

**Before**

**UTTARAKHAND ELECTRICITY REGULATORY COMMISSION**

**Petition No. 06 of 2020**

**In the Matter of:**

Application seeking approval for investment on the Implementation of Enterprise Resource Planning (ERP) under Integrated Power Development Scheme (IPDS) of Ministry of Power, Govt. of India.

**And**

**In the Matter of:**

Uttarakhand Power Corporation Limited. (UPCL), Victoria Cross Vijeta Gabar Singh  
Urja Bhawan, Kanwali Road, Dehradun.

.....Petitioner

**Coram**

**Shri D.P. Gairola, Member (Law)**

**Shri M.K. Jain, Member (Technical)**

**Date of Order : June 03, 2020**

**ORDER**

This Order relates to the Petition filed by Uttarakhand Power Corporation Limited (hereinafter referred to as "UPCL" or "the Petitioner" or "the licensee") seeking approval for investment on the Implementation of Enterprise Resource Planning (ERP) under Integrated Power Development Scheme (IPDS) of Ministry of Power, Govt. of India.

**Background & Petitioner's Submissions**

2. The Petitioner vide its letter No. 177/UPCL/Comm/RM-6(IPDS\_ERP)/D(F) dated 03.12.2019 submitted a Petition for approval of Capital Investment on the implementation of Enterprise Resource Planning (ERP) under Integrated Power Development Scheme (IPDS) of Ministry of Power, Govt. of India under the

provisions of Regulation 40 of UERC(Conduct of Business) Regulations, 2014 and clause 11 of the Distribution and Retail Supply Licence [Licence No. 2 of 2003].

3. The Petitioner in its Petition has submitted that Government of India launched Integrated Power Development Scheme (IPDS) vide OM No. 26/1/2014-APDRP Dated 03.12.2014 for strengthening of sub-transmission and distribution network in the urban areas. The scheme also includes ERP implementation under enablement of IT Applications for distribution sector. For implementation of IPDS program, the Govt. of India has designated Power Finance Corporation (PFC) as Nodal Agency vide MoP Order dated 03.12.2014 and the Tripartite Agreement has been signed between Govt. of India through PFC, State Govt. of Uttarakhand and UPCL on 07.12.2015.
4. The Petitioner has submitted that inline with the IPDS guidelines the approval for Detailed Project Report (DPR) for ERP implementation in UPCL under IPDS program has been obtained from the Distribution Reforms Committee.
5. The Petitioner has submitted that Detailed Project Reports (DPR) for implementation of ERP is in line with following PFC guidelines: -
  - (a) The entire IT infrastructure created at Data Centre/Disaster Recovery Centre under R-APDRP has been considered to be utilized for implementation of ERP.
  - (b) Only minimal number of additional servers required to host ERP applications after utilizing the existing servers has been envisaged to be covered for ERP implementation.
  - (c) Additional IT infrastructure (PC, Printer, Router and switches, UPS etc.) are only considered for implementation of ERP in stores at Circle/ division/town level.
  - (d) Supply of ERP product including ERP software, User licences, ESS (Employee Self Service) licences, Relational Database Management System (RDBMS), Disaster Recovery (DR) licence of ERP software, development environment, integration tools, source code for customized portion of ERP application and other requisite software & tools etc.

