

**Reply to 1st Information Requirement / Discrepancies/ Data Gaps in the Petition No.
2048 of 2023**

Dated:- February 05, 2024.

of

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

True up (FY 2022-23)

Billing Determinants

1. The billing determinants (Number of consumers and connected load) submitted in the Table 2-1 of the Petition and submitted in the format F9 are different. The Petitioner to submit the explanation for the same along with Billing Determinants vise Revenue.

Response:

It is respectfully submitted that the billing determinants for each Discom, as presented in the Tariff Petition and Revenue Model, remain consistent. However, there was linking issue in the total which have now been rectified. The reconciled F9 format is enclosed at **Annexure-A**.

2. The Petitioner to submit the Billing Determinants on month wise, category-wise and slab-wise basis.

Response:

The Billing Determinants are hereby attached marked as **Annexure-B** for kind consideration of the Commission.

3. The Petitioner to submit the details on the billing determinant of LMV 11 category to show why the number of consumers have increased whereas, the number of units is NIL.

Response:

It is submitted that due to the two digit rounding off excel unit pertaining to 2 consumers under this category represented 0.00 due to MUs, however, the actual unit consumed is approx. 39.50 units. Same can be observed from revenue model submitted to the Commission.

4. The Petitioner to submit the per capita consumption of electricity for the control period from FY 2020-21 to FY 2024-25 along with working of the same.

Response:

It is humbly submitted that computation of per capita consumption of electricity is based energy consumed by the population of the State over the specified period. As such, the Discom lacks precise data to accurately compute this measure.

5. The Petitioner to provide justification as to why the sales of consumer category LMV-2, LMV-3 & LMV-6 has reduced while the load has increased.

Response:

It is submitted that the actual true-up data comparison with approved number does not represent fair picture. It is submitted that the True up data for the previous year and the current year is in the range of $\pm 5\%$.

6. The Petitioner to provide justification as to why the load of LMV-9 category increased.

Response:

It is submitted that LMV-9 category consists of temporary supply consumers, as such considering the nature of the consumer category increase or decrease is subject to demand of temporary supply connections and load requirement.

7. The Petitioner to provide justification as to why the sales of consumer category HV-2 has increased whereas there is no change in load as approved by the Commission in ARR.

Response:

It is submitted that due to the various efforts taken by the Government like PLI, most of the industries has increased their energy consumption after COVID impact and now under business as usual scenario, sales for the Industrial consumers has increased.

8. The Petitioner to provide category/ sub-category wise billing determinants of consumers on rural schedule and receiving subsidy from GoUP.

Response: The Petitioner does not have any rural consumers in its consumer database.

9. The Petitioner to provide category/ sub-category wise billing determinants of consumers on receiving subsidy from GoUP.

Response: As per the Balance sheet of the Discom, no subsidy has been recorded.

Distribution Loss

10. The Petitioner to submit the copy of the notified documents in relation to the Distribution loss trajectory provided in Table 2-2 of the Petition.

Response: It is submitted that as per the RDSS scheme, the appropriate authority has only quantified AT&C loss Trajectory. Same is attached as **Annexure-C** for kind consideration of the Hon'ble Commission.

11. The Petitioner to submit consumer category wise billing and collection efficiency for the control period from FY 2020-21 to 2024-25.

Response:

It is submitted that there is no mechanism to allocate/compute category wise input energy, therefore category wise billing efficiency is not being computed by the Petitioner. Further, with respect to collection efficiency it is submitted that the Commission in its

previous years orders has considered collection efficiency as 100%. Hence, the same has been considered by the Petitioner.

12. The total units input at 220kV and 132kV voltage level is not mentioned. The Petitioner to correct and resubmit the Table by showing the units available at different voltage levels.

Response:

It is submitted that the Hon'ble Commission may kindly refer to Table No. 2-4 of the Petition wherein desired data is already provided, the same is being attached again as **Annexure D**.

13. The Petitioner is required to provide the list of consumers connected at 220 & 132 kV voltage to whom 10.81 & 515.10 MUs are sold as shown in Table no. 2-4 of the Petition.

Response:

The list of consumers is attached at **Annexure-E**.

Energy Balance

14. The Petitioner to submit as to why inter state losses are so high in comparison to the approved losses as shown in the Table no. 2-5 of the Petition. The Petitioner is also required to provide the data to substantiate this along with the benchmarking with the states like Uttarakhand & Bihar etc.

Response:

The Hon'ble Commission in its Tariff Order for FY 2022-23 and FY 2023-24 has directed the Petitioner to follow the formats given under Energy Balance table. The same has been complied by the Petitioner. In its Computation the Petitioner has considered the Intra State Transmission losses as approved by the Hon'ble Commission for respective years. Further, for true up year, the Inter State Transmission losses has been auto computed based on all other components as mentioned in the Energy Balance (Input energy, Energy Sold, Intra State Transmission Losses) as per the methodology defined by the Hon'ble Commission in previous Tariff Orders.

The Petitioner humbly submits that it is not maintaining any benchmark study with the States like Uttarakhand and Bihar.

15. The Petitioner to submit the calculation of BST and DBST in Excel along with the duly filled and linked corresponding formats as per the status of formats as detailed in Annexure-1. Further, it is to reconcile Audited Financial Statements with DBST computed values.

Response:

It is hereby submitted that for the True-up year the power purchase cost allocation is being done based on the DBST methodology approved by the Commission. It is hereby important to note that as per the requirement of Company Act DISCOM is preparing quarterly balance sheet wherein, power purchase cost segregation based on DBST is being done on Last year audited data. Therefore, annual reconciliation of the same considering the ratio analysis is not feasible.

16. The Petitioner to confirm that the interstate losses are shown and considered only for applicable plants. If not then submit a revised energy balance similar to the as provided in the Tariff Order.

Response:

It is submitted that in FY 2022-23, the actual units generated from interstate power plants during the year has been taken for deriving the interstate loss figures.

17. The Petitioner to submit the Consolidated Energy Balance considering the sales & other parameters for all the Licensees & reconcile it with the Power purchase as per Audited Financial Statements and as provided in the Table 2-6 of the Petition.

Response:

It is respectfully submitted that the petitioner has drafted its petition considering data pertaining to the KESCO only. It is further submitted that the consolidated Energy balance is already submitted before the commission as a part of tariff models.

Power Purchase

18. In regard 'annual other cost' the Petitioner is required to adjust all values given in this column under the heads of annual fix charges, annual energy charges with explanation. Submit the revised Table with links.

Response:

The petitioner hereby submits that the following statutory charges are being claimed under "Annual Other Cost":

- Transmission Charges
- Wage Revision Charges
- Ash Transportation Charges
- Water Usages Charges
- Advance Tax
- Differed Tax
- Foreign Exchange Rate Variation
- Recovery of Short Fall
- Supplementary Energy Bill
- Gain Sharing
- Impact of PAF
- Provision
- Bills other than above mentioned

19. The Petitioner is required to reconcile power purchase cost, inter state transmission & intra state transmission cost in Audited accounts with the submission that has been made.

