UPCL's comments on Stakeholders' suggestions in the matter of MYT petition & Business Plan

UPCL's comments on the response / suggestion received from Shri Rajeev Gupta, KVS Infratech LLP on Multi-Year Tariff (MYT) Petition and Business Plan for the control period of three financial years from 01-04-2016 to 31-03-2019 alongwith tariff determination for FY 2016-17, true up for FY 2014-15 and annual performance review for FY 2015-16 by Uttarakhand Power Corporation Limited

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Hike in Energy & Demand Charges for LT category are not justifiable</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.

The revenue deficit for FY 2016-17 including the deficit of FY 2014-15 has been estimated at Rs.1220.26 Cr, which necessitates a tariff hike of 26.96%. Summary of gap to be recovered in FY 2016-17 is as follows:-

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Thus, on the basis of estimates of expenses and revenue, tariff hike of 24.96% is required in the existing tariff.</td></tr>
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Power availability for FY 2015-16 is projected as 9654 MU and for FY 2016-17 is projected at 10863 MU, higher by 12.5 %. Power availability of 10184 MU projected in FY 17 is sufficient for FY 2016-17 and there is no need to buy power from outside at higher rate.</td><td>The Petitioner would like to clarify that the sales projected for FY 2015-16 are 10227 MU and not 9654 MU. 9654 MU are the actual sales for FY 2014-15. Thus, the sales for FY 2016-17 are only 6.21% higher which is nominal in regard to the increasing demand and the trend observed in previous years.
Also, since the demand for FY 16-17 is higher than availability, the Petitioner is compelled to procure power from short term market.</td></tr>
<tr><td>3.</td><td>Reduction in distribution losses/ loss reduction trajectory</td><td>1. The Petitioner would like to submit that Hon’ble Commission had estimated the distribution losses of UPCL for FY 2002-03 as 44.32%. These losses for FY 2014-15 are 18.79%. Thus, UPCL reduced these losses by 25.53 % within a period of 12 years at an yearly average of</td></tr>
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		2.1275 % . This may be treated a good achievement of UPCL. 2. Further, in order to curb theft of energy and reduction of losses, the following measures have been taken up by UPCL: • Vigilance Raids are being conducted and cases are being registered under Sections 126 and 135 of Electricity Act., 2003. Legal proceedings are being initiated against the person(s) who is found indulging in theft of electricity. • Mechanical meters are being replaced by electronic meters. 25,042 meters have been replaced so far in this year. • All defective meters are being replaced. 93,691 meters have been replaced so far in this year. • AB cable is being laid in theft prone areas. 1706 Km. cable has been laid so far in this year. • New connections are being released by installing meters outside the premises of the consumers. • Meters installed on the connections of existing consumers are being shifted outside the premises of the consumers.
4.	**Collection Efficiency:** The Licensee has failed to abide by the collection efficiency target set by the Commission and the same should be analysed by the Hon'ble Commission.	During last 05 years UPCL reduced its AT&C Losses by 10.77% at an yearly average of 2.154 % , increased collection efficiency by 6.34% at an yearly average of 1.268%. The level of AT&C Losses and Collection Efficiency in FY 2014-15 is 18.64% and 99.87% respectively. This may be treated good performance of UPCL.

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5.	**<u>Delay in Billing:</u>** Hon'ble UERC has approved 15 days grace period for depositing electricity bill from the date of billing but for the last so may month bills are prepared /delivered/published on internet just before last date hence industries are not taking benefit of grace period.	The grace period was allowed by the Hon'ble Commission on the premise that 15 clear days are not given to the consumers for making the payment of the bill. UPCL starts billing from fifth of every month but in some cases due date for payment of bill is not kept giving clear 15 days. However, bill is always delivered before the due date and thus the consumer avails grace period of 15 days for making the payment.
6.	**<u>Revenue Gap</u>** Revenue gap of Rs. 1220.26 Cr to be recovered on this ARR is on a very higher side this UERC is requested to examine this figure properly.	The reply to this point is covered in reply to point 1 above.

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Thus, on the basis of estimates of expenses and revenue, tariff hike of 24.96% is required in the existing tariff in each category.
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<u>Demand Charges</u>

Proposed hike in demand charges from HT industry is on a higher side.

The demand charges should be abolished.
</td><td>

The justification to the proposed tariff hike has been explained in the point above.

Further, it is submitted that for Electricity Act, 2003 mandates for a two part tariff, the relevant clause is reiterated below

"The charges for electricity supplied by a distribution licensee may include:
(a) a fixed charge in addition to the charge for the actual electricity supplied ;
(b) a rent or other charges in respect of any electric meter or electrical plant provided by the distribution licensee."

About 50% of the UPCL's total costs are fixed in nature including the capacity / fixed charge of power purchase, which should be recovered to a certain extent through fixed charges to ensure revenue stability. Presently only14% of
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		revenue at existing tariff is recovered from fixed charges. Also two part tariff exercise involves determination of fixed and energy charges to meet the cost of supply, any reduction in fixed charges would thus call for increase in energy charges to match the tariff with COS.
3.	**<u>Time of day Tariff</u>** A- Morning peak hours 6:00 AM to 9:30AM in winter season should be discontinued and be shifted to 7-9:30 AM B- In the existing tariff peak hour charges are sufficient for all types of load factors. We suggest that same should not be increased further. .C- In winter season load between 2200-700 hrs remains less thus rebate during Off Peak Hours should be increased from 10% to 25% for	A- 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 peak hours have been provided due to heating load and reduced generation in winter season. Keeping in view the demand and availability curve of power morning peak hours from 06:00 hrs to 09:30 hrs are necessary during winter season and cannot be shifted to any other timeslot. B- It is submitted that there is a deficit situation of electricity throughout the day, but the quantum of deficit during peak hours is much more than the quantum of deficit during normal hours and offpeak hours. Further, the quantum of deficit during normal hours is more than quantum of deficit during off peak hours. In this situation, it is submitted that its priority is to shift the demand during peak hours first to off peak hours and thereafter to normal hours thereby flattening the load curve and making the diversity factor closer to unity. Therefore higher tariff is needed for peak hours in order to shift the demand to off peak and normal hours. Further the determination of peak hour tariff is the Commissions prerogative which gives sufficient incentive during the off peak period. C- As per the ToD tariff, during off-peak hours, a rebate of 10% is already allowed by commission for industrial category as per existing tariff, and UPCL has followed the same approach, while proposing the ToD tariffs for the said category in its MYT Petition. Further any increase in the rebate

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	encouraging utilization of power during off peak hrs.	during the off peak hours would require proportionate increase in energy charges during peak/normal hours.
4.	Power purchase from open market should be encouraged as it a source of cheap power.	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.
5.	Reduction in distribution losses/ loss reduction trajectory	1. The Petitioner would like to submit that Hon'ble Commission had estimated the distribution losses of UPCL for FY 2002-03 as 44.32%. These losses for FY 2014-15 are 18.79%. Thus, UPCL reduced these losses by 25.53 % within a period of 12 years at an yearly average of 2.1275 % . This may be treated a good achievement of UPCL. 2. Further, in order to curb theft of energy and reduction of losses, the following measures have been taken up by UPCL: • Vigilance Raids are being conducted and cases are being registered under Sections 126 and 135 of Electricity Act., 2003. Legal proceedings are being initiated against the person(s) who is found indulging in theft of electricity. • Mechanical meters are being replaced by electronic meters. 25,042 meters have been replaced so far in this year. • All defective meters are being replaced. 93,691 meters have been replaced so far in this year.

