

KESCO Replies to UPERC MOM dated 01.04.2021

1. The billing determinants submitted by UPPCL/ Discoms for FY 2021-22 is different from that approved in the Business Plan. UPPCL Discom to provide explanation/ justification for not considering the billing determinants approved by the Commission in Business Plan Order dated 27 October, 2020. The details need to be provide for each billing determinant for all the Discoms as well as consolidated as per the enclosed format

Reply

Licensee have informed to Hon'ble Commission in the reply of first data gap that approved road map for reduction of cross-subsidies is required for preparation of Tariff without subsidy. These roadmap is to be approved by Hon'ble Commission as per Tariff Policy. Existing Tariff is with Government Subsidy. Therefore, cross subsidy computation on the basis of existing tariff will not be applicable for Tariff without Government Subsidy.

Further, billing determinants for various slabs as per existing Tariff structure are also not available in the Tariff Order dated 11.11.2020, which forms the base data for computing slab wise-revenue assessment. Hon'ble Commission is requested to provide these details.

The details required by the Hon'ble Commission in the desired format is hereby attached in the excel copy marked as Annexure-1.

2. In the Tariff Petition has been mentioned that the Tariff Order for FY 2019-20 and FY 2020-21 has been challenged in Hon'ble APTEL. The Petitioners to submit the current status of all cases filed and pending in APTEL, High Court and Supreme Court, etc.

Reply

Tariff Appeals against UPERC Tariff Order dated 11.11.2020 has been filed by Licensee. The same is pending before the Court for Notice and Admission.

In respect of previous years' Tariff Appeal No. 389 of 2019, the pleadings in the matter are complete and the appeal is listed for hearing on 28.10.2021 in the Regular List after being adjourned in terms of the Notifications issued by Hon'ble APTEL (the latest being Notification dated 30.03.2021).

3. The Petitioners to provide the distribution losses at each voltage level (132 kV, 33 kV, 11 kV and LT) as per the Format P1 for all Discoms for FY 2019-20, FY 2020-21 & FY 2021-22 otherwise computation of CSS will not be possible

Reply

The copy of form P1 is attached herewith marked as Annexure-2.

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देवरगढ़, जालंधर

4. UPPCL/ Discom has provided the sales as per the proposal for tariff rationalization however, revenue model for the same has not been submitted. It was pointed out by the Officers of Commission that in absence of revenue model the utility/ significance/ impact of tariff proposal cannot be assessed. Hence, revenue model as per the tariff model needs to be submitted for each Discom as well as consolidated (in excel with all links & formulas).

Reply:

It is informed that the Licensee had submitted the revenue model on the basis of the Tariff structure as per Order dated 11.11.2020. The revenue model for rationalized categories/ sub-categories/ slabs is attached as Annexure -3 with the limitations of non-availability of existing Tariff of rationalized slabs as discussed with Director Tariff during TVS. The billing determinants as submitted to Hon'ble Commission during the TVS presentation have been incorporated in this model and revenue has also been worked out for further categories/sub-categories/ slabs for which existing Tariff is available. Licensee does not have the authority to restructure subcategories of the slabs on the basis of rates of other sub-categories of the slabs. Therefore, the revenue for such sub-categories/ slabs could not be worked out. It has been observed that the consumer category-wise billing determinants for present and rationalized structure are same. The sub-category wise sales has been submitted as per Bucket Filling methodology for preparation of both the revenue models. Further, the cross-subsidy structure without Govt. subsidy for FY 2020-21 is not available. Hence, Licensee, is not able to enter these Cross Subsidy details in the enclosed Revenue Model of Rationalized consumer category structure for the rates without Govt. Subsidy.

UPERC has mentioned in the Licensee petition admittance order that the State-owned Distribution Licensee should have taken the existing rates and the GoUP subsidy approved per unit for the subsidized categories and should have submitted the Rate Schedule accordingly. It is to be submitted that as existing rates are not without Government Subsidy, these cannot be entered in Rate Schedule. Further the units and GoUP subsidy approved per unit rates for the subsidized categories are not mentioned in Tariff Order dated 11.11.2020.

