Reply to 3rd Information Requirement / Discrepancies/ Data Gaps in the Petition No. 2048 - 2023
Dated:- 30th November , 2023

of

True-Up (FY 2022-23), Annual Performance Review (FY 2023-24), Aggregate Revenue Requirement (FY 2024-25) of KESCo

Billing Determinants:

1. Petitioner in MYT Format has submitted the Number of Consumer in decimals, Petitioner to provide justification for same..

   Response:
   It is respectfully submitted that the projection is based on the CAGR methodology, resulting in projected numbers for billing determinants being generated in fractions. However, while presenting these projections, the number of consumers is rounded off. This approach is consistently followed by all utilities and SERCs when estimating future projections. Furthermore, it is respectfully submitted that the numbers shown in the petitions are not in decimal form. The Hon'ble Commission is kindly requested to consider only the rounded figures.

2. The Petitioner is directed to submit actual billing determinants for FY 2023-24.

   Response:
   It is submitted that the actual billing determinants for FY 2023-24 are attached as **Annexure-A**.

3. It is observed that the Commission vide Tariff Order for FY 2023-24 dated May 24, 2023, had directed as follows:
   "*6.2.15. In the Tariff Order for FY 2022-23 dated July 20, 2022, the Commission has rationalized the consumer categories/ sub-categories/ slabs and as a result the LMV- 8 consumer category was merged with LMV-7 consumer category. Accordingly, the Commission has computed the excess sales for LMV-7 unmetered category. The Commission is of the view that, as the unmetered category of LMV-8 was merged with LMV-7 unmetered category, the norms of sales approved by the Commission for LMV-8 unmetered category vide Order dated December 09, 2016 in Suo-moto proceedings will be applicable for LMV-7 unmetered category.*

   6.2.16. The excess sales computed above is not being deducted from the total sales, however, in case the Petitioners still over book, then in the true-up, the Commission would be disallowing the power purchase cost of the excess units from the total power purchase cost as done in the past True-Ups."

   It is observed that the Petitioner for True up year i.e. FY 2022-23 has separately shown billing determinants for LMV-7 and LMV-8, but for the computation of revenue, the Petitioner has merged the LMV-8 billing determinants into LMV-7 billing determinants considering allocation ratio of 60:40 for metered consumers and 50:50 for unmetered consumers. The Petitioner is directed to provide

   a Rationale of considering such allocation ratio of 60:40 for metered consumers and 50:50 for unmetered consumers for merging LMV-8 billing determinants into LMV-7 billing determinants.
   b. Norms consider for arriving at the sales of unmetered consumer category under LMV-7 (post merging LMV-8 category) for FY 2023-24 and FY 2024-25.

   Response:
   a. The Hon'ble Commission merged the categories LMV-7 and LMV-8 in its previous tariff Orders dated July 20, 2022. Prior to this, it should be noted that the LMV-8 category was not classified under Rural and Urban Schedules. Therefore, the allocation of 60% of metered LMV-8 connections has been considered as Rural Schedule, as approximately

60% of these connections are in rural areas, while 40% are in urban areas. The number of unmetered consumers has drastically reduced in both urban and rural areas, and these have been allocated equally, with 50% in each urban and rural areas.

b. It may be noted that LMV-8 category prior getting merged with LMV-7 had unmetered category consumers, the same has been projected based on the norms approved by the Hon'ble Commission i.e. 7124.71 kWh/Connection/Month.

4. The Petitioner is directed to provide norms considered for computing energy sales for unmetered categories of LMV-1, LMV-2 and LMV-5.

Response:

It is humbly submitted that KESCo have no unmetered consumers in LMV-1, LMV-2, LMV-5.

5. Petitioner to provide justification for following variation in billing determinant consumer categories:
    a. LMV-3, LMV- 4, LMV-7, LMV-9, LMV-11 and HV-4 has shown sudden consumers growth in FY 2022-23, compared to consumers in end of FY 2021-22.
    b. LMV- 4, LMV-7, LMV-9, LMV-11 has shown sudden load growth in FY 2022-23, compared to connected lad at end of FY 2021-22.
    c. LMV-1, LMV-2, LMV- 4, LMV-5, LMV-7, LMV-9, LMV-11, HV-1, HV-2, HV-4 and Extra state sales has shown sudden sales growth in FY 2022-23, compared to sales during FY 2021-22.
    d. Growth of Consumers & connected load of LMV-1 in FY 2025 is considered around 6%, which is significantly higher than the ~2% growth shown in FY 2023.