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6.	**<u>Power supply rebate</u>** To provide uniform rebate of 10% to industries connected at independent feeders at 33 kV/132/220 KV. It is also requested to promote independent feeders in order to reduce line losses.	(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 and will be able to file the next ARR on the basis of the same. (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. The Petitioner believes that voltage rebate approved by the Hon'ble Commission is very high and was done without hearing the Petitioner's view point. UPCL therefore proposed to keep the rates of rebate which were applicable in FY 2013-14. Moreover, the proposed rates of rebates are higher than the rebates applicable in neighbouring States like Madhya Pradesh, Haryana, Delhi and Punjab.
7.	**<u>Collection Efficiency:</u>** The Licensee has failed to abide by the collection efficiency target set by the Commission and the	During last 05 years UPCL reduced its AT&C Losses by 10.77% at an yearly average of 2.154 % , increased collection efficiency by 6.34% at an yearly average of 1.268%. The level of AT&C Losses and Collection Efficiency in

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<tr><td>8.</td><td>Cost of power from new stations of Rs. 5.00 kwh is on a higher side</td><td>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 astute and realistic as possible. The rate considered is based on the industry trends observed in the past few years and in line with the methodology followed by the Petitioner in its previous petitions.</td></tr>
<tr><td>9.</td><td><u>Delayed Payment Surcharge:</u>
The DPS at present is levied @ 1.25% p.m. on the amount unpaid even if the payment is made 1 day after the due date which appears quiet unreasonable. Further, the rate of 1.25% translates into an annual rate of 15% which is very high in the current economic scenario. Accordingly, it is proposed 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.</td><td>(i) Delayed Payment Surcharge is the cost of 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.

(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.

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<tr><th>State</th><th>DPS</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>1.5% per month on unpaid amount</td></tr>
<tr><td>Delhi</td><td>1.5% per month on unpaid amount</td></tr>
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<tr><td>10.</td><td>Encouraging Open access

Encouraging open access will help augment power availability in the state and ease out the deficit power situation.
Hon'ble Commission to encourage consumers to purchase power through open excess
While availing power through open access, the</td><td>1. UPCL already allows open access to the consumers to the extent technically possible. This is also evident from the fact from its large number of registered open access consumers.
2. Extra energy charge for continuous supply is charged from the consumer who have opted for continuous supply. This charge is premium to get continuous and quality supply. These consumers are exempted from load shedding during scheduled/unscheduled power cuts and during restricted</td></tr>
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	continuous charges @15% should be reduced for Industries who are receiving continuous power supply.	hours of the period of restriction of usages approved by the Hon'ble Commission from time to time. With a view to recovery of cost, continuous supply surcharge @ 15% is justified. In this connection, the following provisions of Law are relevant :- Para-5.5.1 of National Electricity Policy – "There is an urgent need for ensuring recovery of cost of service from consumers to make the power sector sustainable." Para-8.2.1(1) of Tariff Policy – "……Consumers, particularly those who are ready to pay a tariff which reflects efficient costs have the right to get uninterrupted 24 hours supply of quality power………"
11.	Unscheduled Rostering	(i) UPCL during FY 2014-15 met its 97% demand of Electricity. 3% 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:- <u>बिजली कटौती की नीति (पॉलिसी)</u> 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

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3. सभी पर्यटन/तीर्थ स्थल तथा स्वतंत्र पोषक से पोषित अस्पताल एवं पेयजल योजनाओं पर कोई विद्युत कटौती नहीं की जायेगी।
4. किसी भी क्षेत्र में लगातार एक नियत अवधि में बिजली कटौती 14 दिनों से अधिक नहीं की जायेगी।
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<u>Demand Charges</u>
Proposed hike in demand charges from HT industry is on a higher side.
The demand charges should be abolished.
</td><td>
The justification to the proposed tariff hike has been explained in the point above.
Further, it is submitted that for Electricity Act, 2003 mandates for a two part tariff, the relevant clause is reiterated below
“The charges for electricity supplied by a distribution licensee may include:
(a) a fixed charge in addition to the charge for the actual electricity supplied ;
(b) a rent or other charges in respect of any electric meter or electrical plant provided by the distribution licensee.”
</td></tr>
</table>

S. No.	Objections/Comments/Suggestions	Response
		About 50% of the UPCL's total costs are fixed in nature including the capacity / fixed charge of power purchase, which should be recovered to a certain extent through fixed charges to ensure revenue stability. Presently only14% of revenue at existing tariff is recovered from fixed charges. Also two part tariff exercise involves determination of fixed and energy charges to meet the cost of supply, any reduction in fixed charges would thus call for increase in energy charges to match the tariff with COS.
3.	Power purchase cost is on a higher side due to higher power purchase from short term market at higher rate.	For the period from April, 2015 to January, 2016 average power purchase cost from open market is Rs. 3.67 / unit. Accordingly, UPCL in its petition has proposed the rate of power purchase from open market @ Rs. 3.64/unit.
4.	Power purchase from open market should be encouraged in peak hours as it a source of cheap power.	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.
5.	**Power Consumption** Sales considered for HT category are on a higher side, only hike of 1-2% should be considered on previous year and an overall hike of 2-3% should be considered.	It is submitted that the sales for HT category has been projected at rate of 5.00% each year which is a decent rate as compared to trends observed in previous years. The 4 & 5 year CAGR is observed to be 7% and 10% respectively. The Petitioner while taking assumption has tried to be as conservative as possible thus a rate of 5% has been assumed for increase in HT sales. Similarly for other categories the Petitioner while taking assumptions has tried be as realistic and astute as possible.
6.	**Power supply rebate** To provide uniform rebate of 10% to industries connected at independent feeders at 33 kV/132/220	(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