Response:

It is submitted that the Petitioner in TABLE 2-6 'GENERATING STATION-WISE POWER PURCHASE COST FOR FY 2022-23' has submitted the breakup of transmission

charged (Inter State) is as under which is as per the Note 22 of UPPCL balance sheet, same is also reproduced for ready reference: -

Transmission Charges	Rs Cr.
PGCIL / POSOCO Charges	5,446.55
WUPPTCL Charges	832.99
SEUPPTCL Charges	258.37
POWER GRID TRANSMISSION	91.52
GHATAMPUR TRANSMISSION LTD.	116.66
OBRA BADAUN TRANSMISSION LTD.	83.38
Power Grid Rampur Sambhal Trans. (PRSTL)	15.87
NOAR	1.21
Sub-total	6,846.55

UTTAR PRADESH POWER CORPORATION LIMITED

14-ASHOK MARG, SHAKTI BHAWAN, LUCKNOW.

CIN : U32201UP1999SGC024928



NOTE '22' - PURCHASE OF POWER

(Amount in ₹Crore)

Particulars	For the year ended	
	31.03.2023	31.03.2022
Power purchased from Generators & Traders*	61,805.10	51,214.55
Surcharge**	583.47	(60.08)
Unscheduled Interchange & Reactive charges #	(67.89)	(513.94)
Transmission & Related charges	6,846.55	4,559.00
Sub Total	69,167.23	55,199.53
Less: Rebate against Power Purchase	237.88	147.18
Subsidy against Power Purchase	275.42	320.17
Total	68,653.93	54,879.36

It is further submitted that the Petitioner has claimed the intra State transmission charges as per the Balance sheet Note 20 of KESCO. Same is exhibited as under: -

KANPUR ELECTRICITY SUPPLY COMPANY LIMITED
14/71, CIVIL LINES, KANPUR

Note-20

PURCHASE OF POWER

Amount (₹ in Crore)

Particulars	For the Year Ended on	
	31.03.2023	31.03.2022
Transmission Charges	107.08	100.71
Power Purchase from UPPCL	<u>2,358.59</u> 2,465.67	<u>2,440.29</u> 2,541.00
Total	2,465.67	2,541.00

20. The Petitioner to insert a column of plant wise PLF in the Table 2-6 & resubmit the same.

Response: The Petitioner humbly submits the details attached under **Annexure-F**.

21. The Petitioner to submit the detailed calculations on the banking that is shown in the power purchase from captive as it is shown that energy is received while payment of Rs. 13.39 crores have been made.

Response: It is submitted that detailed calculations on the banking is submitted as **Annexure-G**.

22. The Petitioner to provide explanation why variable charge of Rs. 17.7 Crores is claimed when no energy is supplied/ received. The Petitioner to provide is approval of the Commission for the banking done by the Petitioner.

Response:

It is submitted that the Petitioner has claimed Rs 14.70 under Variable charges head such as STOA charges, Application Fees etc, it is requested to the Commission that same shall be considered under Other charges.

23. In late payment that is shown as negative will not be considered. The Petitioner to provide details only of the late payment that is paid to the generator.

Response:

It is submitted that the payment shown as negative is due to the reversal of excess provisioning made against late payment surcharge. The detailed plant wise LPS has already been submitted to the Commission under format F13B.

24. The Petitioner to submit the details of the power purchase agreements that have been entered and the impact of the same.

Response:

The details of all the power purchase agreements is available on <https://uppcl.org/uppcl/en/page/case1-amp;-case2>

25. The Petitioner to provide measures taken to contain the increase in power purchase cost.

Response:

The key measures taken for power purchase cost optimization by Discom is as under: -

1. Strategic Banking Arrangements: UPPCL has meticulously examined diverse banking arrangements to enhance the efficiency of its power procurement cost, particularly during peak seasons.
2. Advanced Power Procurement Forecasting: UPPCL has enlisted the expertise of specialized professionals to conduct precise forecasting of power procurement requirements. This approach has empowered UPPCL to establish more accurate demand forecasts by factoring in various environmental variables.
3. Proactive Short-Term Power Procurement and Sale: UPPCL strategically plans its short-term power procurement well in advance, enabling the organization to capitalize on more favorable market pricing conditions.

4. Optimizing Energy Mix: UPPCL is actively exploring avenues to achieve an optimal energy mix, aiming to reduce power procurement costs by incorporating hybrid and renewable sources into its portfolio.
 5. Adoption of Energy Storage Systems: In alignment with the directives of the Hon'ble Commission, UPPCL is in the process of implementing energy storage systems to mitigate the impact of peak pricing, contributing to a more stable and cost-effective energy supply.
 6. Demand-Side Management Initiatives: UPPCL has launched various Demand-Side Management (DSM) activities to flatten its load requirements, enhancing operational efficiency and reducing overall energy consumption.
26. The Petitioner to submit the details in additional formats required by the Commission vide letter no. UPERC/Secy/D (Tariff)/ 2022-23-1372 dated December 26, 2022.

Response:

Details in additional formats required by the Commission have been enclosed as **Annexure-H**.

27. The Petitioner to provide consumer category/ sub-category wise details of energy received under net metering/ net feed-in arrangement and reconcile the same with the Audited Financial Statements.

Response: The Petitioner humbly submits that the data is under compilation.

28. The Petitioner to provide details of the time block wise power purchased and sold on exchange along with the prices.

Response: The time block wise purchased/sold in exchange for FY 2022-23 is attached at **Annexure-I**. It may be noted that the minor difference in revenue as submitted viz a viz time block wise attached sheet is due to the below mentioned components: -

- i. NLDC application fees
- ii. CTU transmission charges
- iii. NLDC and SLDC scheduling and operating charges
- iv. SGST and CGST.
- v. Injection/Drawl CTU transmission charges.
- vi. IEX/PXIL trading margin and other incidental charges.

29. The details of RPO are not provided in the Petition. The Petitioner to resubmit the Petition and include RPO details and the compliance of RPO regulations.

Response:

It is submitted that the Hon'ble Commission has provided the format under MYT format (F-13F) for capturing the RPO details. The petitioner is required to adhere to this format, and accordingly, the RPO details have been submitted in the prescribed formats, including the additional format provided by the Hon'ble Commission. The same is again enclosed at **Annexure-J**.

33. The employee expense, R&M expense and A&G expense claimed is not as per the methodology provided in the Regulations. The Petitioner to compute these expenses as per the Regulations and submit the same.

Response:

It is hereby submitted that Petitioner has submitted the detailed justification in the petition from point number 2.6.2 to 2.6.7. However, the same is reproduced below for the reference of Hon'ble Commission.

Petitioner submits that since the Hon'ble Commission has already trued up the O&M expenses for FY 2019-20, the same shall be considered as the base value rather than deriving the base value for FY 2019-20 as stipulated in Regulation 45 of MYT Regulations, 2019. In this context, it is submitted that, the Hon'ble Commission while truing-up for FY2019-20 has Trued-up O&M expenses and computations done by the Hon'ble Commission on the O&M expenses in the Tariff Order dated 29.07.2021 for the base year value (FY 2019-20) is as under:

TRUED UP AND BASE YEAR O&M EXPENSES FOR FY 2019-20 (RS.CRORE)

Particulars	DVVNL	MVVNL	PVVNL	PUVVNL	KESCO	Total (in Crs.)
Trued-up O&M expenses	1193.06	1433.57	1360.66	1804.31	246.43	6038.03
Computed O&M expenses	1038.11	1256.36	1117.22	1528.79	239.36	5179.84

However, Hon'ble Commission while computing the O&M expenses in the Tariff Order dated 29.07.2021 has computed the base year value (FY 2019-20) which is less than the approved O&M Expenses and the same is shown in the table above.

It can be perceived from the above data that the Hon'ble Commission has itself estimated two different O&M Expenses for the same year. Thus, the Petitioner has considered the Trued up value for FY 2019-20 as a base value for the escalation of normative O&M Expenses for FY 2020-21 and subsequently for FY 2021-22 as per the MYT Regulations, 2019.