The revenue model also require Break-up of 'Fixed Charge' and 'Energy Charge'. The component of Total Fixed Costs is about 65% of ARR. The recovery as per existing 'Fixed Charge' tariff is about 20% only on existing tariff. UPERC approved methodology for the recovery of remaining component of Fixed Cost through 'Energy Charge' Tariff is not available in the existing uperc Tariff order. As proposed tariff should also ensure recovery of total approved Fixed costs of ARR, the details of UPERC mechanism are required for revenue model.

The excel sheet of Revenue Model with all links & formulas are attached as Annexure - 3.

5. The Petitioner to submit the FAR in Excel for FY 2019-20 for DVVNL, PVVNL, PuVVNL and KESCO. (The zone-wise data needs to be consolidated and the same should be reconciled with the Balance sheet)

Reply

The copy of FAR will be submitted separately.

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6. The Petitioner to provide the Provisional Balance Sheet of UPPCL for FY 2019-20.

Reply

The Provisional Balance Sheet of UPPCL for FY 2019-20 is attached as Annexure-4

7. Power Purchase:

The power purchase cost submitted by UPPCL Discoms was discussed. Details need to be provided on the following:

- a. UPPCL needs to provide justification / explanation for 10% escalation in fixed charge component of power purchase for FY 2021-22.

Reply: It is respectfully submitted that the proposed escalation in FY 2020-21 Petitions was changed by Hon'ble Commission in its Tariff Order dated 11.11.2020. Hence, the Licensee has not proposed any different escalation rate and has adopted the % as approved in Tariff Order. Accordingly, to arrive at the fixed charges estimates for FY 2021-22, UPPCL has considered an escalation of 10% on the Fixed Charges approved by Hon'ble UPERC for FY 2020-21, which is in line with the methodology adopted by the Hon'ble UPERC in its Tariff Order dated 11.11.2020.

- b. UPPCL to provide explanation on the increase in Transmission Charges.

Reply: It is hereby humbly submitted that for PGCIL and Case 1 Transmission Charges, UPPCL has escalated the charges approved by the Hon'ble UPERC for the FY 2020-21 (Page 388 of the Tariff Order dated 11.11.2020) by 5% to arrive at PGCIL and Case 1 Transmission Charges for FY 2021-22. Further, SEUPPTCL and WUPPTCL charges has been considered same, as approved by UPERC in its Tariff Order for FY 2020-21. The computation of the claim for FY 2021-22 is summarized in the table below:

Particulars	As approved by UPERC for FY 2020-21	Escalation	UPPCL claim for FY 2021- 22
PGCIL Charges	3,153.60	5%	3,311.28
WUPPTCL Charges	875.68	-	875.68
SEUPPTCL Charges	277.50	-	277.50
Case-I Transmission Charges	2,194.96	5%	2,304.71
Total	6,501.74		6,769.17

- c. UPPCL to provide details on Other Charges that are part of Power purchase cost in regard to Un-billed power sale of Rs. 881 Crores and clarify why power worth Rs. 881 Crores is sold unbilled. Also provide the revised Auditor Certified Power Purchase including the same. The Petitioners to provide the details (Source and reference in the Balance Sheet) for the amount of Rs. 562.94 Crores (Rs. 54896.62- Rs. 54333.68 Crores) in Power purchase.