- (e) Revenue expenditure such as product support post implementation i.e. Annual Technical Support, Onsite implementation support, Annual Maintenance Contract/Facility Management Services, Bandwidth charges etc. have not been considered in the DPR as funding for this expenditure is not envisaged under IPDS & have to be borne by UPCL on annual basis.
6. The Petitioner has submitted that IPDS Monitoring Committee, Ministry of Power, Govt. of India in its 11th meeting held on 5th Dec-2017 has approved UPCL's proposal for ERP implementation in UPCL under IPDS for an amount of Rs. 21.78 Crore. Other details of the funding of the project are as given below:
- (a) Approved Cost of ERP DPR is Rs 21. 78 Cr.
- (b) Govt. of India (GoI) shall provide Grant of Rs 18.51 Cr. (85% of approved cost i.e. Rs. 21. 78 Cr.)
- (c) 5% amount (Rs. 1.09 Cr.) of the project cost is to be arranged by UPCL from its own fund as Discom's contribution.
- (d) Balance 10% of project cost (Rs. 2.18 Cr.) is to be arranged by UPCL through loan from FIs/Banks or through its own fund.
- (e) Additionally, Govt. of India (GoI) shall also provide grant equal to 0.5% of approved cost (Rs 0.11 Cr.) for Project Management Agency (PMA). Hence, total GoI Grant shall be Rs.18.62 Cr.
- (f) Projects shall be implemented in accordance with IPDS guidelines and advisory issued by MoP/Nodal Agency from time to time.
7. The Petitioner has appointed M/s Wipro Limited as Project Management Agency (PMA) for the ERP project for 3 years through bidding process at the cost of Rs. 1.18 Cr. excluding GST @ 18% for successful implementation of ERP in UPCL. The Petitioner has claimed PMA cost as revenue expenditure in ARR on yearly basis.
8. Post completion of the project, the annual expenditure of Rs. 2.46 Cr. has been estimated by Petitioner towards Annual Technical Support of the ERP Licences and Facility Management Services for running & maintaining the system against the recurring expenditure which would be claimed by the Petitioner in its Annual Revenue Requirement. Details of the same are mentioned in table below: -

Details	Amount (Rs in Cr)
Annual Technical Support	1.00
Annual Facility Management Cost	1.46
<b>Total</b>	<b>2.46</b>

9. Additional grant (50% of loan /own fund i.e. 5% for special category states' and 15% for other states of the total project cost) under the scheme would be released subject to achievement of following milestones:
- Timely completion of the scheme as per laid down milestones.
  - Reduction in AT&C losses as per trajectory finalized by MoP In consultation with State Governments (Discom-wise).
  - Upfront release of admissible revenue subsidy by state Govt. based on metered consumption.
10. Following are the three main modules envisaged by the Petitioner under IPDS:-
- Human Resource Management including Self Service for Employees
  - Finance and Accounts
  - Materials (Purchase & Stores)
11. On successful completion of the project, the Petitioner has envisaged benefits as mentioned below:-
- Computerization and automation of core business processes i.e. Finance & Accounts, Material (Purchase/Stores) and HR etc.
  - Creation of centralized Employee Database,
  - Facility of Employee Self Service,
  - For ensuring better succession planning,
  - Elimination of manual reconciliation,
  - Smoother Inter-Unit balancing,
  - Better inventory management & procurement,
  - Reduction in procurement lead time & costs,

(9) Real time information of inventory status & valuation would enable better planning & minimize material wastage.

(10) Apart from the tangible benefits certain other intangible benefits have been envisaged such as standardization in core business processes which would help in making upgrades & changes more efficiently and would improve manpower utilization.

12. Summary of the project cost as submitted by the Petitioner in its Petition is as follows:

Major Head	Quantity	Unit Price (INR)	Estimated Amount (INR in Cr.)
<b>IT Hardware/ Equipment's proposed for Data &amp; Disaster Recovery Center Field Offices</b>			
Server Hardware, Storage System at DC & DR including Server Racks, PC & Printers, Server OS & Antivirus for field offices.	20 Nos. Servers, Storage upgrade at DC & DR, 5 No. Racks and 60 No. PC & Printer, 20 Nos. Server OS, 80 Nos. Antivirus for field offices.	-	4.15
<b>(A) Hardware Cost</b>			<b>4.15</b>
<b>ERP product as mentioned above including ERP software, User licences, ESS licences, RDBMS, DR licence of EFP software, development environment, integration tools, source code for customized portion of ERP application and other requisite software &amp; tools etc.</b>			
Licence fee for full use ERP Application users	980	85000.00	8.33
Licence fees for Self-service users for employees	400	3500.00	0.14
Licence fees for Payroll users	4000	400.00	0.16
<b>(B) ERP Product &amp; Software Cost</b>			<b>8.63</b>
<b>Implementation &amp; Installation Cost</b>			
ERP Implementation Service charges including configuration, development, customization, data migration, training, testing, legacy integration, project management, Charges for the Roll out to all locations and 6 months Stabilization support charges etc.			9.00
<b>(C) ERP implementation &amp; Installation Cost</b>			<b>9.00</b>
Total Project Capital Expenditure sanctioned under IPDS (A+B+C)			21.78

