



Approval of ARR and Tariff for State Discoms for FY 2023-24, APR of FY 2022-23 and True-up of FY 2021-22



UTTAR PRADESH ELECTRICITY REGULATORY COMMISSION

LUCKNOW

Petition No. 1948 / 2023, 1945 / 2023, 1947 / 2023, 1949 / 2023 and 1946 / 2023

TRUING UP OF TARIFF FOR FY 2021-22, ANNUAL PERFORMANCE REVIEW (APR) FOR FY 2022-23

AND

APPROVAL OF AGGREGATE REVENUE REQUIREMENT AND TARIFF FOR FY 2023-24

FOR

Dakshinanchal Vidyut Vitran Nigam Ltd., Agra (DVVNL)- (Petition No. 1948 / 2023)

Madhyanchal Vidyut Vitran Nigam Ltd., Lucknow (MVVNL)- (Petition No. 1945 / 2023)

Pashchimanchal Vidyut Vitran Nigam Ltd., Meerut (PVVNL)- (Petition No. 1947 / 2023)

Purvanchal Vidyut Vitran Nigam Ltd., Varanasi (PuVVNL)- (Petition No. 1949 / 2023)

Kanpur Electricity Supply Company Ltd., Kanpur (KESCO)- (Petition No. 1946 / 2023)

ORDER UNDER SECTIONS 62 & 64 OF-

THE ELECTRICITY ACT, 2003

May 24, 2023



TABLE OF CONTENTS

1. BACKGROUND AND BREIF HISTORY	29
1.1. BACKGROUND	29
1.2. DISTRIBUTION TARIFF REGULATIONS.....	30
2. PROCEDURAL HISTORY	31
2.1. BUSINESS PLAN, MULTI YEAR ARR & TARIFF AND TRUE UP PETITION BY THE LICENSEES 31	
2.2. SUO-MOTO PROCEEDINGS ON ANNUAL PERFORMANCE REVIEW (APR) FOR FY 2017-18, AGGREGATE REVENUE REQUIREMENT (ARR) FOR FY 2018-19 AND PETITION FOR TRUE UP OF ARR FOR FY 2015-16 and FY 2016-17 FILED BY THE PETITIONERS.....	31
2.3. BUSINESS PLAN for FY 2020-21 to FY 2024-25, TRUING UP FY 2018-19, ANNUAL PERFORMANCE REVIEW (APR) of FY 2019-20 AND DETERMINATION OF TARIFF FOR FY 2020-21	31
2.4. DETERMINATION OF TARIFF FOR FY 2021-22, ANNUAL PERFORMANCE REVIEW (APR) of FY 2020-21 AND TRUING UP FY 2019-20.....	31
2.5. DETERMINATION OF TARIFF FOR FY 2022-23, ANNUAL PERFORMANCE REVIEW (APR) of FY 2021-22 AND TRUING UP FY 2020-21.....	32
2.6. DETERMINATION OF TARIFF FOR FY 2023-24, ANNUAL PERFORMANCE REVIEW (APR) of FY 2022-23 AND TRUING UP FY 2021-22.....	32
2.7. PRELIMINARY SCRUTINY OF THE FILINGS	33
2.8. ADMITTANCE OF THE TRUE-UP, APR AND ARR / TARIFF FILINGS.....	35
2.9. PUBLICITY OF THE LICENSEES FILINGS.....	36
2.10. PUBLIC HEARING	36
2.11. STATE ADVISORY COMMITTEE	37
3. PUBLIC HEARING PROCESS	38
3.1. PUBLIC HEARING	38
3.2. VIEWS / COMMENTS / SUGGESTIONS / OBJECTIONS / REPRESENTATIONS ON TRUE-UP, APR AND ARR / TARIFF FILINGS.....	39
3.3. TARIFF	39
3.4. Tariff Proposal	73
3.5. Fuel Surcharge.....	93
3.6. New Category for BPL Consumers.....	94



