



Uttarakhand Electricity Regulatory Commission

Vidyut Niyamak Bhawan',

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No. UERC/6/TF-503/2018-19/2019/1398

Date: 10 January, 2019

To,

Managing Director,
Uttarakhand Power Corporation Ltd.,
Victoria Cross Vijeta Gabar Singh Bhawan,
Kanwali Road, Dehradun

Sub.: UPCL's Multi Year Tariff (MYT) Petition for the Control Period from FY 2019-20 to FY 2021-22 alongwith tariff determination for FY 2019-20, True-Up for FY 2017-18 & Annual Performance Review (APR) for FY 2018-19 and Petition seeking approval of Business Plan from FY 2019-20 to 2021-22.

Sir,

This is with reference to the Technical Validation Session held on 09.01.2019 at 11:00 AM at the Commission's office on the above-mentioned subject. In this regard, the minutes of the said TVS meeting are enclosed as Annexure-A for information and necessary action at your end. You are required to submit your reply in seven copies alongwith the soft copy of the same accompanied with an affidavit latest by 15.01.2019.

Yours sincerely,

Encl: as above


(Neeraj Sati)
Secretary

Minutes of Technical Validation Session held on January 09, 2019 in the matter of UPCL's Multi Year Tariff (MYT) Petition for the Control Period from FY 2019-20 to FY 2021-22 alongwith tariff determination for FY 2019-20, True-Up for FY 2017-18 & Annual Performance Review (APR) for FY 2018-19 and Petition seeking approval of Business Plan from FY 2019-20 to 2021-22.

Present:

UERC

1. Shri Neeraj Sati, Secretary, UERC
2. Shri Deepak Pandey, Director (Finance/Tariff), UERC
3. Shri Prabhat Kishor Dimri, Director (Technical), UERC
4. Shri Rajnish Mathur, Director (Costing/Licensing), UERC
5. Shri Gaurav Lohani, Assistant Director (Tariff), UERC
6. Shri Suresh Gehani, Consultant (ABPS Infrastructure Advisory Pvt. Ltd.)
7. Shri Nitesh Tyagi, Consultant (ABPS Infrastructure Advisory Pvt. Ltd.)
8. Shri Rahul Verma, Consultant (ABPS Infrastructure Advisory Pvt. Ltd.)

UPCL

1. Shri B.C.K. Mishra, Managing Director, UPCL.
2. Shri L.M. Verma, Director (Finance), UPCL.
3. Shri P.C. Dhyani, Director (HR), UPCL.
4. Mohammad Iqbal, General Manager (Finance), UPCL.
5. Shri K.B. Choubey, General Manager (HR I/c), UPCL.
6. Shri N.K. Kandpal, Dy. General Manager (Finance), UPCL.
7. Shri S.K. Tamta, Chief Engineer (Comml.), UPCL.
8. Shri M.S. Rana, Superintending Engineer, UPCL.
9. Shri G.S. Dharmshaktu, Superintending Engineer, UPCL.
10. Shri M.L. Tamta, Superintending Engineer, UPCL.
11. Shri Arjun Pratap Singh, Executive Engineer, UPCL.
12. Shri S.K. Mehta, Accounts Officer, UPCL.
13. Shri Amit Goenka, Consultant, UPCL.
14. Ms. Swasti Raizada, Consultant, UPCL.

The queries raised by the Commission and the replies submitted by UPCL were discussed in detail as follows:

True Up for FY 2017-18

Sales

1. The actual Number of Consumers and Connected load of Departmental Employees and Pensioners for FY 2016-17 and FY 2017-18 as submitted by UPCL are summarised below:

Sub-category	FY 2016-17		FY 2017-18		Difference	
	No. of Consumers	Connected Load (kW)	No. of Consumers	Connected Load (kW)	No. of Consumers	Connected Load (kW)
UPCL Employees and Pensioners	7372	24995	5997	18377	(1375)	(6618)
UJVNL Employees and Pensioners	901	2168	1198	2704	297	536
PTCUL Employees and Pensioners	392	1252	463	1229	71	(23)

From above it can be observed that the numbers of UPCL Employee and pensioner decreased by 1375 and connected load by 6618 kW in FY 2017-18 as compared to FY 2016-17. In this regard the Petitioner agreed to provide detailed justification for the same.

