Before

UTTARAKHAND ELECTRICITY REGULATORY COMMISSION

Petition No. 16 of 2026

In the matter of:

Suo moto proceedings initiated by the Commission against non-compliance by Director (Operations), UPCL, of the directives issued in the Commission's Order dated 11.04.2025 for FY 2025-26.

In the matter of:

Director (Operations), Uttarakhand Power Corporation Ltd. … Respondent

CORAM

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

Date of Hearing: February 25, 2026

Date of Order: October 23, 2026

This Order relates to the Suo-moto proceedings initiated by the Commission for non-compliance by the Director (Operations), Uttarakhand Power Corporation Ltd. (hereinafter referred to as "D(O), UPCL" or "Respondent") of the directions issued in the Tariff Order dated 11.04.2025 for FY 2025-26.

1. Background

1.1 The Commission has been issuing directives to Uttarakhand Power Corporation Limited (UPCL) in its Tariff Orders from time to time with the objective of improving operational, financial, and service efficiency. However, the Commission has consistently observed that the status of compliance of such directives has not been satisfactory. In this backdrop and emanating requirements, the Commission, vide Tariff Order dated 11.04.2025 for FY 2025–26, issued specific directives to UPCL for strict and time-bound compliance. The Commission forwarded a copy of the directive

issued in the order to UPCL vide its letter No. UERC/6/TF-774/2025-26/2025/125 dated 24.04.2025 and advised UPCL to ensure timely compliance of the directions issued by the Commission and submit timely report as per the schedule.

1.2 Subsequently, the Commission vide its letter no. UERC/6/TF-774/2025-26/2025/291 dated 16.05.2025, while observing that almost 1 month has elapsed from the date of issuance of the Tariff Order and UPCL did not submit any information to the Commission, asked UPCL to submit the reasons for delay alongwith the status of the compliance of the directives issued by the Commission in the Order.

1.3 In response to the same, UPCL vide its letter No. 3872/UPCL/RM/C-21 dated 04.06.2025 submitted the status of compliance of various directives issued by the Commission. Further, through separate submissions made by UPCL on different dates, information w.r.t. the compliance of various directives issued by the Commission was submitted by UPCL.

1.4 The Commission considering the status of compliance submitted by UPCL and also other information submitted before the Commission in the matter, decided to convene a meeting and vide its letter no. UERC/6/TF-774/2025-26/2025/551 dated 03.07.2025 asked UPCL to make a presentation before the Commission on 11.07.2025 regarding the status of compliance of directives issued by the Commission in the Tariff Order dated 11.04.2025. Subsequently, based on the request made by UPCL vide its letter dated 4555/UPCL/RM/C-21 dt. 10.07.2025, the Commission postponed the date of presentation to 25.07.2025.

1.5 Consequently, during the presentation given by UPCL on 25 July 2025 before the Commission regarding the status of the compliance of the directives, the Commission observed that UPCL has been very lax in complying with the directive issued by the Commission in the Tariff Order. This was particularly concerning given the critical nature of the directives and their objectives were to improve the Corporations' efficiency in various areas.

1.6 The Commission, in the meantime, analyzed in detail the submissions made by UPCL w.r.t. the status of compliance and further information submitted by it and observed that the responsible officers of UPCL were grossly negligent in complying with the

directions issued by the Commission. The Commission, therefore, issued Show Cause Notices (SCN) to the Managing Director, UPCL, Director (Operations), UPCL, Director (Finance), UPCL and Executive Director (HR), UPCL to show cause why penal action as per the provisions of the Electricity Act, 2003 should not be taken against the respective official for non-compliance of the directions given by the Commission in the Tariff Order dated 11.04.2025 for FY 2025-26.

1.7 The Commission issued separate SCNs to the respective Directors of UPCL, segregating the directives based on the functional area they were responsible for. Additionally, a separate SCN was issued to the MD of UPCL, who is administrative incharge and is responsible for performing the executive functions for and on behalf of the Corporation., therefore, the SCN issued to him, was directed at overall non-compliance with the Commission's directives, with specific critical directives to draw his attention to the non-compliances.

1.8 This Order specifically deals with the SCN issued to the Director (Operations), UPCL vide the Commissions letter no. UERC/6/TF-774/2024-25/2025/652 dated 21.07.2025.

1.9 The SCN was issued to Director (Operations), UPCL for non-compliance of the directives issued by the Commission in the Tariff Order dated 11.04.2025 mentioned at **para 8.1.6: Provisions for Bad and Doubtful Debts, para 8.1.9: Month wise Division wise Collection**, **para 8.1.13: Sales, para 8.1.37: AT&C, para 8.2.8: Distribution Loss Target, para 8.2.1: Monthly Billing,** and **para 8.2.17: Average Collection Period.**

1.10 Subsequently, the Director (Operations), UPCL filed its reply to the Show cause notice issued by the Commission vide its letter dated 6071/UPCL/RM/C-21 dt. 11.08.2025. Later, UPCL filed the Petition for determination of ARR/Tariff for FY 2026-27 before the Commission on 10.12.2025 wherein the updated status of the compliance against the directives issued by the Commission was provided by UPCL.