S. No.	Objections/Comments/Suggestions	Response
	KV. It is also requested to promote independent feeders in order to reduce line losses.	apprise the Hon'ble Commission that UPCL is in process to calculate the voltage wise cost of supply and will be able to file the next ARR on the basis of the same. (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. The Petitioner believes that voltage rebate approved by the Hon'ble Commission is very high and was done without hearing the Petitioner's view point. UPCL therefore proposed to keep the rates of rebate which were applicable in FY 2013-14. Moreover, the proposed rates of rebates are higher than the rebates applicable in neighbouring States like Madhya Pradesh, Haryana, Delhi and Punjab.
7.	**Dis-incentivizing instead of incentivizing the higher load factor** If the consumer draws maximum power in the same Contract demand, licensee's average power purchase cost can be passed on to the consumer average tariff will automatically get reduced and therefore the gain on account of reduction on average power purchase cost can be passed on to the consumer through load factor incentive. Higher load factors also result in maximum utilization of transmission and distribution assets, thus resulting in average lower costs for the licensee.	Hence, it is submitted that higher energy charges are levied for higher consumption due to the fact that the State is power deficit and deficit power is procured at a rate higher than the average rate of firm power. Secondly, at higher load factor demand charges per unit is reduced which is the incentive to the consumer for having higher load factor.

S. No.	Objections/Comments/Suggestions	Response
8.	**<u>Encouraging Open access</u>** Hon'ble Commission to encourage consumers to purchase power through open access. This will only happen when different losses and charges are reasonably reduced.	1. UPCL already allows open access to the consumers to the extent technically possible. This is also evident from the fact from its large number of registered open access consumers. 2. The Petitioner would like to submit that Hon'ble Commission had estimated the distribution losses of UPCL for FY 2002-03 as 44.32%. These losses for FY 2014-15 are 18.79%. Thus, UPCL reduced these losses by 25.53 % within a period of 12 years at an yearly average of 2.1275 % . This may be treated a good achievement of UPCL. Further, it is to submit that electricity tariff in Uttarakhand is lowest.

UPCL's comments on the response / suggestion received from Mr. R.K. Singh, Tata Motors on Multi-Year Tariff (MYT) Petition and Business Plan for the control period of three financial years from 01-04-2016 to 31-03-2019 alongwith tariff determination for FY 2016-17, true up for FY 2014-15 and annual performance review for FY 2015-16 by Uttarakhand Power Corporation Limited

S. No.	Objections/Comments/Suggestions	Response
1.	UPCL each year has not been able to achieve the distribution loss trajectory set by the Commission	1. The Petitioner would like to submit that Hon'ble Commission had estimated the distribution losses of UPCL for FY 2002-03 as 44.32%. These losses for FY 2014-15 are 18.79%. Thus, UPCL reduced these losses by 25.53 % within a period of 12 years at an yearly average of 2.1275 % . This may be treated a good achievement of UPCL. 2. Even after such significant reduction in distribution losses, UPCL caused a loss of Rs. 1023 Cr. from FY 2003-04 to FY 2013-14 due to Stringent Loss Trajectory fixed by the Hon'ble Commission. This is adversely impacting the financial position of the Company. Further, it is to submit that electricity tariff in Uttarakhand is lowest. Thus, the distribution loss trajectory claimed by UPCL is realistic and should be allowed.
2.	**Electricity Distribution Infrastructure** The capex proposed in US Nagar is not sufficient to meet the demand for the area as load has increased by more than 40%. Due to this the increasing demand the feeders are being overloaded.	The Petitioner in its constant endeavors tries to provide the best quality supply to its consumers. Accordingly the Petitioner has proposed the capital expenditure in respective discom areas. The Petitioner has proposed capital expenditure in the US Nagar in purview of substation augmentation 66/33/11 KV, increase in network line, meter replacement, electronic metering, new substations etc as can observed in the business plan submitted to the Hon'ble Commission.
3.	**Distribution Loss Calculation on open access units:** Distribution losses calculated on open access energy	1. As per Regulation 29(2) of the UERC (Terms and Conditions of Intra-State Open Access) Regulations, 2010, Distribution Loss on Open Access Energy are required to be calculated by applying the following

S. No.	Objections/Comments/Suggestions	Response
	for FY 14-15 is calculated is 8.92% but for FY 15-16 it is charged as 15%. It is recommended that it should be 8.33% for HV Consumers.	formula:- Average Distribution Loss – Average Recovery Rate from HT Industry Category / Average Power Purchase Rate x Applicable Voltage Rebate. Accordingly, distribution losses at 33 Kv and 132 Kv were computed 13.88% and 8.92% respectively for FY 2014-15. 2. 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 2015-16, Regulations, 2015 was applicable and Hon'ble Commission in the said order approved pooled average system distribution losses for FY 2015-16 @ 15%. Thus, the request of the consumer cannot be accepted in view of provisions of Regulations.
4.	**Green Cess & Electricity Duty** Charging of Green Cess from open access units is causing duplicity as open access consumer's have to pay Rs. 0.2235/unit against other consumers who only pay rs.0.10/unit. Further electricity duty should be abolished in order to provide relief to the consumers	1. As per Section 4 of the Uttarakhand Green Energy Cess Act, 2014, Government of Uttarakhand has levied this cess w.e.f. 01-07-2015 @ Rs. 0.10/unit on the Electricity consumption by Commercial and Industrial Consumers. UPCL is charging this cess as per Government orders. This cess charged from consumers is payable by UPCL to GoU. Therefore, the matter may be taken up with GoU. 2. As per section 3 of Uttar Pradesh Electricity (Duty) Act (Uttarakhand adaptation and modification) order 2001, State Government is empowered to fix the rates of Electricity Duty to be charged from various category of consumers. Government of Uttarakhand vide its notification no. 79/I/2016-01(3)/01/2003, dated 25-01-2016 has fixed these rates applicable w.e.f. 1-01-2016. UPCL is charging electricity duty as per Government orders. The Electricity duty charged from consumers is payable by UPCL to GoU. Therefore, the matter may be taken up with GoU.

<table>
<tr><th>S. No.</th><th>Objections/Comments/Suggestions</th><th>Response</th></tr>
<tr><td>5.</td><td>Unscheduled Load Shedding</td><td>(i) UPCL during FY 2014-15 met its 97% demand of Electricity. 3% 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:-
<u>बिजली कटौती की नीति (पॉलिसी)</u>
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>
<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>
</table>
</td></tr>
</table>

S. No.	Objections/Comments/Suggestions	Response
		<table><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। 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। (iii) As per policy of the Company, UPCL always try to inform the consumers in advance for planned load shedding, however in emergency conditions it cannot be done some times.

