UPCL's comments on the response / suggestion received from Mr. R.S. Yadav, India Glycols Limited, A-1, Industrial Area, Bazpur Road, Kashipur – 244713 on the ARR and Tariff Petition of UPCL for FY 2017-18.

S. No.	Objections/Comments/Suggestions	Response
1.	**High Voltage Rebate** Voltage rebate on 132 KV line should be increased from 7.5% to 10% as line losses for high voltage consumers are very less	(i) Presently, voltage wise / category wise losses are not available and Category wise Tariff has been calculated on the basis of average cost of supply and permissible level of cross subsidy. This is as per Regulation 91 of the UERC Tariff Regulations, 2015. Further, it is to apprise the Hon'ble Commission that UPCL is in process to calculate the voltage wise cost of supply as per direction of Hon'ble Commission. (ii) Rebate for taking supply at higher voltage was revised by the Hon'ble Commission in its Tariff Order dated 10th April 2014 from 1.5% to 2.5% and 5% to 7.5% for taking supply at 33 kV and 132 kV and above respectively. Thus, presently there is no justification for increasing the existing level of High Voltage Rebates.
2.	High voltage rebate on Power Purchased through Open Access should be admissible. Alternatively Open Access Consumers should be charged only transmission loss and not Distribution Loss.	(i) High Voltage Rebate is admissible on the Energy Charges. As no energy charges is payable on the Open Access Energy, there is no question arise for allowing rebate on Open Access Energy. (ii) In the absence of availability of voltage wise losses, which is mix of Technical Losses and Commercial Losses, the Distribution Losses are required to be charged from the consumers as well as Open Access Consumers.
3.	Voltage wise losses should be computed by UPCL.	Submission is same as mentioned at para -1 above.
4.	Continuous supply surcharge should be reduced to 10% from prevailing 15%. If this surcharge is reduce more consumers may opt for continuous power supply which will result in increase of	Para-8.2.1 (1) of Tariff Policy provides that the consumers willing to avail continuous and quality power supply are required to pay a tariff which reflects efficient costs. This is an additional charge (premium) payable by the consumer to have the facility of getting continuous supply of power.

S. No.	Objections/Comments/Suggestions	Response
	Revenue Realization of UPCL.	These consumers are exempted from load shedding during scheduled/unscheduled power cuts and during restricted hours of the period of restriction of usages approved by the Hon'ble Commission from time to time. However, load shedding required due to emergency break-down / shut-down is imposed on these consumers as and when the situation arise. For the purpose of ensuring continuous supply, UPCL is required to incur extra infrastructure cost as well as arrangement of energy availability at higher cost which cannot be kept below 15% of energy charges and this cost is required to be recovered from the consumers having the facility of getting continuous supply.
5.	Additional Surcharge for continuous power supply on Open Access Energy should not be charged.	For the purpose of ensuring continuous supply, UPCL is required to incur extra infrastructure cost as well as arrangement of energy availability at higher cost. Even in case the consumer purchase power through Open Access, UPCL is required to incur this cost and therefore recovery of the same is also required on the Open Access Energy consumed.
6.	Presently Increase/Reduction of Load is allowed once a year. In view of changes in Open Access regulations consumers should be allowed to reduce / increase the Contracted Load once in a quarter (3 months) to facilitate the Open Access consumers to plan Open Access.	As per Regulation – 9 (1) of the UERC (Release of new HT & EHT Connections, Enhancement and Reduction of Loads) Regulations, 2008 as amended from time to time, Consumer can enhance his Contracted Load any time, however, reduction of contracted load is permitted only once in a Financial Year. This provision was finalized by the Hon'ble Commission considering the suggestions of all the Stakeholders. Further, facility for reducing the contracted load more frequently will lead to the hardship to UPCL in its planning. Thus, this should not be changed.
7.	NOC for short open access should be for minimum	This subject has been dealt in UERC (Terms and Conditions of Intra –

S. No.	Objections/Comments/Suggestions	Response
	period of one year / quarter. However in case of bilateral power, it should be for the period of bilateral power purchase period.	State Open Access) Regulations, 2015.

<u>UPCL's comments on the response / suggestion received from Dr. Umakant Panwar, Principal Secretary, Energy Department, Government of Uttarakhand, Dehradun.</u>

क्रम संख्या	सुझाव	यूपीसीएल का मत
1.	ग्रामीण पेयजल योजनाओं हेतु विद्युत विभाग द्वारा जो कनेक्शन आर. टी. एस. – 6 (पब्लिक वॉटर वर्क्स) के अन्तर्गत दिये गये हैं को परिवर्तित कर आर. टी. एस. – 1 (घरेलू) में करने हेतु सचिव, उत्तराखण्ड विद्युत नियामक आयोग द्वारा अग्रिम कार्यवाही की जाये।	यूपीसीएल की कुल राजस्व आवश्यकता के समतुल्य टैरिफ राजस्व प्रदान करते हुये माननीय आयोग द्वारा इस सम्बन्ध में विद्युत अधिनियम, 2003 के प्रावधानों के अन्तर्गत निर्णय लिया जा सकता है।

UPCL's comments on the response / suggestion received from Shri Shakeel Ahmed Siddiqui, Sr. Manager (Finance), Kashi Vishwanath Textile Mill (P) Limited, 5th Km. Stone, Ramnagar Road, Kashipur – 244713 on the ARR and Tariff Petition of UPCL for FY 2017-18.