1.11 The Commission analyzed the submissions made by the D(O), UPCL vide its letter dated 11.08.2025 in response to the SCN issued by the Commission and the status of the compliance of the directives as submitted alongwith the Tariff Petition.

1.12 The Commission not being satisfied with the submissions made by the D(O), UPCL, and observing the persistent non-compliance of the directions issued by the

Commission issued a notice for Personal Hearing to Director (Operations), UPCL, to appear before the Commission on 25.02.2026, vide letter no. UERC/6/TF-774/2025-26/2026/1712 dated 09.02.2026.

1.13 The reasons/analysis for issuing SCN to D(O), UPCL, towards non-compliance of various directives issued by the Commission, response of D(O), UPCL, on the SCN, Commissions' analysis of the same, also taking into account the updated status of directives as submitted in the Tariff Petition filed by UPCL, are discussed in the subsequent paras of this Order.

1.14 Directives issued, Compliance reported by UPCL and Commission's analysis thereon.

1) 8.1.6 Provisions for Bad and Doubtful Debts

UPCL is directed to justify drastic increase in pending dues within one month from the date of the tariff Order.

UPCL is also directed to continue raising the issue of pending dues regularly on Government connections like Public Lamps, Public Water Works and GIS and settle the dues.

a. With regard to the above, while issuing the SCN, the Commission, based on the submissions made by UPCL, observed that UPCL has failed to justify the drastic increase in pending dues as on 30.09.2024 as compared to FY 2023-24. The Commission noted from the submission of UPCL that overall, the Government dues have decreased at the end of FY 2024-25 as compared to FY 2023-24, however, reasons for drastic increase in the dues as on 30.09.2024 have not been provided.

b. In response to the SCN, D(O), UPCL, submitted that the issue for recovery of pending dues on Govt. connections is being regularly pursued with GoU, however, a major part of payment of electricity dues is released during the second half of the year. It was further submitted that with a view to ensure 100% collection efficiency, installation of smart meters is in progress, and the installation of Govt. connections has been targeted on priority basis, and such Govt. connection shall be converted into prepaid mode in due course of time.

c. The Commission observed that the D(O), UPCL, response in this matter concurs with the directive issued by the Commission, as he submitted that the matter is being diligently pursued with the GoU. However, the tangible impact of such efforts remains elusive, as his submission suggests that a significant portion of electricity dues is released during the latter half of the year. The Director's proposal to install a smart meter on the Government's connection, which would eventually be converted to prepaid meters, appears to address the long-term issue of debt collection.

The Commission further observed that, at para 8.2.13 of the Tariff Order dated 11.04.2025 direction was issued for Smart Meter deployment plan as follows:

"8.2.13 Smart Meter deployment Plan

The Commission directs the Petitioner to ensure the deployment of smart meter in a phased manner as per the following schedule and a send a quarterly report to the Commission within 15 days of the end of respective quarter:

Phase 1: Installation of smart meter for all eligible HT consumers by June, 2025, and installation of smart meters with prepaid functionality for all employees of UPCL, PTCUL & UJVN Ltd. By end of June, 2025.

Phase 2: Installation of smart meters with prepaid functionality on all Government category consumers during the period by September, 2025.

Phase 3: Installation of smart meters with prepaid functionality on remaining LT consumers in the balance months of FY 2025-26 as per the deployment schedule. (Refer 5.10)."

In response to the same, UPCL while submitting the status of compliance of the directives, in the Tariff Petition submitted the progress as follows:

Phase 1: W.r.t. the HT Connections, 101% smart meters installation works completed, Further, w.r.t. the employees of utility, around 54% of the works has been completed.

Phase 2: W.r.t. Government category consumers, around 46% of the work has been completed.

Phase 3: W.r.t. the remaining LT consumers, around 24% work has been completed.

d. As per the directive issued by the Commission, UPCL was required to complete the smart metering of eligible HT consumers and smart metering with prepaid functionality of departmental employees of electricity utilities by the end of June, 2025, which is still pending. Similarly, for Govt. category connection, the smart metering with prepaid functionality was required to be completed by September, 2025, which is still pending.

e. The Commission observed that the submission of D(O), UPCL, in this matter indicates its non-compliance with the directive issued by the Commission, and accordingly, issued notice of Personal Hearing to the D(O), UPCL, to appear before the Commission on 25.02.2026.

