



कानपुर विद्युत आपूर्ति कम्पनी लि०

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Ref: 53/PAC/UPERC/60

Date: 13/05/2021

To,
The Secretary,
Uttar Pradesh Electricity Regulatory Commission,
Gomti Nagar, Lucknow

Sub: Licensees submission related to Petition No. 1691 of 2021 regarding revision in computation of Regulatory Assets approved by UPERC in Tariff Order dated: 03.09.2019 on the basis of GoUP letter 445/24-1-21-731(budget)/2020 dated 5th March, 2021

Dear Sir,

Kindly refer to the Licensee letter no. 139/RAU/Subsidy dated 01.04.2021, vide which it was requested to Hon'ble UPERC to consider GOUP Letter 445/24-1-21-731(budget)/2020 dated 5th March, 2021 and approve appropriate adjustment. In this context following is humbly submitted:

1. The Government of India, Government of Uttar Pradesh and UP Power Corporation Limited on behalf of UP DISCOMs entered into a Tripartite MoU (UDAY MoU) dated January 30, 2016 in order to improve the operational and financial efficiency of the U.P. DISCOMs, thereby enabling the financial turnaround of the DISCOMs. Under the said scheme, the Government of Uttar Pradesh was required to take over 75% of the outstanding debt of the UP DISCOMs as on 30.09.2015 by the end of FY 2016-17.
2. As per the provisions of the UDAY scheme, GoUP took over total loans of Rs. 39,133.76 Crore in two tranches of Rs. 24,332.48 Core and Rs. 14,801.28 Crore. The Hon'ble UPERC in its tariff order dated 03.09.2019 adjusted the above amount against the regulatory assets approved by this Commission in the previous tariff orders and according determined a revenue surplus of Rs. 13,337.17 Crore till FY 2017-18. In para 9.3.8 of the said Tariff Order, the Hon'ble UPERC also quoted that additional subsidy approved by UPERC in the previous Tariff Orders has not been received by the licensee from GoUP.
3. Accordingly, the Regulatory Surcharge was abolished by UPERC vide Tariff Order dated 03.09.2019, by adjusting the value of Regulatory Asset against the Loans taken over by UP Govt.

under the Ujjawal Discom Assurance Yojna (UDAY) Scheme notified by Ministry of Power, Govt. of India for financial turnaround of State Discoms. The following tables provide the summary of adjustments and Regulatory Surplus made by UPERC in Regulatory Asset against the Loans taken over by UP Govt. (as per Table 9-14, 9-15 and 9-16 of Tariff Order dated 03.09.2019):

Description	Amount (Cr.)
True Up of 2000-01 to 2007-08 and its Regulatory Assets / (Surplus) as on 31.03.16	(273.29)
True Up of 2008-09 to 2011-12 and its Regulatory Assets / (Surplus) as on 31.03.16	683.11
True Up of 2012-13 and its Regulatory Assets / (Surplus) as on 31.03.16	464.42
True Up of 2013-14 and its Regulatory Assets / (Surplus) as on 31.03.16	(127.48)
True Up of 2014-15 and its Regulatory Assets / (Surplus) as on 31.03.16	141.49
True Up of 2015-16 and its Regulatory Assets / (Surplus) as on 31.03.16	(206.40)
Total Regulatory Assets till Trued-UP FY 2015-16	681.85
50% of DISCOM debt taken over as per UDAY	(1,408.18)
Net RA / (Surplus) Left after UDAY	(726.33)
Carrying Cost @ 12.50% for FY 2016-17	(90.79)
Regulatory Assets/(Surplus) of FY 2016-17 in True Up	(351.11)
Total Regulatory Assets Trued-Up till FY 2016-17	(1,168.23)
25% of Discom Debt Takenover as per UDAY	(660.31)
Net RA / (Surplus) Left after UDAY	(1,828.54)
Carrying Cost @ 13.75% for FY 2017-18	(251.42)
Regulatory Assets/(Surplus) in True Up with carrying cost for FY 2017-18	(657.71)
carrying cost @ 13.75% for FY 2017-18	(45.22)
Total Net RA / (Surplus) till trued up for FY 2017-18	(2,782.89)

4. Subsequently GoUP vide letter dated 05.03.2021, reduced the grant paid under the UDAY scheme to Nil and adjusted the same against the dues payable by State Govt. towards electricity bills due from some State Govt. Departments and additional subsidy payable by GOUP as determined by UPERC in its various Tariff /True-up Orders. Further GoUP has also committed to pay Rs. 14,661.54 Cr. to UP Discoms in next 10 years starting from FY 2021-22, against the total un-adjusted additional subsidy determined by UPERC up to FY 2018-19.
5. Therefore, taking into consideration of the GoUP letter, the loans taken over by State Govt. cannot be adjusted against the Regulatory Assets approved by UPERC, as the same has been adjusted by State Govt. against the additional subsidy payable by GoUP approved by UPERC in tariff orders. Thus the Regulatory Asset computations in UPERC tariff order dated 03.09.2019 have to be revised accordingly. Petitioner is hereby submitting the revised computations of cumulative regulatory asset up to FY 2020-21 for this purpose (other than gap proposed for FY 2019-20, FY 2020-21 and FY 2021-22).