S. No.	Objections/Comments/Suggestions	Response
6.	Rebate of 12.5% should be given to the stakeholder as for 132KV line it is 7.5% and the Tata Motors is on 220 KV line.	(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 and will be able to file the next ARR on the basis of the same. (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. The Petitioner believes that voltage rebate approved by the Hon'ble Commission is very high and was done without hearing the Petitioner's view point. UPCL therefore proposed to keep the rates of rebate which were applicable in FY 2013-14. Moreover, the proposed rates of rebates are higher than the rebates applicable in neighbouring States like Madhya Pradesh, Haryana, Delhi and Punjab.
7.	Proposed tariff hike is not justified as last year also the tariff hike was 15% and this year also tariff hike sought is 24.99 %	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. The revenue deficit for FY 2016-17 including the deficit of FY 2014-15 has been estimated at Rs.1220.26 Cr, which necessitates a tariff hike of 26.96%. Summary of gap to be recovered in FY 2016-17 is as follows:-

S. No.	Objections/Comments/Suggestions	Response
		(see below)

S. No.	Particulars	Rs. Cr.	Rs./Unit	%
1	Cost of Power	4688.45	4.32	84.24%
2	Cost of Service	876.99	0.81	15.76%
3	ARR (1+2)	5565.44	5.12	100.00%
4	Gap for previous years	544.39	0.50	9.78%
5	Net ARR (3+4)	6109.83	5.62	109.78%
6	Existing Tariff	4889.57	4.50	87.86%
7	Gap during the year (5-6)	1220.26	1.12	24.96%

*** Cost of Power**

S. No	Particulars	Rs./Unit	%
1	Power Purchase	2.99	69.24%
2	Transmission Charges	0.52	12.00%
3	Transmission Loss	0.06	1.47%
4	Cost of Power at Distribution Periphery	3.57	82.71%
5	Distribution Loss	0.75	17.29%
6	Cost of Power	4.32	100.00%

Thus, on the basis of estimates of expenses and revenue, tariff hike of 24.96% is required in the existing tariff.

S. No.	Objections/Comments/Suggestions	Response
8.	The Power purchase cost should be reduced on account of reducing coal prices and record production.	It is not correct to say that the cost of NTPC Power is being reduced. The average power purchase price of NTPC Power is around Rs. 3.25 / unit this year which is similar with the rate of previous year. Further, the availability of power from firm sources is not being increased in the proportion of increase in demand. The deficit of power is being increased every year and the rate of deficit power to be procured from open market is high as compared to the rate of firm power. Therefore, weighted average rate of power for the coming years is going high and accordingly power purchase cost has been proposed by UPCL. Additionally the GoI in the budget for FY 2016-17 has also introduced a clean energy cess which would further increase the per unit cost by 15 paise which has not been factored in the present petition.

UPCL's comments on the response / suggestion received from Mr. S.S. Chopra, Hindustan National Glass & Industries Limited onMulti-Year Tariff (MYT) Petition and Business Plan for the control period of three financial years from 01-04-2016 to 31-03-2019 alongwith tariff determination for FY 2016-17, true up for FY 2014-15 and annual performance review for FY 2015-16 by Uttarakhand Power Corporation Limited

S. No.	Objections/Comments/Suggestions	Response
1.	There is no full proof system for adjustment of power trading amount through IEX in the monthly consumer bills and each month it is delayed.	There is no centralized mechanism for monthly adjustment of Open Access Power Purchases by consumers. However, this adjustment of Open Access Energy is being done by division offices in the next billing cycle. Further, in order to make adjustment of Open Access Energy in the current billing cycle, a centralized system is being studied at head quarter level.
2.	For continuous process industries energy should be supplied without interruption and the shutdown should be planned with the consumer to be intimated well in advance	It is submitted that there are times when there occurs certain technical & environmental complication not in control of the Petitioner due to which there might be unscheduled power outages. It's been always the first priority of UPCL to provide quick & reliable services to its customers therefore it has taken major steps to minimize these problems & provide continuous supply to the consumers by using new & improved state of the art technology.
3.	Alternate source of supply should be provided to HT and LT consumers in case of a breakdown.	It is submitted that the Petitioners tries to provide best quality supply to all its consumer but there occurs instance when a breakdown occurs which is beyond the control of the Petitioner. UPCL when these situation arises tries it level best to keep the response time as minimal as possible.

S. No.	Objections/Comments/Suggestions	Response
4.	Continuous supply surcharge should be reduced to 10% from prevailing 15% and should further be reduced to zero in coming years.	The following are the provisions which proves that levy of higher energy charges is absolutely in accordance with the provisions of the law: *Para-5.5.1 of National Electricity Policy – "There is an urgent need for ensuring recovery of cost of service from consumers to make the power sector sustainable."* *Para-8.2.1(1) of Tariff Policy – "……Consumers, particularly those who are ready to pay a tariff which reflects efficient costs have the right to get uninterrupted 24 hours supply of quality power………."* Extra energy charge for continuous supply is charged from the consumers who have opted for continuous supply. 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 arises. Purchase of power over and above the availability from firm sources is inter-alia required to give continuous supply to the desired industries and therefore keeping in view the rates of electricity in the open market and increase in rates of UI overdrawl, continuous supply surcharge cannot be kept below 15% of energy charges throughout the year.

UPCL's comments on the response / suggestion received from Mr. Vijay Kumar Verma, M/s Shiv Shakti Electricals onMulti-Year Tariff (MYT) Petition and Business Plan for the control period of three financial years from 01-04-2016 to 31-03-2019 alongwith tariff determination for FY 2016-17, true up for FY 2014-15 and annual performance review for FY 2015-16 by Uttarakhand Power Corporation Limited

S. No.	Objections/Comments/Suggestions	Response
1.	Fixed charges should be removed	It is submitted that for Electricity Act, 2003 mandates for a two part tariff, the relevant clause is reiterated below *"The charges for electricity supplied by a distribution licensee may include:* *(a) a fixed charge in addition to the charge for the actual electricity supplied ;* *(b) a rent or other charges in respect of any electric meter or electrical plant provided by the distribution licensee."* About 50% of the UPCL's total costs are fixed in nature including the capacity / fixed charge of power purchase, which should be recovered to a certain extent through fixed charges to ensure revenue stability.. Presently only14% of revenue at existing tariff is recovered from fixed charges. Also two part tariff exercise involves determination of fixed and energy charges to meet the cost of supply, any reduction in fixed charges would thus call for increase in energy charges to match the tariff with COS.
2.	Fuel Charges should not be charged to the consumers and should be pre-included in the tariff	Fuel Charge Adjustment is levied on account of incremental fuel charges of the generating stations not envisaged at the time of determination of Tariff. In case a normative incremental fuel cost is added in the power purchase cost at the time of determination of Tariff, this will unduly increase the Tariff of consumers. Therefore, on the basis of actual incremental fuel cost, fuel charge adjustment is revised quarterly. During FY 2015-16 the FCA was zero in the

