

UTTARAKHAND ELECTRICITY REGULATORY COMMISSION

'Vidyut Niyamak Bhawan', Near I.S.B.T., P.O.-Majra, Dehradun-248171

Draft Notification

October 13, 2020

..... In exercise of powers conferred under Section 61 read with Section 181 of the Electricity Act, 2003, and all other powers enabling it in this behalf, and after previous publication, the Uttarakhand Electricity Regulatory Commission hereby makes the following amendments in the UERC (Terms and Conditions for Determination of Multi Year Tariff) Regulations, 2018) (Principal Regulations), and subsequent amendment made in the same, namely:

1. Short Title, Commencement and Interpretation:

- (1) These Regulations may be called the UERC (Terms and Conditions for Determination of Multi Year Tariff) (First Amendment) Regulations, 2020.
- (2) These Regulations shall come into force from 01.04.2020.

2. Amendment of Regulation 33 (2) of the Principal Regulation: Clause 2(a)(v) of the Regulation 33 of the Principal Regulations shall be substituted by the following:

“(2) Distribution:

(a) The Distribution Licensee shall be allowed interest on the estimated level of working capital for the financial year, computed as follows:

- (i) Operation and maintenance expenses for one month;*
- (ii) Maintenance spares @ 15% of operation and maintenance expenses; plus*
- (iii) Two months equivalent of the expected revenue from sale of electricity at the prevailing tariffs;*
- (iv) Capital required to finance such shortfall in collection of current dues as may be allowed by the Commission; minus*
- (v) One month equivalent of cost of power purchase, based on the annual power procurement plan.”*

3. Amendment of Regulation 12 (6) of the Principal Regulation: Sub-clause (k) and (l) shall be added to Clause 12(6) of the Principal Regulations, and the amended clause shall be read

as follows:

“(6) Some illustrative variations or expected variations in the performance of the applicant which may be attributed by the Commission to controllable factors shall include, but shall not be limited to, the following:

- a) Variations in capital expenditure on account of time and/or cost overruns on account of land acquisition issues;
- b) Efficiency in the implementation of a project not attributable to an approved change in scope of such project, change in statutory levies or force majeure events and Delay in execution of the project on account of contractor, supplier or agency of the generating company or transmission licensee or Distribution licensee or SLDC;
- c) Variations in technical and commercial losses;
- d) Bad debts;
- e) Variations in performance parameters;
- f) Variations in working capital requirements;
- g) Failure to meet the standards specified in the UERC (Standards of Performance) Regulations, 2007 as amended from time to time except where exempted in accordance with those Regulations;
- h) Variation in financing pattern due to variation in capital expenditure;
- i) Variation in quality of supply;
- j) Variation in operation & maintenance expenses;
- k) Rebate earned on discharge of power purchase liability;
- l) Late payment surcharge on account of delayed discharge of power purchase liability;”

4. Amendment of Regulation 84 (3) of the Principal Regulation: Second proviso shall be added at the end of Clause 84(3) of the Principal Regulations, and the amended clause shall be read as follows:

“(1) *The above components shall be computed in the manner specified below:*

$$EMP_n = (EMP_{n-1}) \times (1+G_n) \times (1+CPI_{inflation})$$

$$R\&M_n = K \times (GFA_{n-1}) \times (1+WPI_{inflation}) \text{ and}$$

$$A\&G_n = (A\&G_{n-1}) \times (1+WPI_{inflation}) + Provision$$

Where -

- EMP_{n-1} – Employee Costs for the (n-1)th year;

- *A&G n-1 – Administrative and General Costs for the (n-1)th year;*

Provision: Cost for initiatives or other one-time expenses as proposed by the Distribution Licensee and validated by the Commission.

- *‘K’ is a constant specified by the Commission in %. Value of K for each year of the control period shall be determined by the Commission in the MYT Tariff order based on licensee’s filing, benchmarking of repair and maintenance expenses, approved repair and maintenance expenses vis-à-vis GFA approved by the Commission in past and any other factor considered appropriate by the Commission;*
- *CPIinflation – is the average increase in the Consumer Price Index (CPI) for immediately preceding three years;*
- *WPIinflation – is the average increase in the Wholesale Price Index (CPI) for immediately preceding three years;*
- *GFA_{n-1} – Gross Fixed Asset of the distribution licensee for the n-1th year;*
- *G_n is a growth factor for the nth year and it can be greater than or less than zero based on the actual performance. Value of G_n shall be determined by the Commission in the MYT tariff order for meeting the additional manpower requirement based on licensee’s filings, benchmarking, and any other factor that the Commission feels appropriate;*

Provided that repair and maintenance expenses determined shall be utilised towards repair and maintenance works only.

Provided further that, repair and maintenance expenses for IT related assets and non-IT related assets shall be computed separately under these Regulations if the distribution utility maintains separate record of assets wise detail of R&M expenses claimed under these Regulations.”

By the Order of the Commission

(Neeraj Sati)
Secretary