Further, it is observed that in Form 4.1 of the MYT Petition, the Petitioner has submitted the amount booked for the subsidized electricity to employees is Rs 12 lakh only which appears to be on very much lower side considering the consumption of the departmental employees and pensioners and Average Billing Rate for domestic category. In this regard, the Petitioner agreed to re-examine this aspect and submit the revised figures with detailed justification.

2. The Petitioner agreed to submit the break up of the number of consumers provided with grid connected and off grid connection provided under SAUBHGYA scheme as on 31.012.2018.

Capital Expenditure

3. The Petitioner agreed to submit the electrical inspector certificate for all the schemes capitalized in FY 2017-18 within one week.
4. The Petitioner agreed to submit scheme wise Capital Expenditure approved vis-à-vis actual Capitalization in FY 2017-18.

Consultancy Charges

5. With regard to consultancy charges paid in FY 2017-18, the Petitioner agreed to submit the nature of the works awarded to M/s Feedback Infra, M/s PwC, UPES, M/s QUENEXT Decision Science Technology Pvt. Ltd., M/s Movya Consultancy Pvt. Ltd.

6. The Petitioner has booked cost of work carried out by M/s Medhaj Techno Concept Pvt. Ltd. under IPDS scheme as revenue expenditure and not as Capital Expenditure. In this regard, the petitioner admitted that it has been inadvertently booked the same under revenue expenditure instead of Capital Expenditure and agreed to submit the revised claim of A&G Expense.

A&G Expense

7. In Table 17 of the Petition, the Petitioner has considered Rs. 30.54 Crore as the approved A&G Expense for FY 2016-17, whereas the approved A&G were Rs. 28.52 Crore in tariff order dated March 21, 2018. In this regard, the Petitioner submitted that they have computed the gross A&G expense based on the net A&G expense approved in the Order. Further, the Petitioner agreed to provide the computations of the A&G expense of FY 2016-17 and FY 2017-18 considered alongwise basis for the same.
8. It is observed that the electricity charges of UPCL offices for FY 2017-18 is Rs. 9.63 Crore vis-a-vis Rs 5.23 Crore in FY 2016-17. In this regard, the Petitioner agreed to submit the actual connected load and unit consumption.

Business Plan & MYT Petition for FY 2019-20 to FY 2020-21

Capital Expenditure

Load Growth

(i) Construction of new substation

9. It is observed that the Petitioner has projected to incur Rs. 250 Crore during the third control period for establishment of new substations to meet load growth. In this regard, the petitioner submitted that the new substations are envisaged based on the analysis of area wise load growth and is funded by debt:equity of 70:30. Further, the Petitioner submitted that the operation and maintenance of these new substation is outsourced, however, UPCL staff is maintained for its monitoring.

The Commission sought the following details for the second control period as follows:

- Number of Substation commissioned
- Total Cost incurred
- Schemes under which these sub-stations were installed

Further, the Petitioner agreed to provide to submit the details of the areas identified, existing load and proposed investment division wise.

(ii) Release of new PTW Connection

10. It is observed that the Petitioner has projected capital expenditure of Rs. 105.90 Crore to release new 3500 connections to PTW consumers. Further, in reply to deficiency note, the Petitioner has submitted that it has considered Rs. 2.5 lakh per connection for release of new connections in FY 2018-19 as per recent DPRs. In this regard, the Petitioner agreed to submit tendered rate for which connections have been issued in FY 2017-18. Further, the Petitioner agreed to submit the breakup of cost assumptions considered for providing new connection.

(iii) Installation of meters for giving new connections

11. It is observed that the Petitioner has projected to install 3,70,000 new single phase meters at per meter cost of Rs. 1650, Rs. 1815 and Rs. 1997 in FY 2019-20, FY 2020-21 and FY 2021-22. In this regard the petitioner agreed to submit the basis of considering the per meter cost. Further, the Petitioner agreed to submit the cost of single phase meter discovered in recently conducted competitive bidding.

(iv) Installation of New Breakers

12. It is observed that the Petitioner has proposed to install around 45 33kV new breakers for additional feeders or where breaker is not available & around 55 11kV new breakers in FY 2019-20, FY 2020-21 & FY 2021-22. In this regard, the Petitioner agreed to submit the feeder identified for installation of new breakers, breaker not available and the cost of breaker considered. Further, the Petitioner also agreed to submit the new breakers installed alongwith the cost of the same in second control period.

