submission placed reliance on the Commission's Tariff Order dated 25.04.2005, extracting paras 5.3.1 and 5.3.8.5 thereof, as under:

*"5.3.1 Fixed Assets:*

*...*

*The Transfer Scheme envisaged transfer of total liabilities of Rs. 1,239.90 crore, to UPCL and to match this figure, the value of fixed assets was worked out and raised on normative basis. However, the liabilities actually transferred to the petitioner company stood reduced to the extent of CPSUs dues of Rs.572 crore which had been taken over by the Government even before the transfer scheme was finalized and that also with effect from 30-09-2001.*

*...*

*5.3.8.5 CPSU dues:*

*UPCL has claimed interest of Rs. 48.62 crore on Rs. 572 crore overdue of CPSUs. This issue has been dealt with at length in the Supplementary Order dated 08.12.2003. The relevant portion of the said order is reproduced below:*

*"As directed by the Hon'ble High Court, the State Government filed an affidavit on 02.12.2003. The State Government had also written a letter dated 01.12.2003 to the Commission.*

*In this letter, the State Government stated as under:*

*"The Government of Uttaranchal has signed a Tripartite Agreement with R.B.I. and Government of India agreeing inter-alia, to take over the CPSU dues in the spirit of the Ahluwalia report and to see that the newly formed UPCL is not unduly burdened with past dues. It was agreed that the dues will be converted into long term loans to be repaid by State Government. The State Government had since then issued bonds and have therefore agreed to pay the principal and interest on the dues. Thus the liability of Rs. 572 crores of CPSU dues and the interest thereof stand shifted from UPCL to the State Government, notwithstanding the figures shown in the transfer Scheme of UPCL."*

*The above position was again confirmed in the affidavit filed on 02.12.2003 as under:*

*“That Govt. of Uttaranchal has issued bonds with regard to old CPSU dues amounting to Rs. 572 crore and thereby agreed to pay the principal and interest on the dues. This fact has been communicated to UERC and UPCL vide letter no. 160/484/IX-3-URJA/ARR/03 dated 01-12-2003.”*

*No new facts have been presented to warrant any change in the above position. State Government having taken over this responsibility long time back and having filed an affidavit to this effect, UPCL has knowingly made this false claim and the same is accordingly being disallowed.”*

UPCL submitted that, thereafter, GoU, vide Order No.-258/I(2)/2010-05/81/2006, dated 09.02.2010, accorded conversion of the said liability of Rs. 572 Crore into share capital of UPCL, and UPCL's consequent claim for return on equity thereon was rejected by the Commission vide Tariff Order dated 24.05.2011. UPCL further submitted that, on the request of UPCL, GoU approved the Transfer Scheme on 27.04.2012, but the Commission, vide Tariff Order dated 06.05.2013, held that a proper notification of GoU was required in the matter, and that, on the appeal filed by UPCL, the Hon'ble Appellate Tribunal for Electricity (APTEL), vide Order dated 18.05.2015, held that a proper notification was required on the Transfer Scheme from GoU. UPCL submitted that it continuously pursued the matter with GoU through letters dated 22.06.2013, 17.08.2019, 24.11.2021 and 27.01.2022, and the Transfer Scheme was finally notified by GoU on 08.03.2022, based on which UPCL computed the additional ARR claim towards the impact of the differential GFA and associated tariff components, and that GoU, vide Letter No. 419, dated 08.06.2026, directed the Commission to examine the said ARR claim arising from the notified Transfer Scheme.

3.38 UPCL, w.r.t. the proposal for recovery of the claim including carrying cost, reiterated that it had earlier requested for adjustment of the claim against the amounts payable by UPCL to GoU, without placing the entire burden of the claim on the consumers of the State. UPCL further stated that, the BoD in the meeting dated 04.12.2025 have decided that any further action in the matter shall be taken after examination of the claim submitted by the Petition to the Commission.

3.39 The Commission notes that, since FY 2003-04, it has consistently required UPCL to take necessary steps for finalisation and due notification of the Transfer Scheme by GoU.