2) 8.1.9 Month wise Division wise Collection

The Commission directs UPCL to submit the month wise division wise details of collection of dues by the 15th of the next month and action may be taken against the Executive Engineer of those divisions whose collection efficiency is less than the approved collection efficiency.

a. With regard to the above, while issuing the SCN, the Commission, based on the submissions made by UPCL observed that UPCL has submitted its reply in the matter stating that the Commercial diary for the month of April, 2025 has not been finalized and therefore Division wise actual collection efficiency cannot be compared with the approved collection efficiency and on finalization of the same the details shall be submitted with the Commission. The Commission observed that no compliance of the aforesaid directive of the Commission was carried on by UPCL and the reply of UPCL reflects towards its lackadaisical approach in ensuring compliance of Commission's directions.

b. In response to the SCN, D(O), UPCL, in his aforementioned reply, submitted Division wise revenue collection from April to July, 2025 for Non-Govt. Category consumers, and submitted that the computations of collection efficiency would be done once the commercial diary for the month of March, 2025 is finalized, and the commercial diary for the ensuing months is prepared subsequent to that. Subsequently, UPCL in the Tariff Petition dt. 10.12.2025 submitted the updated status of the compliance of the directive before the Commission.

c. The Commission observed that the compliance specifically required action against the concerned officers of the Divisions where collection efficiency is less than the approved collection efficiency, however, nothing has been submitted in this regard. Additionally, the submission that the Commercial diary from April to September, 2025 has not been finalized till date, is violative of the directives issued by the Commission. The Commission in the Tariff Order has approved the level of collection efficiency based on the submission made by UPCL, however, in the absence of commercial diary of the respective months, drawing out the actual collection percentage is not possible. Further, details of revenue collected from Govt. category consumers till November, 2025 has not been provided.

d. The Commission observed that the submission of D(O), UPCL, in this matter indicates its non-compliance with the directive issued by the Commission, and accordingly, issued notice of Personal Hearing to the D(O), UPCL, to appear before the Commission on 25.02.2026.

3) 8.1.13 Sales

The Commission directs UPCL to carryout a monthly review of its ABR for all the divisions vis-à-vis ABR approved by the Commission for the respective financial year and submit the report of analysis alongwith proposed corrective action on monthly basis.

The findings of the report shall be placed before the BoD on quarterly basis and Board's recommendation/action on the same shall be submitted to the Commission within 15 days of such BoD meeting but not later than end of the month succeeding such quarter.

UPCL is further directed to fix responsibility and take action against the concerned Superintending Engineer/ Executive Engineer of the respective division for the anomalies in the commercial diary, and submit report of the same to the Commission alongwith the monthly report of review of division wise ABR.

a. With regard to the above, while issuing the SCN, the Commission, based on the submissions made by UPCL observed that, UPCL vide its letter dated 04.06.2025 submitted that action in the matter shall be taken in due course of time. The Commission was surprised on such a callous approach of UPCL in this matter. The Commission has been time and again highlighting this issue in the Tariff Orders and has been directing UPCL to carryout in house analysis periodically to rectify

the anomalies in the commercial diary such that corrective actions can be taken in a timely manner and financial loss arising out of recasting at the time of true up can be avoided.

b. The Commission in the Tariff Order dated 11.04.2025 specifically highlighted this issue and directed UPCL to carryout analysis of the consumer category wise ABR for all Divisions vis-à-vis the approved ABR and submit report of the same alongwith proposed corrective action on monthly basis. The Commission also directed UPCL to place the findings of the report before the BoD on quarterly basis and submit recommendation / action of Board within 15 days of the meeting of BoD. UPCL was also directed to fix responsibility and take action against the concerned officer (SE/Exn) for the anomalies in commercial diary and submit report on monthly basis, however, UPCL has utterly failed to adhere to the Commission's directives in this matter, demonstrating gross negligence and a lackadaisical attitude towards ensuring compliance of the directives issued by the Commission.

c. In response to the SCN, D(O), UPCL, submitted that once the commercial diary for the month of March, 2025 is finalized, further action shall be taken by the UPCL for placing the report before the Board of Directors regarding the ABR for all the Divisions vis-à-vis the ABR approved by the Commission.

d. The Commission observed that the status submitted by UPCL states that the commercial dairy only for the month of March, 2025 has been finalized as yet. The response highlights procedural inefficiencies that are prevalent within UPCL and fails to meet the requirements stipulated by the Commission's directives.

e. The Commission observed that the submission of D(O), UPCL, in this matter indicates its non-compliance with the directive issued by the Commission, and accordingly, issued notice of Personal Hearing to the D(O), UPCL, to appear before the Commission on 25.02.2026.