Response:

a. It is submitted that existing connections are getting Ledgerised and releasing of new connections are in progress across KESCo, hence, there is an increasing trend of consumer number in FY 2022-23 compared to FY 2021-22.

In case of LMV-3, there is no growth in KESCo.

In case of LMV-4 and LMV-7 the percentage increase in consumer number in FY 2022-23 from FY 2021-22 is 7% and 9% respectively, which is very nominal.

In case of LMV-9, the percentage increase in consumer number in FY 2022-23 from FY 2021-22 is 798% because after Covid-19 Pandemic, Construction Works started in full flow and due to the temporary nature of the connection category the growth of consumer and associated load is incidental in nature.

In case of increase of consumers in LMV-11 category, it is submitted that the notable rise in the number of consumers within the LMV-11 category can be attributed to the increasing adoption of electric vehicles, driven by the State Government's EV Policy. The increase in consumer numbers signifies the expanding user base for electric vehicles in this tariff category.

It is also submitted that KESCo does not have any HV-4 consumer in its consumer base.

b. It is submitted that with the increasing trend of consumers in LMV-4, LMV-7, LMV-9 KESCo, hence, there is an increasing trend of consumer load in FY 2022-23 compared to FY 2023-24.

In case of LMV-4, LMV-7 and LMV-9 the percentage increase in load in FY 2022-23 compared to FY 2021-22 is due to increase of consumer numbers.

In case of LMV-11, the This same rationale which contributed in consumer growth has also contributes to the observed trends in Load and Sales for the LMV-11 category.

c. It is submitted that due to increase in consumer number and load in LMV-1, LMV-2, LMV- 4, LMV-5, LMV-7, LMV-9, LMV-11, HV-1, HV-2, there is an increasing trend of sales number in FY 2022-23 compared to FY 2021-22.

It is also submitted that KESCo does not have any HV-4 and extra state consumer in its consumer base.

d. It is submitted that Growth of Consumers & connected load of LMV-1 in FY 2025 is considered around 6%, which is significantly higher than the ~2% growth shown in FY 2023 due to rise in living standards of households and reduced cost of electronics appliances due to technology enhancement.

6. In reference to GoUP order S. No./707/24-9-1-2021, dated 25.03.2021, wherein it was directed that the billing for metered PTW consumer will be done as per rate scheduled applicable unmetered PTW consumer. Go attached as "Annexure-1". The Petitioner is directed to provide clarification whether the metered PTW consumers are billed as per rate schedule applicable for metered PTW consumer or unmetered PTW consumer as per above mentioned GO. The Petitioner is also directed to provide details of revenue and subsidy collected against PTW metered and unmetered consumers.

Response:
It is submitted that as per the statutory provisions full bill generated for LMV-5 category consumer. Further, as per the GoUP directions, the metered consumers are being charged on unmetered rate. It may further be noted that the tariff subsidy is being provided as per GoUP Letter No. 978/24-1-2023-1307/2020 Dated 17.04.2023. Accordingly, payable tariff is being charged. In addition to that as per the GoUP Order S. No./707/24-9-1-2021, dated 25.03.2021, the metered consumers under LMV-5 (rural) consumers are being billed as unmetered.

<u>Power Purchase</u>

7. The Petitioner is required to submit the Source wise break-up of Power Purchased from the Intra -State Sources and their associated cost for FY 2022-23, FY 2023-24 & FY 2024-25. Same need to be reconciled with the Energy Balance as submitted by the Petitioner.

Response:
It is submitted that the Petitioner has submitted the Power Purchase Model to the Hon'ble Commission along with the Petition. The Hon'ble Commission is requested to refer sheets F13_22_23, F13_23_24 & F13_24_25 where interstate and intra state bifurcation has been provided. Further, in the S series model, the energy balance has been linked with the Power Purchase Model. Regarding the source with Cost, it is submitted that the petitioner in the TVS presentation has provided for the Source wise Cost and MUs purchased.