S. No.	Objections/Comments/Suggestions	Response
1.	In Uttarakhand HT Industries are consumer of more than 53% of electricity and we adopt principle, more consumption more tariff. Most of the prominent industrial active states have defined tariff slab load wise, the cost of service to HT consumer connected at high voltage is much less than the average cost of supply, since the distribution losses are very much less in comparison to low voltage consumers. We propose that tariff rates should be reversed to promote energy consumption by HT Industries who are the maximum contributor of revenue to UPCL.	(i) Presently, voltage wise / category wise losses are not available and Category wise Tariff has been calculated on the basis of average cost of supply and permissible level of cross subsidy. This is as per Regulation 91 of the UERC Tariff Regulations, 2015. Further, it is to apprise the Hon'ble Commission that UPCL is in process to calculate the voltage wise cost of supply as per direction of Hon'ble Commission. (ii) Hence, it is submitted that higher energy charges are levied for higher consumption due to the fact that each procurement of additional power (marginal power) has higher cost. Secondly, at higher load factor demand charges per unit is reduced which is the incentive to the consumer for having higher load factor and average tariff per unit for the consumers having load factor upto 40% and above 40% is maintained at the same level.
2.	It is more relevant that losses at higher voltages are less, however the rebates offered for availing supply at higher voltages that the base voltage is not commensurate with the benefit the licensees derives for supply at higher voltages in terms of reduction in	Rebate for taking supply at higher voltage was revised by the Hon'ble Commission in its Tariff Order dated 10th April 2014 from 1.5% to 2.5% and 5% to 7.5% for taking supply at 33 kV and 132 kV and above respectively. Thus, presently there is no justification for increasing the existing level of High Voltage Rebates.

<table>
<tr><th>S. No.</th><th>Objections/Comments/Suggestions</th><th>Response</th></tr>
<tr><td></td><td>terms of reduction in distribution losses. Accordingly, it is proposed that either the cost to severe to various consumer categories id determined or the voltage rebate may be increased as under:-

<table><tr><th>Particular</th><th>Present</th><th>Proposed</th></tr><tr><td>For supply of 33 KV</td><td>2.5%</td><td>5%</td></tr><tr><td>For supply of 132 KV</td><td>7.5%</td><td>12%</td></tr></table></td><td></td></tr>
<tr><td>3.</td><td>Most SERCs provide incentives on higher load factor to HT consumers. The basic purpose of providing Load Factor incentive is to encourage the consumers for optimum utilization of load. If the consumer draws maximum power in the same contract demand, licensee's average power purchase cost and consumer's average tariff will automatically get reduced and therefore the gain on account of reduction on average power purchase cost can be passed on the consumer through load factor incentive. Hence, consumer should get double benefit, first in terms of reduction in its average tariff and secondly through load factor incentive. Higher load factors also result in maximum utilization of transmission and distribution assets, thus</td><td>Submission is same as mention at para -1 & 2 above.</td></tr>
</table>

<table>
<tr><th>S. No.</th><th>Objections/Comments/Suggestions</th><th>Response</th></tr>
<tr><td></td><td>resulting in average lower costs for the licensee. We proposed 5% rebate for monthly load factor between 65% to 70% and 10% for load factor above 70%.</td><td></td></tr>
<tr><td>4.</td><td>Premium for continuous power :
The industries availing continuous power supply are beneficial for the licensee as the utility may enter into a long-term PPA with a power producer. This leads to better power purchase planning and reduction in cost of power purchased for such consumers. Charging premium for continuous power is unjustifiable on account of poor power purchase planning by the utility. It is the obligation of UPCL to provide continuous, quality and reliable power supply to all the consumers, and as such is not justified to levy premium for continuous power supply, even if such premium has to be paid, it must be brought down to reasonable level by Hon’ble UERC.
<table><tr><th>Present</th><th>Proposed</th></tr><tr><td>15% on tariff charges</td><td>5% on tariff charges</td></tr></table></td><td>Para-8.2.1 (1) of Tariff Policy provides that the consumers willing to avail continuous and quality power supply are required to pay a tariff which reflects efficient costs. This is an additional charge (premium) payable by the consumer to have the facility of getting continuous supply of power. These consumers are exempted from load shedding during scheduled/unscheduled power cuts and during restricted hours of the period of restriction of usages approved by the Hon’ble Commission from time to time. However, load shedding required due to emergency break-down / shut-down is imposed on these consumers as and when the situation arise. For the purpose of ensuring continuous supply, UPCL is required to incur extra infrastructure cost as well as arrangement of energy availability at higher cost which cannot be kept below 15% of energy charges and this cost is required to be recovered from the consumers having the facility of getting continuous supply.</td></tr>
<tr><td>5.</td><td>Interest on Security Deposit should be increased from</td><td>(i) Interest on Security Deposit is being paid as per the</td></tr>
</table>

S. No.	Objections/Comments/Suggestions	Response
	8.5% to 11.50%.	provision of section 47 (4) of the Electricity Act, 2003. The rate of Interest for FY 2016-17 is 7.75 % p.a. (ii) While computing the working capital consumer security deposit is reduced and UPCL is allowed interest on such value of working capital. (iii) Further, it is submitted that security deposits is received from the consumers to securitize the credit sales made by the DISCOM. In case a consumer defaults in making the payment of his electricity bills, the recovery of such electricity dues may be made by adjusting the security deposit of the consumer. Thus, the rate of interest on loans and working capital cannot be compared with interest on security deposits.
6.	**Incentive on advance payment:** Many HT consumers are required to pay their monthly bill in advance every month. For advance payment made before commencement of consumption period for which bill is prepared, an incentive of 1% per month on the amount which remains with the licensee at the end of calendar month (excluding security deposit) may be credited to the account of the consumer after adjusting any amount payable to	Presently, no consumer is required to make advance payment of his electricity dues.