(v) CSS (Compact Sub-Station) 990kVA where two transformers are installed at the same place

13. The Petitioner has proposed to install 20, 20, 30 CSS in FY 2019-20, FY 2020-21 and FY 2021-22 respectively. In this regard, the Petitioner agreed to submit the justification for installation of CSS, the areas identified for its installation and actual cost as per the previously concluded tenders. Further, the Petitioner also agreed to submit the CSS installed alongwith the cost of the same in second control period.

(vi) Laying of LT Lines for new connections

14. The Petitioner has proposed to install 11kV LT lines of 458 km and 33 kV LT lines of 924 Km for providing new connections during the control period. In this regard, the Petitioner is required to submit the per consumer cost considered for projecting the capital expenditure of Rs. 133.23 Crore during the control period. Further, the Petitioner also agreed to submit the LT lines laid alongwith the cost of the same in second control period.

Capital Expenditure for Loss reduction

(i) Laying of LT ABC cable

15. The Petitioner has proposed to install the 2500 Km LT ABC cable during each year of the third control period in theft prone area for loss reduction. In this regard, the Commission sought information of the list of divisions, where ABC cable has been installed along with the impact on distribution loss realized post implementation. The Petitioner submitted that the information on exact impact on the distribution loss post application of ABC Cable cannot be traced out as loss reduction is attributable to many factors. In lieu of the above, the Petitioner agreed to submit the trajectory of actual distribution losses in the divisions, where ABC cable has been installed along with the actual ABC cable installed during second control period. Further, the Petitioner also agreed to submit the LT ABC cables laid alongwith the cost of the same in second control period.

(ii) Replacement of Defective Meters

16. The Petitioner has proposed to replace around 2.4 lakh single phase meters and 20000 three phase meters during the third control period at capital expenditure of Rs. 49.81 Crore. In this regard, the Petitioner agreed to submit the per meter cost considered for projecting the said capital expenditure.

17. The Petitioner in reply dated 02.01.2019 to deficiency note had submitted the details of replacement of meters as follows:

Year	No. of Defective Meters	No. of meters replaced	
		Single Phase	Three Phase
FY 2015-16	112907	138048	3209
FY 2016-17	94684	121214	4055
FY 2017-18	68246	97668	4786

In this regard, the Petitioner agreed to submit the information on defective meters as per the formats as follows:

Year	Defective Meter at the beginning of the Year	Addition in defective meter during the year	Defective meters replaced during the year	No. of defective meters at the end of the year
FY 2014-15				
FY 2015-16				
FY 2016-17				
FY 2017-18				

(iii) Installation of Prepaid Meters

18. The Petitioner has proposed to install 5000 three phase and 29000 single phase pre-paid meters for the control period FY2019-20 to FY2021-22. In this regard, the Petitioner agreed to submit the details of the number of connections provided till date with Prepaid meters, number of prepaid meters available in stock and category of consumer which are being provided with prepaid meters.

Further, it was discussed that the installation of pre-paid meters to the Government connections and Government colonies may help in improving the efficiency. UPCL agreed that a study will be conducted to analyze the number of Government colony where prepaid meters can be installed and report of such analysis will be submitted to the Commission during the next Annual Performance Review.

(iv) Laying of 11 kV and 33 kV conductor in the Forest Area

19. The Petitioner has proposed to lay 11 kV and 33 kV conductor in the forest areas of around 25 kms. during the control period FY 2019-20 to FY2021-22 for which the total cost in the control period will be Rs. 14.21 Crore. In this regard, the Petitioner agreed to submit the justification the proposed expenditure and the list of identified areas, where the said cable is proposed to be laid. Further, the Petitioner also agreed to submit the 11 kV and 33kV conductors in the forest area installed alongwith the cost of the same in second control period.

(v) Laying of 11kV and 33 kV Underground Cables

20. The Petitioner has proposed to lay 150 km of 11 kV and 75 km of 33 kV underground cables during the control period. In this regard, the Petitioner is agreed to submit the justification for the proposed expenditure and the areas identified for laying of underground cables. Further, the Petitioner also agreed to submit the 11 kV and 33kV underground cables

installed alongwith the cost of the same in second control period.

