TRUE-UP PETITION FOR FY 2019-20, ANNUAL PERFORMANCE REVIEW FOR FY 2020-21 & AGGREGATE REVENUE REQUIREMENT & TARIFF FOR FY 2021-22

Uttar Pradesh Power Transmission Corporation Limited

LUCKNOW

NOVEMBER 2020

Table of Contents

List of Annexures

List of Tables

Executive Summary:

- In accordance with Section 62 of the Electricity Act 2003 and provisions of the Uttar Pradesh Electricity Regulatory Commission (Multi Year Transmission Tariff) Regulations 2014 (hereinafter "MYT Transmission Regulations 2014") and Uttar Pradesh Electricity Regulatory Commission (Multi Year Tariff for Distribution and Transmission) Regulations, 2019 (hereinafter "MYT Regulations 2019") notified by the Hon'ble Uttar Pradesh Electricity Regulatory Commission (hereinafter referred to as "Hon'ble UPERC" or "Hon'ble Commission" Uttar Pradesh Power Transmission Corporation Limited (hereinafter referred to as "the Petitioner") is submitting the True-up Petition for FY 2019-20 based on the provisional annual accounts for FY 2019-20 inn accordance with the MYT Transmission Regulations 2014, Annual Performance Review for FY 2020-21 based on the revised estimates and Aggregate Revenue Requirement (ARR) and tariff for FY 2021-22 as per the MYT Regulations 2019.

- As per the MYT Regulations 2019 the Petitioner is required to file the ARR and tariff for FY 2020-21. Further, MYT Transmission Regulations 2014 require the Petitioner to file the True-up petition for FY 2019-20. The petitions are to be complete in all respects along with requisite fee as prescribed in the Commission's Fee and Fine Regulations each year containing the details of the estimated expenditure and the expected revenue that it may recover in the ensuing financial year i.e. FY 2021-22 at the proposed tariff.

- As per provisions under the Electricity Act 2003, separate State Load Despatch Centre (SLDC) is to be established by the State Government to ensure integrated operation of Power System in the State. Further the MYT Transmission Regulations 2014 and MYT Regulations 2019 provide that till such time the State Government establishes separate SLDC, STU shall also operate SLDC functions and till complete segregation of accounts between SLDC function & transmission function, STU shall apportion its cost between (i) SLDC function and (ii) Transmission Function based on an allocation statement & basis of such apportionment shall be clearly indicated in the ARR petition. Currently the function of SLDC is being discharged by a separate wing within UPPTCL. Further, Hon'ble Uttar Pradesh Electricity Regulatory Commission (UPERC) vide Notification no. UPERC/Secy/SLDC regulation/2020-043 dated 14th May 2020 has notified the UPERC (Fees & Charges of State Load Despatch Centre and other related matters) Regulations 2020, (hereinafter referred to as "SLDC Regulations 2020") which provides for filing of MYT Business Plan and tariff petitions for SLDC for the period for FY 2021-22 to FY 2024-25. The Uttar Pradesh State Load Despatch Centre (UPSLDC) is on process of preparation of the Business Plan for the MYT period form FY 2021-22 to FY 2024-25 in line with the provisions of the SLDC Regulations 2020. It is further submitted that annual accounts for the UPPTCL & UPSLDC are not segregated yet and till the time of complete segregation of accounts of the UPSLDC from UPPTCL, UPPTCL shall file the ARR for the UPSLDC. Accordingly, in the current petition the expenses of SLDC functions & ARR are embedded in the current ARR of UPPTCL.

- The objective of the Petitioner in this filing has been to contain the expenses to a reasonable level to offset inflationary pressure as prevailing in the market. For the MYT period i.e. from FY 2017-18 to FY 2019-20, the Petitioner has tried to control the expenses to the reasonable level but due to prevailing market condition and huge capital expenditure requirement, it may not be possible to limit expenses to current levels. Further, the Petitioner has computed the ARR for

Annual Performance Review of FY 2020-21 and ARR and tariff for FY 2021-22 as per the MYT Regulations 2019.

- The Petitioner in the current and ensuing years has continued with the execution of the major capital investment project as also the must do projects for meeting the demand growth and creating adequate capacity for reducing the over loading of heavily loaded transmission systems. The Petitioner has estimated a capital expenditure of Rs. 4,132.22 crore and Rs. 5,118.66 crore in FY 2020-21 and FY 2021-22 respectively.
- The Petitioner while claiming the normative expenses in line with the MYT Regulations 2019 has taken into account the actual expenses incurred in FY 2019-20 as per annual accounts and revised estimates for FY 2020-21. Further, the Petitioner has claimed the ARR and tariff for the FY 2021-22 in line with the MYT Regulations 2019 based on estimated expenses for the period.
- The Petitioner has claimed the True-up of ARR for FY 2019-20 to the tune of Rs. 3,980.72 crore. Annual Performance Review for FY 2020-21 to the tune of Rs. 3,227.76 crore and the ARR for FY 2021-22 as Rs. 3,490.94 crore. The petitioner has claimed the tariff for FY 2021-22 as Rs. 0.2895/kWh.

1 Introduction

1.1 Background

The Uttar Pradesh Power Transmission Corporation Limited (herein after referred to as 'UPPTCL' or the 'Petitioner') is a company incorporated under the Companies Act, 1956 by making amendment in the Object and Name clause of Uttar Pradesh Vidyut Vyapar Nigam Ltd and having duly passed Special Resolution on 7th June 2006 in terms of Section 21 of the Companies Act, 1956. UPPTCL started functioning with effect from 26th July, 2006 and is entrusted with the business of transmission of electrical energy to various utilities with the help of its transmission lines and substations within the geographical area of Uttar Pradesh. Before the incorporation of UPPTCL, transmission work was entrusted with UPPCL. Government of Uttar Pradesh (herein after referred to as the 'GoUP' or the 'State Govt.') in exercise of powers under section 30 of the Electricity Act, 2003, vide notification No: 122/U.N.N.P/24-07 dated 18th July 2007, notified Uttar Pradesh Power Transmission Corporation Limited as the State Transmission Utility of Uttar Pradesh. The UPPTCL now deals with the transmission of electricity for catering to the power requirements of four distribution companies viz. Madhayanchal Vidyut Vitran Nigam Ltd, Dakshinanchal Vidyut Vitran Nigam Ltd, Paschimanchal Vidyut Vitran Nigam Ltd and Poorvanchal Vidyut Vitran Nigam Ltd in addition to two other distribution companies serving Kanpur Electricity Supply Company Limited (herein after referred to as the 'KESCO'), Kanpur and Noida Power Company Limited (herein after referred to as the 'NPCL'), Noida. Further, the Petitioner is also serving the Indian Railways since FY 2017-18 which is a deemed distribution licensee.

In FY 2007-08, the final accounts have been prepared as per actual balances lying in the units books as on 1.4.2007 (the date of taking over transmission business by the company). The difference between unit wise balances and the balances appearing in the provisional Transfer Scheme amounting to Rs. 180.72 crore have been shown as Restructuring A/c under the head Reserve & Surplus pending finalisation of Transfer Scheme.

On 23rd December, 2010, the GoUP, in exercise of powers conferred under sub section (4) of section 131 of Electricity Act, 2003 and in partial modification of the scheme made under section 23 of the Uttar Pradesh Electricity Reforms Act, 1999 issued Transfer Scheme for the purpose of transfer of the transmission activities including the assets, liabilities and related proceedings from U.P. Power Corporation Ltd., to the Uttar Pradesh Power Transmission Corporation Limited.

1.2 Transmission Tariff Regulations

The Hon'ble Uttar Pradesh Electricity Regulatory Commission in exercise of the powers conferred under Section 61 and 181 of the Electricity Act, 2003 issued the Uttar Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2006 (Transmission Tariff Regulations) on 6th October, 2006.

Subsequently, on 12th May, 2014, the Hon'ble Commission notified the first MYT Regulations i.e. Uttar Pradesh Electricity Regulatory Commission (Multi Year Transmission Tariff) Regulations, 2014 which were applicable for determination of tariff from April 1, 2015 and onwards up to FY 2019-20 [i.e., till March 31, 2020] unless extended by the Order of the Commission.

Later, the Hon'ble Commission on 23rd September 2019 notified the Uttar Pradesh Electricity Regulatory Commission (Multi Year Tariff for Distribution and Transmission) Regulations, 2019 applicable for determination of ARR and tariff for the control period from FY 2020-21 to FY 2024-25.

Recently, the Hon'ble Commission vide Notification no. UPERC/Secy/SLDC regulation/2020-043 dated 14th May 2020 has notified the UPERC (Fees & Charges of State Load Despatch Centre and other related matters) Regulations 2020, (hereinafter referred to as "SLDC Regulations 2020") which provides for filing of MYT Business Plan and tariff petitions for SLDC for the period for FY 2021-22 to FY 2024-25.

1.3 MYT Business Plan order for the Control Period from FY 2020-21 to FY 2024-25

The Hon'ble Commission had approved the Business Plan for the Control Period from FY 2020-21 to FY 2024-25 vide its order dated 15th October 2020.

1.4 True-up for FY 2017-18 & FY 2018-19, Annual Performance Review for FY 2019-20 and ARR & Tariff for FY 2020-21

The Hon'ble Commission approved the True-up for FY 2017-18 & FY 2018-19, Annual Performance Review for FY 2019-20 and ARR & Tariff for FY 2020-21 vide its order dated 10th November 2020.

1.5 True-up for FY 2019-20, Annual Performance Review Petition for FY 2020-21 and ARR & Tariff of FY 2021-22

The Petitioner is hereby submitting its True-up ARR for FY 2019-20 based on the provisional annual accounts along with the tariff formats prescribed under the MYT Transmission Regulations 2014 and APR Petition for FY 2020-21 and ARR & tariff for FY 2021-22 along with the tariff formats prescribed under the MYT Regulations 2019 respectively. By means of this Petition, the UPPTCL is seeking the True-up of FY 2019-20, Annual Performance Review of FY 2020-21 and approval of ARR and transmission tariff for FY 2021-22.

Accordingly, the Petitioner has filed this petition, complete in all respects, along with requisite fee, with details of the actual or estimated expenditure incurred up to FY 2019-20, FY 2020-21 & FY 2021-22. In this petition, the Petitioner is submitting the following as part of this Petition filings for the FY 2019-20 to FY 2021-22:

- O & M Expenses.
- Deprecation.
- Interest on Loan.
- Interest on working capital.
- Return on equity.
- Non-tariff incomes.

Considering the above, this filing broadly provides expected performance of the transmission business for the financial year 2020-21 as per the revised estimates of FY 2020-21. Further, ARR and tariff for FY 2021-22 is as per the projections.

1.6 Structure of this Petition for True-up for FY 2019-20, APR for FY 2020-21 and ARR & tariff for FY 2021-22

In accordance with the provisions of MYT Transmission Regulations 2019 and MYT Regulations 2019, the Petitioner is filing the True-up for FY 2019-20 (submitted along with this petition), APR for FY 2020-21 and ARR & tariff for FY 2021-22. The structure of this Petition is as under:

Section 1	Introduction: This contains a brief background and rationale used for the submission; major assumptions used and describe the structure of the current submission.
Section 2	Overview of the Transmission Business
Section 3	True-up Petition for FY 2019-20
Section 4	Annual Performance Review of FY 2020-21
Section 5	Determination of ARR and Transmission Tariff for FY 2021-22
Section 6	Compliance with Directives
Section 6	Prayers

2 Overview of the Transmission Business

2.1 Existing Transmission System

The transmission system in the state is composed of 765 kV, 400 kV, 220 kV and 132 kV AC lines and substations, which are the part of the national grid.

Majority of the transmission lines & substations in the state transmission system are owned and operated by UPPTCL. However, there are other transmission lines & substations in UP which are the part of the inter-sate transmission system.

The 765 kV, 400 kV and 220 kV network forms the major transmission grid while the 132 kV systems has been treated as a sub transmission system.

The UPPTCL is constructing 765 kV, 400 kV and 220 kV sub-stations along with associated transmission lines to evacuate power from upcoming generating stations and constructing 220 kV and 132 kV substations to deliver the energy to different load centres concentrated mainly in the central and western part of Uttar Pradesh. Further transmission systems are also being constructed under Public Private Partnership on BOOT mode.

The details of the existing network strength of UPPTCL as on 31st March 2020 are provided in the tables below:

Table 2.1-1: Total Existing Sub-Stations as on March 2020

Voltage Level (kV)		132 KV	220 KV	400 KV	765 KV
No. of Substations (Nos.)	*UPPTCL*	426	125	22	2
	SEUPPTCL	-	1	1	1
	WUPPTCL	-	-	5	2
Transformation Capacity (MVA)	*UPPTCL*	50,410	44,900	20,820	6,000
	SEUPPTCL		200	630	1,000
	WUPPTCL		560	5,660	6,000
Transmission Lines (Ckt. Km)	*UPPTCL*	23,732	12,985	6,242	1,085
	SEUPPTCL			412	377
	WUPPTCL			358	257

2.2 Interconnections and Northern Region Load Dispatch Centre

UPPTCL's existing transmission system is a part of national grid under Northern Region comprising of neighbouring states, namely, Uttarakhand, Haryana, Rajasthan, etc. UPPTCL is also interconnected through natural inter-states lines with neighbouring states.

National Grid comprises of five regional grids which are synchronously interconnected. The UPPTCL power system is a part of the Northern Regional Grid of India under the control of NRLDC for inter-state transaction. The Northern Grid is controlled from a unified regional load dispatch centre at Delhi. The Northern Regional Load Dispatch Centre (NRLDC) is equipped with modern SCADA and Energy Management System (EMS) Software. The SCADA system is fully functional with applications like State Load Estimation, Economic Load Dispatch and security assessment. The NRLDC has modified its economic load dispatch software to take into account the Availability Based Tariff (ABT). Further intra-state transmission system of UP is controlled by SLDC of UP.

The GoUP has notified "Power System Unit" as State Load Dispatch Centre (SLDC) on 24th January 2011. Presently, the SLDC is engaged in the demand side management as well as ABT management process on behalf of Discoms. Also, scheduling and energy accounting of Uttar Pradesh Rajya Vidyut Utpadan Nigam Ltd., Bajaj Energy, Lanco Anpara, Roza Thermal Power Plant, NTPC Tanda, etc. is being done by the SLDC.

2.3 Availability of Transmission Systems & Transmission Losses

The actual availability of transmission Systems of the UPPTCL in FY 2019-20 was 99.47% and with this system UPPTCL handles net injected energy (inter-state at CTU-STU periphery & intra-state at G-T point) to deliver it to its customers (including distribution licensees). Further, the transmission losses for FY 2019-20 was 3.43%.

2.4 Load Levels

The load centre power demands and their daily, monthly & yearly load levels and associated load power factors are important factors that influence the planning of the bulk transmission system. UPPTCL loads are generally scattered throughout the state with heavy demands in Varanasi, Allahabad, Lucknow, Kanpur, Agra and Meerut areas. The annual peak load generally occurs in summer months. The following tables typically show the yearly peak demand of previous years current year peak demand respectively.

Table 2.4-1: Yearly System Peak in MW

Month	U.D.M
	MW
2007-08	10104

Month	**U.D.M**
	MW
2008-09	10587
2009-10	10856
2010-11	11082
2011-12	12123
2012-13	14300
2013-14	15044
2014-15	15670
2015-16	16988
2016-17	17886
2017-18	20274
2018-19	21128
2019-20	22599
2020-21 (upto Oct'20)	23917

3 True up Petition for FY 2019-20

3.1 True-up Summary for FY 2019-20

The Petitioner seeks true-up of expenses for the FY 2019-20 as per the provisional accounts as applicable for various heads of expenditure. The provisional accounts for FY 2019-20 are enclosed herewith and marked as '**Annexure 3**'. Since the current true-up petition for FY 2019-20 is on the basis of provisional annual accounts, therefore, the Petitioner shall approach the Hon'ble Commission in future for final truing up on the basis of audited annual account for FY 2019-20.