Notwithstanding the same, the Transfer Scheme came to be formally notified only on 08.03.2022. Even after such notification, UPCL did not promptly place its claims before the Commission and approached the Commission only after a further lapse of approximately four years, and that too for examination of the claims so made. UPCL's casual approach is also reflected through its submission made in the proceedings that it had through letters dated 22.06.2013, 17.08.2019, 24.11.2021 and 27.01.2022 requested the State Government to notify the transfer scheme. Despite the categorical directions in this regard by the Commission, UPCL wrote to the Government in 2013 and sat on it for next 6 years and then after elapse of 2.5 years again requested the State Government to notify the transfer scheme. Even after the transfer scheme was notified by the State Government in March 2022, it sat on it for next four years and has now decided to submit its claims for examination before the Commission. Hence, as is evident from the above, the delay in finalisation, notification and subsequent assertion of claims arising out of the Transfer Scheme is, therefore, attributable to UPCL and GoU, being the entities directly concerned with, and competent to pursue and expedite, the said process. Moreover, the Commission in the past has taken similar stand in the Tariff Order dated 27.02.2019 of the PTCUL, wherein, while deciding upon the allowability of the carrying cost to PTCUL towards the RoE on Equity portion of opening capital reserve, the Commission held that the delay in raising the claim thereof was on account of the PTCUL, and the consumers cannot be burdened for the said negligence. The relevant extract of the aforesaid Order is reproduced hereunder:

"...

*The Commission vide the Tariff Order for FY 2015-16 dated April 11, 2015 had approved the final true up of FY 2004-05 to FY 2013-14. In the stated Order, the Commission had approved the opening GFA for FY 2004-05 as Rs. 146.14 Crore which included assets worth Rs. 22.39 Crore funded through loan & equity. Balance assets of Rs. 123.75 Crore were assets which were unfunded and which the Petitioner/GoU in its provisional transfer scheme assumes as capital reserve. Hence, in line with the Order of Hon'ble ATE & approach of the Commission followed in UJVN Ltd., the Commission is considering 30% of the same eligible for return purposes. Further, the Commission had considered the deduction of assets for each year from the opening value of assets of the respective year and had reduced the financing from the unfunded assets/capital reserves since the asset was not in existence and written off, therefore, its corresponding financing was also adjusted and the same was also not objected to by*

*PTCUL and has attained finality. Hence, 30% of net unfunded assets/capital reserve has been considered by the Commission as equity eligible for return purposes for the respective years.*

...

*The Commission does not find merit in the Petitioner's claim of carrying cost as the above approval of RoE on the Equity portion of the unfunded assets/capital reserve has been necessitated only pursuant to the accounting treatment in the audited accounts for FY 2017-18. Further, the Petitioner itself raised the claim for the first time and was sitting over the same in previous proceedings. Thus, the consumers cannot be burdened for the negligence of the Petitioner."*

Accordingly, the Commission finds that the delay in finalisation and notification of the Transfer Scheme, as well as the consequential delay in bringing the claims arising therefrom before the Commission, is squarely attributable to the Petitioner and GoU and, therefore, cannot be passed on to consumers.

3.40 In view of the foregoing, and having regard to the fact that the delay is attributable to the Petitioner and GoU and not to the consumers, the Commission does not allow any Carrying Cost on the ARR components examined and found admissible in principle under this Order. It is clarified that, solely for the sake of computation and completeness of the present examination, it has worked out the amount of Carrying Cost that would arise on the said ARR components.

Here it also pertinent to note that, recently in a meeting dated 31.08.2026 held in the Chairmanship of Principal Secretary (Energy), GoU and the representatives of the Commission, UPCL, the Principal Secretary (Energy), GoU noted that if the claims of UPCL towards the impact of transfer scheme amounting to Rs. 5900 Crore is approved then the same will lead to an additional burden in the form of tariff on the consumers of the State, and suggested that a proposal to adjust the said amount against the amounts payable to GoU by UPCL, can be put forth before the State Government for seeking approval on the same. The relevant extract of MoM dated 31.08.2026 are reproduced hereunder:

" ...

*इस सम्बन्ध में प्रमुख सचिव महोदय द्वारा सुझाव दिया गया की उक्त धनराशि टैरिफ में अनुमन्य होने पर उत्तराखण्ड में विद्युत उपभोक्ताओं पर अत्यधिक भार पड़ेगा। अतः सम्बन्धित धनराशि*

*को उपाकालि द्वारा शासन को देय विभिन्न मदों में समायोजित किये जाने हेतु उच्च स्तर पर निर्णय लिया जा सकता है तथा मूल धनराशि रु0 550.18 करोड़ का क्लेम नियामक आयोग द्वारा टैरिफ के माध्यम से अनुमन्य किया जा सकता है।*

...”