13. In accordance with Annexure-1 of MoP OM dated 03.12.2014, GoI would release the grant on achievement of following milestones:-

Tranche No.	Conditions for release of grant support by GoI	Release of Grant component of GOI
1	(i) Approval of DPR by Monitoring Committee. (ii) Bipartite/Tripartite agreement between Discoms, State Govt. & Nodal Agency on behalf of MoP.	10%
2	Placement Letter of Award (LOA) by the Utility.	20%
3	Utilisation of 90% of grant released by GOI (1 <sup>st</sup> and 2 <sup>nd</sup> tranche) and 100% release of Discom contribution.	60%
4	After completion of work	10%

14. Moreover, in accordance with Annexure-1 of MoP OM dated 03.12.2014, additional grant would be released on achievement of following milestones: -

*“Milestones for release of additional grant (50% of loan component i.e. 5% for special category States and 15% for other States): Additional grant (i.e. conversion of 50% of loan component) under the scheme will be released subject to achievement of following milestones:*

- a) Timely completion of the scheme as per laid down milestones*
- b) Reduction in AT&C losses as per trajectory finalized by MOP in consultation with State Governments (Discom-wise)*
- c) Upfront release of admissible revenue subsidy, if any, by State Govt. based on metered consumption.”*

15. With regard to the concurrence of the Board of Directors, the Petitioner has submitted a certified true copy of the resolution passed by the Board of Directors in 85<sup>th</sup> BoD meeting held on 08.03.2018 for implementation of Enterprise Resource Planning (ERP) under IPDS of MoP, GoI.

16. On preliminary examination/scrutiny, the Commission identified contain queries which were sent to Petitioner vide Commission’s letter dated 04.02.2020, the queries sent to the Petitioner are detailed hereunder: -

“

- 1. Clarification required in the matter of hardware capital expenditure**

<b>Sl. No</b>	<b>Items</b>	<b>Clarifications Required</b>
1.	20 Nos. Servers	According to petition para 4(vi)b and PFC guidelines, please provide detailed justification for existing and additional servers requirement with configuration.
2.	Storage upgrade at DC & DR	Please provide detailed justification for existing and additional Storage requirement with configuration and scalability.
3.	5 No. Racks	-
4.	60 No. PC	According to petition para 4(vi).c and PFC guidelines "additional IT infrastructure (PC, Printer, Router and switches, UPS etc. are only considered for implementation of ERP in stores at Circle/ division/town level", so please provide detailed location wise information.
5.	60 No. Printers	
6.	20 Nos. Server OS	-
7.	80 Nos. Antivirus	Considering high security of the systems, please specify the criteria for selecting high security antivirus.
<b>Additional clarification required:</b> - Tentative cost of each item is to be provided.		

2. **Clarification required in the matter of ERP software capital expenditure**

<b>Sl. No</b>	<b>Items</b>	<b>Clarifications Required</b>
1.	Licence fees for Full use ERP Application users	<p>According to IPDS guidelines for ERP mentioned in para 3.(e) "The number of ERP licences suggested to be covered in the DPR for R-APDRP and IPDS project area (including common requirement) are as below, however, utility to provide detail justification for no. of users covered in the DPR along with prioritization:</p> <ul style="list-style-type: none"> <li>• <b>ERP Application users</b> <ul style="list-style-type: none"> <li>i) Corporate office level- 100 to 300 depending upon size of state utilities</li> <li>ii) Circle office level- 20</li> <li>iii) Division office &amp; store level- 10</li> <li>iv) Subdivision office level- 3"</li> </ul> </li> </ul> <p><b>Please provide details of 980 full user licences breakup according to above levels of offices.</b></p>