The following table summarises the truing up computations for FY 2019-20 for approval by the Hon'ble Commission. The Petitioner also provides the details of truing up in the subsequent paragraphs:

Table 3.1-1: True Up Summary for FY 2019-20

(All figures in Rs. Crore)

Particulars	As per order dated 27th August 2019	Actual as per Provisional Accounts	True-up Petition
Employee cost	744.89	635.93	1,227.95
A&G expenses	26.06	69.25	41.89
R&M expenses	332.35	458.93	495.73
Interest on Loan Capital	1,307.28	1,258.19	1,331.42
Interest on Working Capital	54.99	0.00	113.49
Finance Charges	0.56	0.09	0.09
Depreciation	1,205.52	1,240.05	1,233.60
Gross Expenditure	**3,671.65**	**3,662.44**	**4,444.16**
Less: Employee cost capitalized	734.98	255.21	255.21
Less: A&G Capitalisation	-	0.00	-
Less: Interest Capitalisation	904.73	168.20	168.20
Net Expenditure	**2,031.94**	**3,239.03**	**4,020.75**
Provision for Bad & Doubtful debts	-	1.13	-
Prior Period Items, Debits, write-offs & other expenses/Comprehensive Incomes	-	15.54	-
Net Expenditure with provisions	**2,031.94**	**3,255.69**	**4,020.75**
Add: Return on Equity	86.13	0.00	183.36
Less: Non-Tariff Income	66.26	326.26	223.39
Annual Revenue Requirement (ARR)	**2,051.81**	**2,929.44**	**3,980.72**
Revenue from Operations		**3,498.09**	**3,498.09**
True-up Adjustment of FY 2017-18		462.04	*462.04*
True-up Adjustment of FY 2018-19		813.60	*813.60*
Net Gap / (Surplus)	**-**	**706.98**	**1,758.27**
Net Gain Sharing as per MYT Regulations			300.73
Net Gap / (Surplus) after adjusting Gain Sharing			**1,457.54**

The Petitioner requests the Hon'ble Commission to allow truing up for FY 2019-20 as provided in the aforementioned table. The Petitioner is detailing the rationale for truing up of some of the key issues in the subsequent paragraphs.

3.2 Operation and Maintenance Expenses

Operation and Maintenance Expenses (O&M expenses) comprises of employee expenses, repair and maintenance expenses and administrative and general expenses. Each element of O&M expenses has been examined in detail in the succeeding paragraphs. The Regulation 21 of the MYT Transmission Regulations issued by the Hon'ble Commission stipulates:

"***21. Operation & Maintenance Expense***

a) Operation & Maintenance expenses comprise of Employee Costs, Administrative & General Expenses, and Repair & Maintenance expenses. The regulation 21 of the MYT Transmission Regulations issued by the Hon'ble Commission stipulates:

b) The Commission shall stipulate a separate trajectory of norms for each of the components of O&M expenses viz., employee cost, repairs and maintenance (R&M) expense and Administrative and General Expense (A&G expense). Provided that such norms may be specified for a specific Transmission Licensee or a class of Transmission Licensees.

c) Norms shall be defined in terms of combination of number of personnel per ckt/km (for different categories of transmission lines for e.g. HVDC, 765 KV, 400 KV, > 66 KV & 400 KV, etc. lines) and number of personnel per bay (for different categories of bay for e.g. 765 KV, 400 KV, > 66 KV & 400 KV, etc bays) along with annual expenses per personnel for Employee expenses; combination of A&G expense per personnel and A&G expense per ckt/km and bay for A&G expenses and R&M expense as percentage of gross fixed assets for estimation of R&M expenses.

d) One-time expenses such as expense due to change in accounting policy, arrears paid due to pay commissions etc., shall be excluded from the norms in the trajectory.

e) The expenses beyond the control of the Transmission Licensee such as dearness allowance, terminal benefits etc. in Employee cost etc., shall be excluded from the norms in the trajectory.

f) The One-time expenses and the expenses beyond the control of the Transmission Licensee shall be allowed by the Commission over and above normative Operation & Maintenance Expenses after prudence check.

g) The norms in the trajectory shall be specified over the control period with due consideration to productivity improvements.

h) The norms shall be determined at constant prices of base year and escalation on account of -inflation shall be over and above the baseline.

i) *The Transmission Licensee specific trajectory of norms shall be identified by the Commission on the basis of simple average of previous five years audited figures, duly normalized for any abnormal variation....."*

The Petitioner submits that the Hon'ble Commission while allowing the O&M expenses in the MYT ARR for the 1st Control Period (FY 2018-19 to FY 2019-20) in its orders dated 30th November 2017, 8th January 2019 and 27th August, 2019 respectively has consistently used the above approach stipulated in the Regulation 21 of the MYT Transmission Regulations 2014 issued by the Hon'ble Commission.

However, it was observed in the Order dated 10th November, 2020, that the Hon'ble Commission, while determining the true up O&M expenses for FY 2017-18 and FY 2018-19 of the Petitioner, has approved the lower of normative or actual for each element of O&M, i.e. Employee Expense, R&M & A&G. The Hon'ble Commission has mentioned in its Order dated 10th November, 2020, that it has taken such an approach based on its Order dated 03.09.2019 in the matter of True-up Order of FY 2017-18 for State owned Discoms. The relevant extract of the Order dated 10th November, 2020 is reproduced below:

"4.7.19 It is observed that the Petitioner has submitted that it has reduced the actual O&M expenses wrt the normative O&M expenses and hence it has claimed the amount on account of sharing of the gains due to efficiency in the operation and maintenance (O&M) expenditure as compared to the actual O&M expenditure incurred during FY 2017-18. The net gain claimed due to efficiency is Rs. 264.14 crore, 50% of gain is shared with the consumers i.e. Rs. 132.07 Crores as per the Regulation 11 of UPERC MYT Regulations, 2014.

4.7.20 The Commission, vide order dated 03.09.2019 in the matter of True-up Order of FY 2017-18 for State owned Discoms was of the view that there is a wide variation between normative and actual parameters of O&M expenses, which cannot be on the account of efficiency of the Petitioners. The relevant extracts are as under:

> *Quote*
>
> *"4.5.10 The Commission observed that there is a large variation in the normative and actual O&M Expenses. It should be noted that the Business Plan for the MYT Control Period was prepared taking into consideration, higher sales, power purchase, O&M etc. In its current filings the Licensees have shown considerable reduction in all the components, like lower sales, power purchase, O&M expenses etc. which resulted in vast variation in all the parameters. The sharing of gains is allowed for incentivisation of efficiency. It is for sure that such wide variations cannot be on account of the efficiency of the licensees. Hence, the Commission is not allowing the sharing of O&M Expenses. Further, the Commission directs the Licensees to submit the detailed explanation for this variation in its next filings.*
>
> *4.5.11 The Petitioners have considered lower of the total O & M expenses as per normative or Audited Accounts. However, the Commission while allowing the O&M expenses, has considered the "lower of normative or actual for each element of O&M, i.e. Employee Expense, R&M & A&G" otherwise the purpose of having individual norms of Employee Expenses, A&G Expenses, and R&M Expenses will be affected."*
>
> *Unquote*

4.7.21 As per above, the Commission has taken a view to allow the "lower of normative or actual for each element of O&M, i.e. Employee Expense, R&M & A&G". It is further pertinent to mention, that the above approach of the Commission is sub judice before Hon`ble APTEL. Since, the provisions applicable for O&M expenses are same for both State owned Discoms and UPPTCL under both the MYT Regulations 2014, therefore it would be prudent to consider the same approach for UPPTCL also."

(Emphasis supplied)

As can be observed from the highlighted portion above, the State owned discoms have challenged the Order dated 3rd September, 2019 and thus the approach of the Hon'ble Commission is sub judice before the Hon'ble APTEL.

The Petitioner submits that the approach of the Hon'ble Commission in Order dated 10th November, 2020 deviates from the approach stipulated in the MYT Tariff Regulations 2014, which has been consistently followed in the Orders dated 30th November 2017, 8th January 2019 and 27th August, 2019. Moreover, the State owned discoms, have also challenged the new approach of the Hon'ble Commission vide an Appeal in the Hon'ble APTEL against the Order dated 3rd September, 2019.

The Petitioner humbly submits that the MYT Transmission Regulations 2014 provides for determination of O&M expenses on **normative basis**.

Further, as per Regulation 9.2 of the MYT Transmission Regulations 2014, the 'variations in Operation & Maintenance Expenses' are to be treated as controllable factor and the Regulation 11 of the MYT Transmission Regulations, 2014 specifically provides for the manner in which the **sharing of gains or losses** on account of controllable factors will be dealt as mentioned below:

> *"11. Mechanism for sharing of gains or losses on account of controllable factors-*
>
> *11.1 The approved aggregate gain to the @ the Transmission Licensee on account of controllable factor shall be dealt with in the following manner:*
>
> *(a) One-half of the amount of such gain shall be passed on as a rebate in tariff over such period as may be stipulated in the Order of the Commission;*
>
> *(h) The balance amount of such gain may be utilized at the discretion of the Transmission Licensee.*
>
> *11.2 The approved aggregate loss to the Transmission Licensee on account of controllable factor shall be dealt with in the following manner:*
>
> *(a) One-half of the amount of such loss may be passed on as an additional charge in Tariff over such period as may be stipulated in the Order of the Commission; and*
>
> *(h)The balance amount of loss shall be absorbed by the Transmission Licensee."*

It is important to mention that the Hon'ble Commission in all the previous year **True-up orders**, Hon'ble Commission is continuously approving the O&M Expenses on the normative basis.

While allowing the ARR/Tariff for control period FY 2017-18 to FY 2019-20 in its Tariff order dated 30.11.2017 at para 7.6.4 the following is being mentioned: -

> *"7.6.4 The Commission has provided UPPTCL with a methodology for Computation of O&M expenses as per Transmission MYT Regulation, 2014 and the same was accepted by the petitioner. The petitioner has computed and submitted the O&M expenses in line with the methodology provided by the Commission. Accordingly, the submission of the petitioner and the approach adopted by the Commission for approving various components of O&M expenses.......".*

In the said tariff order the Commission have decided the O&M expenses as per norms mentioned in MYT Transmission Regulations 2014. Further, in tariff orders dated 08.01.2019 for FY 2018-19 and in tariff order dated 27.08.2019 for FY 2019-20 the Hon'ble Commission, adopting the normative approach, have allowed the O&M expenses as per the provisions of MYT Regulation, 2014.

The Hon'ble APTEL in its judgement in the Appeal No. 250 of 2016 & IA No. 899 of 2017 has observed as follows:

> *"........., it is noted that the State Commission has to follow its Regulations on all aspects including the O&M expenses. Further, if the O&M expenses are allowed on actual basis, the whole purpose of specifying norms after following due process of public consultation shall be defeated."*
>
> *"9.3 Regarding allowance of actual O&M expenses, we are of the considered opinion that the State Commission is to follow regulations on all aspects including O&M expenses and need not adopt divergent methodology on case to case basis"*

Further, in another judgement dated 05.04.2019 in Appeal No. 245 of 2015 & IA No. 398 of 2015 the Hon'ble APTEL has observed as follows:

> *"We have carefully considered the rival contentions on this issue and note that the State Commission has to follow its Regulations on all aspects including the O&M expenses. While taking note of the main premise of the Appellant's contention that in case the actual expenses are lower than the norms, then norms should be considered and in cases where the actual expenses are higher than the norms then the actual expenses should be considered.* ***We do not find any force in the above contentions of the Appellant which results into the situation that only the efficiency gains should be considered whereas the efficiency losses should not be considered but under the regulated regime such pick & choose approach cannot be allowed*****. ....."**

Similarly, in another judgment dated 30.07.2010 in Appeal No.153 of 2009, the Hon'ble APTEL has observed as:

> *"34. .... Therefore, the finding on this issue by the State Commission is contrary to the law and spirit of the MYT Regulations as it defeats the very purpose of allowing cost on normative basis......"*
>
> *"55. ..... On the other hand, the Operation & Maintenance expenses are classified as controllable costs and are allowed based on norms. These costs are not trueable and are not allowed based on the actual cost incurred."*

In light of above discussions and key observations of the Hon'ble APTEL's in the past judgements, the Petitioner UPPTCL is of the view that as in MYT Transmission Regulations 2014, O&M expenses are treated as controllable & have provision for sharing of gain/losses and it does not contain any such principle, to allow the lower of normative or actual for each element of O&M, hence, once the normative approach has been adopted by the Hon'ble Commission, while approving the tariff, there cannot be any further adjustment on the basis of the actual expenses on account of it being less.

In view of the same, the Petitioner has continued with the prevalent methodology established in the MYT 2014 Regulations and the past orders dated 30th November 2017, 8th January 2019 and 27th August, 2019.

The Hon'ble Commission while allowing the ARR for FY 2019-20 had considered 70% of the Capital Expenditure and accordingly allowed only 70% of the O&M expenses as claimed by the Petitioner. The Petitioner, in the current true up petition has claimed the O&M expenses in line with the MYT Regulations 2014, norms allowed by the Hon'ble Commission in the Order dated 30th November 2017 and on the basis of the actual network base, number of employees and GFA.

Accordingly, the various components of the O&M expenses are computed and claimed as below:

3.2.1.1 Employee Expenses for FY 2019-20

The Petitioner has computed the Employee expenses for truing-up for FY 2019-20 as per the Regulation 25.1 of the MYT Transmission Regulations as below:-

"Employee cost shall be computed as per the approved norm escalated by consumer price index (CPI), adjusted by provisions for expenses beyond the control of the Licensee and one time expected expenses, such as recovery/adjustment of terminal benefits, implications of pay commission, arrears, Interim Relief etc., governed by the following formula:

*EMPn= (EMPb * CPI inflation) + Provision*

Where:

EMPn: Employee expense for the year n. EMPb: Employee expense as per the norm CPI inflation: is the average increase in the Consumer Price Index (CPI) for immediately preceding three financial years. Provision: Provision for expenses beyond control of the Transmission Licensee and expected one-time expenses as specified above."

The Petitioner has considered the approach adopted by the Hon'ble Commission while allowing the employee expenses in the MYT ARR for the 1st Control Period (FY 2018-19 to FY 2019-20) in its order dated 30th November 2017 and orders dated 8th January 2019 and 27th August, 2019. The Hon'ble Commission approved employee expense norms for transmission lines and norms for bays for the MYT period in its order dated 30th November 2017 for computation of normative employee expenses. The employee expenses for truing-up MYT period are based on the norms approved by the Hon'ble Commission in the order dated 30th November 2017. The Petitioner has considered the same methodology and norms, approved by the Hon'ble Commission in the Tariff Order for FY 2019-20, for the Truing-up of Employee expenses for FY 2019-20. Normative

Employee expenses approved by the Commission and claimed for FY 2019-20 has been shown in the Table below:

Table 3.2-1: Employee Expenses for FY 2019-20

Particulars	FY 2019-20	
	Approved in order dated 27th August 2019	True-up Petition
Norms per ckt kms (Rs. Crore)	0.0057	0.0057
Line Length (ckt kms)	47,270.25	44,044.78
Employee Expenses (ckt kms) (Rs. Crore)	270.06	252.13
Norms per Bay (Rs. Crore)	0.1667	0.1974
Number of Bays (nos)	4,576	4,944
Employee Expenses (Bays) (Rs. Crore)	762.97	975.81
Add: Arrears (Rs. Crore)	30.55	-
Total Employee Expenses (Rs. Crore)	**1,064.13**	**1,227.95**
Less: 30% Disallowance	319.24	-
Net Employee Expenses (Rs. Crore)	**744.89**	**1,227.95**

The Petitioner submits that the actual gross employee expenses as per provisional accounts, were Rs. 635.93 crore as against Rs. 744.89 crore approved by the Hon'ble Commission in the Tariff Order dated 27th August 2019 for FY 2019-20. The Petitioner has considered the actual number of bays and line length of the transmission lines up to March 2020, for computation of the normative employee's expenses for truing up of FY 2019-20.

The Petitioner humbly submits that the normative employee expenses are allowed to it in terms of the extant MYT Transmission Regulations.