8. The Petitioner is required to submit the Source wise break-up of Power Purchased from the Inter-State Sources and their associated cost for FY 2022-23, FY 2023-24 & FY 2024-25. Same need to be reconciled with the Energy Balance as submitted by the Petitioner.

Response:
It is submitted that the Petitioner has submitted the Power Purchase Model to the Hon'ble Commission along with the Petition. The Hon'ble Commission is requested to refer sheets F13_22_23, F13_23_24 & F13_24_25 where interstate and intra state bifurcation has been provided. Further, in the S series model, the energy balance has been linked with the Power Purchase Model. Regarding the source with Cost, it is submitted that the petitioner in the TVS presentation has provided for the Source wise Cost and MUs purchased.

9. The Petitioner to provide source-wise share of allocated Power Purchase for FY 2022-23, FY 2023-24 & FY 2024-25.

Response:
The details of Allocated and unallocated power have already been provided under Power Purchase Model Sheet Allocated PPA FY 2024-25, Allocated PPA FY 2023-24 & Allocated PPA FY 2022-23, the Commission is requested to refer the same.

10. Intra-state loss as claimed by the petitioner is 3.27%, which is lower than the losses of 3.30% as claimed by the UPPTCL. Petitioner to provide justification for same.

Response:
The Petitioner has claimed the Intra-State Transmission losses as approved by the Hon'ble Commission for the financial year 2022-23. It is further submitted that UPPTCL is a separate entity, and the data from UPPTCL was not accessible to the licensees at the time of filing the ARR. Additionally, there is a lack of regulatory clarity on whether the Intra-State Transmission losses claimed by State discoms should align with those submitted by UPPTCL for the true-up years. Therefore, the licensees have considered the Intra-State Transmission losses based on the prevalent practice approved by the Hon'ble Commission for the financial year 2022-23.

11. It is observed that in FY 2022-23, Petitioner has claimed Fixed cost of Rs. 78.98 Crore for 'HARDUAGANJ' Generating Station. However, while projecting power purchase cost for FY 2024-25, petitioner has considered Fixed Cost for the 'HARDUAGANJ' Generating Station as Zero. Petitioner to provide justification for such projection.

Response:
There seems to be excel error due to which the fixed cost is being reflected incorrectly, the same may be rectified and Rs 82.17Cr may be considered.

12. Petitioner to provide the basis of considering Energy charges & Fixed Charges for following newly added generating station considered FY 2024-25:
    - Panki Extension
    - OBRA-C
    - Jawaharpur
    - PARBATl-11
    - SUBANSIRI LOWER
    - KHURJA STPP
    - Hydro (Competitive Bidding)
    - Ghatampur
    - Solar (FY 24)
    - Solar (FY 25)
    - WIND (FY 24)
    - WIND (FY 25)

• Slop Based Power Project

Response:

Project/Plant	Variable Charge (VC) and Fixed Charge (FC) Details
Panki Extension, Obra C, Jawaharpur	Detailed in **Annexure-B**
PARBATI-II, SUBANSIRI LOWER, KHURJA STPP, Ghatampur	Projections based on an EC and FC of Rs 2.5 per unit
Solar Power (FY 24 and FY 25)	Variable Charge (VC) of Rs 3 per unit
Wind Power	VC of Rs 2.98 per unit (True Up year rate)
Slop-based Power Project	VC of Rs 1.44 per unit
Hydro Projects (competitive bidding)	VC of Rs 2.72 per unit (FY 2022-23 True Up year) for projections

13. It is observed that the Petitioner has claimed Fixed cost of Rs. 363.73 Crore for TRN ENERGY (PTC) in FY 2022-23. Further, during the APR of FY 2023-24, petitioner has considered Annual Fixed cost of Rs. 376.22 Crore for TRN ENERGY (PTC). However, during the projection of power purchase for FY 2024-25, has considered Fixed Cost of Rs. 296.62 Crore. Petitioner, in this regard to provide justification for such variation in fixed cost projection of TRN ENERGY (PTC).