The Petitioner request the Hon'ble Commission to allow the O&M Expenses in line with the methodology proposed in the instant petition which is based on the Trued up O&M Expenses for FY 2019-20 and considering the applicable CPI escalation factors (for Employee Expenses) and WPI escalation factors (R&M Expenses and A&G Expenses) for FY 2021-22, FY 2022-23 and FY 2023-24.

34. The Petitioner has not submitted any working of calculation of Employee Expenses in the Petition. The Petitioner is required to provide the same.

Response:

The Petitioner has considered the trued-up value for FY 2019-20 as approved by the Hon'ble Commission in Tariff Order for FY 2021-22. Thereafter, the Petitioner has considered same methodology and norms for the Truing-up of Employee Expenses for FY 2022-23 on the normative basis in terms of the norms prescribed under MYT Regulations, 2019. Same is as under: -

Particulars	KESCO
Normative Employee Expense	161.60
Claimed: Actual as per balance sheet	133.86

It is further submitted that based on the reasoning provided under the Petition, the Petitioner has claimed actual employee expense as per the Audited balance sheet for FY 2022-23.

35. The Petitioner has claimed special R&M expenses approved in Tariff Order dated 29.07.2021 to be claimed in True up of FY 2022-23. The Petitioner to provide complete details on how such claims have been made and why these expenses should be allowed along with the documents.

Response:

The Petitioner submitted that the provisions for Additional R&M expenses that were approved by the Commission for FY 2022-23 are already included under R&M expenses and part of it and the mechanism of SOP Regulations are complied. Further, the Petitioner has prepared software for compliance of UPERC SOP Regulations, 2019 and making required arrangements. These expenditures fall in various heads under O&M Expenses. The Commission is requested to allow the R&M expenses as mentioned under True-up Section.

36. The claims made by the Petitioner in Table 2-15 and 2-16 are not as per the Regulations. The Petitioner to re submit the same strictly as per the Regulations.

Response:

It is humbly submitted that the Petitioner is actively working to enhance its performance by prioritizing billing and collection efforts. In pursuit of this, the company has hired contractual personnel for metering, billing, and collection activities, resulting in a substantial increase in Administrative and General Expenses (A&G) since FY 2017-18.

The expenses under "Payment to Contractual Person," "Incidental Stores Expenses," and "Expenses on Spot Billing Centre" within A&G have notably risen along with the resultant increase in internal energy consumption since the hiring initiative, contrasting with lower expenses before FY 2018. The methodology used by the Commission to derive O&M expenses, based on the average of the Trued-up values for the last five financial years, seems to suppress the base year value due to the minimal expenses prior to FY 2018.

The Petitioner urges the Commission to recognize the specific nature of these expenses, driven by establishment costs and manpower, and requests separate consideration under A&G Expenses. Additionally, the Petitioner highlights its commitment to service improvement, marked by expanded consumer facilities and new offices and substations.

To accommodate increased operational demands, the Petitioner appeals to the Commission for additional provisions above normative A&G expenses to ensure optimal service delivery. Therefore, the Petitioner respectfully requests the Hon'ble Commission to acknowledge and separately allow the mentioned expenses as part of Employee Expenses beyond the normative calculation.

Smart Meter

37. With reference to the MoP letter dated 16.09.2023 file no. 14/02/2021-UR&SI-II-Part (1) (E-258136) on self-sustaining model for Smart Meter implementation under RDSS. The Petitioner is required to submit the justification of claims made towards Smart Meters.

Response:

The Distribution Company (Discom) presented an extensive plan for the implementation of smart meters in accordance with the approved model to the Hon'ble Commission. This strategic initiative involves the implementing agency making the initial capital investment during the development phase, followed by the recovery of costs from project gains based on an Operational Expenditure (OPEX) framework.

According to the rollout plan, UP Discoms are required to pay a monthly fee to the implementing agency, structured as an Operations and Maintenance (O&M) expenditure on a per meter per month basis. The calculation of this cost entails spreading the total project expenditure over the actual recovery period post the integration of meters, resulting in a monthly cost per meter. This financial arrangement ensures the gradual recoupment of the investment, aligning with the OPEX model's principle of recovering costs based on operational gains.

It is additionally conveyed that, under the RDSS scheme, Discom is in the process of a large-scale rollout plan for smart meters, necessitating substantial involvement of finances. It is hereby submitted that recovering this substantial amount solely through efficiency improvements in the project life cycle may pose challenges. It is further emphasized that the majority of consumers in the State fall into the low-paying category, making the recovery and payback of smart meters a formidable task. Moreover, if the Hon'ble Commission does not allow for the inclusion of operational costs, this project may pose a significant burden on Discom's already constrained financial position.

38. In Table no. 2-20, the Petitioner has submitted that no smart meters have been installed in FY 2022-23. The Petitioner is required to make submission as to why no smart meters have been installed during the year. And, if smart meters have been installed, under which scheme and how the cost has been recovered. The Petitioner to submit details of Smart Meters procured during the year.

Response:

It is submitted that in the True-up year FY 2022-23 no smart meter has been installed by the Discom, as such no direct capex has been claimed on behalf of smart meter installation. However, Discom has claimed OPEX on account of already installed smart meters. Further the Petitioner has filed separate petition for approval of scheme under RDSS and it is submitted before the Commission for approval, on date 17.10.2022.

39. The Petitioner is also required to submit the details of Smart Meter Capex claimed in the True up.

Response:

It is submitted that in the True-up year FY 2022-23 no smart meter has been installed by the Discom, as such no direct capex has been claimed on behalf of smart meter installation. However, Discom has claimed OPEX on account of already installed smart meters.

Capital Investment, Capitalization and Financing

40. The Petitioner is required to submit the breakup of capitalization claimed vs approved under the following heads:

- (a) Capitalization for expansion/ new connection/ network growth
- (b) Capitalization for loss reduction
- (c) Capitalization for any other work, with details

Response:

It is submitted that the capitalization claimed is done towards Capitalization for expansion/ new connection/ network growth only.

41. The Petitioner to confirm that the approval of the Commission for project above Rs. 10 crores has been taken as per the Regulations 44 of MYT Regulation 2019, if any, submit the same along with the details thereof.

Response:

It is submitted that Petition for approval of scheme under RDSS is submitted before the Commission as Petition for approval, on date 17.10.2022.

42. The Petitioner is required to provide asset wise details of assets related to 132 kV and above which are forming part of capitalization for the year.

Response:

Information is not available since separate details are not being maintained in books of Accounts. Further, FAR is already submitted to the Hon'ble Commission.

43. The value of investment shown in Table 2-19 and Table 2-20 are not matching. The Petitioner to reconcile the same along with the formats submitted with the Petition.

Response:

It is submitted that the tables mentioned were not matching due to excel issue, the same has been revised as under after fixing of linking:

TABLE Error! No text of specified style in document.-1 CAPEX FOR FY 2022-23 (IN RS. CR)

Schemes	Investments	Capitalisation
Other Schemes	80.70	47.04
Intangible Assets	5.32	-
Total(A)		
Employee Cost Capitalised (B)		(3.90)
Interest Expenses Capitalised (C)	-	-
Total (D= A + B + C)	86.02	43.14

TABLE Error! No text of specified style in document.-2 CAPITAL INVESTMENT IN FY 2022-23 (IN RS. CR)

Particulars	Derivation	Approved in T.O. 20.07.2022	Claimed
Opening WIP as on 1st April	A	56.36	123.21
Investments	B	33.36	86.02
Employee Expenses capitalization	C	6.94	
A&G Expenses Capitalisation	D	-	-
Interest Capitalisation on Interest on long term loans	E	-	-
Total Investments	F= A+B+C+D+E	96.66	209.23
Transferred to GFA (Total Capitalisation)	G	91.93	47.04
Closing WIP	H=F-G	4.73	162.19

It is to be noted that the figure is taken as per actual figure of addition in capital work in progress in audited balance sheet.