3.2.1.2 Administrative and General Expenses for FY 2019-20

The Petitioner has computed the administrative and general expenses for the FY 2019-20 as per the Regulation 21.3 of the MYT Transmission Regulations as below:-

"A&G expense shall be computed as per the norm escalated by wholesale price index (WPI) and adjusted by provisions for confirmed initiatives (IT etc. initiatives as proposed by the Transmission Licensee and validated by the Commission) or other expected one-time expenses, and shall be governed by following formula:

*A&Gn= (A&Gb * WPI inflation) + Provision*

Where:

$A\&G_n$: A&G expense for the year n $A\&G_b$: A&G expense as per the norm WPI inflation: is the average increase in the Wholesale Price Index (WPI) for immediately preceding three financial

years Provision: Cost for initiatives or other one-time expenses as proposed by the Transmission Licensee and validated by the Commission."

Further, the Petitioner has claimed the normative A&G expenses as per the approach adopted by the Hon'ble Commission while approving the MYT ARR for the 1st Control Period (FY 2018-19 to FY 2019-20) in its order dated 30th November 2017 and subsequent tariff order dated 8th January 2019 and 27th August 2019. The Hon'ble Commission approved A&G expense norms for transmission lines and the norms for bays in the said MYT order for computation of normative A&G expenses.

The A&G Expenses have been claimed for MYT period under in this petition based on the norms approved by the Hon'ble Commission in the said MYT order. The detailed computation of the A&G expenses is provided below:

Table 3.2-2: A&G Expenses for FY 2019-20

Particulars	FY 2019-20	
	Approved in order dated 27th August 2019	**True-up Petition**
Norms per ckt kms (Rs. Crore)	0.0002	0.0002
Line Length (ckt kms)	47,270.25	44,044.78
A&G Expenses for Transmission Lines (Rs. Crore)	9.85	10.02
Norms per Bay (Rs. Crore)	0.0048	0.0052
Number of Bays (nos)	4,576.00	4,944.00
A&G Expenses for Bays (Rs. Crore)	21.88	25.80
Norms per Employee (Rs. Crore)	0.0009	0.0010
Number of Employees (nos)	6,300.00	6,372.00
A&G Expenses for Employees (Rs. Crore)	5.50	6.08
Total A&G Expenses (Rs. Crore)	**37.23**	**41.89**
Less: 30% Disallowance	11.17	-
A&G Expense after Disallowance	**26.06**	**41.89**

Further, the Petitioner submits that the actual gross A&G expenses as per provisional accounts were Rs. 69.25 crore as against Rs. 26.06 crore approved by the Hon'ble Commission in the Tariff Order for FY 2019-20. Further, no A&G expenses capitalisation is considered in the FY 2019-20 provisional accounts. The erstwhile policy for capitalisation of the administrative and general expenses has been discontinued with effect from FY 2015-16 based on the observations of the AG Audit.

The Petitioner humbly submits that the normative A&G expenses are allowed to it in terms of the extant MYT Transmission Regulations.

3.2.1.3 Repair & Maintenance Expenses for FY 2019-20

The Petitioner has computed the Repair & Maintenance expenses for FY 2019-20 as per the Regulation 21.2 of the MYT Transmission Regulations as below:

"Repairs and Maintenance expense shall be calculated as percentage (as per the norm defined) of Average Gross Fixed Assets for the year governed by following formula:

*R&Mn = Kb * GFAn*

Where:

R&Mn: Repairs & Maintenance expense for nth year GFAn: Average Gross Fixed Assets for n^{th} year Kb: Percentage point as per the norm."

As per the MYT Transmission Regulations the R&M expenses for any year of the MYT period are a percentage or fraction of the average GFA base of that year. This percentage or the factor 'Kb' may be determined by the Hon'ble Commission. The 'Kb' factor approved by the Hon'ble Commission for FY 2019-20 is 1.83%. The R&M Expenses have been claimed for the FY 2019-20 based on the 'Kb' factor approved by the Hon'ble Commission in the said MYT order dated 30th November 2017 and considered in order dated 27th August 2019 is 1.83%. The detailed computation of the R&M expenses in provided below:

Table 3.2-3: R&M Expenses for FY 2019-20

Particulars	FY 2019-20	
	Approved in order dated 27th August 2019	**True-up Petition**
Average GFA (Rs. Crore)	25,922.92	27,066.25
Kb - Factor (%)	1.83%	1.83%
R&M Expense (Rs. Crore)	**474.79**	**495.73**
Less: Deductions:	142.44	-
R&M Expense (Rs. Crore)	**332.35**	**495.73**

The actual repair and maintenance expenses for FY 2019-20 as per provisional accounts were Rs. 458.93 crore against the Rs. 332.35 crore approved in the Order dated 27th August 2019.

The Petitioner humbly submits that the normative repair and maintenance expenses are allowed to it in terms of the extant MYT Transmission Regulations.

The summary of the O&M expenses approved in the Tariff Order for FY 2019-20 vis-a-vis the actual expenses as per annual accounts and those claimed in the True up are shown in the table below:

Table 3.2-4: Operation & Maintenance Expenses FY 2019-20

(All figures in Rs. Crore)

Particulars	FY 2019-20

	Approved in order dated 27th August 2019	Annual Accounts	True-up Petition
Gross Employee Expenses	*744.89*	*635.93*	*1,227.95*
Employee expenses capitalized	*734.98*	*255.21*	*255.21*
A. Employee Expenses	**9.91**	**380.72**	**972.73**
Gross A&G Expenses	*26.06*	*69.26*	*41.89*
A&G expenses capitalized	-	-	-
B. A&G Expenses	**26.06**	**69.26**	**41.89**
C. R&M Expenses	**332.35**	**458.93**	**495.73**
Total O&M Expenses (A+B+C)	**368.32**	**908.90**	**1,510.36**

Thus, the net normative allowable O&M expenses are to the tune of Rs. 1,510.36 crore as against actual expenses of Rs. 908.90 crore. The Petitioner humbly submits that the normative O&M expenses be allowed to it in terms of the applicable MYT Transmission Regulations.

3.3 Interest on Long Term Loans

Interest cost is an uncontrollable cost as the interest rate regime is determined by various external factors and the actual loans taken are consequential to the capital expenditure undertaken by the Petitioner.

The Hon'ble Commission in the past tariff orders had considered a normative tariff approach with a gearing of 70:30. Considering this approach, 70% of the capital expenditure undertaken in any year was considered to be financed through loan and balance 30% was considered to be financed through equity contributions. The portion of capital expenditure financed through consumer contributions, capital subsidies and grants was separated and the depreciation and interest thereon was not charged to the beneficiaries. The amounts received as consumer contributions, capital subsidies and grants were traced from the annual accounts. Subsequently, the financing of the capital investment was worked out based on the gearing ratio of 70:30 and allowable depreciation was considered as normative loan repayment. The Hon'ble Commission has also considered the same approach while approving the ARR for the 1st control period in the MYT order dated 30th November 2017 and subsequent tariff orders dated 8th January 2019 and 27th August, 2019.

The Petitioner for the purposes of this true up petition for FY 2019-20 has claimed the interest and finance charges based on the same philosophy.

In the Order dated 10th November, 2020, the Hon'ble Commission has disallowed 25% Capital Investments during FY 2017-18 and FY 2018-19.

The Petitioner submits that the "Business Plan filings" with particular reference to "Capital Investment Plan" is covered in MYT Transmission Regulations, 2014 as under:

> *"**5.1** The Transmission Licensee shall file a Business Plan duly authorized by the Board of Directors or by any committee/person authorized by the Board in this regard, for the Control Period of three financial years i.e. from April 1, 2017 to March 31, 2020 which shall comprise but not be limited to detailed forecasting of quantum of power to be wheeled on behalf of its customers, **capital investment plan**, financing plan and physical targets........."*
>
> *"**5.2** The **capital investment plan** shall show separately, on-going projects that will spill into the control period (details to be provided year wise) under review and **new projects (along with justification)** that will commence but may be completed within or beyond the control period. The **Commission shall consider and approve the capital investment plan** for which the Distribution Licensee shall **provide relevant technical and commercial details."***
>
> ***"6.1** The applicant shall, based on the Business Plan as approved by the Commission by order, submit the forecast of Aggregate Revenue Requirement and expected revenue from tariff, for the Control Period ...."*

The Petitioner humbly submits that its Business Plan for the 1st Control Period (I.e. from FY 2017-18 to FY 2019-20) was filed on 13.02.2017 including project-wise, year-wise Capital Investment for FY 2017-18 to FY 2019-20 along with ARR/Tariff Petition. Hon'ble Commission, after prudence check, have approved the Business Plan vide its order dated 30.11.2017. The same has also been mentioned by Hon'ble Commission in its Business Plan (FY 2020-21 to FY 2024-25) order dated 15.10.2020 as below:

> ***"2.1.1** The Commission, vide its Tariff Order dated November 30, 2017, approved the Business Plan for MYT Control Period (FY 2017-18, FY 2018-19 and FY 2019-20) for UPPTCL ...."*

Since, the approval of Business Plan also includes the approval of Capital Investment for the control period FY 2017-18 to FY 2019-20 for the schemes/projects included in the Business Plan and accordingly, UPPTCL carried out the execution of the schemes envisaged therein and which are commissioned & put to use, progressively in the control period.

Further, the Petitioner has also submitted the capital investment plan before the Commission for each year FY 2017-18 & 2018-19 alongwith respective years tariff petition/APR. Besides, during tariff proceedings the Petitioner has also submitted the capitalisation details, fixed assets register and other details as desired by Hon'ble Commission including submissions in respect of queries raised by Hon'ble Commission time to time.

Hon'ble Commission have also mentioned in its tariff order dated 10.11.2020 as below:-

*"**5.2.9.13** .... Replying to the query, UPPTCL has submitted the "The Detailed Transmission Plan for FY 2018-22" on August 7, 2019 with proper linking and other required information. ....*

..

.

***5.2.12** .... The Petitioner submitted the details of the assets energised in FY 2018-19 in the required format with the project wise details............"*

Despite of UPPTCL's presentations/submissions as mentioned above, the Hon'ble Commission have disallowed 25% of the Capital Investment for FY 2017-18 & FY 2018-19, stating that ***the UPPTCL did not take prior approval from the Commission for any of the schemes with capital expenditure greater than INR 10 Crore.***

It is further submitted that as a Transmission Licensee, the Petitioner has to plan and construct the economical transmission network in the State to cater the load demand of the State consumers. Further, UPPTCL would like to submit here that peak demand handled & TTC for the period of FY 2016-17 to 2018-19 is as below:

Table 3.3-1: Demand Met & TTC in the past years

FY	2016-17	2017-18	2018-19	% increase from 2016-17
Peak Demand Met	16110	18061	20062	24.53%
TTC	7800	8700	10700	37.17%

Had the aforesaid system were not executed, UPPTCL would not have been able to meet the power demand of the State and inadequacies in state grid might have affected availability of Power supply & stability/reliability of the centre power grid. The Hon'ble Commission may kindly appreciate that the duty of transmission licensee as mentioned in the Electricity Act, 2003 states as under:

Section 40. (Duties of transmission licensees):

It shall be the duty of a transmission licensee -

(a) to build, maintain and operate an efficient, co-ordinated and economical inter-State transmission system or intra-State transmission system, as the case may be;

(b) ....

....................."

To fulfil its duty UPPTCL have made the capital investment in the intra-state transmission network and have successfully met the increase in demand from 16110 MW in FY 2016-17 to 23,867 MW in September, 2020 (~48%).

UPPTCL was able to meet this increased demand only due to timely capital investment and addition of network capacity consistently from FY 2017-18 onwards. Further, due to this capital investment, the transmission losses have reduced from 3.59% to 3.43% *(an gross estimated saving of Rs.~ 72 cr. in FY 2019-20, at BST @ 4.79 Rs./unit).*

This is besides the advantage gained by the Open Access consumers due to the margins available in the state's transmission system in availing the open access.

The Hon'ble Commission in its Business Plan order dated 15.10.2020 in Petition No. 1572 of 2020 has appreciated the same as mentioned below:

> *"3.2.4 The Commission has noted the submission made by the Petitioner regarding existing Transmission lines, No. of Substations & Transformation capacity.* ***The Petitioner has developed the vast and robust transmission network in the state for reliable and efficient transmission of electricity.*** *......................."*

The existing transmission network which is resulting in a reliable, stable intra-state grid, also includes the assets for which Capital Investment is disallowed by this Hon'ble Commission while approving the True-Up Order for FY 2017-18 & FY 2018-19, these assets are already serving the State grid and contributes in maintaining the vast and robust transmission network in the state for reliable and efficient transmission of electricity in UP. It may also be appreciated that these assets being a part of integrated transmission grid, cannot be segregated into approved viz-a-viz unapproved assets.

Further, the disallowance of capital expenditure, towards the assets integrated in the state transmission system, adversely impacts cash flow, depreciation, interest, RoE, etc. not only for the trued up year but also for the ensuing years, even though the assets created out of this expenditure will continuously, for their lifetime, be serving the consumers and will require expenditure on their operation & maintenance.

The Electricity Act 2013 also stipulates as below-:

> ***"Section 61. (Tariff regulations):***
>
> *The Appropriate Commission shall, subject to the provisions of this Act, specify the terms and conditions for the determination of tariff, and in doing so, shall be guided by the following, namely:-*
>
> *(a)…………….*
>
> *……………………….*

(*d) safeguarding of consumers' interest and at the same time,* ***recovery of the cost of electricity in a reasonable manner;***

.."

It is clear from above prescription of the statutory provisions that legislative intent is to protect the interest of the consumers at large and, at the same time, to ensure that the Licensee also gets its legitimate dues by recovering a reasonable cost.

Further, the Petitioner submits that the expenditure incurred towards providing continues and reliable supply to the consumer of the State should be made recovered by the Hon'ble Commission to the Licensee.

The Petitioner is of the view that before disallowing the investment, Commission should have done prudent check whether the expenses have been actually incurred or whether the licensee or the consumer has actually received any benefit from such expenditure and not on the sole reasoning as given by the Hon'ble Commission that UPPTCL did not take prior approval from the Commission for any of the schemes with capital expenditure greater than INR 10 Crore.

The same view has been taken by Hon'ble APTEL **in Appeal No. 84 of 2006 as mentioned below:**

"16........ the regulator has to satisfy itself by a prudent check with respect to capital investment and in case they contribute for the quality or development or providing better service, the regulator may include and pass on the consequences of such investment to the consumers.........."

Therefore, the Hon'ble Commission is humbly requested to allow the actual capital expenditure made by the Petitioner and consider the CWIP balances, GFA balance, capitalisation and capital expenditure as per the actuals for the FY 2017-18 and FY 2018-19.

In light of the same and considering the Capital Work in Progress balances (CWIP) and Gross Fixed Asset (GFA) balances as per provisional accounts, the Petitioner has derived the actual capital investments undertaken by it in FY 2019-20. The details are provided in the table below:

Table 3.3-2: Capital Investments in FY 2019-20

(All figures in Rs Crore)

Particulars	Derivation	FY 2019-20
Opening WIP as on 1st April	A	6,805.05
Investments	B	3,881.15
Employee Expenses Capitalisation	C	255.21
A&G Expenses Capitalisation	D	0.00
Interest Capitalisation on Interest on long term loans	E	168.20
Total Investments	**F= A+B+C+D+E**	**11,109.61**
Transferred to GFA (Total Capitalisation)	G	3,272.67
Closing WIP	**H= F-G**	**7,836.94**

The Petitioner is also submitting the detailed capitalisation for the FY 2019-20, the same is attached herewith as **Annexure 10**. The table below summarises the amounts received towards consumer contributions, capital grants and subsidies in FY 2019-20:

Table 3.3-3: Consumer Contributions, Capital Grants and Subsidies in FY 2019-20

(All figures in Rs. Crore)

Particulars	FY 2019-20
Opening Balance of Consumer Contributions, Grants and Subsidies towards Cost of Capital Assets	1,319.32
Additions during the year	394.96
Less: Amortisation	102.63
Closing Balance	**1,611.65**

Thus, the eligible financing of the capital investment is depicted in the table below:

Table 3.3-4: Financing of the Capital Investments in FY 2019-20

(All figures in Rs Crore)

Particulars	Derivation	FY 2019-20
Investment	A	3,881.15
Less:		
Consumer Contribution	B	394.96
Investment funded by debt and equity	C=A-B	3,486.19
Debt Funded	70%	2,440.33
Equity Funded	30%	1,045.86

Thus, from the above tables it is seen, that the Petitioner has made an investment of Rs. 3,881.15 crore in FY 2019-20. The Petitioner had sought approval of the assets energised during the FY 2019-20, vide its MYT Business Plan Petition for the 1st Control Period (i.e. FY 2017-18 to FY 2019-20). The same was approved vide UPERC order dated 30th November 2017. Further, the Petitioner had also submitted the updated CAPEX plan and progress of the projects and schemes in the past True-up/APR/ARR Petitions from time to time. The details of the assets energised during the FY 2019-20 is provided in the **'Annexure 6'**.

