

Before

UTTARAKHAND ELECTRICITY REGULATORY COMMISSION

Petition No. 14 of 2026

In the matter of:

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

In the matter of:

Managing Director, 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: March 6, 2026

Date of Order: October 23, 2026

This Order relates to the Suo-moto proceedings initiated by the Commission for non-compliance by the Managing Director, Uttarakhand Power Corporation Ltd. (hereinafter referred to as "MD, 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.

1.2 A copy of the said directives was forwarded to UPCL vide letter No. UERC/6/TF-

774/2025-26/2025/125 dated 24.04.2025, with instructions to ensure adherence within the stipulated timelines and to submit compliance reports accordingly.

- 1.3 Subsequently, noting that nearly one month had elapsed since issuance of the Tariff Order without receipt of any compliance information, the Commission, vide letter No. UERC/6/TF-774/2025-26/2025/291 dated 16.05.2025, directed UPCL to furnish reasons for the delay along with the status of compliance of the directives.
- 1.4 In response, UPCL, vide letter No. 3872/UPCL/RM/C-21 dated 04.06.2025, submitted the status of compliance of various directives. Further updates and additional information were submitted by UPCL from time to time through subsequent communications.
- 1.5 Upon consideration of the submissions, the Commission decided to convene a meeting and, vide letter No. UERC/6/TF-774/2025-26/2025/551 dated 03.07.2025, directed UPCL to make a presentation on 11.07.2025 regarding compliance status. At the request of UPCL (letter dated 10.07.2025), the presentation was rescheduled to 25.07.2025.
- 1.6 During the presentation held on 25.07.2025, the Commission observed that UPCL had been lax in complying with the directives issued in the Tariff Order, particularly in view of their critical importance for improving operational efficiency.
- 1.7 The Commission thereafter undertook a detailed analysis of the submissions and observed significant and continued non-compliance of its directives by the responsible officers of UPCL. Accordingly, Show Cause Notices (SCNs) were issued to the concerned officials, including the Managing Director, UPCL, requiring him to explain why action under the provisions of the Electricity Act, 2003 should not be initiated for such non-compliance.
- 1.8 The SCNs were issued separately to the concerned officials, with directives categorized according to their respective functional responsibilities. A separate SCN was also issued to the Managing Director, UPCL, who is administrative incharge and is responsible for performing the executive functions for and on behalf of the Corporation, therefore, the said SCN, while addressing overall non-compliance, specifically highlighted certain critical directives.
- 1.9 The present Order pertains to the SCN issued to the Managing Director, UPCL, vide

letter No. UERC/6/TF-774/2025-26/2025/655 dated 21.07.2025.

- 1.10 The SCN issued to Managing Director, UPCL, relates to non-compliance of the directives contained in the Tariff Order dated 11.04.2025 mentioned at **para 8.1.4: Collection Efficiency, para 8.1.8: Updating and maintenance of CS-3 & CS-4 reports on the website, and para 8.1.19 - Outstanding Arrears.**
- 1.11 In response, the Managing Director, UPCL submitted his reply vide letter dated 08.08.2025. Subsequently, UPCL filed its Petition for determination of ARR/Tariff for FY 2026-27 on 10.12.2025, wherein an updated status of compliance of the directives was also furnished.
- 1.12 The Commission examined the reply to the SCN as well as the updated compliance status submitted along with the Tariff Petition.
- 1.13 Upon finding the submissions unsatisfactory and noting continued non-compliance, the Commission issued a notice for personal hearing to the Managing Director, UPCL, vide letter dated 09.02.2026, directing his appearance on 25.02.2026.
- 1.14 The Managing Director, UPCL, vide letter dated 24.02.2026, sought exemption from personal appearance and requested that Director (Operations), UPCL be permitted to represent him. The Commission, however, rejected the request, noting that adequate notice had been provided and that the matter pertained to overall performance and compliance. In the interest of affording a final opportunity, the hearing was rescheduled to 06.03.2026 with a direction for personal appearance of the Managing Director.
- 1.15 The reasons for issuance of the SCN, the response of the Managing Director, UPCL, and the Commission's analysis thereof, including consideration of updated compliance status, are discussed in the subsequent paragraphs of this Order.
- 1.16 **Directives issued in the Tariff Order dated 11.04.2025, Compliance reported by UPCL and Commission's analysis thereon:**

1) 8.1.4 Collection efficiency

The Commission directs UPCL to constitute a Committee of Directors which shall hold its meeting by 15th of every month to monitor the collection of dues division wise and also division wise losses of the preceding month and also suggest measures to improve the collections & reduce losses and submit a report before the Commission of the meetings of the Committee of

Directors in this regard, by the end of each month.