S. No.	Objections/Comments/Suggestions	Response
		second and last quarter.
3.	**Collection Efficiency** Unpaid billed amounts from Govt. as well as non-govt. organisations should be recovered regularly	It is submitted that it is a constant endeavour of the Petitioner to improve upon it's collection efficiency each year so that the burden of lesser revenue realisation is not put on to the other consumers. Continuous efforts are made to realise revenue from specifically the govt organisations as is evident from the increasing collection efficiency for this category through the years.
4.	**Green energy Cess** Charging of Green Cess is unjustifiable	As per Section 4 of the Uttarakhand Green Energy Cess Act, 2014, Government of Uttarakhand has levied this cess w.e.f. 01-07-2015 @ Rs. 0.10/unit on the Electricity consumption by Commercial and Industrial Consumers. UPCL is charging this cess as per Government orders. This cess charged from consumers is payable by UPCL to GoU. Therefore, the matter may be taken up with GoU.
5.	Domestic supply is being utilized for the non-domestic purposes.	It is submitted that tariff for non-domestic category is specified by the Commission and the same is applicable to consumers falling under that category. For particular cases as mentioned here the stakeholder is requested to report the case to the respective division office.
6.	Replacement of defective meters should be done within 7 days	Defective Meters are being replaced as per the provisions of Tariff Order / Regulations. During FY 2015-16 UPCL replaced 1,05,076 meters till 31-01-2016.

UPCL's comments on the response / suggestion received from Mr. R.S. Yadav, India Glycols Limited onMulti-Year Tariff (MYT) Petition and Business Plan for the control period of three financial years from 01-04-2016 to 31-03-2019 alongwith tariff determination for FY 2016-17, true up for FY 2014-15 and annual performance review for FY 2015-16 by Uttarakhand Power Corporation Limited

S. No.	Objections/Comments/Suggestions	Response
1.	**High Voltage Rebate** Voltage rebate on 132 V line should be increased form 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 and will be able to file the next ARR on the basis of the same. (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. The Petitioner believes that voltage rebate approved by the Hon'ble Commission is very high and was done without hearing the Petitioner's view point. UPCL therefore proposed to keep the rates of rebate which were applicable in FY 2013-14. Moreover, the proposed rates of rebates are higher than the rebates applicable in neighbouring States like Madhya Pradesh, Haryana, Delhi and Punjab.
2.	Continuous supply surcharge should be reduced to 10% from prevailing 15% and should further be reduced to zero in coming years.	The following are the provisions which proves that levy of higher energy charges is absolutely in accordance with the provisions of the law: *Para-5.5.1 of National Electricity Policy – "There is an urgent need for ensuring recovery of cost of service from consumers to make the power sector sustainable."* *Para-8.2.1(1) of Tariff Policy – "……Consumers, particularly those who are ready to pay a tariff which reflects efficient costs have the right to get uninterrupted 24 hours supply of quality power………."*

S. No.	Objections/Comments/Suggestions	Response
		Extra energy charge for continuous supply is charged from the consumers who have opted for continuous supply. 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 arises. Purchase of power over and above the availability from firm sources is inter-alia required to give continuous supply to the desired industries and therefore keeping in view the rates of electricity in the open market and increase in rates of UI overdrawl, continuous supply surcharge cannot be kept below 15% of energy charges throughout the year.
3.	Abolition of Load Factor based tariff	Hence, it is submitted that higher energy charges are levied for higher consumption due to the fact that the State is power deficit and deficit power is procured at a rate higher than the average rate of firm power. Secondly, at higher load factor demand charges per unit is reduced which is the incentive to the consumer for having higher load factor.

<table>
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<tr><td>4.</td><td>Overall rate increase proposed by UPCL is on a higher side</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.

The revenue deficit for FY 2016-17 including the deficit of FY 2014-15 has been estimated at Rs.1220.26 Cr, which necessitates a tariff hike of 26.96%. Summary of gap to be recovered in FY 2016-17 is as follows:-

<table>
<tr><th>S. No.</th><th>Particulars</th><th>Rs. Cr.</th><th>Rs./Unit</th><th>%</th></tr>
<tr><td>1</td><td>Cost of Power</td><td>4688.45</td><td>4.32</td><td>84.24%</td></tr>
<tr><td>2</td><td>Cost of Service</td><td>876.99</td><td>0.81</td><td>15.76%</td></tr>
<tr><td>3</td><td>ARR (1+2)</td><td>5565.44</td><td>5.12</td><td>100.00%</td></tr>
<tr><td>4</td><td>Gap for previous years</td><td>544.39</td><td>0.50</td><td>9.78%</td></tr>
<tr><td>S. No.</td><td>Particulars</td><td>Rs. Cr.</td><td>Rs./Unit</td><td>%</td></tr>
<tr><td>5</td><td>Net ARR (3+4)</td><td>6109.83</td><td>5.62</td><td>109.78%</td></tr>
<tr><td>6</td><td>Existing Tariff</td><td>4889.57</td><td>4.50</td><td>87.86%</td></tr>
<tr><td>7</td><td>Gap during the year (5-6)</td><td>1220.26</td><td>1.12</td><td>24.96%</td></tr>
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<tr><th>S. No</th><th>Particulars</th><th>Rs./Unit</th><th>%</th></tr>
<tr><td>1</td><td>Power Purchase</td><td>2.99</td><td>69.24%</td></tr>
<tr><td>2</td><td>Transmission Charges</td><td>0.52</td><td>12.00%</td></tr>
<tr><td>3</td><td>Transmission Loss</td><td>0.06</td><td>1.47%</td></tr>
<tr><td>4</td><td>Cost of Power at Distribution Periphery</td><td>3.57</td><td>82.71%</td></tr>
<tr><td>5</td><td>Distribution Loss</td><td>0.75</td><td>17.29%</td></tr>
<tr><td>6</td><td>Cost of Power</td><td>4.32</td><td>100.00%</td></tr>
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<tr><td>5.</td><td>Cross Subsidy should be reduced.</td><td>As per the provisions of Tariff Policy, the tariff of subsidizing categories may be kept at cost plus 20%. The Tariff of HT Industry Category has been proposed at cost plus 14.58%. Thus, the proposed Tariff is as per the provisions of Law. Moreover, the cross subsidy for this category has not been increased in the proposal.</td></tr>
<tr><td>6.</td><td>Determination of voltage wise loss</td><td>Submission is same as mentioned at para 1 above.</td></tr>
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UPCL's comments on the response / suggestion received from BST Textile Mills Pvt. Ltd.onMulti-Year Tariff (MYT) Petition and Business Plan for the control period of three financial years from 01-04-2016 to 31-03-2019 alongwith tariff determination for FY 2016-17, true up for FY 2014-15 and annual performance review for FY 2015-16 by Uttarakhand Power Corporation Limited