<b>Sl. No</b>	<b>Items</b>	<b>Clarifications Required</b>
2.	Licence fees for Self service users for employees	<p>According to IPDS guidelines for ERP mentioned in para 3(e)</p> <p>“Self Service users envisaged under IPDS for executive category of officials (up to AE level) (in case, utility desires to cover all employees under Self-service, they can arrange additional licences at their own cost)”</p> <p><b>Please provide details of 400 self service user licences breakup according to levels of employees.</b></p>
3.	Licence fees for Payroll users	<p>In UPCL’s tariff petition FY 2020-21, total no. of projected employees till March 2021 will be 3600, so please justify 4000 Payroll user licences.</p>
4.	<p>ERP Implementation Service charges including configuration, development, customization, data migration, training, testing, legacy integration, project management, Charges for the Roll out to all locations and 6 months Stabilization support charges etc.</p>	<p>1. Please clarify whether there is any warranty after 6 months stabilization period.</p> <p>2. Please clarify the charges of any upgrade in ERP software after 6 months stabilization period.</p>

Apart from above, you are requested to furnish the details of following points: -

1. Please specify recurring cost for each ERP user licences type i.e. full users, self service and payroll.
2. Please specify depreciation details of ERP software.
3. Considering importance of reporting, please clarify, Business Intelligence Reporting is part of ERP modules.
4. Please justify Project Management Agency (PMA) cost comparison with 3 to 4 other states which have implemented ERP Software.
5. Please provide activities details which are to be performed in Annual Technical Support (ATS) and Facility Management Services (FMS) of ERP.”



17. Incompliance to the same, UPCL vide its letter dated 19.02.2020 submitted its reply as follows:

“

**A. Clarification required in the matter of hardware capital expenditure**

1. UPCL created Data Centre and Disaster Recovery Centre at Dehradun and Haldwani in the Year 2011 and 2014 respectively. As of now, these servers have completed their useful life and need refresh for which UPCL in the current tariff petition made a request. However, in year 2018 under IPDS IT Phase-II some of the critical application Database Servers were replaced. The servers for the ERP project have been considered specifically for ERP applications, the DPR is based on model template provided by the Nodal Agency. However, to cater to the application specific technology requirements, bidders have been asked to propose their end to end solution with virtualization facility without defining the detailed bill of material in the tender document. The current deployment of Servers in Data Centre and DR Centre is annexed herewith as **Annexure-1**.
2. Only Storage upgrade has been considered in the present proposal as ERP implementation will result in generation of massive data pertaining to master & transactional records as per UPCL business process needs and requirements, therefore storage upgrade is the mandatory component of the project. However, as per the market trends, generally SAP solution comes with its own Storage box and use of existing Storage with upcoming ERP applications depends on the bidder's proposal, as such bidder is free to propose their solution.”

The status of current storage capacity at Data Center and DR Center is as under:

<b>Location</b>	<b>Raw Capacity (TB)</b>	<b>Usable Capacity (TB)</b>
Data Center, Dehradun	128.0	65.0
DR Center, Haldwani	102.4	61.2

4. 60 Nos. PC and Printers are proposed to be deployed at 42 Nos. Division Offices of UPCL for Material Management, Store & Sub-Store Centre, Workshop Division which is as per guidelines of nodal agency. At the remaining offices such as Distribution Sub-Divisions, Test Divisions and other associated offices, the ERP system will run on the existing Desktops only.

7. The 80 Nos. Antivirus has been proposed for 20 No. Servers and 60 Nos. Desktops. The Antivirus has been selected on the basis of existing Antivirus solution already deployed in UPCL Data Centre under R-APDRP.

*Additional clarification required: - Tentative cost of each items is to be provided.*

*The per unit cost approved by Nodal Agency under the DPR arc as under, however the cost may change depending on the bidder solution (the relevant sheet of approved DPR is attached herewith as **Annexure-2.**"*

• Production Servers	- Rs	10,00,000.00
• Development Servers	- Rs	8,00,000.00
• Testing Servers	- Rs	8,00,000.00
• Switch	- Rs	90,000.00
• Storage per TB	- Rs	3,00,000.00
• 42 U Rack	- Rs	49,560.00
• PC	- Rs	60,000.00
• Printers	- Rs	20,000.00