3.7. Time of Day (ToD) Tariff.....	94
3.8. Tariff Rationalization	95
3.9. Distribution Losses	96
3.10. Cross Subsidy Surcharges.....	101
3.11. Power Purchase	110
3.12. Renewable Energy and REC trade	117
3.13. Revamped Distribution Sector Scheme	118
3.14. Incentive Rebate & Surcharge.....	119
3.15. Differential bulk supply Tariff (DBST)	121
3.16. Lifeline Consumers	122
3.17. Billing.....	124
3.18. Tariff for Weaver consumers	126
3.19. Sales and Revenue.....	126
3.20. Domestic Consumers	131
3.21. LMV-5 Consumers category	132
3.22. Transparency w.r.t. State Government subsidy disbursal.....	134
3.23. LMV-10 Departmental Category	136
3.24. Smart Metering	137
3.25. RPO and REC.....	142
3.26. Non-Tariff Income	143
3.27. Security Deposit.....	144
3.28. Subsidy	146
3.29. Telecommunication Sector	148
3.30. Electricity Duty	151
3.31. Solar Energy.....	152
3.32. General / Miscellaneous	153
4. TRUING UP OF AGGREGATE REVENUE REQUIREMENT FOR FY 2021-22	177
4.1. INTRODUCTION	177
4.2. CONSUMPTION PARAMETERS: CONSUMER NUMBERS, CONNECTED LOAD AND SALES 177	
4.3. DISTRIBUTION LOSSES	188



4.4. ENERGY BALANCE	198
4.5. POWER PURCHASE EXPENSES	200
4.6. TRANSMISSION CHARGES	216
4.7. O&M EXPENSES	217
4.8. CAPITAL INVESTMENTS, CAPITALISATION & FINANCING	253
4.9. INTEREST AND FINANCE CHARGES	268
4.10. INTEREST ON WORKING CAPITAL	280
4.11. DEPRECIATION	286
4.12. PROVISION FOR BAD AND DOUBTFUL DEBT	303
4.13. RETURN ON EQUITY (RoE)	308
4.14. DEEMED REVENUE	312
4.15. SUBSIDY FROM GOUP	314
4.16. NON-TARIFF INCOME	317
4.17. INCOME TAX	326
4.18. REVENUE FROM SALE OF POWER	327
4.19. ARR AND REVENUE GAP / (SURPLUS) FOR FY 2021-22 AFTER TRUING UP	329
5. ANNUAL PERFORMANCE REVIEW OF FY 2022-23	338
5.1. INTRODUCTION	338
5.2. BILLING DETERMINANTS: NUMBER OF CONSUMERS AND CONNECTED LOAD	338
5.3. ENERGY SALES	343
5.4. DISTRIBUTION LOSS	348
5.5. POWER PURCHASE QUANTUM AND COST	349
5.6. DIFFERENTIAL BULK SUPPLY TARIFF	357
5.7. ENERGY BALANCE	362
5.8. INTRA STATE TRANSMISSION CHARGES	364
5.9. O&M EXPENSES	364
5.10. CAPITAL INVESTMENT	380
5.11. CONSUMER CONTRIBUTION, CAPITAL GRANTS AND SUBSIDIES	389
5.12. FINANCING OF THE CAPITAL INVESTMENT	391
5.13. GROSS FIXED ASSETS (GFA) AND DEPRECIATION	394
5.14. INTEREST ON LONG TERM LOANS	403



5.15. INTEREST ON WORKING CAPITAL.....	406
5.16. INTEREST ON CONSUMER SECURITY DEPOSIT	409
5.17. BANK AND FINANCE CHARGES	410
5.18. INTEREST AND FINANCE CHARGES	411
5.19. PROVISION FOR DOUBTFUL DEBT	413
5.20. RETURN ON EQUITY (RoE)	414
5.21. CONTRIBUTION TO CONTINGENCY RESERVE.....	417
5.22. NON-TARIFF INCOME	417
5.23. GOUP SUBSIDY	419
5.24. REVENUE FROM SALE OF POWER	420
5.25. ARR AND REVENUE GAP	425
6. AGGREGATE REVENUE REQUIREMENT (ARR) & TARIFF FOR FY 2023-24	432
6.1. INTRODUCTION	432
6.2. BILLING DETERMINANTS: NO. OF CONSUMERS, CONNECTED LOAD AND ENERGY SALES 433	
6.3. DISTRIBUTION LOSS.....	448
6.4. ENERGY BALANCE	449
6.5. POWER PURCHASE COST	451
6.6. INTRA STATE TRANSMISSION CHARGES	495
6.7. O&M EXPENSES	496
6.8. CAPITAL INVESTMENT, CAPITALISATION AND FINANCING	522
6.9. DEPRECIATION.....	545
6.10. INTEREST AND FINANCE CHARGES.....	563
6.11. RETURN ON EQUITY (RoE)	578
6.12. PROVISION ON BAD AND DOUBTFULL DEBT	584
6.13. NON-TARIFF INCOME	586
6.14. INCOME TAX.....	588
6.15. GOUP SUBSIDY	589
6.16. AGGREGATE REVENUE REQUIREMENT (ARR) FY 2023-24.....	592
7. REGULATORY ASSETS	599
8. TARIFF PHILOSOPHY	605