Further, UPCL should also upload month-wise division wise Sales, Revenue Billed and Revenue Realised along with associated billing and collection efficiency on monthly basis, so that the same is accessible to general consumer, 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 in its submission provided the details of month-wise and Division wise collection efficiency upto January, 2025. The Commission observed that in FY 2024-25 (till January, 2025) not even a single Electricity Distribution Division of UPCL was able to meet the collection efficiency level of 99.15% as approved by the Commission for FY 2024-25. Moreover, even after the end of first quarter of FY 2025-26, no data w.r.t. FY 2025-26 has been provided by UPCL, which it was required to upload on monthly basis. Moreover, UPCL has not mentioned whether any action was taken or not under the Act against the officer responsible of the concerned Division for failure to meet the approved level of collection efficiency in accordance with Directive at Para 8.1.9 of the above Tariff Order other than issuing notice to the concerned errant officers.
- b. In response to the SCN, MD, UPCL, submitted that UPCL vide its O.M. No. 4666/UPCL/RM/C-20, dated 13.09.2024 constituted the Committee of Directors comprising of Director (Projects), Director (Operations), and Director (Finance), to monitor the Division wise collection of electricity dues and electricity losses.
- c. The Commission observed that the MD, UPCL's, response does not clarify whether periodic meetings of the Committee of Directors are being held in accordance with the Commission's directives. Additionally, UPCL has not submitted a report of the meetings of the Committee of Directors to the Commission yet. Furthermore, UPCL has not submitted a report on uploading monthly Division-wise sales, revenue billed, and revenue realised, along with associated billing and collection efficiency, in its website as per the directive issued by the Commission.
- d. The Commission observed that the submission of MD, UPCL, in this matter indicates its non-compliance with the directive issued by the Commission.

2) 8.1.8 To update and Maintain the CS-3 & CS-4 report on the web-site:

The Commission directs UPCL to update and maintain the CS-3 & CS-4 report on their website regularly and promptly within 30 days from the end of the respective month in a manner it is accessible to general 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, the CS-3 & CS-4 statement, for the month of January, 2025, have been posted on the website of UPCL. The Commission observed that UPCL has failed to update and maintain the CS-3 & CS-4 report in its website in a timely manner, i.e. within 30 days from the end of respective month which reflects towards UPCL's lackadaisical approach in ensuring the compliance of Commission's directions.
- b. In response to the SCN, MD, UPCL, submitted that, the CS-3 & CS-4 statement for the month of February, 2025 has been posted on the website of UPCL and once the commercial diary for the month of March, 2025 is finalized, the Division wise Sales, Revenue Billed and Revenue Realised alongwith associated billing and collection efficiency for FY 2024-25 shall be posted on the website, and the same shall be continued for the months after March, 2025.
- c. The Commission observed that the MD, UPCL's, response indicates towards internal operational inefficiencies of UPCL as almost after passage of more than 4 months since March, 2025, UPCL has not been able to finalize the Commercial Diary even for the month of March, 2025. The status of the directive issued by the Commission remains non-complied in this regard.
- d. The Commission observed that the submission of MD, UPCL, in this matter indicates its non-compliance with the directive issued by the Commission.

3) 8.1.19 Outstanding Arrears

The Commission directs UPCL to make sincere efforts in mobilizing its resources throughout the year for collection of Arrears under a structured receivable management programme besides taking corrective actions against the habitual defaulters.

UPCL is directed to submit an Action Plan within a month of issuance of this Order including the steps it proposes to take for collecting electricity dues from the beginning of the financial year with same vigour as it normally does in the last quarter of the financial year.

- 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 an action plan including the steps it proposes to take for collecting the electricity dues effectively.
- b. In response to the SCN, MD, UPCL, submitted that the monthly Revenue Collection target are fixed regularly by the office of Director (Operations), 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 reprimanded during the meeting and they are directed 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 actions are taken against them. He further submitted set of actions which are being taken for increasing the revenue collection.
- c. The Commission analysed the response of MD, UPCL, and observed that the response provided by UPCL does not align with the directives issued by the Commission. The directive specifically required UPCL to submit an action plan outlining the measures it intends to implement to enhance its collection period. This included the steps it proposes to take to collect the electricity dues from the commencement of the financial year with the same vigour as it typically does during the final quarter of the financial year, however, UPCL has submitted certain set of actions being taken for increasing 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 which it was failed to accomplish.

