

UTTARAKHAND ELECTRICITY REGULATORY COMMISSION

Vidyut Niyamak Bhawan, Near I.S.B.T., P.O.-Majra, Dehradun-248171

Dated: June, 2015

Draft UERC (Terms and Conditions for Determination of Tariff) Regulations, 2015

Statement of Reasons

In exercise of the powers conferred under Section 181(2)(zd) read with Section 61 of the Electricity Act 2003, (hereinafter "the Act") and all powers enabling it in this behalf, the Uttarakhand Electricity Regulatory Commission hereby proposes the Draft UERC (Terms and Conditions for Determination of Tariff) Regulations, 2015.

Section 61 of the Act empowers the Commission to specify, by regulations, the terms and conditions for the determination of tariff in accordance with the provisions of the said section and the National Electricity Policy and Tariff Policy. In terms of clause (zd) of sub-section (2) of section 181 of the Act, the Commission has been vested with the powers to make regulations on the terms and conditions of tariff under section 61. As per section 181(3) of the Act, the Commission is required to make previous publication before finalizing any regulation under the Act.

While analysing the aspects of determination of tariff and the previous Regulations, the Commission has consciously considered to balance the interests of the investors and the beneficiaries/ consumers with due regard to the guiding principles as enunciated in Section 61 of the Act.

The Uttarakhand Electricity Regulatory Commission had specified the UERC (Terms and Conditions for Determination of Tariff) Regulations, 2011 (hereinafter "previous Regulations").

The Tariff Regulations 2011 governed all the matters relating to filing of tariff petitions and determination of tariff for the utilities in the State during the control period of three financial years, i.e. April 1, 2013 to March 31, 2016. The Commission is specifying the Tariff Regulations, 2015 for determination of tariff for all utilities for the next Control Period which

includes three financial years 2016-17 to 2018-19 to avoid a vacuum between the two control periods for the exercise of tariff determination. Keeping in view the Regulatory developments after previous Regulations and the experience gained, the Commission is notifying the draft Regulations to address the following issues:

- a) To review the existing provisions to align them with the change in the Companies Act, 2013, RE Regulations 2013, Conduct of Business Regulations, 2014 and Open Access Regulations, 2015.
 - b) To review the provisions of the Regulations vis-a-vis CERC MYT Regulations, 2014.
 - c) To remove the existing provisions related to coal based thermal power stations and pumped hydro generating stations as they do not exist in the State.
 - d) To omit or align the provisions for which separate Regulations have already been notified.
 - e) To review the norms of Operation & Maintenance expenses to include the expected impact of pay revision on account of VIIth Pay Commission in employee expenses of the utilities.
 - f) To review the norms of operations of the utilities.
 - g) To address certain gaps and discrepancies in the Regulations.
 - h) To prescribe methodology for Power Procurement by inserting provisions for power procurement guidelines and plan.
2. The Commission has decided to issue the draft Regulations inviting comments/objections/suggestions on the same from the stakeholders. Last date of submission of comments/objections/suggestions on the same is 30.06.2015.

By order of the Commission

(Neeraj Sati)
Secretary
Uttarakhand Electricity Regulatory Commission