The consumer contributions, capital subsidies and grants received during the corresponding period is Rs. 394.96 crore. Thus, balance Rs. 3,486.19 crore have been funded through debt and equity. Considering a debt equity ratio of 70:30, Rs. 2,440.33 crore or 70% of the capital investment is envisaged to be funded through debt and balance 30% equivalent to Rs. 1,045.86 crore through equity. Allowable depreciation for the year has been considered as normative loan repayment.

The actual weighted average rate of 10.93% (being the weighted average rate of interest on actual long term loan portfolio for FY 2019-20) has been considered for computing the eligible interest expenses. The detailed computation of the weighted rate of interest has been attached as '**Annexure 5'**. The interest capitalisation has been considered as per the Provisional Accounts of

FY 2019-20. The opening balance of long term loan has been considered from the loan balance as per the normative closing loan balance as considered in the FY 2018-19 true-up petition.

Considering the above, the gross interest on long term loan is Rs. 1,331.42 crore. The interest capitalisation has been considered at the same rate as per annual accounts. The computations for interest on long term loan are depicted below:

Table 3.3-5: Allowable Interest on Long Term Loan for FY 2019-20

(All figures in Rs. Crore)

Particulars	FY 2019-20
Opening Loan	11,582.42
Loan Additions (70% of Investments)	2,440.33
Less: Repayments (Depreciation allowable for the year)	1,233.60
Closing Loan Balance	12,789.15
Weighted Average Rate of Interest	10.93%
Interest on long term loan	**1,331.42**
Interest Capitalisation Rate	12.63%
Less: Interest Capitalized	168.20
Net Interest Charged	**1,163.23**

3.4 Finance Charges

The Petitioner submits that is has incurred finance charges to the tune of Rs. 0.09 crore as per provisional accounts towards expenditures like bank charges, finance charges, etc. and the same may be allowed in the true up for FY 2019-20.

3.5 Interest on Working Capital

MYT Transmission Regulations provides for normative interest on working Capital based on the methodology outlined in the Regulations. The interest on working capital has been computed based on the methodology specified in the Regulation 24 as provided below:

"The Transmission Licensee shall be allowed interest on estimated level of working capital for the financial year, computed as follows:

a) O&M expenses for one month.

b) Two months equivalent of expected revenue.

c) Maintenance spares @ 40% of R&M expenses for two month.

Less:

Security deposits from consumers, if any-

Provided that the interest on working capital shall be on normative basis and rate of interest shall be equal to the State Bank Advance Rate (SBAR) as of the date on which petition for determination of tariff is accepted by the Commission:"

In accordance with the MYT Transmission Regulations, the Petitioner for the purpose of computing Interest on Working Capital for FY 2019-20 has considered SBAR (SBIPLR) as on 30th May 2019 (the date of admittance of tariff Petition for FY 2019-20 for determination of revised ARR and tariff for FY 2019-20 as per the order dated 27th August 2019), i.e., 13.80%. The Petitioner has, in accordance with the above mentioned MYT Transmission Regulations, considered the interest on working capital. In the Tariff Order for FY 2019-20, the Hon'ble Commission had allowed Rs. 54.99 crore towards interest on working capital in its order dated 27th August 2019. The Transmission Tariff Regulations provide for the normative interest on working capital based on the methodology outlined in the MYT Transmission Regulations. Accordingly, the Petitioner hereby claims Rs. 113.49 crore towards interest on working capital for FY 2019-20 as computed in the table below:

Table 3.5-1: Allowable Interest on Working Capital for FY 2019-20

(All figures in Rs Crore)

Particulars	FY 2019-20
One Month of O&M Expenses	125.86
Maintenance spares @ 40% of R&M expenses for two month	33.05
Receivable equivalent to 60 days average billing of consumers	663.45
Less: Security deposits from consumers	-
Total Working Capital Requirement	**822.36**
Interest rate (%)	13.80%
Interest on working capital	**113.49**

The following table summarises the interest and finance charges claimed by the Petitioner for final truing-up of FY 2019-20 as against those approved by the Commission in the Tariff Order for UPPTCL for FY 2019-20:

Table 3.5-2: Allowable Interest and Finance Charges for FY 2019-20

(All figures in Rs. Crore)

Particulars	Tariff Order dated 27th August 2019	Actual as per Provisional accounts	True-up Petition
A: Interest on Long Term Loans			
Gross Interest on Long Term Loan	1,307.28	1,258.27	1,331.42
Less: Interest Capitalisation	904.73	168.20	168.20
Net Interest on Long Term Loans	**402.55**	**1,090.08**	**1,163.23**
B: Finance and Other Charges	**0.56**	**0.09**	**0.09**

Particulars	Tariff Order dated 27th August 2019	Actual as per Provisional accounts	True-up Petition
C: Interest on Working Capital	**54.99**	**-**	**113.49**
Total (A+B+C)	**458.10**	**1,090.16**	**1,276.80**

3.6 Depreciation

Regulation 22 of the MYT Transmission Regulations provide for the basis of charging depreciation. The relevant excerpt is reproduced below:

*"**22 treatment of Depreciation:***

a) Depreciation shall be calculated for each year of the control period on the written down value of the fixed assets of the corresponding year.

b) Depreciation shall not be allowed on assets funded by consumer contributions or subsidies / grants.
…………………………………

d) The residual value of assets shall be considered as 10% and depreciation shall be allowed to a maximum of 90% of the original cost of the asset.

e) Depreciation shall be charged from the first year of operation of the asset.

……………………"

The MYT Transmission Regulations provides for calculating depreciation based on the written down value of the fixed assets of the corresponding year based on rate of deprecation as provided in the Annexure C of the MYT Transmission Regulations for respective asset category.

The Hon'ble Commission in its order dated 30th November 2017 and 8th January 2019 has approved the allowable depreciation for each asset category for the control period. The Petitioner has considered the same approach while claiming the allowable depreciation for truing up of FY 2019-20.

In the Order dated 10th November, 2020, the Hon'ble Commission has disallowed 25% Capital Investments, which has translated to a reduction in the transfer to GFA and thus the GFA Opening and closing, for the FY 2017-18, FY 2018-19 and FY 2019-20.

However, in light of the discussion in the previous section regarding considered the GFA balance, capitalisation and the capital expenditure as per the actual for the FY 2017-18 to FY 2019-20, the

Petitioner has continued with the actual GFA balance as per the annual accounts and prevalent methodology established in the MYT 2014 Regulations and the past tariff order.

Further, the Petitioner has considered the actual closing gross fixed asset base as per true up petition for FY 2018-19 as the opening GFA balance for FY 2019-20 computing the allowable depreciation. The detailed computation is provided below:

Table 3.6-1: Allowable Depreciation for FY 2019-20

(All figures in Rs. crore)

Depreciable Assets	Opening GFA as on 1.4.2019 (Depreciable Assets)	Cumulative Depreciation upto 31.3.2019	Written Down Opening	Addition	Deletion	Net Addition (Depreciable Assets)	Closing GFA as on 31.3.2020 (Depreciable Assets)	Rate of Depreciation (%)	Gross Allowable Depreciation	Consumer Contribution	Net Allowable Depreciation
Buildings	1,085.14	266.83	818.31	145.76	0.85	144.92	1,230.05	3.02%	26.90	**102.87**	**1233.60**
Other Civil Works	91.63	22.53	69.10	11.91	0.00	11.91	103.54	3.02%	2.27		
Plant & Machinery	12,822.04	3,152.90	9,669.14	1,435.39	288.92	1,146.47	13,968.51	7.81%	799.93		
Lines, Cables, Network etc.	11,314.74	2,782.26	8,532.48	1,707.37	20.61	1,686.76	13,001.50	5.27%	494.11		
Vehicles	3.37	0.83	2.54	0.00	0.00	0.00	3.37	12.77%	0.32		
Furniture & Fixtures	8.74	2.15	6.59	1.23	0.00	1.23	9.98	12.77%	0.92		
Office Equipment	9.55	2.35	7.20	2.56	0.00	2.56	12.11	12.77%	1.08		
Intangible Assets	4.27	1.05	3.22	0.00	0.00	0.00	4.27	15.00%	0.48		
Other assets	105.44	25.93	79.51	4.77	0.10	4.67	110.12	12.77%	10.45		
Total	**25,444.93**	**6,256.83**	**19,188.10**	**3,309.00**	**310.48**	**2,998.52**	**28,443.45**	**6.46%**	**1,336.47**		

**Less: Equivalent amount of depreciation on assets acquired out of the consumer contribution*

The Petitioner further submits that in compliance to the provisions of Appendix 'C' to lndAS-I8, FY 2016-17 onwards the Consumer Contribution Reserve has been recognized as revenue as equal annual income over the useful life of the underlying asset/term of the arrangement with consumers. However, the Hon'ble Commission its order dated 8th January 2019 and subsequent order dated 27th August 2019, while approving the revised ARR for FY 2018-19 & FY 2019-20 has allowed the net depreciation after deducting the equivalent amount of depreciation on assets acquired out of the consumer contribution. The petitioner has considered the same approach while claiming the net deprecation amount for the FY 2019-20. The Income from Consumer Contribution recognized as revenue (or equivalent depreciation amount) in FY 2019-20 has been considered as per the provisional accounts.

The Petitioner seeks approval of Rs. 1,233.60 crore towards the depreciation expenses for final truing up of FY 2019-20. The Petitioner further submits that the Fixed Asset Register (FAR) up to FY 2019-20 has been finalised and a copy of the same is being submitted by the Petitioner along with this petition (attached as '**Annexure 14**').

3.7 Return on Equity

Under the provisions of the MYT Transmission Regulations, the Petitioner is allowed a return of @ 15.5% on equity base; for equity base calculation debt equity ratio shall be 70:30. Where equity involved is more than 30%, the amount of equity for the purpose of tariff shall be limited to 30%. Equity amounting to more than 30% shall be considered as loan. In case of actual equity employed being less than 30%, actual debt and equity shall be considered for determination of tariff.

In view of the huge gap in the recovery of cost of supply at the Discom level, the Petitioner was of the view that return on equity would only result in accumulation of receivables. As such, the Licensee has been claiming return on equity @ 2% since the financial years 2009-10 onwards. Return on equity has been computed on the normative equity portion (30%) on capitalized assets.

In the Order dated 10th November, 2020, the Hon'ble Commission has disallowed 25% Capital Investments, which has translated to a reduction in the transfer to GFA and thus the GFA Opening & closing equity of the subsequent years.

However, in light of the discussion and submission in the previous sections regarding allowing the CWIP, GFA balance, capital expenditure and capitalisation on actuals upto FY 2019-20 and considering same for allowing the normative expenses for the FY 2019-20, the Petitioner has accordingly considered opening equity for FY 2019-20.

The Petitioner while truing up the return on equity has considered:

- Opening equity as on 1st April, 2007 based on the equity balance which devolved upon the licensee in the Transmission Transfer Scheme.
- Equity additions in FY 2007-08 to FY 2018-19 equivalent to normative 30% of the capitalized assets respective true-up orders/petitions. The closing equity balance for FY 2018-19 is considered as per the true-up petition for FY 2018-19.
- A rate of 2% has been considered for computing return on eligible equity.

The allowable equity for FY 2019-20 has been computed to be Rs. 183.36 crore as provided in the table below:

Table 3.7-1: Allowable Return on Equity for FY 2019-20

(All Figures in Rs Crore)

Particulars	FY 2019-20 (True up Petition)
Equity Base at the beginning of the year	8,676.88
Assets Capitalised	3,272.67
Addition to Equity Base (30% of assets capitalised)	981.80
Closing Equity Base	9,658.68
Average Equity Base	9,167.78
Rate of Return	2.00%
Allowable Return on Equity	**183.36**

3.8 Non-Tariff Incomes

The Petitioner submits that against the projected non-tariff income of Rs. 66.26 crore in the Tariff Order dated 27th August 2019, the actual non-tariff income as per the provisional accounts of FY 2019-20 is Rs. 326.26 crore. Further, as per the FY 2019-20 annual accounts the income from Consumer Contribution is to the tune of Rs. 102.87 crore is also recognized under the other income which has been already deducted from the gross allowable depreciation in the section above. Thus, the net non-tariff considered for FY 2019-20 is Rs. 223.39 crore for truing-up. Further, the non-tariff for FY 2019-20 also includes one-time income of Rs. 81.03 crore received as repayment of loan principal from GoUP.

3.9 Revenue side Truing up

The Petitioner submits that the gross transmission charges in FY 2019-20, are to the tune of Rs. 3,453.34 crore. Further, as part of separate function of SLDC, it is maintaining separate accounts for SLDC. It has recovered SLDC charges to the tune of Rs. 5.36 crore in FY 2019-20. The open access charges are to the tune of Rs. 39.40 crore as considered in provisional accounts for FY 2019-20 which includes the short term open access charges recovered in FY 2019-20 for approved inter-state and intra-state transactions by NRLDC and UPSLDC respectively and the share of UPPTCL in POC charges for utilization of its assets as interstate transmission system as disbursed by PGCIL during FY 2019-20. Thus, the total revenue receipts of the Petitioner for FY 2019-20 are to the tune of Rs. 2,222.45 crore. Further, there is a true-up adjustment of Rs. 462.04 crore and Rs. 813.60 crore pertaining to FY 2017-18 and FY 2018-19 respectively. The net revenue pertaining to FY 2019-20 is provided in the table below:

Table 3.9-1: Revenue from Operations pertaining to FY 2019-20

Particulars	Amount (Rs. Crore)
Transmission Charges for FY 2019-20	3,453.34

Particulars	Amount (Rs. Crore)
Open Access Charges for FY 2019-20	39.40
SLDC Charges for FY 2019-20	5.36
Total Revenue	**3,498.09**
Less:	
True-up Adjustment for FY 2017-18	462.04
True-up Adjustment for FY 2018-19	813.60
Total Revenue considered for revenue side truing up in FY 2019-20	**2,222.45**

The detailed customer-wise revenue for FY 2019-20 is provided in '**Annexure 16**'. The actual transmission availability for the UPPTCL's Transmission System was 99.47% in FY 2019-20. Further, the actual intra-state transmission losses for FY 2019-20 were 3.43%. The computation of the same and approval from SLDC has been provided in '**Annexure 13**'.

3.10 Sharing of Efficiency Gain of Loss

The Regulation 11 of the MYT Transmission Regulations issued by the Hon'ble Commission stipulates:

"***11. Mechanism for sharing of gains or losses on account of controllable factors-***

11.1 The approved aggregate gain to the @ the Transmission Licensee on account of controllable factor shall be dealt with in the following manner:

(a) One-half of the amount of such gain shall be passed on as a rebate in tariff over such period as may be stipulated in the Order of the Commission;

(h) The balance amount of such gain may be utilized at the discretion of the Transmission Licensee.

11.2 The approved aggregate loss to the Transmission Licensee on account of controllable factor shall be dealt with in the following manner:

(a) One-half of the amount of such loss may be passed on as an additional charge in Tariff over such period as may be stipulated in the Order of the Commission; and

(h)The balance amount of loss shall be absorbed by the Transmission Licensee."