**B. Clarification required in the matter of ERP software capital expenditure**

1. *As per guidelines of Nodal Agency the number of Licence calculated on the basis of number of offices works out to be 1629 sheet attached, however UPCL worked out the office wise requirement and considering the strength of working employees, UPCL estimated the requirement of ERP users as 980, the status of sanctioned and working employee during the preparation of DPR i.e. Oct-2017 is annexed herewith **Annexure-4.** Broadly it covers 675 for Material Management, 119 for Finance and 120 for Human Resources, These 914 nos. of full use named user licences can be used across all modules. On the basis of the above, UPCL proposed 980 Licence in the approved DPR with the 7% variation on positive side, however the actual requirement of Licence shall be worked out during the Business Blue Print Phase of the project implementation. It is also worth here to mention that UPCL at initial phase decided to procure 500 licence only and the remaining shall be procured after the development of the system i.e. at the time of Go-Live. The working sheet is as **Annexure-3.***

2. *As per above, UPCL worked out the requirement of around 1400 Employee Self Service (ESS) Users, the above 980 Full Use licences also provides the functionality of ESS, therefore additional 400 ESS Licences have been considered in the approved DPR, however these numbers may vary at the time of actual deployment. The sanctioned Vs working manpower details at the time of preparation of DPR i.e. Oct-17 is attached as **Annexure-4**.*
3. *In this regard, it is to inform that as per OEM Licensing policy, the Payroll Licences are also required for the Pensioners of the Corporation. Therefore, in the DPR 2841 Nos. Working employees and 1159 Nos. Pensioners have been considered, however these numbers may vary at till time of actual deployment.*
4. *After the stabilization period, the Operation and Maintenance Phase of the project will start for which UPCL is required to take Annual Technical Support from the OEM which is around 22% of the Capital Cost. UPCL will ask for this cost in the ARR on yearly basis as revenue expenditure.*

*During the O&M phase, UPCL will procure the services of System Integrator for carrying out the changes in the deployed ERP applications. However, the upgrade in the existing product will be available to UPCL under the Annual Technical Support.*

**Other details: -**

1. *Please specify recurring cost for each ERP user licences type i.e. full users, self service and payroll. The Licences to be procured under the project are perpetual in nature and as such there is no recurring cost for these licences, however there is a need to have Annual Technical Support services from OEM which is generally 22% of the capital expenditure.*
2. *Please specify depreciation details of ERP software. As per CERC notification dated 7th March-2019, Appendix-I Depreciation Schedule, the depreciation on "**IT equipment including software**" is to the tune of 15.00 % per year. The relevant extract of CERC order dated 7th March'19 is attached as **Annexure-5**.*
3. *Considering importance of reporting, please clarify, Business Intelligence Reporting is part of ERP modules.*

As per IPDS guidelines only three modules are allowed to be implemented each containing its own reporting mechanisms as per defined Functional Requirements Specifications however, UPCL plan to have 20 Nos. Business Dashboard Licences for Sr. Management of UPCL to have status of all modules in one place/screen.

4. Please justify Project Management Agency (PMA) cost comparison with 3 to 4 other states which have implemented ERP Software.

For successful implementation of the project it is utmost important to have good Project Management Agency in place so that the same shall be utilized from concept to commissioning. Therefore, following the competitive bidding UPCL appointed M/s Wipro Ltd as PMA. The cost for the same may vary from States to States depending on their business needs and specific requirements laid out in Scope of Work, however, the PMA cost of some of the northern states is as under:

<b>State</b>	<b>PMA</b>	<b>Awarded Cost</b>
Uttar Pradesh	M/s Ernst & young Ltd, New Delhi	Rs.. 5.54 Cr.
Haryana	M/s Ernst & young Ltd, Gurugram	Rs. 1.06 Cr.
Punjab	M/s Wipro Ltd (Existing IT Consultant also worked under R-APDRP Part-A (IT) implementation)	Rs. 0.75 Cr.

