

**Before**

**UTTARAKHAND ELECTRICITY REGULATORY COMMISSION**

**In the matter of:**

Application seeking approval of the Commission regarding introduction of Scheme of waiver of Late Payment Surcharge for recovery of electricity arrears outstanding against Private Tube-well/Pump Set Agriculture Consumers.

**And**

**In the matter of:**

Uttarakhand Power Corporation Limited (UPCL) Urja Bhawan, Kanwali Road, Dehradun.

**Coram**

**Shri V.J. Talwar    Chairman**

**Shri V.K. Khanna    Member**

**Date of Order: 30<sup>th</sup> August 2007**

**ORDER**

In the present proposal, UPCL has requested to waive off the late payment surcharge (LPS) for PTW / Pumpset agriculture consumers outstanding as on 30-06-2007 subject to the condition that :

- In the cases, where the full principal amount is paid, the full amount of LPS shall be waived;
- In the cases, where the full principal amount is not paid, only the proportionate amount of the surcharge on the amount of principal arrears

being paid be waived;

- This one-time waiver Scheme may be introduced for implementation for a maximum period of four months, i.e. upto 31st December 2007 only for Private Tube-well/Pump Set Agriculture Consumers of the State.

2. UPCL has requested that the loss of revenue due to such waiver shall be compensated by it through PTW/agriculture consumer - specific efficiency improvement initiatives on the lines of Ajmer Discom of Rajasthan. It has also stated that servicing of capital funding or O&M inputs for such initiatives shall also be made through incremental benefits/recovery by this scheme. Hence, as per UPCL's proposal no burden of such scheme shall be passed through in the retail tariffs of consumes through ARR. Further, UPCL has enclosed GoU's letter dated 22-08-2007 according acceptance on the above proposal of UPCL. The amount of arrears against PTW consumers as on 31.03.007 has been stated to be Rs. 33.08 crore comprising of Rs. 20.82 crore of principal amount and Rs. 12.26 crore of LPS.

3. Recognising that introduction of such waiver scheme would have huge financial implication, the Board of Directors of UPCL in their meeting held on 17.10.06 directed examination of the matter from purely commercial point of view with cost - benefit analysis. However, no such analysis has been presented before the Commission. The Commission does not refute UPCL's contention that there is precedence of implementation of such schemes in other States and that introduction of such scheme could be effective in realising the old un-recovered dues, which might improve its financial position. However, in the absence of any cost-benefit analysis, at present the Commission is not in a position to estimate likely financial impact of the proposed scheme.

4. Nevertheless, since UPCL's above proposal has no impact on consumers'

tariffs, the Commission has no objection to UPCL granting the proposed relief to PTW /pump set agriculture consumers in the proposed one time scheme which should not last beyond 31<sup>st</sup> December 2007. However, in order to monitor the impact of such relief and also to ensure recovery of such waivers through committed efficiency improvements, the Commission directs UPCL to maintain consumer-wise details of such waiver, including principal outstanding, LPS outstanding, amount collected, amount waived and balance outstanding and submit a report on outcome of the scheme by 31<sup>st</sup> January 2008. UPCL shall also maintain separate accounts, and furnish the same by 30<sup>th</sup> June each year, for costs of various efficiency improvement initiatives and loss actually offset through efficiency improvements (over and above the targets fixed by Commission) in each financial year.

**(V.K. Khanna)**  
Member

**(V.J. Talwar)**  
Chairman