4) 8.1.37 AT&C

The Commission directs UPCL to submit quarterly status report towards the implementation of the works related to Smart Metering works and Loss reduction works

under RDSS scheme.

The Petitioner is further directed to upload these reports on its website so that the same is accessible to all consumers, failing which appropriate action may be taken against the officer responsible.

a. With regard to the above, while issuing the SCN, the Commission, based on the submissions made by UPCL observed that UPCL has submitted the details only till the end of March, 2025 and did not update the status thereafter.

b. In response to the SCN, D(O), UPCL, submitted that the report towards implementation of works related to Smart Metering and Loss reduction under RDSS is being regularly provided to the Commission regularly on quarterly basis.

c. The Commission analyzed the submissions made by UPCL and observed that UPCL has uploaded the details of proposed works to be executed under the RDSS, however, the progress against the same has not been uploaded on its website. Moreover, instead of submitting separate reports, UPCL is providing the information alongwith reports related to other capital investment works being submitted by it.

5) 8.2.8: Distribution Loss Target

The Commission directs UPCL to submit division wise (for all EDD's) distribution loss target duly approved by BoD*, budget for O&M expenses (separately for Employee expenses, R&M expenses and A&G expenses) and Capital Expenditure for each month of FY 2025-26 for approval of the Commission,* ***alongwith cost benefit analysis and improvement in efficiency expected over the past period, within 30 days of the date of Order****. UPCL is further directed to submit before the Commission, division wise status and actual O&M expenses and capital expenditure incurred against the targets approved by the Commission within 15 days from the end of the respective quarters on periodic basis.*

The Commission also directs UPCL to submit the data received from the feeders and DTs on a quarterly basis to the Commission within 15 days from the end of each quarter alongwith its observations on the same. Further, UPCL is also directed to submit an action plan within 1 month of the date of the Order as to how it proposes to make use of the real time data coming to it in loss reduction

as well as conducting energy audit.

a. With regard to the above, while issuing the SCN, the Commission, based on the submissions made by UPCL observed that UPCL failed to submit information w.r.t. the target distribution losses and budget for O&M expenses & Capital Expenditure for approval of the Commission within one month from the date of Tariff Order. The Commission was surprised as to how UPCL plans to improve its efficiency and optimize its expenditure if it has not decided upon the target distribution losses and budgeted expenditure even after three months from the date of Tariff Order, which is a substantial time. The Commission observed that the reply of UPCL reflected towards its lackadaisical approach in ensuring compliance of Commission's directions and indicated that more than 1/4th of the FY 2025-26 had elapsed without any efforts being put by the Corporation towards improving its efficiency.

b. In response to the SCN, D(O), UPCL, submitted that once the commercial diary for the month of March, 2025 is finalized, the Division wise targets of distribution losses, billing efficiency, collection efficiency and AT&C Losses shall be fixed and put-up to the Board of Directors, and on approval of the same, these targets shall be provided to the Commission. He submitted the Division wise distribution loss targets for FY 2025-26 on provisional basis in the meantime.

c. The Commission observed that the D(O), UPCL's, response does not adhere to the directive issued by the Commission due to the incomplete information provided. While the provisional loss target submitted by UPCL may be suitable for internal purposes, it falls short of meeting the requirements of the directive. This is because the same target, as it has not been approved by the Board of Directors, is subject to change at any time. Consequently, such data lacks the necessary analysis and actionable suggestions for improvement. Additionally, UPCL has not provided any information regarding capital expenditure, along with a cost-benefit analysis.

Furthermore, the directive issued by the Commission mandates UPCL to submit the data received from the feeders and DTs on a quarterly basis to the Commission within 15 days of the conclusion of each quarter, accompanied by its

observations on the same. Additionally, UPCL was directed to submit an action plan within one month of the date of the Order outlining its proposed utilisation of the real-time data received for loss reduction and conducting energy audits. However, UPCL has not submitted any information or reports in this matter to the Commission. Furthermore, no reasons or justification for such non-compliance has been forwarded by the Director (Operations) to the Commission.

d. The Commission observed that the submission of D(O), UPCL, in this matter indicates its non-compliance with the directive issued by the Commission, and accordingly, issued notice of Personal Hearing to the D(O), UPCL, to appear before the Commission on 25.02.2026.