5. Please provide activities details which are to be performed in Annual Technical Support (ATS) and Facility Management Services (FMS) of ERP.
- i. Annual Technical Support services which the ERP product vendor provides normally under Technical Support and shall include minimally, the following support for ERP system, RDBMS and all other standard software wherever applicable:
    - All product updates/(purchase and fixes).
    - User and technical support on 24\*7 basis for product related issues.
    - Provide free updates, fixes, scripts & patches of the ERP software and tools to UPCL within 30 working days of its release by the ERP product vendor:
    - Technical support of installation of any patch or product upgrades.
    - Periodic site visits, if required.
  - ii. Indicative list covered under the scope of implementation agency during Facility Management Service also called as Operation & maintenance details:

<b><i>Support stage</i></b>	<b><i>Software Support (Application Software)</i></b>
<b><i>Availability</i></b>	<i>Full Support: 24*7*365</i>
<b><i>Initial Response</i></b>	<i>Immediate telephone response and support for usage related and other minor problems. Dial-in support for corruption handling, minor bug fix, etc. On-site support within 24 hours for major problems and immediate support in case of emergency.</i>
<b><i>Major Repair</i></b>	<i>Immediate on-site support for database recovery and data synchronization after crash, performance tuning, etc. Bug fix or update for all critical functions.</i>
<b><i>Guaranteed Operations</i></b>	<i>Solution provider/ System Integrator will provide all technical support necessary to meet all critical processing cycles.</i>
<b><i>Training</i></b>	<i>Follow-up training for major changes in system releases.</i>
<b><i>Software &amp; Documentation</i></b>	<i>As part of on-going support, automatically upgrade the system on any new releases and provide any updates of technical and functional manuals.</i>
<b><i>Post Implementation</i></b>	<i>Full time support at UPCL Offices.</i>

18. Further, the Petitioner during the discussion in Commission's office clarified following points:-

- By using virtualization, UPCL will try to reduce number of servers.
- If ERP qualified bidder will provide its own hardware along with software then bidder specific storage box will be used.
- PCs & printers will be used as per nodal agency guidelines.
- UPCL will try to minimize ERP licences quantities at the time of project implementation.
- Scope of work of PMA and ERP vendor is different and role of PMA will start prior to ERP vendor and will finish after checking of gap analysis and performance checking of ERP project.

### The Commission's observations, views & directions

19. On examination of the Petition and submissions made by the Petitioner following has been observed: -
- (a) Approved Cost of ERP DPR is Rs 21. 78 Cr.
  - (b) Govt. of India (GoI) would provide Grant of Rs 18.51 Cr. (85% of approved cost i.e. Rs. 21. 78 Cr.)
  - (c) 5% amount (Rs. 1.09 Cr.) of the project cost would be arranged by UPCL from its own fund as Discom's contribution.
  - (d) Balance 10% of project cost (Rs. 2.18 Cr.) would be arranged by UPCL through loan from FIs/Banks or through its own fund.
  - (e) Additionally, Govt. of India (GoI) would also provide grant equal to 0.5% of approved cost (Rs 0.11 Cr.) for Project Management Agency (PMA). Hence, total GoI Grant would be Rs.18.62 Cr.
  - (f) Additional grant (50% of loan /own fund i.e. Rs 1.09 Cr. of Rs. 2.18 Cr.) under the scheme would be released subject to achievement of specified milestones. Hence, the Commission firmly opines that the Petitioner should put its all endeavor to achieve maximum benefit of the scheme.
  - (g) As mentioned in para 11 above, it is observed that in case the Petitioner achieves the aforesaid benefits from the project namely creation of centralized Employee Database, facility of Employee Self Service, better succession planning, elimination of manual reconciliation, smoother Inter-Unit balancing, better inventory management & procurement, reduction in procurement lead time & costs, real time information of inventory status & valuation would enable better planning & minimize material wastage, this would help in improving manpower management and store management.
  - (h) As per PFC sanction letter dated 01.02.2018 *"The award of sanctioned ERP projects is envisaged within six months from date of issue of Sanction letter. Further, Project completion date as per IPDS guidelines shall be 31-07-2020 (viz. 30 months from date of sanction letter). The closing date for drawl of grant shall be 31-07-2021 (i.e. one year from project completion date)/or any other date as decided by*

*Monitoring Committee. ...” However, in 15<sup>th</sup> meeting of the Monitoring Committee for IPDS held on 04.10.2019, the Monitoring Committee approved the time extension upto 31.03.2020 for award of ERP Project alongwith other projects. Accordingly, the project completion date would be 24 months from the date of award as 06 months period is envisaged for pre-award activities.*

- (i) Further, as per PFC sanction letter dated 01-02-2018, any slackness in implementation of IPDS will have an impact on the State & Petitioner’s financial position. The relevant extract of the said sanction letter has been reproduced below:-

“

...

