

## **UTTARANCHAL ELECTRICITY REGULATORY COMMISSION**

**Date of Order 31<sup>st</sup> August, 2004**

### **ORDER**

The electricity Act 2003 (Act) became effective from 10.06.2003, and section 62(1) (a) of the same stipulates that tariffs for sale of power by a generating company to a distribution licensee will be determined by the appropriate Commission.

2. The Act u/s 86(1) (a) requires the Commission to determine tariff for generation of electricity.

3. Uttaranchal Jal Vidyut Nigam Ltd. (UJVNL) is a state government owned company registered under The Indian Companies Act, and generates electricity at nine main generating stations in the state. The electricity so generated is sold to Uttaranchal Power Corporation Ltd (UPCL), another wholly government owned company which is also the licensee for supply and distribution of electricity to consumers in the state.

4. In absence of sufficient data, while determining the tariffs for UPCL, The Commission had reduced the rate for Power purchase from UJVNL from the rate of 55p/unit that was being charged to 37p/unit, which was the rate applicable when the State was carved out from UP and had been approved for undivided UP by UPERC. While doing so the Commission had said that this rate may be updated and submitted for scrutiny and approval by the Commission.

5. In absence of agreement between the two companies, no such updated rate was submitted to the Commission. As a result the licensee continues to buy Power from UJVNL at this ad hoc rate and the cost of the same is passed on to consumers through tariffs.

6. Though 15 months have passed since this Act came into effect, UJVNL has not got tariff determined for any of its generating stations in total disregard of its requirements.

7. Violations of provisions of The Electricity Act 2003 attracts punitive action under sections 142, 146 and 149 of the Act.

8. UJVNL's continued failure to comply with requirements of law, even at the risk of inviting punitive action for the company and its Directors, raises questions about sustainability of the present ad hoc rate on proper regulatory scrutiny. If such is indeed the case, overcharging by UJVNL would be resulting in the State's consumers being made to pay higher than warranted rates.

9. Without prejudice to any punitive action that may be taken against the company and its officers, the Commission in interest of the State's consumers hereby initiates suo moto proceedings for determining tariffs for UJVNL's generating stations in the state. In this connection following action may be immediately taken:

- a) UJVNL may be given yet another, but final opportunity to submit by 15.09.04 its tariff proposals along with detailed data on its costs in accordance with the regulations already notified in the formats already sent vide Commission's letter no 37/UERC/UJVNL dated 23.01.04. If no such proposals are received, the Commission may complete the proceedings and determine tariffs on the basis of such information that may be or may become available.
- b) A Public Notice may be issued inviting suggestions in regard to Tariffs for UJVNL's generating stations from all stakeholders, giving 30 days time for this purpose.

**(Divakar Dev)**  
**Chairman**