In line with the above regulations the Petitioner is sharing the net gain in the operation and maintenance (O&M) expenditure as compared to the actual O&M expenditure incurred as per provisional accounts during the FY 2019-20. The net gain sharing computed in line with Regulation 11 of the MYT Transmission Regulations in respect of the O&M expenditure is Rs. 300.73 crore as mentioned below:

Table 3.10-1: Sharing of net Gain in O&M Expenses

(Rs. crore)

Particulars	FY 2019-20		
	Tariff Order dated 27th August 2019	Provisional Accounts	True-up Petition
Net allowable O&M Expenses	**368.32**	**908.90**	**1,510.36**
Net Gain			601.45
Total gain sharing			300.73
Net O&M Expenses after gain sharing			**1,209.63**

The gain sharing of Rs. 300.73 crore in the O&M is being adjusted in the final ARR of FY 2019-20.

3.11 Aggregate Revenue Requirement for FY 2019-20 after truing up

The Aggregate Revenue Requirement for FY 2019-20 after final truing up is summarised in the Table below:

Table 3.11-1: ARR for FY 2019-20 after Final Truing Up

(All figures in Rs Crore)

Particulars	As per order dated 27th August 2019	Actual as per Provisional Accounts	True-up Petition
Employee cost	744.89	635.93	1,227.95
A&G expenses	26.06	69.25	41.89
R&M expenses	332.35	458.93	495.73
Interest on Loan Capital	1,307.28	1,258.19	1,331.42
Interest on Working Capital	54.99	0.00	113.49
Finance Charges	0.56	0.09	0.09
Depreciation	1,205.52	1,240.05	1,233.60
Gross Expenditure	**3,671.65**	**3,662.44**	**4,444.16**
Less: Employee cost capitalized	734.98	255.21	255.21
Less: A&G Capitalisation	-	0.00	-
Less: Interest Capitalisation	904.73	168.20	168.20
Net Expenditure	**2,031.94**	**3,239.03**	**4,020.75**
Provision for Bad & Doubtful debts	-	1.13	-
Prior Period Items, Debits, write-offs & other expenses/Comprehensive Incomes	-	15.54	-
Net Expenditure with provisions	**2,031.94**	**3,255.69**	**4,020.75**
Add: Return on Equity	86.13	0.00	183.36
Less: Non-Tariff Income	66.26	326.26	223.39
Annual Revenue Requirement (ARR)	**2,051.81**	**2,929.44**	**3,980.72**
Revenue from Operations		**3,498.09**	**3,498.09**
True-up Adjustment of FY 2017-18		462.04	*462.04*
True-up Adjustment of FY 2018-19		813.60	*813.60*
Net Gap / (Surplus)	**-**	**706.98**	**1,758.27**
Net Gain Sharing as per MYT Regulations			300.73
Net Gap / (Surplus) after adjusting Gain Sharing			**1,457.54**

The true-up transmission charges for FY 2019-20 are Rs. 3,980.72 as against Rs. 2,051.81 crore approved in the order dated 27th August 2019. After considering the transmission charges and associated revenue already recovered for FY 2019-20 amounting to Rs. 2,222.45 crore (excluding the Rs. 462.04 crore and Rs. 813.60 crore against true-up adjustment of FY 2017-18 and FY 2018-19 respectively), and sharing of the gain in respect of the O&M expenses there is revenue gap to the tune of Rs. 1,457.54 crore.

As per the consistent practice of the Hon'ble Commission adopted in previous tariff orders pertaining to true-up for previous years and continued in the Order dated 8th January, 2019 and

27th August 2019, the Petitioner seeks the recovery of the un-recovered revenue gap of Rs. 1,457.54 crore upon truing up for FY 2019-20 from the date of order upon the instant petition in the proportion of amount billed to the Distribution Licensees and other beneficiaries in FY 2019-20. It is further, submitted that the current true-up petition for FY 2019-20 is on the basis of provisional annual accounts and the Petitioner shall approach the Hon'ble Commission in future for final truing up on the basis of audited annual account for FY 2019-20.

4 Annual Performance Review for FY 2020-21

4.1 Components of the Annual Revenue Requirement

The Uttar Pradesh Electricity Regulatory Commission (Multi Year Tariff for Distribution and Transmission) Regulations, 2019 prescribe that Aggregate Revenue Requirement for the transmission business of the transmission licensee for each year of the control period shall comprise of the following components:

- Operation & Maintenance expenses comprising of:
    - Employee Expenses
    - Repair and Maintenance Expenses
    - Administrative & General Expenses
- Depreciation
- Interest & Financing Costs
    - Interest on Long Term Loans
    - Finance Charges
    - Interest on Working Capital
- Return on Equity
- Taxes on Income
- Contribution to Contingency Reserve
- Non-Tariff Incomes
- Income from Other Business

The Petitioner in the current petition is filing the Annual Performance Review (APR) of the ARR for the FY 2020-21 as per the provisions of the MYT Regulations 2019 and projections of the expenses and capital expenditure as per the revised estimates. The petitioner had filed the ARR and tariff petition for the FY 2020-21 on 11th March 2020 in line with the MYT Regulations 2019 and as per capital investment proposed in the Business Plan petition for the MYT Period from FY 2020-21 to FY 2024-25 submitted on 3rd March 2020 and in the subsequent revised submissions. The Hon'ble Commission vide tariff order dated 10th November 2020 had approved the ARR for FY 2020-21. The Petitioner is seeking APR for FY 2020-21, the following table summarizes the APR computations for FY 2020-21 for approval by the Hon'ble Commission. The Petitioner also provides the details of APR in the subsequent paragraphs:

Table 4.1-1: Summary of the APR for FY 2020-21

Particulars	ARR (as per Order dated 10th November 2020)	APR Petition
Employee cost	607.29	968.81
A&G expenses	47.08	48.00
R&M expenses	307.64	472.53
Interest on Loan Capital	1,187.47	1,288.16

Particulars	ARR (as per Order dated 10th November 2020)	APR Petition
Interest on Working Capital	34.22	51.04
Finance Charges	-	0.09
Depreciation	988.62	1,063.07
Gross Expenditure	**3,172.32**	**3,891.70**
Less: Employee cost capitalized	371.63	487.89
Less: A&G Capitalisation	0.00	0.00
Less: Interest Capitalisation	298.36	116.74
Net Expenditure	**2,502.33**	**3,287.07**
Provision for Bad & Doubtful debts	0.00	0.00
Prior Period Items, Debits, write-offs & other expenses/Comprehensive Incomes	0.00	0.00
Net Expenditure with provisions	**2,502.33**	**3,287.07**
Add: Return on Equity	162.17	169.81
Less: Non-Tariff Income	75.36	229.12
Annual Revenue Requirement (ARR)	**2,589.14**	**3,227.76**

4.2 Escalation Index/Inflation Rate

The MYT Regulations 2019 issued by Hon'ble Commission provides that expenses of the base year shall be escalated at Inflation/Escalation rate notified by Labour Bureau, Govt. of India and Economic Advisor Govt. of India respectively for different years. The inflation rate for Employee Expense shall be the average of Consumer Price index (CPI) for immediately preceding three financial years and the inflation rate for A&G Expense and R & M Expenses shall be the average of the Wholesale Price index (WPI) for immediately preceding three financial years. For the purpose of this MYT (i.e. FY 2020-21 to FY 20124-25), the Petitioner has used the following WPI, CPI and inflation rates as peer the table mentioned below:

Table 4.2-1: Inflation Rate and WPI/CPI as per MYT Regulations 2019

FY	Index		Inflation Rate		60:40 Index	60:40 Index Inflation
	WPI (2011-12)	CPI	WPI (2011-12)	CPI		
FY 17	111.60	275.92	1.73%	4.12%	210.19	3.60%
FY 18	114.90	284.42	2.96%	3.08%	216.61	3.05%
FY 19	119.80	299.92	4.26%	5.45%	227.87	5.20%
FY 20	121.80	322.00	1.67%	7.36%	241.92	6.17%
Avg. of Last 3 years			**2.96%**	**5.30%**		

4.3 Operation & Maintenance Expenses

Operation & Maintenance expenses comprise of Employee costs, Administrative & General (A&G) Expenses and Repair & Maintenance (R&M) expenses. The Regulation 34 of the Uttar Pradesh Electricity Regulatory Commission (Multi Year Tariff for Distribution & Transmission) Regulations, 2019, issued by the Hon'ble Commission stipulates:

"34. Operation & Maintenance Expenses

a) The Operation and Maintenance expenses for the Transmission Business shall be computed as stipulated in with these Regulations.

b) The Operation and Maintenance expenses shall be derived on the basis of the average of the Trued-Up values (without efficiency gain / loss) for the last five (5) financial years ending March 31, 2019 subject to prudence check by the Commission. However, if Trued-Up values (without efficiency gain / loss) are not available for FY 2018-19, then last five (5) available Trued-Up values (without efficiency gain / loss) will be considered and subsequently when the same are available the base year value (i.e. FY 2019-20) will be recomputed.

c) The average of such operation and maintenance expenses shall be considered as Operation and Maintenance expenses for the middle year and shall be escalated year on year with the escalation factor considering CPI and WPI of respective years in the ratio of 60:40, for subsequent years up to FY 2019-20.

d) The One-time expenses such as expense due to change in accounting policy, wage arrears paid due to Pay Commissions, etc., and the expenses beyond the control of the Transmission Licensee such as dearness allowance, terminal benefits, etc., in Employee cost, may be allowed by the Commission over and above normative Operation & Maintenance Expenses after prudence check.

e) *At the time of Truing-up of the O&M expenses, the actual point to point inflation over Wholesale Price Index numbers as per Office of Economic Advisor of Government of India and the actual Consumer Price Index for Industrial workers (all India) as per Labour Bureau, Government of India, in the concerned year shall be considered."*

In line with the above regulations the Petitioner has worked out the base year O&M expenses i.e. for FY 2019-20. The Petitioner has considered the True-up O&M expenses for the FY 2015-16 to FY 2016-17 as allowed by the Hon'ble Commission in the true-up orders. Further, the Petitioner has considered the normative O&M Expenses as per the true-up Petitions for FY 2017-18 to FY 2019-20. The Hon'ble Commission in its order dated 10th November 2020 while truing-up of the O&M expenses for the FY 2017-18 & FY 2018-19 had considered the lower of the normative and actual O&M expenses. In light of the same, the Petitioner has considered the normative O&M Expenses as per the true-up Petitions for FY 2017-18 to FY 2019-20 for arriving at the base year norms. The base year O&M expenses for FY 2019-20 are as mentioned below:

Table 4.3-1: Base year O&M Expenses as per the MYT Regulations 2019

(Rs. crore)

Particulars	True-up Expenses (Rs. crore)					Avg. Expenses for Mid-year	Normative Expenses Considered (upto base year)	
	FY 2015-16	FY 2016-17	FY 2017-18*	FY 2018-19*	FY 2019-20*	FY 2017-18	FY 2018-19	FY 2019-20
Employee Expenses	473.99	513.86	848.56	1054.67	1227.95	823.80	866.63	920.06
A&G Expenses	28.35	62.51	38.14	37.81	41.89	41.74	43.91	46.62
R & M Expenses	167.81	205.35	344.94	423.70	495.73	327.51	344.53	458.93#
WPI & CPI Combined Inflation Rate Considered (%)							*5.20%*	*6.17%*

**Normative Expenses as per the True-up Petitions*
#Actual as per the Provisional Accounts for FY 2019-20

The normative base year R&M expenses computed for FY 2019-20 as per the methodology in the Regulation 34 is Rs. 365.77 crore, which is significantly lower than actual R&M expenses of the past year or the allowable normative R&M expenses of the past year. It is also important to mention that the allowable R&M expenses for any next financial year cannot be less than allowable expenses in the previous year. Therefore, the Petitioner has considered the base year (FY 2019-20) R&M expenses as per the actuals.

Based on the O&M expenses for the FY 2019-20 as worked out in the table above the Petitioner has computed the allowable O&M expenses for FY 2020-21 as mentioned in the table below:

Table 4.3-2: O&M Expenses for FY 2020-21 as per the MYT Regulations 2019

(Rs. crore)

Employee Expenses	**FY 2019-20 (Base-Year)**	**FY 2020-21**
CPI Inflation Index (%)	-	5.30%
Gross Employee Costs and Provisions	920.06	968.81
Less: Employee expenses capitalized	255.21	487.89
Net Employee Expenses	**664.85**	**480.91**
A&G Expenses	**FY 2019-20 (Base-Year)**	**FY 2020-21**
WPI Inflation Index (%)	-	2.96%
A&G Expenses	46.62	48.00
Less: A&G Expenses Capitalised	0.00	0.00
Net A&G Expenses	**46.62**	**48.00**
R & M Expenses	**FY 2019-20 (Base-Year)**	**FY 2020-21**
WPI Inflation Index (%)	-	2.96%
R & M Expenses	**458.93**	**472.53**

Net O&M Expenses	**1170.40**	**1001.45**

The employee expense capitalisation for the FY 2020-21 is considered at the same rate as per the actual capitalisation in the audited accounts for FY 2018-19.

4.4 Gross Fixed Assets Balances and Capital Formation

The assumptions used for projecting gross fixed asset (GFA) and capital work in progress (CWIP) are as follows:

- The petitioner has estimated the capital investment for FY 2020-21 based on the expected expenditure to be made towards the ongoing projects or schemes and those towards the new projects to be undertaken in the FY 2020-21.
- The capital investment for FY 2020-21 has been estimated as per the table below:

Table 4.4-1: Capital investment for FY 2020-21

(Rs. crore)

Financing	FY 2020-21
Grant towards the Green Energy Corridor (@ 40%)	0.00
Consumer Contribution/Deposit Works	399.82
Debt	2,612.68
Equity	1,119.72
Total Investment	**4,132.22**

The details of the capital expenditure are provided below:

Table 4.4-2: Break-up of Capital investment for FY 2020-21

(Rs. crore)

CAPEX	FY 2020-21	
	As per the Revised Business Plan	APR Petition
New/Ongoing Projects	3,436.34	3,092.71
Green Energy Corridor II (Solar Power)	334.64	0.00
Augmentation	593.54	593.54
System Strengthening (Lines & Bays)	358.98	358.98
Addition of Capacitor/Reactor	87.00	87.00
Total	**4,810.50**	**4,132.22**

The Petitioner submits that the above capital expenditure as per the business plan has been revised in view of the ongoing COVID-19 and change in the timelines of the projects. The proposed CAPEX and timeline for the FY 2020-21 is also considering the Governments approval of extension of timelines, across the board, due to COVID-19 impact as well as funding crunch from Government of Uttar Pradesh (GoUP) and directive to take up important projects only due to austerity measures declared by GoUP.

Further, in the absence of the MNRE's approval of the grant, the GEC-II projects could not take in the FY 2020-21. Hence, any expenditure towards the same has not been considered in the APR petition for FY 2020-21. Further, the Petitioner hereby submits the progress of the schemes/projects planned for the FY 2020-21 attached herewith **Annexure 15**.

- Investment through "deposit work" has been taken for capital formation. The total consumer contribution considered towards the capital formation in FY 2020-21 is Rs. 399.82 crore. The same has been considered as the average of actual consumer contribution in the past 3 years. Further, no grant has been considered for the FY 2020-21. Further, the total capital investment planned for the FY 2020-21 is Rs. 4,132.22 crore is towards ongoing and new schemes.
- 25% of the opening CWIP and 25% of investment made during the year, expenses capitalised & interest capitalised (25% of total investment) has been assumed to be capitalised during the year for FY 2020-21, in line with the past practice of the Hon'ble Commission.
- The capital investment plan (net of deposit works) has been projected to be funded in the ratio of 70:30 (debt to equity).