- 1.17 In response to the notice of Personal Hearing issued by the Commission, the MD, UPCL, vide their letter no. 1075/UPCL/RM/C-21 dt. 23.02.2026 submitted their response on the notice issued for Personal Hearing.
- 1.18 A Personal Hearing was held in the matter at Commission's office on 06.03.2026 wherein the Respondent was heard in detail and was provided an opportunity to put up his case before the Commission for consideration.

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

2.1 Shri Anil Kumar, performing functions of Managing Director, UPCL, during the period when the directive remained non-complied, vide its reply dated 23.02.2026 submitted its response to the notice for Personal Hearing before the Commission. Further, during the Personal Hearing held on 06.03.2026 the same facts were reiterated by him before the Commission. The submission made by MD, UPCL are summarized herein below:

- a. The MD, UPCL, in his reply submitted that the meetings of the Committee of Directors are being held on regular and mostly on daily basis, wherein interactions are being held with all the field officers regarding the position of Revenue Collection, Billing Efficiency, Collection Efficiency and AT&C Losses and they are suggested the measures to improve the collections and increase billing efficiency and collection efficiency. The officers underperforming are reprimanded during the meeting and are directed to take all possible measures for improvement of efficiency and performance. Further, in case, the Committee of Directors feels that there are lapses on the part of any officer, action is taken against the concerned. He further submitted that the details of such correspondence made by the Corporate Office of the UPCL with the field officers 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. He further submitted that as the frequency of the meeting is generally on daily basis, it is not appropriate to prepare the Minutes of each Meeting because the discussion made with the field officers is again confirmed/discussed during the next day of the meeting, and, therefore, the report on the meetings of the Committee of Directors is not being submitted to the Commission.

In this regard, the Commission analysed the submissions made by MD, 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, after almost three quarters have elapsed in the financial year 2025-26, without any information regarding the final action taken against the defaulting officers. Moreover, no report of the meeting of the committee of Directors was submitted by

UPCL to the Commission nor was any difficulty in submitting the same brought to the Commission's attention to allow for reconsideration and modification to meet the objective and intent of the directive. Infact, MD UPCL in its statement itself submitted that it is not possible to prepare the minutes of every meeting. This statement clearly indicates the blatant disregard of the Commission's directions. If there was any procedural difficulty in ensuring compliances UPCL should have approached the Commission seeking relaxation of the particular directions rather than deciding on its own that the same was not possible.

- b. MD, UPCL further submitted that w.r.t. the posting of Division wise billing details on the website of UPCL, the details of billed energy, billed revenue, revenue realized, billing efficiency and collection efficiency for the period from April, 2025 to October, 2025 have been posted on the website of UPCL. He further 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 MD, 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 MD, UPCL, w.r.t. the submission of innovative action plan to improve the

collection, 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 monitors the performance of the field officers 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 the previous tariff filings. Had the Commission anticipated this response to the directive issued, it would not have been necessary to issue such a directive to UPCL for developing an innovative action plan for improvement.

- d. Further, Director (Operations) vide its letter dated 01.09.2025 and also MD, UPCL,

vide letter dated 24 January 2026 had fixed Division-wise targets for Distribution Losses, Collection Efficiency, AT&C Losses and per unit collection (through rate). 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 one month of the date of the T.O. dated 11 April 2025.

- 2.2 The Managing Director, 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 take note that UPCL is putting sincere efforts and is committed to comply with the provisions 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 Managing Director, 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, during the Personal Hearing, on being asked by the Commission with respect to compliance of the specific directives issued by the Commission, the Managing Director, UPCL, although agreed that there has been a non-compliance of the directives issued by the Commission in timely manner, yet failed to provide any justification for the same.
- 2.5 The Commission has carefully examined the submissions made by the Managing Director, UPCL, the material placed on record, and the sequence of events leading to

the present proceedings. It is evident that the non-compliance of the directives issued by the Commission in the Tariff Order dated 11.04.2025 is neither incidental nor isolated, but forms part of a continued pattern of disregard towards regulatory directions.