S. No.	Objections/Comments/Suggestions	Response
	the licensee.	
7.	**Incentive for prompt payment:** An incentive for prompt payment @ 0.25% of bill amount (excluding arrears, security deposit, meter rent and Government levies viz. Electricity Duty and Cess) may be given in case the payment is made at least 7 days in advance of the due date of payment where the current month billing amount is equal to or greater than Rs. One Lakh.	This may be considered by the Hon'ble Commission but the rate of incentive may be computed as follows:- ***10% annual rate / 365 days x 7 days = 0.19%.***
8.	Distribution Losses on Open Access Energy should be 5% in place of 15%.	(i) Presently, voltage wise / category wise losses are not available and distribution loss for all the consumers including open access consumers is considered at the same level. However, it is to apprise the Hon'ble Commission that UPCL is in process to calculate the voltage wise cost of supply. (ii) UERC (Terms and Conditions of Intra-State Open Access) Regulations, 2015 were issued on 13-01-2015 and as per Regulation 29 (2), system distribution losses shall be as determined by the Hon'ble Commission in the Tariff Order for the open access customers. At the time of issuance of Tariff Order for FY 2016-17, Regulations, 2015 was applicable and Hon'ble Commission in the said order approved pooled average system distribution losses for FY 2016-17 @ 15%.

<table>
<tr><th>S. No.</th><th>Objections/Comments/Suggestions</th><th>Response</th></tr>
<tr><td></td><td></td><td>Thus, the request of the consumer cannot be accepted in view of provisions of Regulations.</td></tr>
<tr><td>9.</td><td>There should be no Additional Surcharge on Open Access Energy.</td><td>For the purpose of ensuring continuous supply, UPCL is required to incur extra infrastructure cost as well as arrangement of energy availability at higher cost. Even in case the consumer purchase power through Open Access, UPCL is required to incur this cost and therefore recovery of the same is also required on the Open Access Energy consumed.</td></tr>
<tr><td>10.</td><td>Capital Expenditure
Every year UPCL proposes capital expenditure on various measures for controlling losses:
(a) Replacement of mechanical meters and electronic meters and installation of electronic meters in un-metered connections,
(b) Installation of additional distribution transformers where overloading,
(c) Installation of capacitor bank,
(d) Installation of double metering of high voltage customers,
(e) Augmentation of existing 33/11kV substations</td><td>All details in respect of Capital Expenditure as per requirement of Regulations has been provided in the ARR and Tariff Petition and all desired available information has been / is being provided to the Hon'ble Commission on the subject. However, the details of year wise Capital Expenditure may be shown as follows:-
<table><tr><th>Year</th><th>Capital Expenditure (Rs. Cr.)</th></tr><tr><td>2011-12</td><td>301.94</td></tr><tr><td>2012-13</td><td>256.97</td></tr><tr><td>2013-14</td><td>298.67</td></tr><tr><td>2014-15</td><td>464.17</td></tr><tr><td>2015-16</td><td>531.92</td></tr></table></td></tr>
</table>

S. No.	Objections/Comments/Suggestions	Response
	(f) And so on But nowhere UPCL provides the target and actual work executed, since these measures directly affect the consumers, in way of capital expenditure (loans thereon and interest payment) secondly where such measures have not taken/completed it results in power theft, losses etc. We submit for comparison of such work undertaken and accomplishment figures to be shared with consumers and pendency thereon.	

UPCL's comments on the response / suggestion received from Shri Vikas Jindal, President, Kumaon Garhwal Chamber of Commerce & Industry, Chamber House, Industrial Estate, Bazpur Road, Kashipur on the ARR and Tariff Petition of UPCL for FY 2017-18.

S. No.	Objections/Comments/Suggestions	Response
1.	**Power Purchase Expenses:** The UPCL has trued-up expenses and revenue for FY 2015-16 on the basis of provisional accounts. Against approved power purchase expenses and UJVNL's arrears of Rs. 3429.49 crores, trued up expenses are given as Rs. 3513.30 crores meaning an excess of Rs. 83.80 crores in power purchase. The commission is requested to scrutinize the actual power purchase cost in line with the MYT order for the year and allow legitimate variations, if any actually due.	All information with respect to power purchase cost for FY 2015-16 as specified in the Regulations and as desired by the Hon'ble Commission during this Tariff Determination Exercise has been / is being provided to the Hon'ble Commission for examination at their level.
2.	**Depreciation:** The UPCL has calculated depreciation on opening and closing values of gross fixed assets (GFA) in the provisional accounts for FY 2015-16 and claimed depreciation of Rs. 114.12 crores against approved depreciation of Rs. 94.54 crores by the Commission. Thus Rs. 19.58 crores claimed in excess over the approved. The matter of finalization of transfer scheme is still sub-juiced before APTEL as such GFA is under dispute. Accordingly till final	(i) Calculation of depreciation has been done considering the opening (as on 08-11-2001) GFA of Rs. 508 Cr. This is in line with the approach adopted by the Hon'ble Commission. (ii) Hon'ble Commission approved depreciation on the opening balance of GFA as on 31-03-2015. However, UPCL claimed the same on the average balance of GFA for FY 2015-16 keeping in view the fact that assets were capitalized during all the months of the year.