S. No.	Objections/Comments/Suggestions	Response
1.	Load Factor based tariff is completely illegal and should be abolished immediately.	As per section 62 (3) of the Electricity Act, 2003 tariff may be differentiated on the basis of consumers load factor.
2.	Winter season morning peak hours are completely wrong and it should be abolished immediately.	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 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 Hilly State of Uttarakhand from 06:00 hrs to 09:30 hrs is negligible. Therefore, morning peak hours in winter are required to be continued.
3.	Security deposit rule of 2 months should be reduced to 1.5 months	It is submitted that once the supply is drawn by a consumer the bill is generated after a 1 month period. In 15 days the bill is received by the consumer and again after 15 days the time period is given for payment. Thus a 2 month period is justifiable and is also in accordance with the UERC supply code.
4.	The tariff per unit has already been hiked by 10% due to increased electricity duty and green cess. Thus the tariff should not be further hiked	1. As per Section 4 of the Uttarakhand Green Energy Cess Act, 2014, Government of Uttarakhand has levied this cess w.e.f. 01-07-2015 @ Rs. 0.10/unit on the Electricity consumption by Commercial and Industrial Consumers. UPCL is charging this cess as per Government orders. This cess charged from consumers is payable by UPCL to GoU. Therefore, the matter may be taken up with GoU. 2. As per section 3 of Uttar Pradesh Electricity (Duty) Act (Uttarakhand adaptation and modification) order 2001, State Government is empowered to fix the rates of Electricity Duty to be charged from various category of consumers. Government of Uttarakhand vide its notification no. 79/I/2016-01(3)/01/2003, dated 25-01-2016 has fixed these rates applicable w.e.f. 1-01-2016. UPCL is charging electricity

S. No.	Objections/Comments/Suggestions	Response
		duty as per Government orders. The Electricity duty charged from consumers is payable by UPCL to GoU. Therefore, the matter may be taken up with GoU.
5.	**High Voltage Rebate** Voltage rebate on 33 V line should be increased form 2.5% to 5% .	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. The Petitioner believes that voltage rebate approved by the Hon'ble Commission is very high and was done without hearing the Petitioner's view point. UPCL therefore proposed to keep the rates of rebate which were applicable in FY 2013-14. Moreover, the proposed rates of rebates are higher than the rebates applicable in neighbouring States like Madhya Pradesh, Haryana, Delhi and Punjab.
6.	No wheeling charges should be levied on open access power as demand charges are already being paid.	Wheeling Charges is the sum of all expenses of UPCL other than power purchase expenses and Transmission charges. As the demand charges has been kept less than the required wheeling charges, the differential of required wheeling charges and demand charges is also payable as wheeling charges by the embedded open access consumers.

UPCL's comments on the response / suggestion received from Ganesha Ecosphere Ltd. onMulti-Year Tariff (MYT) Petition and Business Plan for the control period of three financial years from 01-04-2016 to 31-03-2019 alongwith tariff determination for FY 2016-17, true up for FY 2014-15 and annual performance review for FY 2015-16 by Uttarakhand Power Corporation Limited

S. No.	Objections/Comments/Suggestions	Response
1.	Facilitate the process of depositing the security and additional security deposit by way of bank guarantee/ letter of credit.	As per Section 47 (4) of the Electricity Act, 2003, the Distribution Licensee is required to pay interest on the security deposit. As interest cannot be paid on the money held with UPCL as Bank Guarantee / Letter of Credit, the Bank Guarantee should only be in the form of cash / bank draft.

UPCL's comments on the response / suggestion received from Mr. Ashok Bansal, Kumaon Garhwal Chamber of Commerce and industry onMulti-Year Tariff (MYT) Petition and Business Plan for the control period of three financial years from 01-04-2016 to 31-03-2019 alongwith tariff determination for FY 2016-17, true up for FY 2014-15 and annual performance review for FY 2015-16 by Uttarakhand Power Corporation Limited

S. No.	Objections/Comments/Suggestions	Response
1.	Growth Rate of sales, consumers and connected load of HT and LT Industry considered for estimation of sales appears to be overestimated.	UPCL understands that accurate sales estimation is very important while estimating the annual revenue requirement. For the same it has tried to estimate the energy sales utilizing three methods 1) Estimation of Sales as per draft 18th EPS 2) Estimation of Sales based on Econometric Model 3) Estimation of Sales based on Adjusted trend Analysis (CAGR). The sales figures arrived at from each of these models were discussed in detail and based on the existing scenarios, the authenticity of estimation of base variables and the informed judgments already explained in MYT petition it was decided that the best method shall be the estimation of sales based on adjusted trend Analysis.
2.	The projection of UPCL regarding Distribution loss and collection efficiency seems reasonable and can be considered by the Commission.	In view of comment of the Chamber, UPCL again request the Hon'ble Commission to consider the distribution loss trajectory and collection efficiency trajectory as proposed in the Petition.
3.	Projected Availability of Power from various sources may be checked at Commission level.	We are providing all the supplementary / additional information to the Hon'ble Commission as required by them.
4.	Transmission losses proposed by UPCL may be accepted by the Commission	In view of comment of the Chamber, UPCL again request the Hon'ble Commission to consider the Transmission Losses as proposed in the Petition.
5.	**Capital Expenditure Plan** Capital expenditure plan proposed by UPCL may be considered by the Commission in terms of revenue	The need for capital expenditure in UPCL is for two primary reasons: a) The rising electricity demand makes it essential for the Petitioner to make investments in procuring power to meet the demand and also prepare its