44. The Capitalization claimed in the Petition is not matching with the capitalization as per Audited Financial Statements. The Petitioner is required to reconcile the same.

Response:

It is submitted that the Petitioner has claimed Capitalization as per audited balance sheet after netting off Employee capitalization in its petition under Table 2-21, the details are provided as under :

TABLE Error! No text of specified style in document.-3 CAPEX FOR FY 2022-23 (IN RS. CR.)

Schemes	Investments	Capitalisation
Other Schemes	80.70	47.04
Intangible Assets	5.32	-
Total(A)	86.02	47.04
Employee Cost Capitalised (B)	-	-3.90
Interest Expenses Capitalised (C)	-	-
Total (D= A + B + C)	86.02	43.14

45. The Petitioner to provide the details of funding for the entire period for which RDSS is applicable along with documentary proof.

Response:

It is submitted that Petition for approval of scheme under RDSS is submitted before the Commission as Petition for approval, on date 17.10.2022.

Interest & Finance Charges

46. With reference to the weighted average rate of interest of 9.68% taken in Table 2-23, the corresponding format F31 is not formula driven and linked. The Petitioner to resubmit all the formats with proper linked and formula driven.

Response:

The Petitioner is resubmitting format F31 along with rest of the MYT formats enclosed as **Annexure-A**.

47. In Table 2-23 the interest capitalized is taken as zero, the Petitioner to reconcile the same with the Audited Financial Statements.

Response:

It is submitted that the interest capitalized for FY 2022-23 is Nil in the audited Balance sheet. The same is considered as Nil in Petitioners submission.

The Snapshot from Note-22 of Balance sheet is as under :

Note-22

FINANCE COST

Particulars	Amount (₹ In Crore)			
	For the Year Ended on 31.03.2023		For the Year Ended on 31.03.2022	
(a) Interest on Loans taken by KESCO				
Interest expenses on Borrowings	10.29		11.35	
Less- Rebate of Timely Payment of Interest	(0.25)	10.04	(0.26)	11.09
(b) Other borrowing costs				
Other Borrowing Cost, Finance Charges, Bank Charges ,etc.		7.03		9.98
(c) Interest on Loans taken by UPPCL on behalf of KESCO				
Interest on Bonds	129.70		95.41	
Interest on PFC Loan	84.64		87.95	
Interest on REC Loan	45.75		44.27	
Interest Expense on Security Deposits from Consumers	7.77	267.86	7.52	235.15
Total		284.93		256.22

Group

San

Murthy



48. The Petitioner to submit the interest on Consumer Security Deposits working along with format and documentary evidence for interest rate considered.

Response:

It is submitted that the details of interest on Consumer Security Deposits has been provided under Additional Formats. Further, documentary evidence for interest rate is attached as **Annexure-K**.

49. In case of Bank and Finance Charge – The Petitioner to re submit the same strictly as per the Regulations.

Response:

The Petitioner has claimed bank and finance charges as a separate item of expense considering it as a different nature against the A&G expenses. It is requested to the Hon'ble Commission kindly consider the nature of expense as an interest amount and allow separately as claimed by the Petitioner.

50. The Petitioner is required to re submit the interest on working capital considering the each component of the same as per Regulations along with working and documentary evidence for interest rate.

Response: The Petitioner has claimed interest on working capital on normative basis as per the MYT Regulations 2019 the same is as under :

Particulars	Derivation	Approved in T.O. dtd. 20.07.2022	Claimed
One Month's O&M Expenses	A	23.94	31.19
One and half months equivalent of the expected revenue from charges for use of Distribution system at the prevailing Tariff (excluding Electricity Duty)	B	377.19	395.19
Maintenance spares @ 40% of R&M expenses for two month	C	7.68	9.30
Less: Security Deposit from consumers, if any	D	199.36	181.16
Total Working Capital Requirement	E = A+B+C-D	209.45	254.52
Interest rate (actual wt. avg. MCLR rate of SBI for FY20 Plus 250 basis points)	F	9.50%	11.00%
Interest on Working Capital	G = E x F	19.90	28.00

Further, the Interest rate of SBI for FY 22-23 has been considered as per data available on (<https://sbi.co.in/web/interest-rates/interest-rates/mclr-historical-data>) i.e 8.5% plus 250 basis points.

Revenue from Sale of Power/ CSS

51. The Petitioner to provide category/ sub-category wise Revenue details along with Billing Determinants. Separate data to be submitted for employees / retirees those who were previously covered under LMV-10 category and now covered under LMV-1.

Response: The Hon'ble Commission is requested may kindly consider Annexure A/ F9 format as submitted to the response to Question no 1.

52. The Petitioner to reconcile the Revenue realized under renting of Pole/ 5G activities with the Audited Financial Statements.

Response:

It is submitted that the Revenue realized under renting of Pole/ 5G activities is accounted under the head other income Miscellaneous Income/ Receipts.

53. As per Regulation 4.6 of UP Electricity Regulatory Commission (Facilitation of Telecommunication Network) Regulations, 2022 an amount equal to 30% from the Gross Revenue as received from the Telecommunication Company from renting & related services of distribution assets, in a given financial year shall be retained by the Distribution Licensee whereas, the remaining 70% shall be included as non-tariff income of corresponding ARR with the classification given under Multi Year Tariff Regulation. The Petitioner to submit how the compliance of the above Regulation has been done.

Response:

The Petitioner has submitted the bifurcation of Gross Revenue as received from the Telecommunication Company from renting & related services of distribution assets for FY 2022-23 as considered in Non Tariff income and in revenue of FY 2022-23 , is as under:

S.No.	Particulars	Approved upon Truing Up				
		DVVNL	MVVNL	PVVNL	PUVVNL	KESCO
1	Revenue Realized under Renting of Pole/5G Activities	12.74	26.51	27.10	8.16	2.34
2	Revenue under these activities considered under NTI	8.92	18.56	18.97	5.71	1.64

54. As per Regulation 4.7 of UP Electricity Regulatory Commission (Facilitation of Telecommunication Network) Regulations, 2022 the Distribution Licensee shall submit certificate from the Auditor for the Gross Revenue generated from the renting and related services of Distribution assets along with the Tariff Petition at the time of Truing up. The Petitioner is required to provide the same.

Response: The amount recovered under the above mentioned regulation is part of CAG Audited balance sheet under the miscellaneous charges as mentioned in the reply to Question no 53.

55. The Petitioner to provide the total amount under following heads:

- (a) 2% discount given on prepaid connections;
- (b) 1% rebate given for early payments;
- (c) Interest paid on advance payment of electricity bill;
- (d) Any other rebate.
- (e) Amount paid as compensation or others in SOP Regulations.

Response: The data is voluminous in nature and is under compilation.

56. The Petitioner is also required to clarify whether above rebates/ discounts are included in the Revenue. If no, how the treatment has been done.

Response: Any rebate or income are being considered in the balance sheet either under Note 19 or Note 20.