S. No.	Objections/Comments/Suggestions	Response
	decision of ATE in the matter, the impact of above excess depreciation claims of Rs. 19.58 crorers is opposed before the Commission.	
3.	**Return of Equity:** This is the head of major variations. The UPCL has claimed ROE of Rs. 85.64 crores against the approved ROE of Rs. 48.88 crores for FY 2015-16. The variation of Rs. 36.76 crores which is 75% higher is alarming and needs through scrutiny by the Hon'ble Commission.	(i) Hon'ble Commission in its Tariff Order for FY 2015-16 approved Return on Equity @ 16% on the opening equity of Rs. 305.49 Cr. Hon'ble Commission computed the value of equity for each year equivalent to 30% of (capitalization as reduced by grant and loans). Remaining 70% of capitalization has been considered normative loan. Return on Equity computed Rs. 48.88 Cr. (ii) UPCL in the Petition computed return on equity @ 16% on the opening equity of Rs. 535.27 Cr. for FY 2015-16. Year wise addition of equity has been considered at maximum of 30% of the capitalization excluding grants for each year. In the year when the equity deployed was less than 30%, actual equity has been considered. The equity in excess of 30% has been considered as normative loan. Detailed computation of return on equity is mentioned at page 19 and 20 of the Petition.
4.	The UERC regulations or the previous Tariff Orders have not provided trajectory of performance standards for employee cost. A & G expenses, R & M expenses. The UPCL has claimed gain sharing against these parameters and loss	Sharing of gains and losses has been claimed on the basis of the provisions of UERC Tariff Regulations, 2011. These Regulations inter-alia provides for gaining and loss on account of employee cost and R&M Expenses. Hon'ble Commission in its Tariff Order for FY 2016-17 also considered the same basis for allowing sharing of gains and losses

S. No.	Objections/Comments/Suggestions	Response
	sharing against un-achievement target of distribution losses as revenue from additional sales. The Commission is requested to allow the sharing strictly for controllable factors for which the trajectory has been provided by the Commission in line with the Regulations.	(refer para – 4.4 of the Tariff Order).
5.	**Calculation of energy sales to each consumer category:** Compound Annual Growth Rate (CAGR) of 4.43% over the past 5 years from FY 2011-12 to FY 2015-16 has been considered by UPCL and it has been assumed that energy consumption in future will continue to grow based on the past trends of consumption. The CAGR of past 5 years may not be a good approach for energy sales during FY 2017-18 due to recent demonetization and consequent recession in the market. The Commission may consider demonetization factor also while allowing category wise sales specially for HT & LT industries and non-domestic categories	In this connection, it is submitted that impact of demonetization is for short term and will not affect the economy in future. In this connection, the extract of Economic Survey 2016-17 may be quoted as follows:- ***" We expect real GDP growth to be in the 6¾ to 7½ percent range in FY 2018. Even under this forecast, India would remain the fastest growing major economy in the world."***
6.	**Distribution Loss Trajectory:** UPCL has projected its energy requirement for FY 2016-17 & 2017-18 based on its own proposed	It is true that the Hon'ble Commission has fixed Distribution Losses @ 14.75% for FY 2017-18 but these losses have not been fixed keeping in view the existing level of Distribution Losses of the Company. The

S. No.	Objections/Comments/Suggestions	Response
	trajectory. The proposal of UPCL is highly opposed. There are many distribution entities in the country with distribution loss level below 12%. There is need for constant vigil and monitor which is not being there Hon'ble Commission may follow its declared trajectory of losses in its order for current ARR/Tariff proposal for FY 2017- 18.	actual Distribution Losses for FY 2015-16 are 18.39% hence it is practically not possible to achieve the loss level of 14.75% in FY 2017-18 and therefore UPCL proposed a realistic level of Distribution Losses @ 16.39% for FY 2017-18 considering 1% reduction in losses in each year.
7.	**Power Procurement Plan:** So far as the power purchase is concerned from state generating status and states allocated share of CGS of (NTPC, NHPC, NPCIL, SJVNL, THDC) unallocated share of the central generating stations during the year is concerned, there is no problem as their rates of are by UERC or CERC. The objections are sometimes on purchase of power from external sources through mutual discussion and trading sources. There have been instances of allegations in the past on UPCL for purchase of power from outside at higher rates with mutual discussion.	All purchases of power are made through a transparent process as specified in the Act, Regulations and Orders & Approvals of the Hon'ble Commission.
8.	**Capital Expenditure Plan:** The need of expenditure on capital works cannot be disputed. Such expenditures are required to be made on year to year basis for creation of	(i) In this connection, the details of year wise capital expenditure and improvement in collection (productivity) is mentioned herein below:-

<table>
<tr><th>S. No.</th><th>Objections/Comments/Suggestions</th><th>Response</th></tr>
<tr><td></td><td>infrastructure to facilitate loss reduction increase in operational efficiency and for improvement quality and relia power supply. However, it has to be proved that the projected/targeted results are there from the expenditure incurred. There are a few examples of expenditures made by UPCL in the past against which result has been decimel.</td><td>
<table>
<tr><th rowspan="3">Year</th><th>Cumulative Capital Investments</th><th>Increase in per unit Collection</th><th>Input Energy</th><th>Improvement in Productivity</th><th>Rate of Return</th></tr>
<tr><th>Rs Cr</th><th>Rs.</th><th>MU</th><th>Rs Cr</th><th>%</th></tr>
<tr><th>A</th><th>B</th><th>C</th><th>D (B*C)</th><th>E (D/A)</th></tr>
<tr><td>2008-09</td><td>252.97</td><td>0.10</td><td>7,631.44</td><td>73.48</td><td>29.04%</td></tr>
<tr><td>2009-10</td><td>503.68</td><td>0.21</td><td>8,280.09</td><td>170.67</td><td>33.88%</td></tr>
<tr><td>2010-11</td><td>768.67</td><td>0.26</td><td>9,249.42</td><td>238.99</td><td>31.09%</td></tr>
<tr><td>2011-12</td><td>1,070.61</td><td>0.30</td><td>10,310.64</td><td>311.38</td><td>29.08%</td></tr>
<tr><td>2012-13</td><td>1,327.58</td><td>0.39</td><td>10,789.11</td><td>417.91</td><td>31.48%</td></tr>
<tr><td>2013-14</td><td>1,626.25</td><td>0.45</td><td>11,216.31</td><td>505.90</td><td>31.11%</td></tr>
<tr><td>2014-15</td><td>2,090.42</td><td>0.49</td><td>11,888.23</td><td>577.12</td><td>27.61%</td></tr>
<tr><td>2015-16</td><td>2,622.34</td><td>0.65</td><td>12,559.60</td><td>822.21</td><td>31.35%</td></tr>
<tr><td>Total</td><td>10262.52</td><td></td><td></td><td>3117.66</td><td>30.38%</td></tr>
</table>
Average Rate of Return on Investments- 3117.66/10262.52= 30.38%

It is clear from the above details that UPCL earned a healthy return on its investments.