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Reply: It is hereby humbly submitted that UPPCL submits that the reconciliation of Power Purchase cost of Rs. 54,896.62 Crore and Rs. 54,333.68 Crore has already submitted by the Petitioner in reply to first data gap queries. The same is reproduced below for kind consideration of the Hon'ble Commission:

Power Purchase Cost	54,333.68
Less:-	
U.I. Charges Receivable (AG code 62.803)	19.39
Reactive Charges Receivable (AG code 62.804)	15.02
LPS Receivable (AG code 62.805)	1.17
Subsidy Receivable NEDA (AG code 63.140)	189.99
Subsidy Receivable IREDA (AG code 63.150)	9.27
Rebate (AG Head 70 Credit)	83.53
Add:-	
Un billed power sale (AG 23.12)	63.65
Un billed power sale (AG 23.42)	817.67
Sub-Total	562.94
Total Power Purchase inclusive of Transmission Charges	54,896.62

Further the detailed summary and generating station wise breakup of Rs. 881 Crore on account of Unbilled Power sale and other heads as mentioned the above table is summarized and attached herewith marked as Annexure -5. In this regard it is further submitted that the above cost pertains to the power purchase bills raised by the generator for the period prior to FY 2019-20, which remained unbilled to UP Discoms by UPPCL in FY 2018-19 and remained unaccounted in the Discom's Balance sheet for FY 2018-19. Accordingly, the same is included in the overall power purchase cost billed to UP Discom's for FY 2019-20. This difference of Power Purchase cost has been accounted for provisional Books of Accounts of UPPCL to the extent of Rs. 881 Crore. The revised power purchase summary sheet for FY 2019-20 depicting the total cost of Rs. 54,896.62 crore has been duly certified by the Chartered Accountant and the same is attached herewith marked as Annexure-6

d. Details of plants that have been added during FY 2021-22

Reply: The list of new plants added during FY 2021-22 is mentioned below:

Source	Generation from	Capacity (MW)
NHPC	PARBATI-II	155
	SUBANSIRI LOWER	182
	PAKALDUL	200
IPP Hydro	Rajghat Hydro	18
	Hydro (Competitive Bidding)	400
IPP Thermal	Ghatampur	1683
RE	Wind and biomass	380
	Solar	397
Total		3415

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- e. The Petitioners needs to provide details of source-wise Short Term power purchase in MUs and Cost (Rs. Crores) in Form 13-H, which is not provided. Further, they should provide monthly short-term transaction details in enclosed format Annexure-A. In the reply DVVNL has informed that the requisite information is being collated. The Petitioner needs to submit the same at earliest.

Reply:

The details of source-wise Short Term power purchase transactions for FY 2019-20, have been provided to the Hon'ble Commission vide email dated 31st March, 2021 as per discussion and directions of Director, Tariff on 31st March, 2021. The same is again attached herewith marked as Annexure-7(in excel copy) for kind consideration of the Hon'ble Commission. It is further to be informed that during the process of petition preparation and submission to Hon'ble Commission, the requirement of source-wise short-term power purchase for FY 2021-22 has been evaluated and arranged as per projected power demand. The related details are attached herewith as Annexure-8 for kind consideration of U.P.E.R.C.

- f. As discussed, licensee to provide detailed explanation of variation in APPC in FY 2020-21 (Rs. 4.99/ kWh) to FY 2021-22 (Rs. 5.41/ kWh).

Reply: The detailed reasons for deviation in APPC from FY 2020-21 to FY 2021-22 are summarized below for kind consideration of the Hon'ble Commission:

- The difference of Rs. 0.12/ kWh is on account of increase in transmission charges (except UPPTCL) from FY 2020-21 to FY 2021-22.
- Difference of Rs. 0.12 /kWh is due to fixed charges to be incurred by the Petitioner, on account of projected stranded capacity for the FY 2021-22.
- The remaining difference is on account of escalation considered in Fixed and Energy charges for computing the Power Purchase Expenses for FY 2021-22.