Considering the aforementioned submissions, the projected capital formation and capital work in progress for FY 2020-21 is presented below:

Table 4.4-3: Projections of Capitalisation & WIP of Investment during the FY 2020-21

(All figures in Rs. Crore)

Particulars	Derivation	FY 2020-21
Opening WIP as on 1st April	A	7,836.94
Investments	B	4,132.22
Employee Expenses Capitalisation	C	472.53
A&G Expenses Capitalisation	D	0.00
Interest Capitalisation on Interest on long term loans	E	116.74
Total Investments	**F= A+B+C+D+E**	**12,558.44**
Transferred to GFA (Total Capitalisation)	G	3,139.61
Closing WIP	**H= F-G**	**9,418.83**

The Petitioner has considered the actual closing CWIP of the FY 2019-20 as per the provisional accounts as opening for the FY 2020-21 , in light of the discussion and submission in the previous sections regarding allowing the CWIP, GFA balance, capital expenditure and capitalisation on actuals upto FY 2019-20 and the disallowance made in the CWIP and the GFA by the Hon'ble Commission for the FY 2017-18 and FY 2018-19 in the tariff order dated 10th November 2020 has not been considered in the current petition. The GFA balance considered for the FY 2020-21 is provided below:

Table 4.4-4: Projections of Gross Fixed Assets for FY 2020-21

(All figures in Rs. Crore)

Particulars	Derivation	FY 2020-21
Opening GFA	A	28544.25
Net Addition to GFA*	B	3139.61
Closing GFA	C=A+B	31683.86

**No deduction or deletion has been considered in the GFA during the FY 2020-21, the same may be considered on actual basis at the time of truing-up.*

Further, in line with the Regulation 20.2 and the methodology considered by the Hon'ble Commission the fixed asset base (in which the retirement or replacement or de-capitalisation of the assets is accounted for) computed as on 31.03.2020 (taking into consideration the true-upto FY 2019-20), the equity capital as on 1.4.2020, has been computed to the extent of 30% of such fixed asset base and the debt capital has been computed to the extent of 70% of such fixed asset base. Accordingly, the Debt and equity as on 1.4.2020, computed for FY 2020-21 is shown below:

Table 4.4-5: Projections of Opening Equity & Loan

(All figures in Rs. Crore)

Particulars	Derivation	FY 2020-21
Opening GFA	A	28,544.25
Opening Balance of Consumer Contributions, Grants and Subsidies towards Cost of Capital Assets	B	1,611.65
Net Opening GFA	C=A-B	26,932.60
Opening Debt	E=C*70%	18,852.82
Opening Equity	D=C*30%	8,079.78

4.5 Financing of the Capital Investment

The Petitioner has considered a normative debt:equity ratio for financing of the capital investment for FY 2020-21. Considering this approach, 70% of the capital expenditure undertaken in any year has been considered to be financed through loan and balance 30% has been considered to be financed through equity contributions. The portion of capital expenditure financed through consumer contribution, capital subsidies and grants has been separated as the depreciation and interest thereon would not be charged to the beneficiaries.

The total consumer contribution considered towards the capital formation in FY 2020-21 is the total value of the deposit works to be undertaken in FY 2020-21.

The table below summarises the amounts considered towards consumer contributions, capital grants and subsidies for FY 2020-21:

Table 4.5-1: Consumer Contribution, Capital Grants & Subsidies considered

(All figures in Rs Crore)

Particulars	FY 2020-21
Opening Balance of Consumer Contributions, Grants and Subsidies towards Cost of Capital Assets	1,611.65
Additions during the year	399.82
Less: Deductions	131.08
Closing Balance	**1,880.39**

Thus, the financing of the capital investment is depicted in the table below:

Table 4.5-2: Financing of the Capital Investment for FY 2020-21

(All figures in Rs Crore)

Particulars	Derivation	2020-21
Investment	A	4,132.22
Less:		
Consumer Contribution	B	399.82
Investment funded by debt and equity	C=A-B	3,732.40
Debt Funded	70%	2,612.68
Equity Funded	30%	1,119.72

Thus, the Petitioner submits that out of the capital investment of Rs. 4,132.22 crore in FY 2020-21 the capital investment through deposit works has been considered as Rs. 399.82 crore. The balance amount is considered to be funded through debt and equity. The debt equity ratio considered for the FY 2020-21 is 70:30. The Petitioner is planning large capital expenditure in the MYT period towards new and ongoing works of sub-stations and transmission lines, augmentation schemes and power evacuation schemes. Further, the Regulation 32.2 of the MYT Regulations 2019 provides as:

> *"32.2 The Capital Investment Plan shall be a least cost plan for undertaking investments. However, all capital expenditure projects of 220 kV and above and other capital expenditure of value exceeding Rs. Twenty Crore, must have prior approval of the Commission on quarterly basis, and will be subject to prudence check."*

The Petitioner in line with the above regulations is seeking prior approval of the Hon'ble Commission for the new schemes/projects planned or to be undertaken during the period from FY 2020-21 to FY 2024-25. The details of the assets/projects where the Petitioner has approached the Hon'ble Commission for prior approval is provided in the letter attached as **Annexure 12.**

4.6 Depreciation Expense

Regulation 21 of the Uttar Pradesh Electricity Regulatory Commission (Multi Year Tariff for Distribution & Transmission) Regulations, 2019, provide for the basis of charging depreciation. The relevant excerpt is reproduced below:

*"**21 Depreciation:***

a) The approved original cost of the fixed assets shall be the value base for calculation of Depreciation:

Provided that the Depreciation shall be allowed on the entire capitalised amount of the new assets after reducing the approved original cost of the retired or replaced or de-capitalised assets.

b) Depreciation shall be computed annually based on the Straight- Line Method at the rates stipulated in the Annexure- A of the Uttar Pradesh Electricity Regulatory Commission (Multi Year Tariff for Distribution & Transmission) Regulations, 2019.

Provided that the Licensee shall ensure that once the individual asset is depreciated to the extent of seventy percent, remaining depreciable value as on 31st March of the year closing shall be spread over the balance Useful Life of the asset including the Extended Life, as per submission of the Licensee and approved by the Commission.

c) The salvage value of the asset shall be considered at 10% of the allowable capital cost and Depreciation shall be allowed up to a maximum of 90% of the allowable capital cost of the asset:

Provided that land owned shall not be treated as a Depreciable asset and shall be excluded while computing Depreciation:

Provided further that Depreciation shall be chargeable from the first year of commercial operation.

d) Depreciation shall not be allowed on assets funded by Consumer Contributions or Subsidies/ Grants/ Deposit works.

21.2 In case of existing assets, the balance depreciable value as on April 01, 2020, shall be worked out taking into consideration the life of the asset, and by deducting the cumulative Depreciation as admitted by the Commission up to March 31, 2020, from the gross depreciable value of the assets.

21.3 In case of projected commercial operation of the assets for part of the year, depreciation shall be computed based on the average of opening and closing value of assets.

21.4 Depreciation shall be re-computed for assets capitalised at the time of Truing-Up, based on Audited Accounts and documentary evidence of assets capitalised by the Petitioner, subject to the prudence check of the Commission."

The Uttar Pradesh Electricity Regulatory Commission (Multi Year Tariff for Distribution & Transmission) Regulations, 2019 provides for calculating depreciation based on the Straight – Line Method basis, whereas the previous MYT Transmission Regulations, 2014 provides for calculation of depreciation on written down value of the fixed assets of the corresponding year. Further, for the allowable depreciation for the assets capitalized upto till 31st March 2020 and those capitalized 1st April 2020 onwards the Hon'ble Commission has observed the following in the order dated 10th November 2020:

> *"7.5.8 Accordingly, the existing assets are to be dealt with separately as per Regulations 21.2 and their Net block (as on 31.3.2020) may be kept separate and may be considered Gross Block to apply SLM from 1.4.2020 onwards and the new assets to be dealt as per Regulations 21.1 of MYT Regulations 2019.*
>
> *7.5.9 Further, UPPTCL is directed to maintain a separate individual asset wise FAR for assets capitalized after 1.4.2020 and the Gross Block and Depreciation may be computed separately from the Gross Block before 1.4.2020. Accordingly, from FY 2020-21 onwards UPPTCL to maintain two separate Gross Blocks (one for assets upto 31.3.2020 (Part-A) and second for assets after 1.4.2020 (Part B) and two separate FAR`s depicting addition of assets details from 01.04.2020 onwards for the purpose of depreciation computation for Regulatory Accounts."*

Accordingly, the Hon'ble Commission has allowed the depreciation for the gross block upto 31st March 2020 (Part-A) and that capitalized 1st April 2020 onwards (Part-B) seperately.

Further, for the purpose of computing the allowable depreciation, the Petitioner has considered normative closing gross fixed asset base for FY 2019-20 and subsequent addition and the yearly capitalizations for the FY 2020-21 as per revised estimates. Further the Petitioner has computed the asset-wise depreciation as per the rates provided in the Annexure A of the MYT Regulations 2019 based on the normative opening and closing gross fixed asset base for FY 2020-21. The Petitioner in line with the above regulations and methodology adopted by the Hon'ble Commission in the order dated 10th November 2020 has computed the allowable depreciation for the Part-A & Part-B as mentioned below:

Table 4.6-1: Depreciation Expense for FY 2020-21 for the Gross Block upto 31st March 2020 (Part-A)

(All figures in Rs Crore)

Particulars	Opening GFA	Additions to GFA	Deductions to GFA	Closing GFA	Cumulative Depreciation upto 31st March 2020	Written Down Value as on 1.4.2020	Depreciation Rate (%)	Allowable Depreciation
Land & Land Rights								
i) Unclassified	141.97	-36.33	6.19	99.45	0.00	99.45	0.00%	-
ii) Freehold Land	1.35	0.00		1.35	0.00	1.35	0.00%	-
Buildings	1085.14	145.76	0.85	1230.05	323.93	906.13	3.34%	30.26
Other Civil Works	91.63	11.91	0.00	103.54	27.27	76.27	3.34%	2.55

Particulars	Opening GFA	Additions to GFA	Deductions to GFA	Closing GFA	Cumulative Depreciation upto 31st March 2020	Written Down Value as on 1.4.2020	Depreciation Rate (%)	Allowable Depreciation
Plants & Machinery	12822.04	1435.39	288.92	13968.51	3678.53	10289.98	5.28%	543.31
Lines, Cable Network etc.	11314.74	1707.37	20.61	13001.50	3423.87	9577.63	5.28%	505.70
Vehicles	3.37	0.00		3.37	0.89	2.48	9.50%	0.24
Furniture & Fixtures	8.74	1.23		9.98	2.63	7.35	6.33%	0.47
Office Equipments	9.55	2.56		12.11	3.19	8.92	6.33%	0.56
Jeep & Motor Car	0.00	0.00		0.00	0.00	0.00	9.50%	-
Intangible Assets	4.27	0.03		4.30	1.13	3.16	5.28%	0.17
Assets taken over from Licensees pending final Valuation	105.44	4.74	0.10	110.09	28.99	81.10	5.28%	4.28
Total Depreciable Assets	**25444.93**	**3309.00**	**310.48**	**28443.45**	**7490.43**	**20953.03**	**5.19%**	**1087.54**
Total Non-Depreciable Assets	**143.32**	**-36.33**	**6.19**	**100.80**	**0.00**	**100.80**		**0.00**
GRAND TOTAL	**25588.25**	**3272.67**	**316.67**	**28544.25**		**21053.82**	**-**	**1087.54**

Table 4.6-2: Depreciation Expense for FY 2020-21 for the Gross Block or Assets Capitalised 1st April 2020 onwards (Part-B)

(All figures in Rs Crore)

Particulars	Opening GFA	Additions to GFA	Deductions to GFA	Closing GFA	Average GFA	Depreciation Rate (%)	Allowable Depreciation
Land & Land Rights							
i) Unclassified	0.00	17.42	0.00	17.42	8.71	0.00%	-
ii) Freehold Land	0.00	0.17	0.00	0.17	0.08	0.00%	-
Buildings	0.00	133.14	0.00	133.14	66.57	3.34%	2.22
Other Civil Works	0.00	11.24	0.00	11.24	5.62	3.34%	0.19
Plants & Machinery	0.00	1573.23	0.00	1573.23	786.62	5.28%	41.53
Lines, Cable Network etc.	0.00	1388.29	0.00	1388.29	694.14	5.28%	36.65
Vehicles	0.00	0.41	0.00	0.41	0.21	9.50%	0.02
Furniture & Fixtures	0.00	1.07	0.00	1.07	0.54	6.33%	0.03
Office Equipments	0.00	1.17	0.00	1.17	0.59	6.33%	0.04
Jeep & Motor Car	0.00	0.00	0.00	0.00	0.00	9.50%	-
Intangible Assets	0.00	0.52	0.00	0.52	0.26	5.28%	0.01
Assets taken over from Licensees pending final Valuation	0.00	12.94	0.00	12.94	6.47	5.28%	0.34
Total Depreciable Assets	**0.00**	**3122.02**	**0.00**	**3122.02**	**1561.01**	**5.19%**	**81.04**
Total Non Depreciable Assets	**0.00**	**17.59**	**0.00**	**17.59**	**8.79**		**0.00**
GRAND TOTAL	**0.00**	**3139.61**	**0.00**	**3139.61**	**1569.80**	**-**	**81.04**

The Petitioner has projected the depreciation on assets created out of consumer contributions, capital grants and subsidies for FY 2020-21 in the same ratio as per annual accounts of FY 2019-20. The Petitioner has reduced the equivalent depreciation amounting to Rs. 105.51 crore for FY 2020-21 in respect of depreciation on assets created out of consumer contributions, capital grants and subsidies. Thus, the allowable depreciation for FY 2020-21 has been depicted in the table below:

Table 4.6-3: Gross Allowable Depreciation for FY 2020-21

(All figures in Rs Crore)

Particulars	FY 2020-21
Allowable Depreciation for assets upto 31.03.2020	1087.54
Allowable Depreciation for assets capitalised 01.04.2020	81.04
Gross Allowable Depreciation	**1168.58**
Less: Equivalent amount of depreciation on assets acquired out of the consumer contribution and GoUP Subsidy	105.51
Net Allowable Depreciation	**1063.07**

The Petitioner further submits that in compliance to the provisions of Appendix 'C' to lndAS-I8, FY 2016-17 onwards the Consumer Contribution Reserve has been recognized as revenue as equal annual income over the useful life of the underlying asset/term of the arrangement with consumers. However, the Hon'ble Commission its order dated 8th January 2019 and 27th August 2019 while approving the revised ARR for FY 2018-19 & FY 2019-20 has allowed the net depreciation after deducting the equivalent amount of depreciation on assets acquired out of the consumer contribution. The petitioner has considered the same approach while claiming the net deprecation amount for FY 2020-21. The Income from Consumer Contribution recognized as revenue (or equivalent depreciation amount) in FY 2020-21 has been projected as the percentage of the Non-tariff income (in the same ratio as in the annual accounts of FY 2019-20)."

Thus, the Petitioner requests the Hon'ble Commission to consider the net depreciation amount of Rs. 1063.07 crore for FY 2020-21.

4.7 Interest on Long Term Loans

It is reiterated that the Petitioner has considered a normative tariff approach with a gearing of 70:30. In this approach, 70% of the capital expenditure undertaken in any year has been considered to be financed through loan and balance 30% has been considered to be funded through equity contributions. The Hon'ble Commission in the order dated 10th November 2020 has considered the normative opeing of the loan as mentioned below:

"7.6.5 As per the Regulation 23.2, the normative long term loan outstanding as on April 1, 2020, shall be worked out by deducting the cumulative repayment as admitted by the Commission up to March 31, 2020, from the gross normative loan as shown below:"

Accordingly, the normative opening loan as on 1st April 2020 is worked out as below:

Table 4.7-1: Opening Normative Loan as on 1st April 2020

(All figures in Rs Crore)

Particulars	Derivation	FY 2020-21
Opening Debt	A	18,852.82
Cumulative Net Depreciation upto 31.3.2020	B	7,490.43
Opening Normative Loan	C=A-B	11,362.39

Further, for the purpose of the computation of the normative interest on loan the Petitioner has considered the loan addition as 70% of the actual capitalisation after adjusting the consumer contribution and grants.

The portion of capital expenditure financed through consumer contributions, capital subsidies and grants has been separated as the depreciation and interest thereon has not been charged to the beneficiaries.