    Response:
    The fixed charges have been computed based on the average availability of last 5 years which is around 53% due to which the petitioner has projected the lower fixed cost. The Commission is requested to kindly consider the same.

14. Average Energy Charge of HARDUAGANJ EXT. Stage II for FY 2022-23 is Rs. 2.73/kWh. Further, while projection of power purchase for FY 2023-24 & FY 2024-25, petitioner has considered Energy charge of Rs. 4.77 /kWh & Rs. 5.03/kWh in Format 13B, respectively. Petitioner, in this regard to provide justification for considering sudden growth in Energy Charges.

    Response:
    Petitioner while estimating the variable charges for Harduaganj extension State II has considered established variable charges as recorded for True up year for Harduaganj Extension. Accordingly, the variable charges for FY 2023-24 and FY 2024-25 has been estimated Rs. 4.77 /kWh & Rs. 5.03/kWh respectively.

15. Petitioner to provide the detail of unit received from roof top solar. Petitioner to further provide clarification that, under which head the unit received from rooftop solar are shown. Explain how the accounting of Net metering had been done.

    Response:
    Since the units from household rooftop solar panels are netted off against individual premises' unit sales, the petitioner's sales projections are based on these net-off solar units. This adjustment forms the basis for estimating the power purchase requirements for the upcoming years.

16. Petitioner has claimed power purchase of Rs. 68311.06 Crore. Further, Sales to Power to Discoms (as per Note -8 of UPPCL Balance Sheet) are not matching with the Power purchase cost as shown by the DISCOMs in their balance sheet as shown in Table below. Petitioner to provide justification along with the reconciliation of Power Purchase. Petitioner to provide the detail of Rs. 11.59 Crore of adjustment amount as shown in UPPCL Balance Sheet.

	Power Purchase as per UPPCL Balance Sheet	**Power Purchase as per DISCOM Balance Sheet**	**Difference**
DVVNL	14572.40	14492.63	79.77
MVVNL	15763.64	15677.33	86.31
PVVNL	20638.13	20525.14	112.99
PuVVNL	15319.77	15235.9	83.87
KESCO	2371.58	2358.59	12.99
Adj.	-11.59	0	-11.59
	68653.93	**68289.59**	**364.34**

Response:
It is submitted that the reconciliation has already been submitted in Data Gap 2. However, the reply is being resubmitted as under:
It is submitted that the Commission had directed the Petitioner to reconcile power purchase as per audited accounts of discom Vis-à-vis Note 22 of Audited accounts of UPPCL. In this regard it is submitted that the Commission has considered Transmission charges under power purchase from UPPCL, for instance the breakup of Transmission charge and Power purchase from UPPCL is provided under Note-20 of Audited balance sheet of KESCo.
In light of above the reconciliation of each power component of power purchase claimed in the Petition with the audited accounts of Petitioner and UPPCL is as follows:

Table-1

RECONCILIATION OF POWER PURCHASE OF DISCOMS AND UPPCL							
				Rs. In Crores			
	PARTICULARS	**DVVNL**	**MVVNL**	**PVVNL**	**PuVVNL**	**KSECO**	**TOTAL**
A	**Purchase as per DISCOM's Balance Sheet as on 31.03.2023**	**14,492.63**	**15,677.33**	**20,525.14**	**15,235.90**	**2,358.59**	**68,289.59**
B	Sale as per UPPCL's Balance Sheet as on 31.03.2023	14,572.40	15,763.64	20,638.13	15,319.77	2,371.58	68,665.52
C	Adjustments as per UPPCL's Balance Sheet as on 31.03.2023 (Start-up sale to M/s Neyveli Uttar Pradesh Power Ltd.)						-11.59
D	**Net Sale as per UPPCL's Balance Sheet as on 31.03.2023 (B+C)**	**14,572.40**	**15,763.64**	**20,638.13**	**15,319.77**	**2,371.58**	**68,653.93**
E	**Difference between Discom's Purchase and UPPCL's Sale (A-D)**	**-79.77**	**-86.31**	**-112.99**	**-83.87**	**-12.99**	**-364.34**
F	**Adjustments in the books of UPPCL**						
1)	Prior Period Expenses (AG 83.1 Net)	-					-355.06
2)	Start-up sale to M/s Neyveli Uttar Pradesh Power Ltd.						11.59
3)	Un-billed Power Sale of 2022-23 (AG 23.42)						-21.48
4)	Other Income related to Prior period (Subsidy Receivable IREDA (AG code 65.9)						0.61
	Total Adjustments in the books of UPPCL (1+2+3+4)	**-**	**-**	**-**	**-**	**-**	**-364.34**
G	**Net Sale in the books of UPPCL after adjustments (E+F)**						**68,289.59**