57. The Petitioner to provide details of consumer wise energy purchased under Open Access and the Revenue realized in the form of Cross Subsidy Surcharge, Wheeling and Other Charges.

Response:

It is submitted that details of consumer wise energy purchased under Open Access and the Revenue realized in the form of Cross Subsidy Surcharge, Wheeling and Other Charges are provided under Additional Formats attached as **Annexure-L**.

58. The Petitioner to reconcile the Revenue realized from Open Access charges with the Audited Financial Statements.

Response:

It is submitted that the Revenue realized from Open Access charges are accounted under the head Miscellaneous charges from consumer under the head Revenue from operations. The consumer wise details are already provided under reply to Question 57.

59. The Petitioner to provide the details of OTS scheme along with the amount of waiver given to the consumers. Such information should be provided for each category/ sub-category along with the Billing Determinants.

Response:

It is submitted that OTS scheme is not governed under the provision of UPERC MYT Regulations 2019. Discoms has not separately claimed any OTS related relaxation in its Petition. All the OTS scheme is introduced by UPPCL to boost up its revenue collections. The revenue collected through the scheme and other regular activities is recorded as a revenue from consumers.

60. The Petitioner to submit detailed computation regarding additional loss subsidy of Rs. 376.24 Crore from GoUP for operational loss funding along with the category/ sub-category wise consumers to whom subsidy has been allocated.

Response:

It is submitted that the Petitioner has claimed the subsidy as actual received and accounted under the Balance sheet of Discom.

KANPUR ELECTRICITY SUPPLY COMPANY LIMITED
14/71, CIVIL LINES, KANPUR

Note-19

OTHER INCOME

Amount (₹ in Crore)

Particulars	For the Year Ended on 31.03.2023	For the Year Ended on 31.03.2022
<u>(A) Subsidies</u>		
Additional loss subsidy received from GoUP for operational loss funding	376.24	219.96

Non-Tariff Income

61. The Petitioner is required to reconcile the non-tariff income claimed in the Petition with the Audited Financial Statements.

Response:

The reconciliation of the non-tariff income claimed in the Petition with the audited financial statements is given as under:

Particulars	KESCO	
	Audited Balance Sheet	Claimed
Fixed Deposits	0.42	0.42
Rental from Staff	0.14	0.14
Income from Contractors/Suppliers	1.75	1.75
Delayed Payment Charges	55.24	55.24
Income from sale of tender documents	0.27	0.27
Miscellaneous receipts	1.58	*0.88
Others	3.56	3.56
Less: Cost of borrowing DPS		25.32
Total	62.96	36.94

***Note:** The Miscellaneous receipts claim after adjustment of the 70% revenue from renting of pole.

62. The Petitioner has claimed financing cost of DPS. The Petitioner is required to submit that under which Regulation the same is being claimed and submit the documentary proof of financing of DPS.

Response:

It is submitted that since DPS recovered from consumers is considered as an income of UP Discoms and is deducted from the ARR, similarly the LPS paid by the UP Discoms to the generating companies shall also be considered as an expense of the UP Discoms

and allowed as pass through in tariff. LPS is a legitimate expense being incurred by the UP Discoms for payment to the generating company for ensuring continuous supply of power. Further, in terms of Section 61 of the Electricity Act, 1910 UP Commission is mandated to safeguard consumers' interest and at the same time ensure recovery of the cost of electricity in a reasonable manner.

Furthermore, it is submitted that the principal amount on which Demand Penalty Surcharge (DPS) was levied on consumers amounted to Rs. 55.24 Cr., which is significantly high and beyond the manageable capacity of working capital. Consequently, financing for DPS was essential to ensure the uninterrupted functioning of the Discom. The Discom has incurred an expenditure of Rs. 25.32 Cr. based on the applicable rate of interest used for calculating interest on working capital. This expense is associated with the financing of DPS to facilitate smooth operations.

Bad & Doubtful Debts

63. The Petitioner to submit the details of Electricity Duty that is part of the bad debts claimed.

Response:

It is submitted that there is no provisioning of electricity duty in Bad debts in Audited balance sheet. Further the claimed Bad debts is normative in nature.

General

64. The Petitioner to provide the CAG Report for Audited Financial Statement of FY 2022-23.

Response:

It is submitted that the CAG Report for Audited Financial Statement of FY 2022-23 is yet to be issued by CAG, the same will be submitted when it is issued by CAG.

65. In regard to the prepaid metering, how is the 75% of contracted load clause handled, also if the meter is not recharged for a couple of months - how are the fixed charges due dealt with?

Response:

The petitioner is obligated to follow the mechanism for levying fixed charges as per the Tariff Order issued by the Commission for respective years.

66. Does the 6 months/ 2 years ceiling of a connection as per clause 4.14 of the UP Electricity Supply Code, 2005 also work on pre-paid consumers?

Response:

DISCOM is obligated to follow the UPERC Electricity Supply Code 2005 and its Amendments from time to time.

67. Is there a laid procedure for shifting a pre-paid consumer to a new address? This often happens with the Jughdi-Jhopdi consumers.

Response:

DISCOM is obligated to follow the UPERC Electricity Supply Code 2005 and its Amendments from time to time.

68. The Petitioner is required to provide the data related to AT & C Losses and metering data as per the formats approved by the Commission for the Control Period from FY 2020-21 to FY 2024-25. (After approval of the Commission.)

Response:

AT&C Losses data is as under:

Year	KESCO
2020-21	12.45%
2021-22	15.87%
2022-23	11.83%

Further, The data for FY 2023-24 and FY 2024-25 will be shared as and when audited balance sheets are available.

Annual Performance Review (FY 2023-24)

Billing Determinants

69. Petitioner to provide Billing Determinants and Revenue on month-wise, category and slab-wise basis for till last billing month of the last quarter (in MS-Excel format).

Response: It is submitted that intermediary billing determinants and revenue does not represent accurate picture due to various reconciliation of subsidy, prior adjustment of arrears etc. Therefore, licensee requests Hon'ble Commission to allow submission of the same at the time of True-up.

Energy Balance

70. The Table 3-1: Revised Consumption Parameters for FY 2023-24 is not correct as there is huge difference in approved and revised figures. For example, it is submitted that for LMV-11 category, 5,299 consumers & 21,139 kW of load was approved but the revised estimate is only 2 consumers & 594 kW. Similar discrepancy is there in other categories as well. The Petitioner to submit the correct table.

Response:

It is submitted that during the previous submission based on the EV penetration, the billing determinant was projected. However due to variable nature of this category most of the EV consumers have adopted their respective categories for EV charging as per the applicable tariff schedule of the Hon'ble Commission.

71. The Petitioner to submit as to why inter state transmission losses are so high in comparison to the approved losses as shown in the Table no. 3-3 of the Petition. The Petitioner is also required to provide the data to substantiate this along with the benchmarking with the states like Uttarakhand & Bihar etc.

Response:

The Hon'ble Commission in its Tariff Order for FY 2022-23 and FY 2023-24 has directed the Petitioner to follow the formats given under Energy Balance table. The

same has been complied by the Petitioner. In its Computation the Petitioner has considered the Intra State Transmission losses as approved by the Hon'ble Commission for respective years.

The Petitioner humbly submits that it is not maintaining any benchmark study with the States like Uttarakhand and Bihar.

72. The petitioner has claimed DBST of Rs. 6.02/ kWh in the Table 3-7 however in the Format DBST FY 2023-24 it is Rs. 6.06/ kWh. The Petitioner is required to provide the correct DBST along with the calculations.