Allowable depreciation for the year has been considered as normative loan repayment. The weighted average rate of interest of overall long term loan portfolio for FY 2019-20 has been considered for FY 2020-21, as it seems to be fair and equitable. The computation of the Weighted Average Interest Rate on Long-Term Loan portfolio in FY 2019-20 is provided in **'Annexure 5'.** The interest capitalisation has been considered at a rate of 9.06% for FY 2020-21 which is the actual capitalization for FY 2018-19 as per the audited annual accounts. The computations for interest on long term loan are depicted below:

Table 4.7-2: Allowable Interest on Long Term Loans for FY 2020-21

(All figures in Rs Crore)

Particulars	2020-21
Opening Loan	11,362.39
Loan Additions (70% of Investments)	1,917.85
Less: Repayments (Depreciation allowable for the year)	1,063.07
Closing Loan Balance	12,217.17
Weighted Average Rate of Interest (%)	10.93%
Interest on long term loan	**1,288.16**
Interest Capitalisation Rate (%)	9.06%
Less: Interest Capitalized	116.74
Net Interest Charged	**1,171.42**

4.8 Finance Charges

The Petitioner has estimated the finance charges towards expenses such as guarantee fees and bank charges to the tune of Rs. 0.09 crore in FY 2020-21.

4.9 Interest on Working Capital

Uttar Pradesh Electricity Regulatory Commission (Multi Year Tariff for Distribution & Transmission) Regulations, 2019, provides for normative interest on working Capital based on the methodology outlined in the Regulations. The interest on working capital has been computed based on the methodology specified in the Regulation 25 as provided below:

"The working capital requirement of the Transmission Licensee shall cover:

i. *Operation and maintenance expenses for one month;*
ii. *Maintenance spares at 40% of the R&M expenses for two months; and*
iii. *One-and-a-half-month equivalent of the expected revenue from transmission charges at the prevailing Tariff;*

minus

(iv) Amount held as security deposits, if any, from Transmission System Users:

Provided further that for the purpose of Truing- Up for any year, the working capital requirement shall be re-computed on the basis of the values of components of working capital approved by the Commission in the Truing- Up;

Rate of interest on working capital shall be simple interest and shall be equal to the SBI MCLR (1 Year) on October 01, 2019 plus 250 basis points:

Provided that for the purpose of Truing- Up for any year, simple interest on working capital shall be allowed at a rate equal to the weighted average SBI MCLR (1 Year) prevailing during the concerned Year plus 250 basis points."

In accordance with the Uttar Pradesh Electricity Regulatory Commission (Multi Year Tariff for Distribution & Transmission) Regulations, 2019, the interest on the working capital requirement is considered as the current State Bank Marginal Cost of Funds based Lending Rate (MCLR) i.e. 10.65%. The Petitioner has, in accordance with the above mentioned MYT Regulations 2019, considered the interest on working capital which is shown in the table below:

Table 4.9-1: Interest on Working Capital for FY 2020-21

(All figures in Rs Crore)

Particulars	FY 2020-21
One Month of O&M Expenses	124.11
Maintenance spares @ 40% of R&M expenses for two month	31.50
Receivable equivalent to 45 days average billing of consumers	323.68
Less: Security deposits from consumers	
Total Working Capital Requirement	**479.29**
Interest rate (%)	10.65%
Interest on working capital	**51.04**

4.10 Other Income

Other Income includes only non-tariff income, which comprises interest on loans and advances to employees, income from fixed rate investment deposits and interest on loans and advances to Licensees. Further, the amount of depreciation charged on assets created out of consumer contributions, capital grants and subsidies is also booked under the other incomes in the annual accounts. The non-tariff income for FY 2020-21 is claimed as Rs. 229.12 crore. The same has been projected after deducting the estimated amount of income from Consumer Contribution from the total non-tariff income for the year. The non-tariff income for FY 2020-21 has been projected based on the actual non-tariff income of FY 2019-20 as per the provisional accounts which includes one-time income received towards the repayment of loan principal from GoUP. However, at the time of truing-up for FY 2020-21 the overall non-tariff income shall be considered on actual basis for the purpose of computation of the allowable ARR.

4.11 Reasonable Return/ Return on Equity

Under provisions of the Uttar Pradesh Electricity Regulatory Commission (Multi Year Tariff for Distribution & Transmission) Regulations, 2019, the Petitioner is eligible to a return of @ 14.5% on equity base; for equity base calculation debt equity ratio shall be 70:30. Where equity involved is more than 30%, the amount of equity for the purpose of tariff shall be limited to 30%. Equity amounting to more than 30% shall be considered as loan. In case of actual equity employed being less than 30%, actual debt and equity shall be considered for determination of tariff. In this Petition, the return on equity has been computed as per methodology adopted by Hon'ble Commission in the previous Tariff Orders.

In view of the huge gap in the recovery of cost of supply at the Discoms' level, Petitioner is of the view that return on equity would only result in increase in arrears and accumulation of receivables. As such, the Petitioner has been claiming the return on equity @ 2% since the financial year 2009-10 onwards. Return on equity has been computed on the normative equity portion (30%) of capitalised assets.

The Petitioner has computed the eligible return on equity by considering the opening normative equity as on 1st April 2020 as discussed above. Subsequently, it has considered the normative equity closing based on the capital additions for the FY 2020-21 depicted in aforementioned sections.

Thus, the claimed return on equity for FY 2020-21 has been computed to be Rs. 169.81 crore for FY 2020-21 as depicted in the table below:

Table 4.11-1: Allowable Return on Equity for FY 2020-21

(All figures in Rs Crore)

Particulars	Derivation	FY 2020-21
Equity at the beginning of the year	A	8,079.78
Assets Capitalised	B	3,139.61
Addition to Equity	C = 30% of B	821.94
Closing Equity	D = A + C	8,901.72
Average Equity	E = Average of A & D	8,490.75
Rate of Return (%)	F	2.00%
Return on Equity	**G = E x F**	**169.81**

4.12 Summary of APR for FY 2020-21

The APR petition for FY 2020-21 is summarized in the table below:

Table 4.12-1: Summary of APR of FY 2020-21

(All figures in Rs Crore)

Particulars	**ARR (as per Order dated 10th November 2020)**	**APR Petition**
Employee cost	607.29	968.81
A&G expenses	47.08	48.00
R&M expenses	307.64	472.53
Interest on Loan Capital	1,187.47	1,288.16
Interest on Working Capital	34.22	51.04
Finance Charges	-	0.09
Depreciation	988.62	1,063.07
Gross Expenditure	**3,172.32**	**3,891.70**
Less: Employee cost capitalized	371.63	487.89
Less: A&G Capitalisation	0.00	0.00
Less: Interest Capitalisation	298.36	116.74
Net Expenditure	**2,502.33**	**3,287.07**
Provision for Bad & Doubtful debts	0.00	0.00
Prior Period Items, Debits, write-offs & other expenses/Comprehensive Incomes	0.00	0.00
Net Expenditure with provisions	**2,502.33**	**3,287.07**
Add: Return on Equity	162.17	169.81
Less: Non-Tariff Income	75.36	229.12
Annual Revenue Requirement (ARR)	**2,589.14**	**3,227.76**

The Petitioner requests the Hon'ble Commission to consider the above ARR as per the APR petition for the FY 2020-21. Further, the Petitioner shall approach the Hon'ble Commission for allowing the gap/surplus at the time of truing up of FY 2020-21 based on the annual accounts.

5 Aggregate Revenue Requirement for FY 2021-22

5.1 Components of the Annual Revenue Requirement

The Uttar Pradesh Electricity Regulatory Commission (Multi Year Tariff for Distribution and Transmission) Regulations, 2019 prescribe that Aggregate Revenue Requirement for the transmission business of the transmission licensee for each year of the control period shall comprise of the following components:

- Operation & Maintenance expenses comprising of:
    - Employee Expenses
    - Repair and Maintenance Expenses
    - Administrative & General Expenses
- Depreciation
- Interest & Financing Costs
    - Interest on Long Term Loans
    - Finance Charges
    - Interest on Working Capital
- Return on Equity
- Taxes on Income
- Contribution to Contingency Reserve
- Non-Tariff Incomes
- Income from Other Business

The Petitioner in the current petition is filing the Aggregate Revenue Requirement (ARR) and tariff for the FY 2021-22 as per the provisions of the MYT Regulations 2019 and projections of the expenses and capital expenditure as per the revised estimates. The petitioner had filed the ARR and tariff petition for the FY 2020-21 on 11th March 2020 in line with the MYT Regulations 2019 and as per capital investment proposed in the Business Plan petition for the MYT Period from FY 2020-21 to FY 2024-25 submitted on 3rd March 2020 and in the subsequent revised submissions. The Hon'ble Commission vide tariff order dated 10th November 2020 had approved the ARR for FY 2020-21. The Petitioner is seeking ARR and tariff for the FY 2021-22, the following table summarizes the ARR computations for FY 2021-22 for approval by the Hon'ble Commission. The Petitioner also provides the details of ARR & tariff in the subsequent paragraphs:

Table 5.1-1: Summary of the ARR for FY 2021-22

Particulars	ARR Petition
Employee cost	1,020.13
A&G expenses	49.42
R&M expenses	486.54
Interest on Loan Capital	1,383.35

Particulars	ARR Petition
Interest on Working Capital	55.43
Finance Charges	0.09
Depreciation	1,183.17
Gross Expenditure	**4,178.13**
Less: Employee cost capitalized	513.74
Less: A&G Capitalisation	0.00
Less: Interest Capitalisation	125.36
Net Expenditure	**3,539.03**
Provision for Bad & Doubtful debts	0.00
Prior Period Items, Debits, write-offs & other expenses/Comprehensive Incomes	0.00
Net Expenditure with provisions	**3,539.03**
Add: Return on Equity	186.91
Less: Non-Tariff Income	234.99
Annual Revenue Requirement (ARR)	**3,490.94**

5.2 Escalation Index/Inflation Rate

The MYT Regulations 2019 issued by Hon'ble Commission provides that expenses of the base year shall be escalated at Inflation/Escalation rate notified by Labour Bureau, Govt. of India and Economic Advisor Govt. of India respectively for different years. The inflation rate for Employee Expense shall be the average of Consumer Price index (CPI) for immediately preceding three financial years and the inflation rate for A&G Expense and R & M Expenses shall be the average of the Wholesale Price index (WPI) for immediately preceding three financial years. For the purpose of this MYT (i.e. FY 2020-21 to FY 20124-25), the Petitioner has used the following WPI, CPI and inflation rates for the FY 2021-22 as per the table mentioned below:

Table 5.2-1: Inflation Rate and WPI/CPI as per MYT Regulations 2019

FY	Index		Inflation Rate		60:40 Index	60:40 Index Inflation
	WPI (2011-12)	CPI	WPI (2011-12)	CPI		
FY 17	111.60	275.92	1.73%	4.12%	210.19	3.60%
FY 18	114.90	284.42	2.96%	3.08%	216.61	3.05%
FY 19	119.80	299.92	4.26%	5.45%	227.87	5.20%
FY 20	121.80	322.00	1.67%	7.36%	241.92	6.17%
Avg. of Last 3 years			**2.96%**	**5.30%**		

5.3 Operation & Maintenance Expenses

Operation & Maintenance expenses comprise of Employee costs, Administrative & General (A&G) Expenses and Repair & Maintenance (R&M) expenses. The Regulation 34 of the Uttar Pradesh Electricity Regulatory Commission (Multi Year Tariff for Distribution & Transmission) Regulations, 2019, issued by the Hon'ble Commission stipulates:

"34. Operation & Maintenance Expenses

f) The Operation and Maintenance expenses for the Transmission Business shall be computed as stipulated in with these Regulations.

g) The Operation and Maintenance expenses shall be derived on the basis of the average of the Trued-Up values (without efficiency gain / loss) for the last five (5) financial years ending March 31, 2019 subject to prudence check by the Commission. However, if Trued-Up values (without efficiency gain / loss) are not available for FY 2018-19, then last five (5) available Trued-Up values (without efficiency gain / loss) will be considered and subsequently when the same are available the base year value (i.e. FY 2019-20) will be recomputed.

h) The average of such operation and maintenance expenses shall be considered as Operation and Maintenance expenses for the middle year and shall be escalated year on year with the escalation factor considering CPI and WPI of respective years in the ratio of 60:40, for subsequent years up to FY 2019-20.

i) The One-time expenses such as expense due to change in accounting policy, wage arrears paid due to Pay Commissions, etc., and the expenses beyond the control of the Transmission Licensee such as dearness allowance, terminal benefits, etc., in Employee cost, may be allowed by the Commission over and above normative Operation & Maintenance Expenses after prudence check.

j) *At the time of Truing-up of the O&M expenses, the actual point to point inflation over Wholesale Price Index numbers as per Office of Economic Advisor of Government of India and the actual Consumer Price Index for Industrial workers (all India) as per Labour Bureau, Government of India, in the concerned year shall be considered."*

In line with the above regulations the Petitioner has worked out the base year O&M expenses i.e. for FY 2019-20. The Petitioner has considered the True-up O&M expenses for the FY 2015-16 to FY 2016-17 as allowed by the Hon'ble Commission in the true-up orders. Further, the Petitioner has considered the normative O&M Expenses as per the true-up Petitions for FY 2017-18 to FY 2019-20. The Hon'ble Commission in its order dated 10th November 2020 while truing-up of the O&M expenses for the FY 2017-18 & FY 2018-19 had considered the lower of the normative and actual O&M expenses. However, in light of the discussion and submission in the true-up section regarding allowing the normative O&M expenses upto FY 2019-20, the Petitioner has considered the normative O&M Expenses as per the true-up Petitions for FY 2017-18 to FY 2019-20 for arriving at the base year norms. The base year O&M expenses for FY 2019-20 are as mentioned below:

Table 5.3-1: Base year O&M Expenses as per the MYT Regulations 2019

(Rs. crore)

Particulars	True-up Expenses (Rs. crore)					Avg. Expenses for Mid-year	Normative Expenses Considered (upto base year)	
	FY 2015-16	FY 2016-17	FY 2017-18*	FY 2018-19*	FY 2019-20*	FY 2017-18	FY 2018-19	FY 2019-20
Employee Expenses	473.99	513.86	848.56	1054.67	1227.95	823.80	866.63	920.06
A&G Expenses	28.35	62.51	38.14	37.81	41.89	41.74	43.91	46.62
R & M Expenses	167.81	205.35	344.94	423.70	495.73	327.51	344.53	458.93#
WPI & CPI Combined Inflation Rate Considered (%)							*5.20%*	*6.17%*

**Normative Expenses as per the True-up Petitions*
#Actual as per the Provisional Accounts for FY 2019-20

The normative base year R&M expenses computed for FY 2019-20 as per the methodology in the Regulation 34 is Rs. 365.77 crore, which is significantly lower than actual R&M expenses of the past year or the allowable normative R&M expenses of the past year. It is also important to mention that the allowable R&M expenses for any next financial year cannot be less than allowable expenses in the previous year. Therefore, the Petitioner has considered the base year (FY 2019-20) R&M expenses as per the actuals.

Based on the O&M expenses for the FY 2019-20 and allowable O&M expenses for the FY 2020-21 as worked out in the earlier APR section the Petitioner has computed the allowable O&M expenses for FY 2021-22 as mentioned in the table below:

Table 5.3-2: O&M Expenses for FY 2020-21 as per the MYT Regulations 2019

(Rs. crore)

Employee Expenses	**FY 2019-20 (Base-Year)**	**FY 2020-21**	**FY 2021-22**
CPI Inflation Index (%)	-	5.30%	5.30%
Gross Employee Costs and Provisions	920.06	968.81	1020.13
Less: Employee expenses capitalized	255.21	487.89	513.74
Net Employee Expenses	**664.85**	**480.91**	**506.39**
A&G Expenses	**FY 2019-20 (Base-Year)**	**FY 2020-21**	**FY 2021-22**
WPI Inflation Index (%)	-	2.96%	2.96%
A&G Expenses	46.62	48.00	49.42
Less: A&G Expenses Capitalised	0.00	0.00	0.00
Net A&G Expenses	**46.62**	**48.00**	**49.42**
R & M Expenses	**FY 2019-20 (Base-Year)**	**FY 2020-21**	**FY 2021-22**
WPI Inflation Index (%)	-	2.96%	2.96%
R & M Expenses	**458.93**	**472.53**	**486.54**

Net O&M Expenses	**1170.40**	**1001.45**	**1042.35**

The employee expense capitalisation for the FY 2020-21 is considered at the same rate as per the actual capitalisation in the audited accounts for FY 2018-19.