Table-2

S. No.	PARTICULARS	AS PER B/S (Rs. Crores)	AS PER MIS (Rs. Crores)	DIFFERENCE (Rs. Crores)
RECONCILIATION OF POWER PURCHASE AS PER UPPCL BALANCE SHEET AND MIS FOR THE FY 2022-23				
1	Power Purchase from Generators & Traders	61,805.10	61,744.46	60.64
2	Surcharge (LPS)	583.47	583.47	0.00
3	Unscheduled Inter Charges	-77.01	-77.01	-
4	Reactive Charges	9.12	9.12	-
5	Transmission Charges	6,846.55	6,907.19	-60.64
	Gross Power Purchase (A)	**69,167.23**	**69,167.23**	**0.00**
8	Rebate & Other Credits	237.87	237.87	-
9	Subsidy Receivable (IREDA & NEDA) (AG Code 63.140 & 63.150)	275.42	275.42	-
10	U.I. Charges Receivable (AG Code 62.803)			-
11	Reactive Charges Receivable (AG Code 62.804)			-
12	LPS Receivable (AG Code 62.805)			-
13	Subsidy Receivable (IREDA) (AG Code 65) - Prior Period			-
	Total Rebate & Other Credits (Ç)	**513.29**	**513.29**	**-**
	Net Power Purchase (A + B - C)	**68,653.94**	**68,653.94**	**0.00**

Further, it is submitted that the Net Power Purchase after adjustments of prior period balance i.2 Rs (355.06) crore, Start-up sale to M/s Neyveli Uttar Pradesh Power Ltd i.e Rs. 11.59 crore and Subsidy Receivable (IREDA) (AG Code 65) - Prior Period i.e Rs. (0.61) crore, amount to Rs. 68,311.08 crore.

It is hereby submitted that the detailed working of the same was also clarified during the TVS discussions.

17. It is observed the Petitioner has projected power purchase of 5083 MUs in FY 2024-25, which is lower than the actual power purchase quantum from solar generating station in FY 2022-23. Petitioner to provide justification for lower Power Purchase Projection for solar plants.

Response:
It may be noted that in projecting power from solar sources, the petitioner has used a reasonable CUF of 19%. This figure is based on historical performance data of existing solar plants, encompassing both new and older installations. While new plants may initially have higher CUFs, over time, factors such as equipment degradation, maintenance needs, and environmental impacts typically reduce the CUF. Therefore, although the CUF for newer plants starts higher, it is assumed that it may decreases in upcoming year. Therefore, for its projections the petitioner has considered reasonable CUF of 19% for FY 23-24.

Following table depicts the trend of Solar Energy which seems to be in line with the petitioner submission.

FY 2022-23	FY 2023-24 (Provisional Accounts)	FY 2024-25 (Projections)	% var FY 24 w.r.t. FY 23	% var FY 25 w.r.t. FY 24
5518.02	5203.17	5083.18	-6%	-2%

<u>Others:</u>

18. In case of DVVNL, it was observed that there were certain items in Fixed Asset Register (FAR) for FY 2022-23 which are shown under head of "11/0.4 KV TRANSFORMER REPAIRED". The above

is just an example. For all such item which are shown under repaired, Petitioner to provide the justification why the repair items are part of its FAR.

Response:
This query does not pertain to the KESCo.

19. In case of MVVNL, for "Faizabad", it has been found that certain heads such as 'typewriters', 'calculators', etc. quantity is shown as NIL, however the value of under such assets are appearing in FAR. Licensee to provide justification on all such assets in its FAR.

Response:
This query does not pertain to the KESCo.