The revised computations of Regulatory Assets for KESCO are summarised below:

Description	Amount (Crs.)
True Up of 2000-01 to 2007-08 and its Regulatory Assets / (Surplus) as on 31.03.16	(273.29)
True Up of 2008-09 to 2011-12 and its Regulatory Assets / (Surplus) as on 31.03.16	683.11
True Up of 2012-13 and its Regulatory Assets / (Surplus) as on 31.03.16	464.42
True Up of 2013-14 and its Regulatory Assets / (Surplus) as on 31.03.16	(127.48)
True Up of 2014-15 and its Regulatory Assets / (Surplus) as on 31.03.16	141.49
True Up of 2015-16 and its Regulatory Assets / (Surplus) as on 31.03.16	(206.40)
Total Regulatory Assets till Trued-UP FY 2015-16	681.85
50% of DISCOM debt taken over as per UDAY	
Net RA / (Surplus) Left after UDAY	681.85
Carrying Cost @ 12.50% for FY 2016-17	85.23
Regulatory Assets/(Surplus) of FY 2016-17 in True Up	(351.11)
Total Regulatory Assets Trued-Up till FY 2016-17	415.97
25% of Discom Debt Takenover as per UDAY	
Net RA / (Surplus) Left after UDAY	415.97
Carrying Cost @ 13.75% for FY 2017-18	57.20
Regulatory Assets/(Surplus) in True Up with carrying cost for FY 2017-18	(657.71)
carrying cost @ 13.75% for FY 2017-18	(45.22)
Total Net RA / (Surplus) till trued up for FY 2017-18	(229.76)
Carrying cost @ 14.05% for FY 2018-19	(32.28)
Net Revenue gap / (surplus) after True up of FY 2018-19	(338.09)
Carrying cost @ 14.05% for FY 2018-19	(23.75)
Total Net RA / (Surplus) trued up till FY 2018-19	(623.88)
Carrying cost @ 13.80% for FY 2019-20	(86.10)
Total Net RA / (Surplus) trued up till FY 2019-20	(709.98)
Carrying cost @ 10.65% for FY 2020-21	(75.61)
Total Net RA / (Surplus) trued up till FY 2020-21	(785.59)

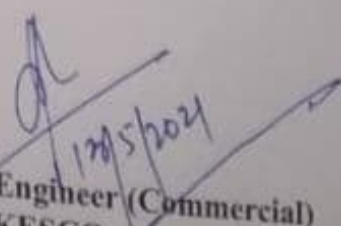
Note: The above table excludes the gap proposed for FY 2019-20, FY 2020-21 and FY 2021-22, as the Petition is pending for approval before UPERC.

The consolidated details at UPPCL level has been summarised in following table:

Description	Total (Crs.)
True Up of 2000-01 to 2007-08 and its Regulatory Assets / (Surplus) as on 31.03.16	3,190.38
True Up of 2008-09 to 2011-12 and its Regulatory Assets / (Surplus) as on 31.03.16	16,359.99
True Up of 2012-13 and its Regulatory Assets / (Surplus) as on 31.03.16	9,097.63
True Up of 2013-14 and its Regulatory Assets / (Surplus) as on 31.03.16	6,452.82

True Up of 2014-15 and its Regulatory Assets / (Surplus) as on 31.03.16	(1,394.36)
True Up of 2015-16 and its Regulatory Assets / (Surplus) as on 31.03.16	(2,379.84)
Total Regulatory Assets till Trued-UP FY 2015-16	31,326.62
50% of DISCOM debt taken over as per UDAY	-
Net RA / (Surplus) Left after UDAY	31,326.62
Carrying Cost @ 12.50% for FY 2016-17	3915.82
Regulatory Assets/(Surplus) of FY 2016-17 in True Up	(3860.36)
Total Regulatory Assets Trued-Up till FY 2016-17	31,382.08
25% of Discom Debt Takenover as per UDAY	-
Net RA / (Surplus) Left after UDAY	31,382.08
Carrying Cost @ 13.75% for FY 2017-18	4,315.04
Regulatory Assets/(Surplus) in True Up with carrying cost for FY 2017-18	(991.72)
carrying cost @ 13.75% for FY 2017-18	(68.18)
Total Net RA / (Surplus) till trued up for FY 2017-18	34,637.22
Carrying cost @ 14.05% for FY 2018-19	4,866.53
Net Revenue gap / (surplus) after True up of FY 2018-19	62.65
Carrying cost @ 14.05% for FY 2018-19	4.40
Total Net RA / (Surplus) trued up till FY 2018-19	39,570.80
Carrying cost @ 13.80% for FY 2019-20	5,460.76
Total Net RA / (Surplus) trued up till FY 2019-20	45,031.55
Carrying cost @ 10.65% for FY 2020-21	4,795.86
Total Net RA / (Surplus) trued up till FY 2020-21	49,827.41

6. Thus, the Hon'ble Commission is requested to kindly approve the Regulatory Assets as per above computation on the basis of GoUP letter no. 445/24-1-21-731(budget)/2020 dated 5th March, 2021 and provide a roadmap for recovery of the same in line with the provisions of National Tariff Policy, 2016 and UPERC MYT Distribution Regulations, 2019.
7. Further, it is hereby apprised to the Hon'ble Commission that para 5 of the GOUP letter is in reference with the 1.2(i) of the UP UDAY MOU, wherein the State Government has given the commitment for taking over the future losses of Discoms in a graded manner. The total liability of State Government on this account was Rs. 12,049.49 Crore upto FY 2019-20, against which the Govt. has already provided support of Rs. 5771.02 Crore and for the remaining balance of Rs. 6278.47 crore, the State Govt. has committed that the same will be provided in next 10 years. The subsidy support from Govt. mentioned in point 5 of the letter is towards the cash losses incurred by the Petitioner due to lower collection efficiency and thus is not related to Regulatory Assets and ARR/Tariff approval procedure.


 Superintending Engineer (Commercial)
 KESCO