Accordingly, UPCL is at liberty to claim the amount with carrying cost in the form of compensation towards delay in finalization of the Transfer Scheme from the State Government. However, if the State Government does not allow the book adjustment as requested by UPCL and suggested by the Principal Secretary, Energy, in that case only Rs. 389.33 Crore (as per Table 6, Page No. 29 of 37) will be allowed to be recovered from the consumers.

- 3.41 In this regard, the Commission notes that the Petitioner, vide its letter dated 18.09.2026, in response to the Commission’s query regarding the basis and reference documents considered for the rate of interest applied for each financial year for computation of Interest on Working Capital and Carrying Cost, submitted that the rates of interest applied are as per the Commission’s True-up and ARR Orders for the respective years. The Petitioner further submitted that, owing to an inadvertent error, the rate of interest for FY 2015-16, FY 2016-17 and FY 2018-19 was considered as 10% per annum (normative basis) in the Petition, and requested the Commission to consider the rates of interest as approved in the respective Tariff Orders, namely, 14.75% for FY 2015-16, 14.05% for FY 2016-17, and 14.05% for FY 2018-19, for the purpose of computation of IWC and Carrying Cost.
- 3.42 The Commission has, for the reasons recorded in the preceding paragraphs, has not found the Petitioner entitled for any Carrying Cost on the ARR components found admissible under this Order, and consequently, the correction sought by the Petitioner does not affect the amount determined or the findings recorded by the Commission in this Order. However, for the reasons stated in para 3.40 above, the Commission for the purpose has computed the carrying cost by applying the rate of interest as approved by the Commission in its past Tariff/True-up Orders for the respective years, and for initial years upto FY 2004-05 based on the rate of interest as claimed by the Petitioner. This computation, reproduced in the Table given below, has been made merely for illustrative purposes.

**Table 7 : Illustrative computation of Carrying Cost**

| FY      | Opening Gap | Gap during the year | Closing Revenue Gap | Carrying cost  | Closing Gap + Carrying Cost | Interest rate | Cumulative Carrying cost |
|---------|-------------|---------------------|---------------------|----------------|-----------------------------|---------------|--------------------------|
| 1       | 2           | 3                   | 4=2+3               | 5=Avg. (2+4)x7 | 6=4+5                       | 7             | 8                        |
| 2001-02 | -           | 39.59               | 39.59               | 0.78           | 40.36                       | 10.00%        | 0.78                     |
| 2002-03 | 40.36       | 98.30               | 138.67              | 8.95           | 147.62                      | 10.00%        | 9.73                     |
| 2003-04 | 147.62      | 56.90               | 204.52              | 17.61          | 222.13                      | 10.00%        | 27.33                    |
| 2004-05 | 222.13      | 45.03               | 267.16              | 25.08          | 292.24                      | 10.25%        | 52.41                    |
| 2005-06 | 292.24      | 21.05               | 313.28              | 31.03          | 344.31                      | 10.25%        | 83.44                    |
| 2006-07 | 344.31      | 16.29               | 360.60              | 36.13          | 396.73                      | 10.25%        | 119.57                   |
| 2007-08 | 396.73      | 17.30               | 414.03              | 41.55          | 455.58                      | 10.25%        | 161.12                   |
| 2008-09 | 455.58      | 17.07               | 472.65              | 47.57          | 520.22                      | 10.25%        | 208.69                   |
| 2009-10 | 520.22      | 21.34               | 541.56              | 65.03          | 606.60                      | 12.25%        | 273.73                   |
| 2010-11 | 606.60      | 21.61               | 628.20              | 72.54          | 700.75                      | 11.75%        | 346.27                   |
| 2011-12 | 700.75      | 21.48               | 722.23              | 92.49          | 814.72                      | 13.00%        | 438.77                   |
| 2012-13 | 814.72      | 13.37               | 828.09              | 121.16         | 949.25                      | 14.75%        | 559.92                   |
| 2013-14 | 949.25      | -                   | 949.25              | 137.17         | 1,086.42                    | 14.45%        | 697.09                   |
| 2014-15 | 1,086.42    | -                   | 1,086.42            | 160.25         | 1,246.66                    | 14.75%        | 857.34                   |
| 2015-16 | 1,246.66    | -                   | 1,246.66            | 183.88         | 1,430.55                    | 14.75%        | 1,041.22                 |
| 2016-17 | 1,430.55    | -                   | 1,430.55            | 195.99         | 1,626.53                    | 13.70%        | 1,237.20                 |
| 2017-18 | 1,626.53    | -                   | 1,626.53            | 223.65         | 1,850.18                    | 13.75%        | 1,460.85                 |
| 2018-19 | 1,850.18    | -                   | 1,850.18            | 253.47         | 2,103.66                    | 13.70%        | 1,714.33                 |
| 2019-20 | 2,103.66    | -                   | 2,103.66            | 253.49         | 2,357.15                    | 12.05%        | 1,967.82                 |
| 2020-21 | 2,357.15    | -                   | 2,357.15            | 287.57         | 2,644.72                    | 12.20%        | 2,255.39                 |
| 2021-22 | 2,644.72    | -                   | 2,644.72            | 321.33         | 2,966.05                    | 12.15%        | 2,576.72                 |
| 2022-23 | 2,966.05    | -                   | 2,966.05            | 311.44         | 3,277.49                    | 10.50%        | 2,888.16                 |
| 2023-24 | 3,277.49    | -                   | 3,277.49            | 370.36         | 3,647.84                    | 11.30%        | 3,258.51                 |
| 2024-25 | 3,647.84    | -                   | 3,647.84            | 440.29         | 4,088.14                    | 12.07%        | 3,698.81                 |
| 2025-26 | 4,088.14    | -                   | 4,088.14            | 493.44         | 4,581.58                    | 12.07%        | 4,192.25                 |
| 2026-27 | 4,581.58    | -                   | -                   | 276.50         | 276.50                      | 12.07%        | 4,468.75                 |