6) 8.2.1: Monthly Billing

UPCL is directed to submit a time frame within which monthly billing will be introduced for domestic consumers in the State within 3 months of the date of tariff Order.

a. With regard to the above, while issuing the SCN, the Commission, based on the submissions made by UPCL observed that, UPCL has failed to submit the information as required by the directive before the Commission.

b. In response to the SCN, D(O), UPCL, submitted that UPCL is in process to convert the billing of domestic consumers from bimonthly basis to monthly basis, and all the Divisions of plain area have already been covered under monthly billing in domestic category and there is manpower issue in implementation of monthly billing in hilly areas.

c. The Commission observed that the D(O), UPCL's, response does not adhere to the directive issued by the Commission. The directive stipulated that UPCL should submit a timeline within which monthly billing would be implemented for domestic consumers within the State, however, UPCL failed to comply with this requirement. The monthly billing in the plain areas of the State had been done for the last two years and no steps have been taken by UPCL to convert the bi-monthly billing in hilly areas to monthly billing. The said direction is persisting since the previous two Tariff Orders. Initiating monthly billings in the remaining

Divisions would not only have increased monthly collection of UPCL but also would have eased financial burden on the consumers by paying reduced bills rather than on a bi-monthly basis.

d. The Commission observed that the submission of D(O), UPCL, in this matter indicates its non-compliance with the directive issued by the Commission, and accordingly, issued notice of Personal Hearing to the D(O), UPCL, to appear before the Commission on 25.02.2026.

7) 8.2.17: Average Collection Period

The Commission directs UPCL to submit within 3 months, an action plan to improve its collection period.

a. With regard to the above, while issuing the SCN, the Commission, based on the submissions made by UPCL observed that UPCL has failed to submit aforesaid information before the Commission. UPCL in its replies has simply mentioned the actions being taken for increase in revenue collection, which appears to be more of a repetitive works which it has been carrying out for the past decade and also are routine nature works and not an action plan, as per the directive issued by the Commission, to overcome the issue of revenue collection faced by UPCL.

b. In response to the SCN, D(O), UPCL, submitted that monthly Revenue Collection target are fixed regularly by the office of Director (Operations) of the UPCL, and monitoring of Division wise performance against the targets is being done at Corporate Office on regular basis jointly by the team of full time Directors, and the concerned officers of those distribution Divisions who are under performing are scolded by the team of Directors during the meeting and they are suggested to take all possible measures for improvement of the efficiency/performance. In case the team of Directors feels that there are lapse on the part of any officer, disciplinary action is taken against them. He further submitted a set of actions that are being taken for increasing the revenue collection.

c. The Commission observed that response of D(O), UPCL, does not align with the directive issued by the Commission. The directive specifically required UPCL to submit an action plan to reduce its collection period, however, UPCL has

submitted certain set of actions being taken for increase in revenue collections, which it has been submitting previously also at various dates. UPCL was required to delve and come out with an innovative action plan to improve the collection period which it was unable to accomplish.

d. The Commission observed that the submission of D(O), UPCL, in this matter indicates its non-compliance with the directive issued by the Commission, and accordingly, issued notice of Personal Hearing to the D(O), UPCL, to appear before the Commission on 25.02.2026.

1.15 In response to the notice of Personal Hearing issued by the Commission, the D(O), UPCL, vide their letter no. 1112/UPCL/RM/C-21 dt. 24.02.2026 submitted their response on the notice issued for Personal Hearing.

1.16 A Personal Hearing was held in the matter at Commission's office on 25.02.2026 wherein the Respondent was heard in detail and was provided an opportunity to put up his matter before the Commission for consideration.

2. Response of Director (Operations), UPCL on Personal Hearing Notice, and the Commission's Views on the same.

2.1 Shri M.R. Arya, performing functions of Director (Operations), UPCL, during the period when the directive remained non-complied, vide its reply dated 24.02.2026 submitted its response to the notice for Personal Hearing before the Commission. Further, during the Personal Hearing held on 25.02.2026 the same facts were reiterated by him before the Commission. The submission made by Shri M.R. Arya, Director (Operations), UPCL are summarized herein below:

a. The D(O), UPCL, submitted that as regards action against the concerned officers of the Divisions where collection efficiency is less than the approved collection efficiency is concerned, the Division wise collection efficiency for the period from April, 2025 to October, 2025 has been submitted to Commission vide UPCL's letter no. 1026/UPCL/RM/C-21, dated 20.02.2026. Further, the details of action taken against those officers whose performance is below the targets were submitted to the Commission vide letter no. 5060/ UPCL/ RM/C-21, dated 06.08.2025 and no. 1007/UPCL/RM/C-21, dated 19.02.2026.

In this regard, the Commission analysed the submissions made by D(O), UPCL and observed that the actions reported by him indicate a reactive approach to the proceedings initiated by the Commission rather than a proactive compliance with the directives issued. Furthermore, the details of action taken submitted by him are a compilation of SCN issued to field officers primarily in January 2026, almost three quarters into the financial year 2025-26, without any information regarding the final action taken against the defaulting officers.

b. The D(O), UPCL, submitted that as regards preparation of commercial diary is concerned, the Commission from time to time directs UPCL for improvement of the commercial diary and, therefore, UPCL has taken efforts for improvement in commercial diary at Division, Circle, Zone, and Corporate office level. This work has taken some extra time due to which delay in preparation of commercial diary occurred. He also submitted that with a view to avoid any error due to human interventions, UPCL is in the process of developing a system for preparation of the commercial diary in digital mode. Presently, the monthly commercial diary for the period from April, 2025 to October, 2025 has been finalized and the CS-3 & CS-4 statement have been posted on the website of UPCL.