The working of the above is depicted in the table below:

Particulars	Unit	UPPCL claim		Overall Difference	Step-wise Difference
		FY 2020-21	FY 2021-22		
Total Energy Input (at discom periphery)	Mus	1,08,664.67	1,14,689.47		
Average Power Purchase Cost (APPC)	Rs./ unit	4.99	5.41	0.42	
Transmission charges	Rs. Crores	5,122.21	6,769.17		Rs. 0.12 /kWh
PP Cost (less Transmission charges)	Rs. Crores	49,112.03	55,251.83		
APPC (less Transmission charges)	Rs./ unit	4.52	4.82	0.30	
Stranded capacity charges (for Plants where projected scheduling is NIL)	Rs. Crores	-	1,406.62		Rs. 0.12 /kWh
PP Cost (less Transmission and Stranded Capacity charges)	Rs. Crores	49,112.03	53,845.21		

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Particulars	Unit	UPPCL claim		Overall Difference	Step-wise Difference
		FY 2020-21	FY 2021-22		
APPC (less Transmission and Stranded capacity charges)	Rs./ unit	4.52	4.69	0.18	

8. (a) Information on date of filing of Tariff proposal

Reply

Licensee have informed to Hon'ble Commission in the reply of first data gap that approved road map for reduction of cross-subsidies is required for preparation of Tariff without subsidy. These roadmap is to be approved by Hon'ble Commission as per Tariff Policy. The billing determinants for various slabs as per existing Tariff structure are also not available in the Tariff Order dated 11.11.2020, which forms the base data for computing slab wise revenue assessment. Hon'ble Commission is requested to provide these details.

The summary of True-up / APR and ARR Table is provided below:

Sr. No.	Particulars	FY 2019-20	FY 2020-21	FY 2021-22
		True-up	APR	ARR
1	Energy Delivered to Discom (MU)	3,578.25	3,303.55	3,727.58
2	Sale of Power (MU)	3,300.50	3,021.43	3,413.34
3	Approved Distribution Loss (%)	11.80%	8.42%	8.25%
	Actual/Projected Distribution Loss (%)	7.76%	8.54%	8.43%
4	Intra-State Transmission Loss (%)	3.43%	3.40%	3.33%
	Expenditure (Rs Crore)			
5	Power Purchase Expenses including PGCIL charges	1,860.15	2,217.70	2,576.48
6	Transmission Charges (UPPTCL)	107.67	78.62	88.72
7	Total O&M Expenses (net of capitalisation)	342.66	411.94	437.63
8	Interest & Finance Charges (net of capitalisation)	64.03	44.20	50.78
9	Depreciation	31.07	40.01	45.01
10	Bad and Doubtful Debts	22.48	49.34	55.38
11	Gross Expenditure	2,428.06	2,841.82	3,254.00
12	Return on Equity	46.13	49.73	55.92
13	Less: Non-Tariff Income including DPS	42.26	25.54	25.54
14	Less: revenue from open access consumers	-	-	-
15	Annual Revenue Requirement	2,431.93	2,866.01	3,284.39
16	Revenue from Tariff	2,619.39	2,467.11	2,768.98
17	GoUP Subsidy	-	-	-
18	Revenue (Gap)/Surplus	187.47	(398.91)	(515.41)
19	Power Purchase Cost at Ex-Bus (Rs./Unit)	4.25	4.37	4.60

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Sr. No.	Particulars	FY 2019-20	FY 2020-21	FY 2021-22
		True-up	APR	ARR
20	Average Power Purchase Rate (BST) (Rs/Unit)	4.89	4.99	5.41
21	DBST Rate (Rs/Unit)		6.71	6.91
22	ABR (Excluding Subsidy) Rs /Unit	7.94	8.17	8.11
23	Average Cost of Supply (Rs /Unit)	7.37	9.49	9.62
24	Wheeling Charges (Rs/Unit)			1.32

(e) Guidelines on Distribution reforms announced by the government

Reply

The draft guidelines issued by Ministry of Power are hereby attached in softcopy for your kind reference marked as Annexure-9.

The updated TVS presentation as directed by the Hon'ble Commission is hereby attached.

9. The Petitioners to provide justification regarding the Billing Determinants of LMV-5 claimed in FY 2020-21 and FY 2021-22, whereas the Petitioner have declared the same as zero in the Business Plan Petition and accordingly the same was approved in the Business Plan Order of UPPCL

Reply

The details have been provided to the Hon'ble Commission vide email dated 31st March, 2021. The same is again attached for kind consideration of the Hon'ble Commission as Annexure – 10.

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