(ii) The benefit of all the improvement as mentioned herein above has been passed on to the Consumers of the State.</td></tr>
<tr><td>9.</td><td>Voltage wise Cost of Supply:
In the absence of Voltage wise Cost of Supply, Tariff of HT Consumers should be determined considering their losses on a rational basis.</td><td>(i) Presently, voltage wise / category wise losses are not available and Category wise Tariff has been calculated on the basis of average cost of supply and permissible level of cross subsidy. This is as per Regulation 91 of the UERC Tariff Regulations, 2015.</td></tr>
</table>

S. No.	Objections/Comments/Suggestions	Response
		Further, it is to apprise the Hon'ble Commission that UPCL is in process to calculate the voltage wise cost of supply as per direction of Hon'ble Commission. (ii) In the absence of availability of voltage wise losses, which is mix of Technical Losses and Commercial Losses, the Distribution Losses are required to be charged on average basis from all category of Consumers.
10.	**LOAD FACTOR BASED TARIFF TO HT INDUSTRIAL CONSUMERS:-** The load factor based existing tariff to HT industries is penalizing them with consumption within their contracted demand being charged in the higher slab of energy charges on whole of their consumption. This approach appears to be unscientific and illogical. If load factor based tariff is at all necessary, the telescopic charging energy rates method needs to considered for billing of the consumers so that the consumer depending upon his load factor pays energy charges in the slabs.	Hence, it is submitted that higher energy charges are levied for higher consumption due to the fact that each procurement of additional firm power (marginal power) has higher cost. Secondly, at higher load factor demand charges per unit is reduced which is the incentive to the consumer for having higher load factor and average tariff per unit for the consumers having load factor upto 40% and above 40% is maintained at the same level. In case telescopic energy charges are imposed, the rate of higher load factor shall increase accordingly with a view to have a uniform average effective tariff at both the levels of load factors.
11.	The existing Load Factor formula does not allows consumer for the consumption for load factor based	Load Factor formula is based on the actual requirement of load of the consumer. In case maximum demand is lower than the contracted load,

S. No.	Objections/Comments/Suggestions	Response
	on the contracted load if the consumer is running load less than its contracted and paying billable demand for 80% of contracted load and thus consuming less power than for the contracted load. On this account, a consumer using less maximum demand than the contracted but paying demand charges for minimum 80% of contracted load is subjected to higher energy charges for the high load factor based on his actual low maximum demand even without consuming power for the minimum billable demand. This anomaly can be rectified by revising the formula for calculation of load factor as follows: Load factor = Consumption during billing period x 100 / Billable demand or contracted demand if billable demand is higher than Contracted demand X No. of hrs. in billing period. The Commission may consider this issue of load factor based tariff and remove the anomaly prevailing.	maximum demand (actual requirement) is considered. In case maximum demand is higher than the contracted load, contracted load is considered because the consumer has contracted this capacity.
12.	**Minimum Consumption Guarantee:** It is submitted that the existing tariff to industries is a two part tariff comprising of fixed/demand charges based on contracted load of the industry	(i) The total cost of UPCL may be segregated into power purchase cost and other cost. The other cost is about 10% to15% of total cost and fixed in nature. This cost should be recovered through fixed/demand charges.

S. No.	Objections/Comments/Suggestions	Response
	and consumption charge based on The electricity consumed. The fixed/demand charges are provided to meet out the fixed cost of the licensee as such the provision for charging minimum charges for consumption additionally is not justified from this consideration also. Interestingly, the Commission had been increasing fixed charge/demand charge also almost in its every tariff order and additionally continuing with the provision of minimum consumption guarantee in the Tariff to the industries on the plea of recovery of fixed cost of the licensee. The approach is not justified.	(ii) About 40% of total Power Purchase Cost of UPCL is also fixed cost and is borne by UPCL whether or not to draw the power from the respective generating station. UPCL has its arrangement to sufficient power supply to the consumers but in case the consumer does not consume power even at very low load factor, UPCL is required not to draw its some power having fixed cost. This fixed cost needs to be recovered from the consumers through Minimum Consumption Guarantee Charges. (iii) Minimum Consumption Guarantee has been proposed at very low level of consumption i.e. at 6.85% load factor in respect of non-domestic category and LT industry category and at 13.70% in respect of HT industry category. In case during certain month, actual consumption is less than MCG, MCG is charged in those months. Any excess of billed consumption over (actual consumption or minimum consumption, whichever is higher) is adjusted at the end of the financial year.

UPCL's comments on the response / suggestion received from Shri Pramod Singh Tomar, Director – Galwalia Ispat Udyog Private Limited (SPNG Group), Narain Nagar, Industrial Estate, Bazpur Road, Kashipur – 244713 on the ARR and Tariff Petition of UPCL for FY 2017-18.