In this regard, the Commission analysed the submissions made by D(O), UPCL and found that the status submitted is not in line with the requirements laid down in the Commission's directive in the Tarif Order dated 11.04.2025. Furthermore, as of the end of February 2026, the Commercial diary has only been finalized for October 2025. The Corporation must realise that the Commercial diary, being the most comprehensive report of revenue assessment and collection for UPCL, serves multiple purposes to monitor and take timely corrective action for improvement. With such a significant delay in its compilation and reporting, the entire purpose of issuing the directive is undermined.

c. The D(O), UPCL, w.r.t. the revenue collected from Govt consumers, submitted the details of assessment and collection against the Govt. Consumers for the period from April, 2025 to January, 2026.

The Commission takes note of the data submitted.

d. The D(O), UPCL, submitted that with respect to the details of proposed works to be executed under RDSS and uploaded on the website, the progress report for the quarter ending December, 2025 has been posted on the website of UPCL.

In this regard, the Commission takes note of the compliance submitted by UPCL.

e. The D(O), UPCL, submitted that as regards efficiency targets is concerned, vide UPCL's letter no. 7347/UPCL/RM/L-17, dated 01-09-2025 and no. 477/UPCL/RM/L-17, dated 24-01-2026, Division wise targets of Distribution Losses, Collection Efficiency, AT&C Losses and per unit collection (through rate) have been fixed and the Committee of Directors during each meeting ask the field officers about the performance against such targets. These targets have been fixed with a view to achieve atleast the efficiency targets as approved by the Commission for FY 2025-26, i.e. Billing Efficiency @ 87.25%, Collection Efficiency @ 99.15% and AT&C Losses @ 13.49%.

He further submitted that as regards submission of data received from feeders and DTs on quarterly basis and plan for utilization of real time data for loss reduction and conducting energy audit is concerned, the targets and progress for installation of smart meters on DTs and Feeders are as follows:

Particulars	Target completion date as per agreement	Scope as per DPR	Actual progress as on 22-02-2026	Expected completion date
DT Meter	December, 25	59212	8637	June, 2026
Feeder Meter	September, 25	2602	2498	March, 2026

In this regard, the Commission analysed the submissions made by D(O), UPCL and found that the status submitted by D(O) is not in line with the requirements laid down by the Commission in the Tarif Order dt. 11.04.2025. The action taken by D(O) reflects a reactive approach to the proceedings initiated by the Commission rather than a proactive one to comply with the directives issued. UPCL was required to submit the data received from feeders and DTs on quarterly basis and also the plan for utilization of real time data for loss reduction and conducting energy audit. However, no such data has been submitted by UPCL so far and moreover UPCL has also not submitted any action plan for conducting

energy audit.

As required under the directive issued, UPCL was required to submit the distribution loss targets approved by its Board of Directors. However, no such compliance has been made. Furthermore, the same was required to be done in the initial months of FY 2025-26. UPCL was able to fix the efficiency targets as late as the end of January 2026, i.e. after almost 10 months of the fiscal year to which it relates. The Commission is unable to understand as to what purpose it will serve now and how it will aid UPCL in effectively monitoring and taking corrective actions for improvement. With such a significant delay in compliance, which is a regular activity of the Corporation, the purpose of issuing the directive is undermined.

f. The D(O), UPCL, submitted that as regards submission of timelines for implementation of monthly billing for domestic consumers is concerned, it is submitted that billing of domestic consumers in 26 Electricity Distribution Divisions have already been converted into monthly billing and the said conversion for the remaining 20 Divisions shall be done during FY 2026-27.

In this regard, the Commission observed that the information was required to be provided by UPCL within three months of the date of issue of the Tariff Order dt. 11.04.2025. However, it took almost a year for UPCL to inform the Commission. The monthly billing in the plain areas of the State had been done two years ago and no steps have been taken since then by UPCL to convert the bi-monthly billing in hilly areas to monthly billing. The said direction is persisting since the previous two Tariff Orders. Initiating monthly billings in the remaining Divisions would not only have increased monthly collection of UPCL but also would have eased financial burden on the consumers by paying reduced bills rather than on a bi-monthly basis. The Commission was unable to determine the obstacle that prevented UPCL from complying with the directive.

g. The D(O), UPCL, w.r.t. the submission of innovative action plan to improve the collection is concerned, forwarded a copy of the letter no. 7347/UPCL/RM/L-17, dated 01.09.2025 and no. 477/UPCL/RM/L-17, dated 24-01-2026 vide which Division wise targets of Distribution Losses, Collection Efficiency, AT&C Losses

and per unit collection (through rate) have been fixed and the Committee of Directors during each meeting ask the field officers about the performance against such targets. He submitted that these targets have been fixed with a view to achieve at least the efficiency targets as approved by the Commission for FY 2025-26, i.e. Billing Efficiency @ 87.25%, Collection Efficiency @ 99.15% and AT&C Losses @ 13.49%.