Capital Expenditure for System Reliability & Safety Improvement

(i) Installation of additional distribution transformers

21. The Petitioner has proposed to install new 4700 additional distribution transformers during the control period. Further, in reply dated 02.01.2019 to deficiency note, the Petitioner has submitted that the said installation of additional transformer is in areas which are not covered under RAPDRP/IPDS. In this regard, the Petitioner agreed to submit the following:

- Actual number of Distribution Transformer installed in second control period alongwith the cost of the same.
- List of areas/division identified for installation of additional transformer.
- Justification for installation of additional transformer in the identified areas/divisions.
- Areas/division not covered under RAPDRP/IPDS.

(ii) Installation of LT protection system on transformers and fencing of transformers

22. The Petitioner has proposed to install upto 100 kVA transformers with LT fuse set and TPMS and above 100 kVA transformers with ACB and earth fault relay. In this regard, the Petitioner is required to clarify that whether these installations are for new transformers or existing transformers. The Petitioner clarified that it is for new as well existing transformers. The Petitioner submitted that very less work pertaining to installation of LT protection system has been carried out during the second control period. Further, the Petitioner agreed to submit the actual data of LT protection system installed for transformers.

(iii) Installation of poles and guard wires reconductoring of lines, etc.

23. The Petitioner has proposed to undertake earthing of 33/11 kV and 11/0.5 kV substations during FY 2019-20-FY 2021-22. The petitioner s agreed to submit justification for the same and clarify whether these substations are without earthing.

Capital Expenditure for Creation of Infrastructure Facilities & Other Miscellaneous Works

(i) Procurement of Sub-station and consumer meter testing equipment

24. The Petitioner has proposed capital Expenditure of Rs. 35.55 Crore for procurement of testing and diagnosing equipment. In this regard, the Petitioner is agreed to submit the actual test vans bought during the second control period alongwith the cost of the same.

(ii) Non-R-APDRP (IT Expenses)

25. In Table 140 of the MYT Petition, Petitioner has proposed capital expenditure for Red Hat and other software licenses. In this regard, the petitioner agreed to submit justification for not considering these expenses as part of licensee fee considered under A&G Expenses claimed. The Petitioner to also submit the copy of Contracts in this regard.

Operation and Maintenance (O&M) Expense

26. The Petitioner is required to submit actual month wise Employee Expense and arrears separately for FY 2017-18. Further, the Petitioner is required to submit the actual Employee Expense arrears separately for April 2018 to September 2018. The Petitioner submitted that monthly details of employee expense and arrears separately is not maintained by UPCL. Accordingly, UPCL agreed to submit the actual Employee Expense and arrears separately for FY 2017-18.

27. Further, with regard to proposed capital expenditure on upkeep of Data Centre and Disaster Recovery Centre of Rs. 12 Crore. In this regard, the Petitioner submitted that most of the hardware in the DC are already 8 years old and require hardware afresh. Under R-APDRP Part-A works, cost of DC hardware was Rs. 11 Cr. (approx.). In view of the advancement in technology and IPDS-IT up-gradation, tentative estimated cost of Rs. 12 Cr. in the year FY 2020-21, FY 2021-22 is taken for hardware upgrade/replacement in DC & DR.

Manpower Plan

28. UPCL agreed to submit the actual number of employees added / recruited till 31.12.2018 and likely to be recruited from January to March 2019. UPCL to also submit the preparedness of manpower addition plan submitted in the Business Plan Petition for the third Control Period.

Interest on Working Capital

29. The Petitioner submitted that in the computation of Working Capital, as per the current methodology adopted by the Commission, is leading to undue loss to the Petitioner as it is paying interest on security deposit to the consumer as well as paying interest on over draft facility availed by it. In this regard, UPCL to submit the computation of Interest on Working Capital based on the actual data of FY 2017-18 as per the provision of the UERC MYT Regulations. Also, the UPCL has agreed to submit the month wise detail of the over draft facility (reinstated) availed during FY 2017-18.

Copies of Contracts

30. In replies to data gaps raised earlier, UPCL instead of submitting the copy of contracts has only submitted the copy of Letter of Award for certain items. UPCL to submit the contracts for all such items which have not been submitted.

Employee Expenses Projections

31. The Petitioner to submit the detailed basis and assumptions for projecting employee expenses for FY 2018-19 and FY 2019-20 considering the impact of VII Pay Commission.

Compliance to Directives

32. The Petitioner agreed to submit the compliance to directive (as per present status) by 15th January 2019.

UPCL agreed to submit replies to all the queries as sought above in the phased manner latest by January 15, 2019.