S. No.	Objections/Comments/Suggestions	Response
1.	Rebate proposed by UPCL is not aligned with cost of supply. Pending detailed determination of voltage wise cost of supply, UERC may determined distribution losses for HT Industry separately. The losses of HT Industry are not more than 1.5% to 2%.	(i) Presently, voltage wise / category wise losses are not available and Category wise Tariff has been calculated on the basis of average cost of supply and permissible level of cross subsidy. This is as per Regulation 91 of the UERC Tariff Regulations, 2015. Further, it is to apprise the Hon'ble Commission that UPCL is in process to calculate the voltage wise cost of supply as per direction of Hon'ble Commission. (ii) In the absence of availability of voltage wise losses, which is mix of Technical Losses and Commercial Losses, the Distribution Losses are required to be charged on average basis from all category of Consumers.
2.	**Power Purchase Cost:** It is submitted that key change in CERC 2014 Tariff Regulations was that GCV of coal was to be measured on 'as receipt basis' and not on 'as fired basis'. Mater was contested by NTPC and after detailed deliberations Hon'ble CERC decided the matter vide its order dated 25-01-2016 in Petition no. 283/GT/2014. It is submitted that on account of this order there is	The overall rate of power of NTPC for FY 2015-16 was Rs. 3.19/unit whereas the same rate of FY 2016-17 (upto December) is Rs. 3.38/unit. Hence, it is clear that there is no reduction in the power purchase rate of NTPC.

S. No.	Objections/Comments/Suggestions	Response
	going to be significant refection of at least 25-30% in variable charges.	

<u>UPCL's comments on the response / suggestion received from Shri Rajeev Gupta, Kashi Vishwanath Steels Private Limited on the ARR and Tariff Petition of UPCL for FY 2017-18.</u>

<table>
<tr><th>S. No.</th><th>Objections/Comments/Suggestions</th><th>Response</th></tr>
<tr><td>1.</td><td>Energy Charges for RTS-7 HT INDUSTRY

We are submitting herewith approved energy charges for the last five years and proposed energy charges up to 2016-17.

<table>
<tr><th>Load factor</th><th>2011 - 12</th><th>2012-13</th><th>2013-14</th><th>2014-15</th><th>2015-16</th><th>2016-17</th><th>Proposed for FY 17- 18</th></tr>
<tr><td>33-50% 2</td><td>2.95</td><td>3.10</td><td>3.30</td><td>3.30</td><td>3.40 L.F BELOW 40%</td><td>3.50 L.F BELO W40%</td><td>3.65</td></tr>
<tr><td>Above 50%</td><td>3.20</td><td>3.40</td><td>3.60</td><td>3.60</td><td>3.75 L.F ABOVE 40%</td><td>3.85 L.F ABOV</td><td>4.00</td></tr>
<tr><td>Increase (paisa per unit)</td><td>10</td><td>20</td><td>20</td><td>0</td><td>15</td><td>15</td><td>15</td></tr>
</table>

UPCL has proposed gross expenditure of Rs.6150 Cr. but the actual expenses for the year 2015-16 is Rs.5908 Cr., hence UPCL has demanded 242 cr. extra in comparison with actual expenses in 2015- 16.We suggest that there is no need to approve extra expenses / tariff hike.</td><td>UPCL is a commercial organization and is required to meet its Annual Revenue Requirement out of the revenue realized from the consumers through electricity tariffs. Justification has been provided in the petition in respect of each claim of expenditure by UPCL. Further, additional informations have also been provided / is being provided to the Hon'ble Commission on these subjects as per their direction. Thus, Hon'ble Commission is requested to kindly examine the claims of UPCL of its expenditure and allow the tariff to meet these expenditures for FY 2017-18.</td></tr>
<tr><td>2.</td><td>Time of day Tariff

a) Morning peak hours 6:00 AM to 9:30AM in winter reason should be discontinued because most of the industries start</td><td>(i) The morning peak hours have been kept only in the winter season i.e. from October to March of the financial year. The timings of morning peak hours are from 06:00 hrs to 09:30 hrs. Morning</td></tr>
</table>

S. No.	Objections/Comments/Suggestions	Response
	production from 22 to 07 every day hence is should be from 07-0930 hours. b) In the existing tariff peak hour charges is more than sufficient at all types of load factors. We suggest that it should remain same for next financial years 2017-18. c) In winder season load between off–peak hours i.e 2200-0700 hrs remains less in compare of day timing and hence existing rebate @ 10% on nominal energy charge during Off Peak Hours should be increased to 25% for encouraging utilization of maximum power load during off peak hrs. Further we would like to suggest that difference between normal hours rates per unit and off peak hours rates per unit should be maintained @10% accurately	peak hours have been provided due to heating load and reduced generation in winter season, whereas the Air Conditioning load during summer season in the State of Uttarakhand from 06:00 hrs to 09:30 hrs is negligible. Therefore, morning peak hours in winter are required to be continued. (ii) The objective of introduction of ToD Tariff is to minimize the gap between maximum (peak) demand and minimum demand and to bring the peak demand as closer to the average demand as possible. On every reduction of this gap, the generation cost, transmission cost and distribution cost and power cuts will be reduced and the higher demand can be catered from the available capacity. In other words, ToD Tariff is very effective tool of demand side management which make possible the optimum utilization of the available capacity of Generation, Transmission and Distribution, resulting in reduction of costs. The benefit of such reduction in cost is passed on to the consumers. With a view to effectively implement the ToD Tariff, substantial increase in tariff is required for consumption during peak hours. (iii) Keeping in view the situation as mentioned at para (i) hereinabove, peak hour extra charges

S. No.	Objections/Comments/Suggestions	Response
		have been kept at a rate more than the rate of rebate during off peak hours so that the load during peak hours may be shifted to the off peak hours and normal hours. Further, the gap of demand between normal hours and off peak hours is not too high and therefore keeping in view the level of this gap, this rebate should not be increased.
3.	Power purchase from open access The UPCL is purchasing very small quantity of power through open market purchase arrangement hence it is suggested to purchase maximum power in peak hours from opens market on cheaper cost to reduce revenue deficit.	The Petitioner would like to submit that it is very important for a distribution utility to have a right mix of short and long term power. It is submitted that there may be a period when the rate of power from short term market is higher than firm sources. There is no guarantee that the rate remains always lower as compared to firm sources. Furthermore there may be instances when short term power may not be available during certain period at that time firm sources are the best option. Thus, It is always advisable for a discom to keep more and more power available from firm sources in order to keep the power purchase cost minimal and be for the purpose of energy security.
4.	**Distribution Loss Trajectory** There is a big gap of about between approved distribution loss trajectory and	It is true that the Hon'ble Commission has fixed Distribution Losses @ 14.75% for FY 2017-18 but