3.43 The Commission has determined an amount of Rs. 389.33 Crore consequent to the expenses on account of additional GFA of Rs. 550 Crore as against the Petitioner's claim of Rs. 5900.08 Crore. This amount cannot be left unrecovered. The Petitioner being a commercial organisation should have proposed the recovery of its claims, however, UPCL has not proposed any recovery for the same, hence, the Commission, recognising the fact that the ensuing tariff proceedings is due in the next two month, is of the view that it would not be proper to make any tariff changes at this instant and, hence, is leaving this amount as a gap in case the State Government does not agree to effectuate the book adjustment as brought out in the meeting dated 31.08.2026 and, accordingly, UPCL is directed to claim the said amount alongwith the tariff proceedings for FY 2027-28.

3.44 Ordered accordingly.

**(Prabhat Kishor Dimri)**  
**Member (Technical)**

**(Anurag Sharma)**  
**Member (Law)**

**(M.L. Prasad)**  
**Chairman**

**List of Stakeholders**

| <b>Sr. No.</b> | <b>Name</b>              | <b>Designation</b> | <b>Organization</b>                                           | <b>Address</b>                                                                          |
|----------------|--------------------------|--------------------|---------------------------------------------------------------|-----------------------------------------------------------------------------------------|
| 1.             | Sh. Rajpal Rana          | Advocate           | -                                                             | LN-25, Thakurpur, Satya Narayan Mandir, Rishikesh, Dehradun.                            |
| 2.             | Sh. Pankaj Gupta         | President          | Industries Association of Uttarakhand                         | Mohabewala Industrial Area, Dehradun-248110.                                            |
| 3.             | Sh. Shakeel A. Siddiqui  | Legal Advisor      | M/s Galwalia Ispat Udyog Pvt. Ltd.                            | Narain Nagar Industrial Estate, Bazpur Road, Kashipur-244713, Distt. Udham Singh Nagar. |
| 4.             | Sh. Shakeel A. Siddiqui  | Legal Advisor      | M/s Kashi Vishwanath Textile Mill (P) Ltd.                    | 5th KM, Stone, Ramnagar Road, Kashipur-244713, Distt. Udham Singh Nagar.                |
| 5.             | Sh. Vineet Kumar Sangal  | President          | M/s Kumaon Garhwal Chamber of Commerce & Industry Uttarakhand | Chamber House, Industrial Estate, Bazpur Road, Kashipur, Distt. Udham Singh Nagar.      |
| 6.             | Sh. Vijay Bhushan Pandey | Advocate           | -                                                             | Dehradun.                                                                               |