S. No.	Objections/Comments/Suggestions	Response
	generated by these schemes and all other schemes that are not deemed to be productive should be scrapped	distribution infrastructure for evacuating the increasing power that shall be procured and subsequently distributed to its growing consumers. b) Making investments to facilitate loss reduction, increase operational efficiency through IT and automation to improve the quality and reliability of supply. Thus the Petitioner has proposed the capital investments in purview of the abovementioned objectives which will in turn help in more revenue generation for the Petitioner.
6.	**Operating Expenses** All regular cadres should find place on UPCL's rolls and contract system of employees should be abolished as early as possible.	Outsourcing of employees is required for core and non-core activities. It is submitted that there are instances when UPCL is not able to recruit employees for core activities due to factors beyond the control of the Petitioner for instance court order and various legal roadblocks. During that time outsourcing on contractual basis is the best option available to the Petitioner as it provides instant manpower to carry out the day to day activities which otherwise would have been stopped due to deficit manpower which would have ultimately have an adverse effect on the consumers. Outsourcing not only bring in efficiency in the system but also helps in reducing the costs incurred to the Petitioner.
7.	**Bad and Doubtful Debts:** Bad and doubtful debts considered are not justified	(i) Regulation 31 of the UERC Tariff Regulations, 2015 provides that Hon'ble Commission may allow a provision for Bad and Doubtful Debts @ 1% of the estimated Annual Revenue subject to the (i) actual writing off of Bad Debts in previous years (ii) the total amount of such provisioning allowed in the previous years should not exceeds 5% of the receivables at the beginning of the year. (ii) UPCL at the time of transfer of Assets and Liabilities got a provision for Bad and Doubtful Debts amounting to Rs. 230.01 Cr. UPCL started its functioning w.e.f. 09-11-2001 and Hon'ble Commission so

S. No.	Objections/Comments/Suggestions	Response
		far allowed a provision for Bad and Doubtful Debts of Rs. 103.74 Cr. UPCL for the period upto FY 2014-15 written off the bad debts amounting to Rs. 139.15 Cr. Accordingly, the entire provision allowed by Hon'ble Commission has been exhausted by UPCL. Thus, claim of provision of 1% of Annual Revenue for each year is in line with the provisions of the Regulations.
8.	Overall tariff hike proposed of 24.99% is on a higher side, This along with the PTCUL, SLDC and UJVNL hike would effectively be 31.77%.	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. The revenue deficit for FY 2016-17 including the deficit of FY 2014-15 has been estimated at Rs.1220.26 Cr, which necessitates a tariff hike of 26.96%. Summary of gap to be recovered in FY 2016-17 is as follows:-

S. No.	Particulars	Rs. Cr.	Rs./Unit	%
1	Cost of Power	4688.45	4.32	84.24%
2	Cost of Service	876.99	0.81	15.76%
3	ARR (1+2)	5565.44	5.12	100.00%
4	Gap for previous years	544.39	0.50	9.78%
5	Net ARR (3+4)	6109.83	5.62	109.78%
6	Existing Tariff	4889.57	4.50	87.86%
7	Gap during the year (5-6)	1220.26	1.12	24.96%

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9.	Non-computation of voltage- wise cost of supply for tariff fixation.	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 and will be able to file the next ARR on the basis of the same.
10.	**<u>Load factor based tariff to HT industrial consumers</u>** 1. The Load Factor Tariff is increasing cross subsidy. 2. The existing load factor based tariff penalizes the	1. As per the provisions of Tariff Policy, the tariff of subsidizing categories may be kept at cost plus 20%. The Tariff of HT Industry Category has been proposed at cost plus 14.58%. Thus, the proposed Tariff is as per the provisions of Law. Moreover, the cross subsidy for this category has not been increased in the proposal. Hence, it is not correct to say load factor based tariff is increasing cross subsidy.

S. No.	Objections/Comments/Suggestions	Response
	industries with incremental consumption within its contracted demand upto 100% load factor by way of higher energy rates on whole of the consumption for load factor above 40% and further for load factor above 50%. Such an approach is clearly one sided and completely ignores the interest of the consumers who are supposed to consume power for the load, they have contracted with the licensee without any increase on the basis rate of energy charge for higher load factor. 3. The load factor based tariff to HT industries is penalizing them with incremental consumption within their contracted demand being charged in the higher slab of energy charges on whole of their consumption. This approach is most unscientific and illogical. Even if load factor based tariff is imposed, it should provide telescopic basis for charging incremental consumption beyond specified load factor limit on higher rates instead the existing provision and practice of charging the whole consumption at higher rate of energy charge for the particular load factor slab. The existing formula for calculation of load factor should be replaced by the following:	2. As per section 62 (3) of the Electricity Act, 2003 tariff may be differentiated on the basis of consumers load factor. Further, it is submitted that higher energy charges are levied for higher consumption due to the fact that the State is power deficit and deficit power is procured at a rate higher than the average rate of firm power. Secondly, at higher load factor demand charges per unit is reduced which is the incentive to the consumer for having higher load factor. 3. Load Factor formula is based on the actual requirement of load of the consumer. In case maximum demand is lower than the contracted load, 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.

S. No.	Objections/Comments/Suggestions	Response
	Load factor = $\frac{\text{Consumption during billing period}}{\text{maximum or contracted demand whichever x Nos. hours in the billing period}}$	
11.	**Levy of Higher Energy Charges for Continuous Supply** Electricity Act, 2003 does not allow the Commission to differentiate consumers by the hours of supply or consumers subjected to load shedding and the CSS should be reduced to 10%	The following are the provisions which proves that levy of higher energy charges is absolutely in accordance with the provisions of the law: Para-5.5.1 of National Electricity Policy – *"There is an urgent need for ensuring recovery of cost of service from consumers to make the power sector sustainable."* Para-8.2.1(1) of Tariff Policy – *"……Consumers, particularly those who are ready to pay a tariff which reflects efficient costs have the right to get uninterrupted 24 hours supply of quality power………."* Extra energy charge for continuous supply is charged from the consumers who have opted for continuous supply. 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 arises. Purchase of power over and above the availability from firm sources is inter-alia required to give continuous supply to the desired industries and therefore keeping in view the rates of electricity in the open market and increase in rates of UI overdrawl, continuous supply surcharge cannot be kept below 15% of energy charges throughout the year.

S. No.	Objections/Comments/Suggestions	Response
12.	The industries opting for continuous supply connected on independent / industrial feeder should be provided continuous supply irrespective of their process and option by other industries.	As per existing Tariff Order and Proposal made in the Petition, continuous process industry as well as non-continuous process industrial consumers connected on either independent feeders or industrial feeders can opt for continuous supply.
13.	Levy of minimum consumption guarantee charge in the tariff to Industrieson the account of inefficiencies of UPCL in billing data of UPCL. The existing tariff to industries is a two part tariff comprising of fixed / demand charges based on contracted load of the industry and consumption charges based on 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 the its every tariff order and additionally making 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.	The levy of Minimum consumption guarantee is not on the account of poor billing but for the recovery of minimum fixed charges. Section-45(3) of the Electricity Act, 2003, stipulates for levy of fixed charges as follows: *"The charges for electricity supplied by a distribution licensee may include:* *(a) a fixed charge in addition to the charge for the actual electricity supplied ;* *(b) a rent or other charges in respect of any electric meter or electrical plant provided by the distribution licensee."* About 50% of the UPCL's total costs are fixed in nature including the capacity / fixed charge of power purchase, which should be recovered to a certain extent through fixed charges to ensure revenue stability. Levy of minimum consumption guarantee charges and fixed charges are the way of ensuring minimum revenue to the licensee from the consumers. Minimum Consumption Guarantee has been proposed at very low level of consumption. In case during certain months, 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.