S. No.	Objections/Comments/Suggestions	Response
	estimated distribution loss trajectory by Hon'ble Commission and actual distribution losses recorded by UPCL. It is requested to Hon'ble Commission to guide UPCL in such a way that there should not be any gap between estimation and actual distribution losses. It is not feasible to put on the burden of its inefficiencies on the honest paying consumers. UPCL should identify the gaps in its working and try to rectify the same rather than proposing excessive tariffs for consumers.	these losses have not been fixed keeping in view the existing level of Distribution Losses of the Company. The actual Distribution Losses for FY 2015-16 are 18.39% hence it is practically not possible to achieve the loss level of 14.75% in FY 2017-18 and therefore UPCL proposed a realistic level of Distribution Losses @ 16.39% for FY 2017-18 considering 1% reduction in losses in each year.
5.	A uniform rebate of 10% on Rate of charges should be given to Industries connected with Independent feeder at 33 KV/132KV/220 Voltage supply	(i) Presently, voltage wise / category wise losses are not available and Category wise Tariff has been calculated on the basis of average cost of supply and permissible level of cross subsidy. This is as per Regulation 91 of the UERC Tariff Regulations, 2015. Further, it is to apprise the Hon'ble Commission that UPCL is in process to calculate the voltage wise cost of supply as per direction of Hon'ble Commission. (ii) Rebate for taking supply at higher voltage was revised by the Hon'ble Commission in its Tariff Order dated 10th April 2014 from 1.5% to 2.5% and 5% to 7.5% for taking supply at 33 kV and 132 kV and above respectively. Thus, presently there is no

S. No.	Objections/Comments/Suggestions	Response
		justification for increasing the existing level of High Voltage Rebates.
6.	**<u>Cost of power from New stations</u>** UPCL has projected power purchase from many power generating stations of Central Sector @ Rs 5.00/kWh to 12/- per kwh which are very high. UPCL should search sources of power supply at cheaper price .	The Petitioner would like to submit that while taking assumptions for projecting the power purchase cost from new stations, the Petitioner has tried to be as realistic as possible. The rate considered is based on the industry trends observed in the past few years.
7.	A rebate on rate of charge were given to them while in the last 5 years consumers are only receiving rebate on electricity charges not on demand charges. Demand charges are also a part of energy charges paid by the consumers on minimum basis regularly and consumers should be benefitted by a rebate on demand charges along with energy charges.	(i) The total cost of UPCL may be segregated into power purchase cost and other cost. The other cost is about 10% to15% of total cost and fixed in nature. This cost has necessarily to be incurred by UPCL and not related to the energy consumed, but which is related to the Contracted Load of the Consumers. Thus, this cost needs to be recovered through fixed/demand charges. (ii) There are no relation of Distribution Losses with Contracted Load and Demand Charges and therefore voltage rebate should not be admissible on demand charges.
8.	Delayed Payment Surcharge:	(i) Delayed Payment Surcharge is the cost of

S. No.	Objections/Comments/Suggestions	Response
	The DPS at present is levied @ 1.25% p.m. on the amount of electricity bill unpaid even if the payment is made 1 day after the due date which appears quiet unreasonable. it is suggested that the same should be charged on pro-rata basis @ 0.75% if the payment is made within 15 days after the due date and @1% if the payment is made after 15 days from the due date. Interest on delayed payment is paid on the basis of number of delayed days for other tax authorities. UPCL should adopt such policy.	money not received to UPCL in time. This surcharge is also levied with a view to discourage the consumers who do not pay their bills within due date. As per the provisions of Income Tax Act, Interest for the full month is paid in case of delay in payment of tax even for a single day. In this connection, Rule 119 A (b) of the Income Tax Act may be quoted as follows:- ***"where the interest is to be calculated for every month or part of a month comprised in a period, any fraction of a month shall be deemed to be a full month and the interest shall be so calculated"*** (ii) Delayed Payment Surcharge in Uttarakhand is lower than that charged by other utilities in across states. In the table below are captured DPS charges across different states. As such no change should be made to the same.

<table>
<tr><th>S. No.</th><th>Objections/Comments/Suggestions</th><th>Response</th></tr>
<tr><td></td><td></td><td>
<table>
<tr><th>State</th><th>Delayed Payment Surcharge</th></tr>
<tr><td>Haryana</td><td>1.5 % on unpaid amount of the bill for each 30 days successive period or part thereof until the amount is paid in full.</td></tr>
<tr><td>Uttar Pradesh</td><td>1.25% upto first three months and subsequently 2% of per month on unpaid amount</td></tr>
<tr><td>Delhi</td><td>1.5% per month on unpaid amount</td></tr>
<tr><td>Himachal Pradesh</td><td>2% per month on unpaid amount</td></tr>
<tr><td>Uttarakhand</td><td>1.25% per month on unpaid amount</td></tr>
</table>
</td></tr>
<tr><td>9.</td><td>Promotion of purchase of power through open access

The Electricity Act, 2003, provides for open access for private generators and bulk consumers. Open access is a mechanism that allows generators to sell power to the highest bidders while consumers can source their needs from the most economic seller. Section 42(2) of the Electricity Act, 2003, mandated provision of open access to all generators and utilities in a bid to promote competition and open market for electricity trade. It is suggested that cross subsidies, transmission losses and charges, distribution losses for Industries connected with higher voltage feeder which at present is 15% should be reduced on practical basis.</td><td>(i) UERC (Terms and Conditions of Intra-State Open Access) Regulations, 2015 were issued on 13-01-2015 and as per Regulation 29 (2), system distribution losses shall be as determined by the Hon'ble Commission in the Tariff Order for the open access customers. At the time of issuance of Tariff Order for FY 2016-17, Regulations, 2015 was applicable and Hon'ble Commission in the said order approved pooled average system distribution losses for FY 2016-17 @ 15%.