He further submitted that the following actions are being taken for increase in revenue collection:

i. Vigilance raids are being conducted and cases are being registered under Sections 126 and 135 of Electricity Act, 2003. Legal proceedings are being initiated against the person(s) who is found indulging in theft of electricity.
ii. Defective Meters are being replaced.
iii. LT ABC is being laid in theft prone areas.
iv. Automatic Meter Reading is being done of high value consumers.
v. Android based billing has been introduced for improvement in Billing Efficiency.
vi. Electricity connections of defaulting consumers are being disconnected on regular basis.
vii. Actions are being taken against the defaulting consumers under Section 3 and 5 of the Uttarakhand (U.P. Government Electricity undertakings (Dues Recovery) Act, 1958) Adaptation and Modification order, 2002 for recovery of revenue arrears.
viii. Implementation of smart metering is in process under RDSS scheme.

In this regard, the Commission observed that UPCL has been submitting the same set of actions in previous tariff filings which the Commission is fully aware of. Had the Commission anticipated this response to the directive issued, it would have been unnecessary to issue a directive to UPCL to develop an innovative action plan for improvement.

Further, D(O), UPCL, has forwarded a letter dated 24 January 2026 issued

by him wherein Division-wise targets for Distribution Losses, Collection Efficiency, AT&C Losses and per unit collection (through rate) have been fixed. The Commission is unable to understand the purpose of these targets now that the fiscal year is nearing its end. Furthermore, if UPCL contends that this was their action plan for improving the collection period then it was required to be submitted within three months of the date of the Tariff Order dt. 11.04.2025.

h. The D(O), UPCL, submitted that, as regards completion of smart metering with prepared functionality of eligible consumers and departmental employees of utilities by June, 2025 and completion of the same of Govt. Connections by September, 2025 is concerned, the status of metering is as follows:

Particulars	Target completion date	Scope	Actual progress as on 22-02-2026	Expected completion date
HT Consumers	June, 26 as per agreement	3334	3630	-
Government Connections	September, 25 as per UERC	21764	10449	June, 26
Departmental Employees Connections	June, 25 as per UERC	11195	6016	June, 26

In this regard, the Commission observed that the data submitted by UPCL clearly indicates non-compliance with the directive issued by the Commission.

2.2 The Director (Operations), UPCL submitted that there has been neither wilful nor deliberate non-compliance with the directions of the Commission. Immediately upon receipt of the Tariff Order dated 11.04.2025, necessary steps were initiated by the undersigned and the officers of UPCL in compliance with the said directives. He requested that the Commission may kindly take note that UPCL is putting sincere efforts and is committed to comply with the provision of law and all directions issued by the Commission in letter and spirit. The UPCL has already issued instructions to its field officers to strictly comply with the provisions / directions issued by Commission in its Regulations / Orders. He accordingly requested to consider that there is no non-compliance by the Director (Operations), UPCL and officers of UPCL of the provisions of the Electricity Act, 2003 and Regulations, and the Commission may not initiate any penal action under the provisions of the Electricity Act, 2003 and to recall the present show cause notice.

2.3 The Commission observed that UPCL/its officers are repeatedly failing to comply with the directions of the Commission, without any apparently justified reasons or efforts towards compliances. Further, various important directions which required timely and urgent indulgence as they greatly impact the functionality and performance of the Corporation, are being taken casually. That the status of the aforesaid important directive issued in the Tariff Order dated 11.04.2025 remains non-complied.

2.4 Further, the Commission also notes that in its Daily Order dated 25.02.2026, passed in the present proceedings, the following specific direction was issued to the Director (Operations), UPCL:

> *"Regarding the directions pertaining to the phase-wise deployment of smart meters by UPCL for various categories of the consumers, specifically, Industry consumers (LT industry above 10 kW & all HT Industries) and Non-domestic consumer categories (above 10 kW), the Commission directs Director (Operations), UPCL to submit a weekly progress report of the status of metering for perusal of the Commission."*

The aforesaid direction was clear, specific and required continuous compliance in the form of weekly progress reports. However, no material has been placed on record evidencing compliance of the said direction. The non-compliance of even such a specific and contemporaneous direction further reflects the continuing failure of UPCL to adhere to the directions of the Commission.