Response:

Petitioner humbly submits the details along with the data submission under **Annexure-A**.

Power Purchase

73. The Petitioner to submit the details of the power purchase agreements that have been entered and the impact of the same.

Response:

The details of all the power purchase agreements is available on <https://uppcl.org/uppcl/en/page/case1-amp;-case2>

74. Petitioner to provide month wise and element wise (Mus, energy charges, fixed charges, breakup of other charges, rebate received, delayed payment surcharge, etc.) details of power purchase till last month of the last quarter.

Response: The Petitioner humbly submits that the details are provided under **Annexure-M**.

75. Petitioner to provide details of monthly as well as fortnightly transactions of Banking with forward and reverse Banking along with the approval of the Commission.

Response: Banking details are attached under **Annexure-N**.

76. Petitioner to provide justification for proposing 6.95% of interstate transmission losses in the Petition. Also, detail calculation of transmission charges i.e., projected energy wheeled, transmission tariff for each Transmission Petitioner i.e., PGCIL, WUPPTCL and SEUPPTCL to be provided.

Response:

The Hon'ble Commission in its Tariff Order for FY 2022-23 and FY 2023-24 has directed the Petitioner to follow the formats given under Energy Balance table. The same has been complied by the Petitioner. In its Computation the Petitioner has considered the Intra State Transmission losses as approved by the Hon'ble Commission for respective years which may vary as per actuals booked by transmission company. In the tabulated format of Energy Balance, the Inter State Transmission losses have been auto computed.

Further, transmission charges i.e., projected energy wheeled, transmission tariff for each Transmission Petitioner i.e., PGCIL, WUPPTCL and SEUPPTCL are computed under considering 2% escalation of FY 2022-23 actual values. The same has been provided under Power Purchase Model submitted to the Commission.

Smart Meter

77. With reference to the MoP letter dated 16.09.2023 file no. 14/02/2021-UR&SI-II-Part (1) (E-258136) on self-sustaining model for Smart Meter implementation under RDSS. The Petitioner is required to submit the justification of claims made towards Smart Meters.

Response:

The Distribution Company (Discom) presented an extensive plan for the implementation of smart meters in accordance with the approved model to the Hon'ble Commission. This strategic initiative involves the implementing agency making the initial capital investment during the development phase, followed by the recovery of costs from project gains based on an Operational Expenditure (OPEX) framework.

According to the rollout plan, UP Discoms are required to pay a monthly fee to the implementing agency, structured as an Operations and Maintenance (O&M) expenditure on a per meter per month basis. The calculation of this cost entails spreading the total project expenditure over the actual recovery period post the integration of meters, resulting in a monthly cost per meter. This financial arrangement ensures the gradual recoupment of the investment, aligning with the OPEX model's principle of recovering costs based on operational gains.

It is additionally conveyed that, under the RDSS scheme, Discom is in the process of a large-scale rollout plan for smart meters, necessitating substantial involvement of finances. It is hereby submitted that recovering this substantial amount solely through efficiency improvements in the project life cycle may pose challenges. It is further emphasized that the majority of consumers in the State fall into the low-paying category, making the recovery and payback of smart meters a formidable task. Moreover, if the Hon'ble Commission does not allow for the inclusion of operational costs, this project may pose a significant burden on Discom's already constrained financial position.

78. In Table no. 3-15, the Petitioner has submitted that 1,47,232 more smart meters to be installed till March, 2024 as compared to installed till March, 2022 & March, 2023. The Petitioner is required to make submission as to how 39,914 smart meters will be installed in a Financial Year.

Response: The projections has been done by the Petitioner based on the approved action plan as submitted under the RDSS Petition before the Hon'ble Commission.

Capital Investment, Capitalization and Financing

79. Petitioner should submit the capital expenditure of each project and confirm that prior approval of the Commission for project above Rs. 10 Crores has been taken as per

Regulation 44 of MYT Regulations, 2019. The details of these projects were also required to be provided as in the additional formats provided by the Commission vide letter no. UPERC/Secy/D(T)/21-1019 dated 2nd November, 2021.

Response:

The Petitioner has submitted the Petition for Capex approval of RDSS Scheme along with the break-up of its components of scheme, before the Commission as Petition for approval, on date **17.10.2022**.

80. The Petitioner has claimed Capex and Capitalization under RDSS Scheme which includes Grants/Subsidy from State Government. However, the Petitioner has not submitted the details of Grants/Subsidy for such schemes. Petitioner to submit the details of Grant/Subsidies along with funding structure of the same.

Response:

It is submitted that Petition for approval of scheme under RDSS is submitted before the Commission as Petition for approval, on date 17.10.2022. Further, for FY 2023-24 the petitioner has considered CAPEX under RDSS net off grant. As per the approval of action plan of Discoms for the State of Uttar Pradesh under RDSS, the funding pattern is as under:

2. Funding Pattern:

a. The funding Pattern for the State of Uttar Pradesh is a given below:

Item Description	GBS % (Max)
Prepaid Smart metering solution including at consumer, DT, and feeder level including integration of existing infrastructure	15% of the approved cost of metering including the operational cost, provided that it is not more than Rs. 900 per meter for consumer metering only
Distribution Infrastructure works	60% the approved cost of Distribution infrastructure works
PMA Charges for Metering and Infrastructure works	60% of the approved cost of PMA

- b. The project cost approved by the Monitoring Committee or actual cost incurred whichever is less, shall be the eligible cost for determining the grant under the scheme for Infrastructure works and PMA Components. Any cost overrun after approval of the project (by Monitoring Committee) due to any reason whatsoever shall not be eligible for any grant and shall be borne by the DISCOM/respective State Government.
- c. The release of GBS by Government of India will be subject to prescribed scheme guidelines and would be contingent to award of prepaid smart metering works & its satisfactory progress.

Depreciation

81. Petitioner to provide the detailed breakup of the Assets made out of the, Grants Subsidy and Consumer Contribution for FY 2023-24. Also submit the Gross Block and Depreciation on Assets made out of Consumer Contribution, Grants separately, as in the Additional Formats provided by the Commission vide letter no. UPERC/Secy/D(T)/21-1019 dated 2nd November, 2021.

Response:

Information is not readily available in separate heads as desired by the Hon'ble Commission. .

General

82. The Petitioner is required to provide the documents that it has received the subsidy of Rs. 15,020 Crore as claimed in the Table No. 3-32.

Response: It is submitted that the actual DISCOM wise allocation of subsidy can be ascertained only after closure of financial year FY 2023-24.

83. The Petitioner is required to provide the copies of bills of all the Discoms as per following details:

- 1) All consumers availing GoUP Subsidy: 5 bills each of different months for each category/ sub category of consumers i.e. Rural Domestic, Life Line, Farmers & Power Loom etc.)
- 2) All other consumers: 5 bills each of different months for each category/ sub category of consumers.
- 3) Open Access consumers: 5 bills each of different months for 10 different consumers (5 connected on 132kV & 5 connected on 33 kV).
- 4) Roof Top Solar:
 - a. Residential: 5 bills each of different months of different consumers.
 - b. Others: 5 bills each of different months of different consumers.

Response: The Petitioner submits that the details under **Annexure-O**.

ARR (FY 2024-25)

Billing Determinants

84. The Petitioners to provide Billing Determinates submitted in Petition in the format enclosed as Annexure -2.

Response: It is submitted that same is attached as per **Annexure-P**.