(ii) As per section 42 (2) of the Electricity Act,</td></tr>
</table>

S. No.	Objections/Comments/Suggestions	Response
		2003 open access may be allowed only on payment of existing level of cross subsidy by the Consumer. This provision is being complied with.
10.	Un-schedule Roistering In Uttarakhand there is a big and old problem of un-schedule power roistering resulting huge hidden losses which need special attention.	(i) UPCL during FY 2015-16 met its more than 98% demand of Electricity. Less than 2% unmet demand was due to gap of demand and availability of energy / transmission network / distribution network. (ii) UPCL has also prepared its power cut policy, which may be shown as follows:- बिजली कटौती की नीति (पॉलिसी) 1. सामान्यतः राज्य में कोई बिजली कटौती नहीं की जायेगी। 2. बिजली की मांग उपलब्धता से अधिक होने, राज्य के बाहर अथवा भीतर पारेषण/वितरण तंत्र के उपलब्ध न होने आदि आपातकालीन स्थितियों (Emegency Conditions) में राज्य में बिजली कटौती निम्नलिखित प्राथमिकता के अनुसार की जायेगीः–

<table>
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<table>
<tr><th>क्रम संख्या</th><th>औद्योगिक श्रेणी</th><th>अन्य श्रेणियां</th></tr>
<tr><td>1.</td><td>स्टील उद्योग/फरनेस उद्योग</td><td>ग्रामीण मैदानी क्षेत्र</td></tr>
<tr><td>2.</td><td>अविरल विद्युत आपूर्ति का चुनाव न करने वाले अन्य उद्योग</td><td>छोटे नगरीय मैदानी क्षेत्र</td></tr>
<tr><td>3.</td><td>अविरल विद्युत आपूर्ति का चुनाव करने वाले उद्योग</td><td>बड़े नगरीय मैदानी क्षेत्र</td></tr>
<tr><td>4.</td><td>–</td><td>पर्वतीय क्षेत्र</td></tr>
<tr><td>5.</td><td>–</td><td>राजधानी</td></tr>
<tr><td colspan="3">औद्योगिक श्रेणी एवं अन्य श्रेणियों के मध्य बिजली कटौती का निर्णय दिन के समयकाल एवं इन श्रेणियों की बिजली आवश्यकता के अनुसार निदेशक (परिचालन) द्वारा प्रबन्ध निदेशक की सहमति से लिया जायेगा। शाम के पीक ऑवर्स की अवधि में अन्य श्रेणियों की तुलना में औद्योगिक श्रेणी को बिजली कटौती के लिये प्राथमिकता दी जायेगी।</td></tr>
</table>
3. सभी पर्यटन/तीर्थ स्थल तथा स्वतंत्र पोषक से पोषित अस्पताल एवं पेयजल योजनाओं पर कोई विद्युत कटौती नहीं की जायेगी।
</td></tr>
</table>

S. No.	Objections/Comments/Suggestions	Response
		4. किसी भी क्षेत्र में लगातार एक नियत अवधि में बिजली कटौती 14 दिनों से अधिक नहीं की जायेगी। 5. सभी उद्योगों को माह में न्यूनतम औसत 18 घण्टे प्रतिदिन बिजली आपूर्ति सुनिश्चित की जायेगी।

UPCL's comments on the response / suggestion received from Shri Gunmeet Bindra, Principal, Welham Boy's School, 5 Circular Road, Dehradun – 248001 on the ARR and Tariff Petition of UPCL for FY 2017-18.

S. No.	Objections/Comments/Suggestions	Response
1.	We wish to inform your good self that Welham Boy's School Society is a not for profit entity, existing solely for the purpose of imparting education. It is running a fully residential school for boys up to class XII and is affiliated with the Central Board of Secondary Education, New Delhi. The Principal activity of the School is to impart education without the objective of making profit. Since the society is running a fully residential school, the students are provided boarding facility on the campus and the staff also resides on the campus. The stay of students and staff on the School Campus is purely for residential purposes only and is incidental to imparting education. In view of above submission connection no. CDK 000076 and CDK 000075 of the school may be converted from Rate Schedule RTS – 2 (Non-Domestic) to Rate Schedule RTS -1 (Domestic).	(i) As per the provisions of the Electricity Act, 2003 read with the provisions of National Tariff Policy, the tariff of all the categories should be determined in a manner that it progressively reflects the efficient and prudent cost of supply of electricity. Presently, Domestic Category is subsidized category and non-domestic category is subsidizing category. With a view to comply with the provisions of Law, it is necessary that there should be no transfer from the Non- Domestic Category to the Domestic Category because it will increase the level of cross subsidy. (ii) As per the provisions of Tariff Order, Rate Schedule RTS-1: (Domestic) is applicable only to the residential premises used for domestic purposes and Rate Schedule RTS-2: (Non-Domestic) is applicable to the premises used for non-domestic purposes. Accordingly, the electricity supplied on the premises used neither for domestic purposes nor for commercial purposes, is required to be billed under Rate Schedule RTS-2: (Non-Domestic). (iii) Further, there are two sub categories in the Rate Schedule RTS-2: (Non-Domestic). First sub category has lower Tariff as compared to the second sub category. In first sub category Government/Government Aided Educational Institutions and Charitable Institutions registered under the Income Tax Act whose income is exempted from tax are covered.