Further, during the course of Personal Hearing, Shri. M.R. Arya, Director (Operations), UPCL, on being asked by the Commission with respect to specific compliance of the directive issued by the Commission, agreed of the non-compliance of the directives issued by the Commission in timely manner.

2.5 The Commission, therefore, holds that the non-compliance by Shri. M.R. Arya, Director (Operations), UPCL, is a contravention of the directions of the Commission. Furthermore, it obstructs and renders futile the intent with which such directions are issued and the potential for efficiency improvement.

The Commission observes that the present case does not pertain to a singular instance of delay or procedural lapse, but reveals a consistent and continuing pattern of non-compliance across multiple directives issued in the Tariff Order dated

11.04.2025. The analysis of submissions made by UPCL clearly indicates that compliance, wherever attempted, has been belated, partial and reactive, undertaken only after initiation of proceedings by the Commission.

The Commission further notes that many of the directions such as preparation of commercial diary, fixation of efficiency targets, submission of feeder/DT data, implementation of monthly billing and development of action plan for collection efficiency, are core and recurring operational requirements, which ought to have been complied with in a timely and structured manner. Failure to comply with such fundamental directions reflects not merely administrative delay but a systemic lack of diligence and regulatory discipline.

It is also evident that the delays have defeated the very purpose of the directives, as actions intended for real-time monitoring and mid-course correction have been rendered ineffective due to their belated execution. For instance, fixation of efficiency targets towards the end of the financial year and delayed preparation of commercial diary deprive the utility of any meaningful opportunity to undertake corrective measures.

Further, even after issuance of a specific direction vide Daily Order dated 25.02.2026 requiring submission of weekly progress reports on smart metering, no compliance has been demonstrated. This establishes that despite being afforded sufficient opportunity and clear directions, UPCL failed to exhibit the necessary urgency and seriousness in ensuring compliance.

The Commission is unable to accept the contention that the non-compliance was not wilful. Continued inaction, absence of timely compliance, and submission of incomplete responses only upon being called upon by the Commission cumulatively indicate a callous and casual approach towards the directions of the Commission.

Despite being given sufficient opportunity and more than reasonable time for compliance, Director (Operations), UPCL failed to comply with the same. The Commission is of the considered view that if such repeated non-compliance is condoned, it would not only undermine the authority of the Commission but also adversely affect the regulatory framework intended to safeguard efficiency, financial

discipline and consumer interest. Therefore, invocation of penal provisions becomes necessary to enforce accountability and ensure adherence to regulatory directions.

If UPCL was facing any issues or problems in complying with the directives of the Commission, they should have been forthwith in approaching the Commission and seeking relaxation/exemption citing the practical problems being faced by them. However, they conveniently chose to sit over the compliances and when summoned by the Commission to show cause why action should not be taken against them under the Act, they for the sake of mere making submissions, submitted certain delayed/partial compliances as discussed in the Order, which reflected towards their deliberated callous approach. Accordingly, the Commission does not find the justifications given by the Respondent as satisfactory. Not only the admission of the non-compliance by him but also facts and documents available on record establishes beyond any doubt the deliberate non-compliance of the Commission's Orders/direction, clearly undermining the authority of the Commission conferred by law, therefore, the Commission holds Shri. M.R. Arya, Director (Operations), of UPCL individually responsible for failing to comply with the directions of the Commission as discussed hereinabove, alongwith the MD of the Company for whom a separate Order is being issued for the non-compliances stated therein, and accordingly, the Commission decides to impose a token penalty under Section 142 of the Electricity Act, 2003 for an amount of Rs. 25,000/- on Shri M.R. Arya, Director (Operations), UPCL which shall be recovered from his salary.

Further, as the imposition of the personal penalty does not absolve the Respondent from the performance and compliance of directive which must be expeditiously complied with in a time bound manner, the non-compliance being of continuing nature, therefore, in order to imbibe regulatory discipline and safeguard the consequential adverse impact on the Corporation due to such non-compliance, the Commission finds it necessary to further direct Shri M.R. Arya, D(O), UPCL, to ensure the compliance of the directive remaining non-complied expeditiously, but not later than 30.11.2026. The necessary directives have again been issued in the Tariff Order dt. 30.03.2026 for FY 2026-27 which needs to be complied with by the responsible officers of UPCL in a time bound manner failing which penal proceedings would be initiated

against such officers.

2.6 It is hereby ordered that:

a) The penalty of Rs. 25,000/- be recovered from the salary of Shri M.R. Arya and deposited to the Commission within 30 days of this Order.

b) The pending compliance of the directives issued in the Tariff Order dt. 11.04.2025 be done expeditiously but not later than 30.11.2026, failing which penal proceedings would be initiated against such officers.

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