- 2.6 At the outset, it is pertinent to note that the directives issued in the Tariff Order are not mere advisory observations, but statutory directions issued in exercise of powers under the Electricity Act, 2003, which are binding upon the licensee and its officers. Compliance with such directions is essential not only for regulatory discipline but also for achieving the objectives of the Act, including efficiency in operations, financial sustainability of the utility, and protection of consumer interests, which have huge implication and needs to be catered to with utmost urgency and not in a complacent manner and with utter disregard, totally making ineffective the very purpose & intent behind the same.
- 2.7 The Commission further observes that the issues relating to collection efficiency, timely updation of commercial data, and management of outstanding arrears have been repeatedly highlighted in earlier Tariff Orders as well. The Commission has, over a considerable period, continuously monitored the performance of UPCL and issued directions with the intent of improving its commercial efficiency and financial health. Despite such sustained regulatory engagement, the present case demonstrates a persistent failure on the part of UPCL to translate these directions into meaningful action.
- 2.8 It is also relevant to record that there have been continuous meetings and interaction with the concerned UPCL officers where they always ensured the compliance will be done which clearly shows that there was no difficulty in understanding or complying with the directions, even otherwise, if there were any genuine or practical difficulties in complying with the directives, UPCL or its officers ought to have approached the Commission in a timely manner seeking clarification, modification, or relaxation. However, no such effort was made. Instead, the record reveals that UPCL chose to remain passive and non-responsive, and only furnished partial or reactive compliance after initiation of proceedings. Such conduct reflects a casual and indifferent approach towards statutory obligations.
- 2.9 The Commission notes with concern that the directives in question were aimed at

safeguarding the commercial viability of the utility itself, by improving revenue realization and operational efficiency. It is therefore evident that the Commission has been acting not only in the interest of consumers but also in the long-term financial interest of UPCL. However, the lackadaisical approach of the officers has resulted in a situation where the Organisation continues to suffer on account of inefficiencies which could have been addressed through timely compliance.

- 2.10 Further, during the course of the Personal Hearing, while Shri Anil Kumar, Managing Director, UPCL acknowledged the delays and assured compliance, the Commission finds that no substantive or timely compliance has followed such assurances. This further reinforces the conclusion that the non-compliance is not merely procedural, but reflects a systemic disregard of regulatory directions.
- 2.11 The Commission is statutorily obligated to ensure that electricity is supplied in an efficient and economical manner and that the burden of inefficiencies is not passed on to consumers. However, such objectives cannot be achieved by the Commission alone. The licensee and its officers are equally responsible for ensuring compliance with regulatory directions. The continued inaction and non-compliance by the concerned officers has adversely impacted both consumer interest and the financial discipline of the utility. Despite being given sufficient opportunity and more than reasonable time for compliance, Managing Director, UPCL failed to comply with the same.
- 2.12 In view of the above, the Commission is constrained to hold that the conduct of Shri Anil Kumar, Managing Director, UPCL amounts to contravention of the directions of the Commission, attracting the provisions of Section 142 of the Electricity Act, 2003, which empowers the Commission to impose penalty for non-compliance of its orders or directions.
- 2.13 The Commission is of the considered view that the present case warrants imposition of penalty, not merely as a punitive measure, but as a necessary step to enforce regulatory discipline and ensure accountability. The level of non-compliance, the absence of any proactive effort to seek relief, and the continued disregard of directions despite repeated monitoring leave the Commission with no alternative but to take stern action.
- 2.14 The Commission does not find the justifications given by Shri Anil Kumar, Managing Director, UPCL 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

repeated and deliberate non-compliance of the Commission's Orders/direction, clearly undermining the authority of the Commission conferred by law, therefore, the Commission holds Shri Anil Kumar, who was holding the charge of Managing Director, UPCL, during the period when the directives remain non-complied, individually responsible for failing to comply with the directions of the Commission as discussed hereinabove.

- 2.15 The Commission, however, considering that Shri Anil Kumar, Managing Director, UPCL has already vacated his office as on the date of issue of this Order, and accordingly, the Commission taking a lenient view in the matter decides not to levy any penalty on Shri Anil Kumar for the non-compliances as discussed above.

Here, the Commission deems it appropriate to clarify that the grounds for not imposing the penalty however not shall form a precedence in future proceedings as the Commission has taken a view of not imposing any penalty on Shri Anil Kumar, as a one-off case under very exceptional and peculiar circumstances.

- 2.16 Further, in order to imbibe regulatory discipline and safeguard the consequential adverse impact on the Corporation due to such non-compliances, the Commission finds it necessary to further direct sitting Managing Director, UPCL, to ensure the compliance of the directive remaining non-complied expeditiously, but in any case, 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.
- 2.17 It is hereby ordered that the sitting Managing Director of UPCL shall ensure that 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, the Commission may initiate appropriate proceedings for such non-compliance.
- 2.18 Ordered accordingly.

(Prabhat Kishor Dimri)
Member (Technical)

(Anurag Sharma)
Member (Law)

(M.L. Prasad)
Chairman