S. No.	Objections/Comments/Suggestions	Response
14.	Revision of rates of High Voltage Rebate for availing supply at higher voltage	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 and will be able to file the next ARR on the basis of the same.
15.	Fixation of tariff for HT industry on the basis of actual losses in the HT system	
16.	**Proposed Revision of tariff to industries by UPCL** 1. Unjustified Tariff hike proposed	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. The revenue deficit for FY 2016-17 including the deficit of FY 2014-15 has been estimated at Rs.1220.26 Cr, which necessitates a tariff hike of 26.96%. Summary of gap to be recovered in FY 2016-17 is as follows:-

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2. 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 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 Hilly State of Uttarakhand from 06:00 hrs to 09:30 hrs is negligible. Therefore, morning peak hours in winter are required to be continued.

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17.	The security deposit from industrial consumers should be facilitated in form of bank guarantee	As per Section 47 (4) of the Electricity Act, 2003, the Distribution Licensee is required to pay interest on the security deposit. As interest cannot be paid on the money held with UPCL as Bank Guarantee / Letter of Credit, the Bank Guarantee should only be in the form of cash / bank draft.
18.	Tariff to deptt. employees and pensioners. There has been a nominal hike in tariff for these employees however tariff for other consumers has increased by about 40% on past 12 years	(i) The employees of UPCL are being given the facility of departmental electricity connection since U.P. State Electricity Board was in existence. Under this facility, a fix lump-sum amount is charged from the employees according to their designation towards electricity charges for electricity supplied to them. Erstwhile UPSEB was unbundled under the provisions of Uttar Pradesh Electricity Reforms Act, 1999 and Section-23(7) of the said act provides "terms and conditions of service of the personnel shall not be less favorable to the terms and condition which were applicable to them before the transfer". The same spirit has been echoed under first proviso of section 133(2) of the Electricity Act, 2003. The benefits for employees / pensioners as provided in section 12(b)(ii) of the Uttar Pradesh Reform Transfer Scheme, 2000 include "concessional rate of electricity", which means concession in rate of electricity to the extent it is not inferior to what was existing before 14th January, 2000. The rates and charges indicated above for this category are strictly in adherence of above statutory provisions. As UPCL is the successor entity of UPPCL (formed as a result of unbundling of UPSEB), the above legal provisions are also applicable on it (UPCL). (ii) Meters have been installed on the connections of the Departmental Employees/Pensioners.
19.	Compensation should be provided in case of interruptions in continuous supply.	Industries who have been opted continuous supply are being given continuous supply and no rostering / power cuts are imposed on them except load shedding required due to emergency breakdown/ shutdown. Thus, there is no need for compensation to the consumers.
20.	Compliance of the Directions issued by Hon'ble Commission in the Tariff Order for FY 2015-16.	The status has been reported to the Hon'ble Commission in the matter.

UPCL's comments on the response / suggestion received from Shri Kuldeep Singh Bhartiya Kisaan Union onMulti-Year Tariff (MYT) Petition and Business Plan for the control period of three financial years from 01-04-2016 to 31-03-2019 alongwith tariff determination for FY 2016-17, true up for FY 2014-15 and annual performance review for FY 2015-16 by Uttarakhand Power Corporation Limited

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2.	Government Arrears should be recovered	UPCL is doing efforts for recovery of Government Arrears. In FY 2014-15, Rs. 282.63 Cr. were collected from Government Departments and in this year Rs. 113.29 Cr. recovered so far. Efforts are being made for more recovery.

UPCL's comments on the response / suggestion received from Shri Raj Singh Dev Bhoomi DharamshalaPrabandhak Sabha onMulti-Year Tariff (MYT) Petition and Business Plan for the control period of three financial years from 01-04-2016 to 31-03-2019 alongwith tariff determination for FY 2016-17, true up for FY 2014-15 and annual performance review for FY 2015-16 by Uttarakhand Power Corporation Limited

S. No.	Objections/Comments/Suggestions	Response
1.	Dharamshala/Trust/Ashram should be treated under domestic category	As per the existing categorization of consumers, Dharamshala/Trust/ Ashrams fall under the category of RTS-2 (Non-domestic). The domestic category applies only on the residential premises for light, fan & power and other domestic purposes including single point bulk supply above 50 KW for residential colonies, residential multistoried buildings where energy is exclusively used for such purpose. Non-domestic category is a subsidizing category whereas the domestic category is subsidized category. As per the provisions of Electricity Act, 2003 and National Tariff Policy, the cross subsidy should be maintained at the level of ±20% of the average cost of supply. In view of the facts mentioned hereinabove, consumers covered under subsidizing category cannot be transferred into the subsidized category. Thus, the Dharamshala/Trust/Ashrams are rightly categorized under Rate Schedule RTS-2 (Non-domestic).
2.	Fixed charges should not be levied.	Section-45(3) of the Electricity Act, 2003, stipulates for levy of fixed charges as follows: *"The charges for electricity supplied by a distribution licensee may include:* *(a) a fixed charge in addition to the charge for the actual electricity supplied ;* *(b) a rent or other charges in respect of any electric meter or electrical plant provided by the distribution licensee."* About 50% of the UPCL's total costs are fixed in nature including the capacity / fixed charge of power purchase, which should be recovered to a certain extent through fixed charges to ensure revenue stability. Hence, levy

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S. No.	Objections/Comments/Suggestions	Response
		* **Cost of Power** **S. No** | **Particulars** | **Rs./Unit** | **%** 1 | Power Purchase | 2.99 | 69.24% 2 | Transmission Charges | 0.52 | 12.00% 3 | Transmission Loss | 0.06 | 1.47% 4 | Cost of Power at Distribution Periphery | 3.57 | 82.71% 5 | Distribution Loss | 0.75 | 17.29% 6 | Cost of Power | 4.32 | 100.00% Thus, on the basis of estimates of expenses and revenue, tariff hike of 24.96% is required in the existing tariff.
4.	Fuel Charges should not be charged to the consumers	Fuel Charge Adjustment is levied on account of incremental fuel charges of the generating stations not envisaged at the time of determination of Tariff. In case a normative incremental fuel cost is added in the power purchase cost at the time of determination of Tariff, this will unduly increase the Tariff of consumers. Therefore, on the basis of actual incremental fuel cost, fuel charge adjustment is revised quarterly. During FY 2015-16 the FCA was zero in the second and last quarter. .