85. The Petitioner is required to confirm that it has no consumers in HV-1 & HV-2 category for supply at above 11kV and in HV-3 category for Railways.

Response:

It is to confirm that the petitioner has no consumers in HV-1 & HV-2 category for supply at above 11 kV and in HV-3 category for Railways.

86. The Petitioner has claimed 14 consumers of LMV-5 category in FY2022-23 however no consumers in FY 2024-25. The Petitioner is required to provide clarification for the same.

Response:

It is submitted that the Petitioner in its petition has projected 17 no. of consumers in FY 2024-25.

Energy Balance

87. The Petitioner to submit as to why inter state losses are considerable low than claimed in the True up of FY 2022-23.

Response:

The Petitioner while estimating the ARR for 2024-25 has segregated inter state and intrastate plants and to estimate delivery at discom periphery only appropriate transmission losses is considered for respective plant. Further, for estimation purpose the latest available 52 weeks ISTS losses as average is considered which comes approx. 3.62%. Further, for true-up year power has already been scheduled accordingly the interstate losses percentage is balancing number in energy balance due to all other fixed components.

88. The Petitioner to submit the calculation of BST and DBST in Excel along with the duly filled and linked corresponding formats.

Response:

The calculation of BST and DBST in Excel along with the duly filled and linked corresponding formats are submitted by the Petitioner in its Petition. The same has been attached again as **Annexure-Q**.

89. The Petitioner to confirm that the interstate losses for are shown and considered only for applicable plants. If not, then submit a revised energy balance similar to the as provided in the Tariff Order.

Response:

The Petitioner while estimating the ARR for 2024-25 has segregated inter state and intrastate plants and to estimate delivery at discom periphery only appropriate transmission losses is considered for respective plant. Further, for estimation purpose the latest available 52 weeks ISTS losses as average is considered which comes approx. 3.62%.

No. of Hrs. Supply

90. The Petitioner to provide the Excel link model for the methodology described in the point no. 4.1.2 of the Petition, Considering the expected sales with no. of hour supply along with past 7 years' CAGR as per Regulation No. 42.1. And any exception should be properly reasoned.

Response:

It is hereby submitted that the Petitioner in its revenue model has considered CAGR for 7 years till 2 years and also Y-o-Y growth, the same is linked with the projected number. However, considering the various factors, the Petitioner has taken appropriate growth rate for different category of consumers.

Power Purchase

91. Provide plant wise details of power purchase from 'Slop based power project' along with the approval of the Commission.

Response: The details of Slop based power projects are as under: -

SLOP- TENDERS			
Name of Generating entity	PPA date	Contracted Capacity	Date of Approval of PPA (Pet no 1695/2021)
Balrampur Chini Mills Limited (Gularia)	23.12.2020	3.5 MW	15.07.2021
Avadh Sugar & Energy Limited (Hargaon)	14.12.2020	3.5 MW	15.07.2021
Avadh Sugar & Energy Limited (Seohara)	18.12.2020	2 MW	15.07.2021
Dwarikesh Sugar Industries Limited	28.12.2020	2 MW	15.07.2021
Dalmia Bharat Sugar And Industries Limited	30.12.2020	2 MW	15.07.2021
DCM Shriram Limited, Distillery Unit: Ajbapur	31.12.2020	4 MW	15.07.2021
Gobind Sugar Mills Ltd	24.12.2020	2 MW	15.07.2021
The Seksariya Biswan Sugar Factory Ltd., Biswan (Sitapur)	31.12.2020	2 MW	15.07.2021

92. Petitioners should provide details of new plants / capacities that are expected to come up in FY 2023-24 along with PPAs and approvals.

Response: The Petitioner submits the details under **Annexure-R**.

93. The Petitioner to provide consumer category/ sub-category wise details of energy received under net metering/ net feed-in arrangement and captive.

Response: The Petitioner submits that the data is under compilation.

94. The Petitioner to provide justification as to why PLF of 85% (as mentioned in point no.1 in Table 4- 8) has been considered for State Thermal Generating Stations & not the actual PLF that is being realized. The Petitioner to provide PLF of last five years of Plants of State Thermal Generating Stations.

Response: It is submitted that Month wise power purchase quantum for FY 24-25 & remaining months of FY 2023-24 has been projected based on the monthly average PLF of generating stations from April 2018 to March 2023. For upcoming generating thermal generating stations of UPRVUNL, 85% PLF is considered. The details of PLF of last 5 years of State Thermal Generating Plants has already been provided to the Hon'ble Commission under Power Purchase Model.

95. The Petitioner to provide justification as to why escalation factor of 2% to the Fixed Charges & 5.5% for Energy Charge (as mentioned in point no.2 in Table 4-8) has been considered for State Thermal Generating Stations.

Response: It is respectfully submitted that there are no specific regulations under MYT Regulations 2019 and its subsequent amendments regarding consideration of

escalation factors for fixed and variable charge pertaining to the power plant. Therefore, in absence of standard guidelines petitioner has considered the market trend for escalation factor of 2% for fixed charge and 5.5% for Energy Charge.

96. The Petitioner to provide justification for the escalation factor considered for different category of Plants.

Response: It is respectfully submitted that there are no specific regulations under MYT Regulations 2019 and its subsequent amendments regarding consideration of escalation factors for fixed and variable charge pertaining to the power plant. Therefore, in absence of standard guidelines petitioner has considered the market trend for suitable escalation factor for various categories of plants.

Smart Meter

97. With reference to the MoP letter dated 16.09.2023 file no. 14/02/2021-UR&SI-II-Part (1) (E-258136) on self-sustaining model for Smart Meter implementation under RDSS. The Petitioner is required to submit the justification of claims made towards Smart Meters.

Response:

The Distribution Company (Discom) presented an extensive plan for the implementation of smart meters in accordance with the approved model to the Hon'ble Commission. This strategic initiative involves the implementing agency making the initial capital investment during the development phase, followed by the recovery of costs from project gains based on an Operational Expenditure (OPEX) framework.

According to the rollout plan, UP Discoms are required to pay a monthly fee to the implementing agency, structured as an Operations and Maintenance (O&M) expenditure on a per meter per month basis. The calculation of this cost entails spreading the total project expenditure over the actual recovery period post the integration of meters, resulting in a monthly cost per meter. This financial arrangement ensures the gradual recoupment of the investment, aligning with the OPEX model's principle of recovering costs based on operational gains.

It is additionally conveyed that, under the RDSS scheme, Discom is in the process of a large-scale rollout plan for smart meters, necessitating substantial involvement of finances. It is hereby submitted that recovering this substantial amount solely through efficiency improvements in the project life cycle may pose challenges. It is further emphasized that the majority of consumers in the State fall into the low-paying category, making the recovery and payback of smart meters a formidable task. Moreover, if the Hon'ble Commission does not allow for the inclusion of operational costs, this project may pose a significant burden on Discom's already constrained financial position.

98. In Table no. 4-20, the Petitioner has submitted that 4,59,732 smart meters are to be installed in the FY 2024-25. The Petitioner is required to make submission as to which consumer categories are being targeted to install the smart meters along with details on how the target will be achieved. The Petitioner to submit the monthly Road Map for the same.

Response:

It is submitted that installation of smart meters has been proposed in FY 2024-25 the details of the same was not captured in Table 4-20 due to excel issue the same has been reproduced as under:

Particulars	Smart Meters installed till March 2024	Smart Meters installed till March 2025	Rate (Rs. / meter/ month including GST @18%)	Projected OPEX (IN RS. CR)
FY 2024-25	1,47,232	4,59,732	111.50	41.82

99. In Table no. 4-20, the Petitioner has submitted that 3,12,500 more smart meters to be installed till March, 2025 as compared to installed till March, 2024. The Petitioner is required to make submission as to how 3,12,500 smart meters will be installed in a Financial Year.