**15 Pre closure/Recall of Grant:**

*15.1 In case the utility fails to submit the Project Completion Certificate within a period of one year from the approved project completion date (approved by Monitoring Committee), or not completed project within project completion date due to poor progress, the Nodal Agency shall send a team suo-moto to assess the works and expenditure and submit its recommendation to the Monitoring Committee for closure and also refund of excess grant by utility if any released against the project.*

*15.2 In case the utility fails to award the sanctioned project upto 09 months from release of 1st tranche of grant component by PFC to Utility, the project will be deemed as closed/cancelled and the grant component released shall be refunded by the utility within three months.*

*15.3 In case the utility fails to refund the grant as in above cases, the Nodal Agency has the right to adjust the already released grant against future releases of grant pertaining to other approved projects under the scheme. If there are no such eligible future releases, the same shall be adjusted against the Central Plan Assistance for the state by Govt. of India.”*

20. On examination of the Petitioner’s submissions and above observations, the Commission is of the view that schemes like IPDS which provides a grant from Central Government should be availed/encouraged in the State as it not only provides early availability of funds but also is an initiative to revamp and modernize IT infrastructure for manpower and material management. However,

the Commission cautions the Petitioner that if such schemes are not implemented in the right earnest/intent/ within the specified time schedule then it would result in pre-closure/recall of grant as specified in PFC sanction letter dated 01.02.2018 as mentioned in para 19 (i) above. Hence, any financial impact on the Petitioner on such account may not be allowed as a pass through in the tariff resulting in financial losses to the Petitioner.

21. Based on the submissions made before the Commission, the Commission hereby grants in-principle approval to the Petitioner for going ahead with the works proposed under Implementation of Enterprise Resource Planning (ERP) under IPDS amounting to Rs. 21.78 Cr. against sanctioned project cost + 1.07 Cr. & GST against PMA cost (after adjusting Rs. 0.11 Cr. Grant from GoI) by UPCL subject to fulfillment of the following conditions:

- (a) With regard to, expenditure pertaining to Annual Technical Support and Annual Facility Management cost, the Commission directs the Petitioner to make its sincere efforts for optimizing the same due to its recurring nature. However, the Commission is not approving the same as of now and directing the Petitioner to claim these expenditures in respective ARR/True-up Petition.
- (b) Any slackness on the part of Petitioner which results in disallowance of issuance of additional 5% grant from the MoP shall be treated as laxity on its part and shall not be allowed as pass through in tariff.
- (c) The Petitioner shall ensure completion of the works proposed under IPDS within the specified time lines and also of achieving the specified benefits of Enterprise Resource Planning (ERP) as finalized by MoP within the stipulated timeframe for availing the benefits of the scheme.
- (d) All the loan conditions as may be laid down by the funding agency in their detailed sanction letter should strictly be complied with. However, the Petitioner is directed to explore the possibility of swapping the loan with cheaper debt option if any, available in the market.
- (e) The Petitioner shall, within one month of the Order, submit letter from the State Government or any such documentary evidence in support of its claim



for equity funding agreed by the State Government or any other source in respect of the said works.

- (f) All the terms and conditions of tripartite agreement amongst PFC, GoU and UPCL dated 07.12.2015 including obligations/commitments should be strictly complied by the Petitioner.
- (g) On completion of the project, the Petitioner shall submit the completed cost of each of the tasks.
- (h) The additional cost burden due to any failure on the part of Petitioner in achieving the targets, if any, arising out of the cost or time over runs or variation in scope of work under the project or on any other account may not be allowed by the Commission in the Annual Revenue Requirement of the licensee.

Ordered accordingly.

**(M. K. Jain)**  
**Member (Technical)**

**(D.P. Gairola)**  
**Member (Law)**