Response:

The projections have been done by the Petitioner based on the approved action plan as submitted under the RDSS Petition before the Hon'ble Commission.

100. The Petitioner has claimed, Rs. 42 Crore towards Smart Meter opex in Table 4-20 whereas in Table4-21 it is only Rs. 1.55 Crore. The Petitioner to correct the submission that has been made.

Response:

It is submitted that the mismatch is due to excel linking error, the Table 4-21 is furnished is as below for kind consideration of Hon'ble Commission:

Particulars	Projected
Repair & Maintenance expenses	107.26
Employee expenses	178.12
Administrative and General expenses	112.10
Gross O&M Expenses	397.47
Less:	-
Employee expenses capitalized	-
Administrative and General expenses capitalized	-
Gross expenses Capitalized	-
Smart Meter Opex	41.82
Net O&M Expenses	439.29

Capital Investment, Capitalization and Financing

101. The Petitioner in the Table 4-22 claimed the Capex for FY 2024-25 through RDSS. The Petitioner to provide the source of funding of the investment that is claimed under RDSS scheme.

Response:

It is submitted that Petition for approval of scheme under RDSS is submitted before the Commission as Petition for approval, on date 17.10.2022.

102. The Petitioner to provide the details of funding for the entire period for which RDSS is applicable along with documentary proof.

Response:

It is submitted that Petition for approval of scheme under RDSS is submitted before the Commission as Petition for approval, on date 17.10.2022.

103. The Petitioner in the Table 4-22 claimed the Capex for FY 2024-25 through Other Schemes of Rs. 119.12 crore against which the investment is NIL, the Petitioner to provide reasons for the same.

Response:

It is submitted that there is no investment under other schemes for FY 2024-25. However, Capitalization projected is 40% of Opening CWIP for FY 2024-25.

104. In Table 4-24 the additions during the year for consumer contribution is shown as Nil. The Petitioner to provide justification for the same.

Response:

It is submitted that the Petitioner has not projected any asset creation through consumer contribution same shall be taken care at the time of True-up based on the Actual account for under the head of consumer contribution.

Interest & Finance Charges

105. The Petitioner is required to submit the interest on working capital considering each component of the same as per Regulations.

Response:

The Petitioner has claimed interest on working capital on normative basis as per the MYT Regulations 2019 the same is as under :

Particulars	Projected
O&M expenses for 1 month	33.12
One and Half month Month equivalent of expected revenue	416.62
Maintenance spares @ 40% of R&M expenses for two months	7.15
Less: Security deposits from consumers, if any	178.51
Total Working Capital Requirement	278.39
State Bank Advance Rate (SBAR) %	11.05%
Interest on Working Capital	30.76

Revenue from Sale of Power/ CSS

106. The Petitioner has claimed the Revenue for Open Access Consumers as zero, the Petitioner is required to clarify the same.

Response:

It is submitted that Petitioner has not projected any revenue pertaining to the Open Access Charges, same shall be claimed during the True up of the respective year based on actual account for open access consumers.

107. As per Regulation 4.6 of UP Electricity Regulatory Commission (Facilitation of Telecommunication Network) Regulations, 2022 an amount equal to 30% from the Gross Revenue as received from the Telecommunication Company from renting & related services of distribution assets, in a given financial year shall be retained by the Distribution Licensee whereas, the remaining 70% shall be included as non-tariff income of corresponding ARR with the classification given under Multi Year Tariff Regulation. The Petitioner to submit how the compliance of the above Regulation has been done.

Response:

It is submitted that the projection and consideration of Revenue as received from the Telecommunication Company from renting & related services of distribution assets is not done for APR & ARR year.

108. The Petitioner to confirm whether the GoUP Subsidy mention in Sr. No. I of Table No. 4-37 is not included in the Revenue from Subsidy & Cross Subsidy at Sr. No. a of Table No. 4-37.

Response: It is respectfully submitted that Sr. No. I of Table No. 4-37 is Revenue from Subsidy & Cross Subsidy whereas Sr. No. a of Table No. 4-37 represents the GoUP Subsidy considered by the Petitioner.

109. The Petitioner to provide the details of consumers for whom GoUP subsidy in Sr. No. I of Table No. 4-37 has been claimed.

Response: The Petitioner has claimed the subsidy for FY 2024-25 as per the previous notifications of GoUP for FY 2023-24. It is further submitted that the GoUP had provided subsidy for LMV-1 and LMV-5 consumers. It is further submitted that the notification for subsidy pertaining to FY 2024-25 is still pending, the qualified consumer can only be informed after the notification issued by the GoUP.

General

110. The Petitioner is required to provide the copies of the provision set in the Budget for FY 2024-25 of Go UP in regard to the subsidy.

Response: The Copy of GoUP Budget for FY 2024-25 is enclosed as **Annexure-U**.

111. The Petitioner to submit the GoUP Orders for disbursement of subsidy that is given to the consumers along with the details of subsidy received from GoUP. For such consumers, the petitioner to provide 5 copies of bills before implementation of GoUP Orders and 5 copies of bills of different months after the implementation of GoUP

Orders. Subsequently, the GoUP had announced a subsidy of 100% for farmers. The Petitioner to confirm if the same has been implemented along with the Go UP Orders.

Response: Petitioner will submit the category/ sub-category wise bills for FY 2024-25 also after completion of five to six billing cycles in the precedent financial year i.e. FY 2024-25.

112. The Petitioner is required to resubmit all the formats along with the additional formats with proper linkage & formula driven as many of formats are not properly linked & formula driven.

Response:

The details are provided under **Annexure-A**.

113. The Petitioner is required to provide the details of Appeals/ Cases pending in various Tribunals/ Courts against the Order of the Commission and financial impact claimed in those Appeals/ Cases.

Response:

The details are provided under **Annexure-S**.

114. The Tariff Petition shows a Gap, the petitioner is required to provide the details as to how it proposes to take care of the same.

Response: The Hon'ble Commission is requested to take appropriate measures for bridging the gap.

115. The Petitioner has not provided the MOD table in the Petition, the same is required to be provided & incorporate in the Petition. Also a dynamic MOD Excel model is required to be submitted, so as based on different values of rates & units etc. the varied MOD be displayed with sales totals. The same has to be provided for all three years under consideration (True up, APR & ARR).

Response:

It is submitted that the MOD table is of dynamic in nature the same cannot be captured in word document. However, the same is provided in excel format under Power Purchase Model.

116. The Petitioner is required to provide the Snapshot as send vide email dated 04.12.2023 & reminder vide email dated 18.12.2023.

Response:

The required details are attached as **Annexure-T**.

117. The Petitioner has not made additional details like Category/ sub-category wise Billing Determinants, Actual Revenue & details of Power Purchase etc. as part of Audited Financial Statements as provided in the previous directives & vide letter UPERC/Secy/D(T)/21-826 dated 06th October, 2021.

Response:

The petitioner is preparing audited books of accounts per the requirement of Company Act and it is maintaining the consumer category wise details of sales (in MU) in its audited books of account.

The remaining parameters as per the previous directives & vide letter UPERC/Secy/D(T)/21-826 dated 06th October, 2021 are in the process to be incorporated in audited books of accounts for the current and upcoming financial years.

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