5.4 Gross Fixed Assets Balances and Capital Formation

The assumptions used for projecting gross fixed asset (GFA) and capital work in progress (CWIP) are as follows:

- The petitioner has estimated the capital investment for FY 2020-21 based on the expected expenditure to be made towards the ongoing projects or schemes and those towards the new projects to be undertaken in the FY 2021-22.
- The capital investment for FY 2021-22 has been estimated as per the table below:

Table 5.4-1: Capital investment for FY 2021-22

(Rs. crore)

Financing	FY 2021-22
Grant towards the Green Energy Corridor (@ 40%)	429.15
Consumer Contribution/Deposit Works	399.82
Debt	3,002.78
Equity	1,286.91
Total Investment	**5,118.66**

The details of the capital expenditure are provided below:

Table 5.4-2: Break-up of Capital investment for FY 2021-22

(Rs. crore)

CAPEX	FY 2021-22	
	As per the Revised Business Plan	APR Petition
New/Ongoing Projects	4,351.48	3,481.18
Green Energy Corridor II (Solar Power)	1,476.46	1,072.87
Augmentation	225.28	225.28
System Strengthening (Lines & Bays)	264.33	264.33
Addition of Capacitor/Reactor	75.00	75.00
Total	**6,392.55**	**5,118.66**

The Petitioner submits that the above capital expenditure as per the business plan has been revised in view of the ongoing COVID-19 and change in the timelines of the projects. The proposed CAPEX and timeline for the FY 2021-22 is also considering the Governments approval of extension of timelines, across the board, due to COVID-19 impact as well as funding crunch from

Government of Uttar Pradesh (GoUP) and directive to take up important projects only due to austerity measures declared by GoUP.

Further, the MNRE's approval of the grant is expected by FY 2021-22 for the GEC-II projects. Hence, the expenditure towards the same has been considered FY 2021-22 onwards. Further, the Petitioner hereby submits the progress of the schemes/projects planned for the FY 2020-21 to FY 2021-22 attached herewith **Annexure 15**.

- Investment through "deposit work" has been taken for capital formation. The total consumer contribution considered towards the capital formation in FY 2021-22 is Rs. 399.82 crore. The same has been considered as the average of actual consumer contribution in the past 3 years. Further, grant @40% has been considered for the towards the expenditure for the assets under the Green Energy Corridor (GEC-II) during the FY 2021-22. Further, the total capital investment planned for the FY 2021-22 is Rs. 5,118.66 crore is towards ongoing and new schemes
- 25% of the opening CWIP and 25% of investment made during the year, expenses capitalised & interest capitalised (25% of total investment) has been assumed to be capitalised during the year for FY 2021-22, in line with the past practice of the Hon'ble Commission.
- The capital investment plan (net of deposit works) has been projected to be funded in the ratio of 70:30 (debt to equity).

Considering the aforementioned submissions, the projected capital formation and capital work in progress for FY 2021-22 is presented below:

Table 5.4-3: Projections of Capitalisation & WIP of Investment during the FY 2021-22

(All figures in Rs. Crore)

Particulars	Derivation	FY 2021-22
Opening WIP as on 1st April	A	9,418.83
Investments	B	5,118.66
Employee Expenses Capitalisation	C	486.54
A&G Expenses Capitalisation	D	0.00
Interest Capitalisation on Interest on long term loans	E	125.36
Total Investments	**F= A+B+C+D+E**	**15,149.39**
Transferred to GFA (Total Capitalisation)	G	3,787.35
Closing WIP	**H= F-G**	**11,362.04**

The Petitioner has considered the actual closing CWIP of the FY 2019-20 as per the provisional accounts as opening for the FY 2020-21 and subsequent closing for FY 2020-21 as determined in the APR section above. the disallowance made in the CWIP and the GFA by the Hon'ble Commission for the FY 2017-18 and FY 2018-19 in the tariff order dated 10th November 2020 has not been considered in the current petition. The GFA balance considered for the FY 2021-22 is provided below:

Table 5.4-4: Projections of Gross Fixed Assets for FY 2021-22

(All figures in Rs. Crore)

Particulars	Derivation	FY 2020-21
Opening GFA	A	31683.86
Net Addition to GFA*	B	3787.35
Closing GFA	C=A+B	35471.21

**No deduction or deletion has been considered in the GFA during the FY 2021-22, the same may be considered on actual basis at the time of truing-up.*

Further, in line with the Regulation 20.2 and the methodology considered by the Hon'ble Commission the fixed asset base (in which the retirement or replacement or de-capitalisation of the assets is accounted for) computed as on 31.03.2020 (taking into consideration the true-upto FY 2019-20), the equity capital as on 1.4.2020, has been computed to the extent of 30% of such fixed asset base and the debt capital has been computed to the extent of 70% of such fixed asset base. Accordingly, the Debt and equity as on 1.4.2020, computed for FY 2020-21 as discussed in the APR section above. Further, the addition for the loan and equity for the FY 2021-22 has been considered in the ratio 70:30 of the total capitalisation amount after adjusting the consumer contribution and grant.

5.5 Financing of the Capital Investment

The Petitioner has considered a normative debt:equity ratio for financing of the capital investment for FY 2021-22. Considering this approach, 70% of the capital expenditure undertaken in any year has been considered to be financed through loan and balance 30% has been considered to be financed through equity contributions. The portion of capital expenditure financed through consumer contribution, capital subsidies and grants has been separated as the depreciation and interest thereon would not be charged to the beneficiaries.

The table below summarises the amounts considered towards consumer contributions, capital grants and subsidies for FY 2020-21:

Table 5.5-1: Consumer Contribution, Capital Grants & Subsidies considered

(All figures in Rs Crore)

Particulars	FY 2021-22
Opening Balance of Consumer Contributions, Grants and Subsidies towards Cost of Capital Assets	1,880.39
Additions during the year	828.97
Less: Deductions	152.94
Closing Balance	**2,556.43**

Thus, the financing of the capital investment is depicted in the table below:

Table 5.5-2: Financing of the Capital Investment for FY 2021-22

(All figures in Rs Crore)

Particulars	Derivation	2021-22
Investment	A	5,118.66
Less:		

Particulars	Derivation	2021-22
Consumer Contribution	B	828.97
Investment funded by debt and equity	C=A-B	4,289.69
Debt Funded	70%	3,002.78
Equity Funded	30%	1,286.91

Thus, the Petitioner submits that out of the capital investment of Rs. 5,118.66 crore in FY 2021-22 the capital investment through deposit works has been considered as Rs. 399.82 crore and grant of Rs. 429.15 crore. The balance amount is considered to be funded through debt and equity. The debt equity ratio considered for the FY 2021-22 is 70:30. The Petitioner is planning large capital expenditure in the MYT period towards new and ongoing works of sub-stations and transmission lines, augmentation schemes and power evacuation schemes. Further, the Regulation 32.2 of the MYT Regulations 2019 provides as:

> *"32.2 The Capital Investment Plan shall be a least cost plan for undertaking investments. However, all capital expenditure projects of 220 kV and above and other capital expenditure of value exceeding Rs. Twenty Crore, must have prior approval of the Commission on quarterly basis, and will be subject to prudence check."*

The Petitioner in line with the above regulations is seeking prior approval of the Hon'ble Commission for the new schemes/projects planned or to be undertaken during the period from FY 2020-21 to FY 2024-25. The details of the assets/projects where the Petitioner has approached the Hon'ble Commission for prior approval is provided in the letter attached as **Annexure __.**

5.6 Depreciation Expense

Regulation 21 of the Uttar Pradesh Electricity Regulatory Commission (Multi Year Tariff for Distribution & Transmission) Regulations, 2019, provide for the basis of charging depreciation. The relevant excerpt is reproduced below:

*"**21 Depreciation:***

e) *The approved original cost of the fixed assets shall be the value base for calculation of Depreciation:*

   Provided that the Depreciation shall be allowed on the entire capitalised amount of the new assets after reducing the approved original cost of the retired or replaced or de-capitalised assets.

f) *Depreciation shall be computed annually based on the Straight- Line Method at the rates stipulated in the Annexure- A of the Uttar Pradesh Electricity Regulatory Commission (Multi Year Tariff for Distribution & Transmission) Regulations, 2019.*

Provided that the Licensee shall ensure that once the individual asset is depreciated to the extent of seventy percent, remaining depreciable value as on 31st March of the year closing shall be spread over the balance Useful Life of the asset including the Extended Life, as per submission of the Licensee and approved by the Commission.

g) *The salvage value of the asset shall be considered at 10% of the allowable capital cost and Depreciation shall be allowed up to a maximum of 90% of the allowable capital cost of the asset:*

   Provided that land owned shall not be treated as a Depreciable asset and shall be excluded while computing Depreciation:

   Provided further that Depreciation shall be chargeable from the first year of commercial operation.

h) *Depreciation shall not be allowed on assets funded by Consumer Contributions or Subsidies/ Grants/ Deposit works.*

21.2 In case of existing assets, the balance depreciable value as on April 01, 2020, shall be worked out taking into consideration the life of the asset, and by deducting the cumulative Depreciation as admitted by the Commission up to March 31, 2020, from the gross depreciable value of the assets.

21.3 In case of projected commercial operation of the assets for part of the year, depreciation shall be computed based on the average of opening and closing value of assets.

21.4 Depreciation shall be re-computed for assets capitalised at the time of Truing-Up, based on Audited Accounts and documentary evidence of assets capitalised by the Petitioner, subject to the prudence check of the Commission."

The Uttar Pradesh Electricity Regulatory Commission (Multi Year Tariff for Distribution & Transmission) Regulations, 2019 provides for calculating depreciation based on the Straight – Line Method basis, whereas the previous MYT Transmission Regulations, 2014 provides for calculation of depreciation on written down value of the fixed assets of the corresponding year. Further, for the allowable depreciation for the assets capitalized upto till 31st March 2020 and those capitalized 1st April 2020 onwards the Hon'ble Commission has observed the following in the order dated 10th November 2020:

"7.5.8 Accordingly, the existing assets are to be dealt with separately as per Regulations 21.2 and their Net block (as on 31.3.2020) may be kept separate and may be considered Gross Block to apply SLM from 1.4.2020 onwards and the new assets to be dealt as per Regulations 21.1 of MYT Regulations 2019.

7.5.9 Further, UPPTCL is directed to maintain a separate individual asset wise FAR for assets capitalized after 1.4.2020 and the Gross Block and Depreciation may be computed separately from the Gross Block before 1.4.2020. Accordingly, from FY 2020-21 onwards UPPTCL to maintain two separate Gross Blocks (one for assets upto 31.3.2020 (Part-A) and second for assets after 1.4.2020 (Part B) and two separate FAR`s depicting addition of assets details from 01.04.2020 onwards for the purpose of depreciation computation for Regulatory Accounts."

Accordingly, the Hon'ble Commission has allowed the depreciation for the gross block upto 31st March 2020 (Part-A) and that capitalized 1st April 2020 onwards (Part-B) separately.

Further, for the purpose of computing the allowable depreciation, the Petitioner has considered normative closing gross fixed asset base for FY 2019-20 and subsequent addition and the yearly capitalizations for the FY 2020-21 and FY 2021-22 as per revised estimates. Further the Petitioner has computed the asset-wise depreciation as per the rates provided in the Annexure A of the MYT Regulations 2019 based on the normative opening and closing gross fixed asset base for FY 2021-22. The Petitioner in line with the above regulations and methodology adopted by the Hon'ble Commission in the order dated 10th November 2020 has computed the allowable depreciation for the Part-A & Part-B as mentioned below:

Table 5.6-1: Depreciation Expense for FY 2021-22 for the Gross Block upto 31st March 2020 (Part-A)

(All figures in Rs Crore)

Particulars	Opening GFA	Additions to GFA	Deductions to GFA	Closing GFA	Cumulative Depreciation upto 31st March 2020	Written Down Value as on 1.4.2020	Depreciation Rate (%)	Allowable Depreciation
Land & Land Rights								
i) Unclassified	141.97	-36.33	6.19	99.45	0.00	99.45	0.00%	-
ii) Freehold Land	1.35	0.00		1.35	0.00	1.35	0.00%	-
Buildings	1085.14	145.76	0.85	1230.05	323.93	906.13	3.34%	30.26
Other Civil Works	91.63	11.91	0.00	103.54	27.27	76.27	3.34%	2.55
Plants & Machinery	12822.04	1435.39	288.92	13968.51	3678.53	10289.98	5.28%	543.31
Lines, Cable Network etc.	11314.74	1707.37	20.61	13001.50	3423.87	9577.63	5.28%	505.70
Vehicles	3.37	0.00		3.37	0.89	2.48	9.50%	0.24
Furniture & Fixtures	8.74	1.23		9.98	2.63	7.35	6.33%	0.47
Office Equipments	9.55	2.56		12.11	3.19	8.92	6.33%	0.56
Jeep & Motor Car	0.00	0.00		0.00	0.00	0.00	9.50%	-
Intangible Assets	4.27	0.03		4.30	1.13	3.16	5.28%	0.17
Assets taken over from Licensees pending final Valuation	105.44	4.74	0.10	110.09	28.99	81.10	5.28%	4.28
Total Depreciable Assets	**25444.93**	**3309.00**	**310.48**	**28443.45**	**7490.43**	**20953.03**	**5.19%**	**1087.54**
Total Non-Depreciable Assets	**143.32**	**-36.33**	**6.19**	**100.80**	**0.00**	**100.80**		**0.00**
GRAND TOTAL	**25588.25**	**3272.67**	**316.67**	**28544.25**		**21053.82**	**-**	**1087.54**

Further, the Petitioner has worked out the allowable depreciation for the FY 2021-22 considering the assets capitalized 1st April 2020 onwards in the gross block as mentioned below:

Table 5.6-2: Depreciation Expense for FY 2021-22 for the Gross Block or Assets Capitalised 1st April 2020 onwards (Part-B)

(All figures in Rs Crore)

Particulars	Opening GFA	Additions to GFA	Deductions to GFA	Closing GFA	Average GFA	Depreciation Rate (%)	Allowable Depreciation
Land & Land Rights							
i) Unclassified	17.42	21.01	0.00	38.43	27.93	0.00%	-
ii) Freehold Land	0.17	0.20	0.00	0.37	0.27	0.00%	-
Buildings	133.14	160.61	0.00	293.76	213.45	0.00%	-
Other Civil Works	11.24	13.56	0.00	24.81	18.02	3.34%	0.60
Plants & Machinery	1573.23	1897.81	0.00	3471.04	2522.13	3.34%	84.24
Lines, Cable Network etc.	1388.29	1674.71	0.00	3063.00	2225.64	5.28%	117.51
Vehicles	0.41	0.50	0.00	0.91	0.66	5.28%	0.04
Furniture & Fixtures	1.07	1.29	0.00	2.37	1.72	9.50%	0.16
Office Equipment	1.17	1.41	0.00	2.59	1.88	6.33%	0.12
Jeep & Motor Car	0.00	0.00	0.00	0.00	0.00	6.33%	-
Intangible Assets	0.52	0.63	0.00	1.15	0.84	9.50%	0.08
Assets taken over from Licensees pending final Valuation	12.94	15.61	0.00	28.54	20.74	5.28%	1.10
Total Depreciable Assets	**3122.02**	**3766.14**	**0.00**	**6888.16**	**5005.09**	**4.07%**	**203.85**
Total Non-Depreciable Assets	**17.59**	**21.21**	**0.00**	**38.80**	**28.19**		**0.00**
GRAND TOTAL	**3139.61**	**3787.35**	**0.00**	**6926.96**	**5033.28**	**0.04**	**203.85**

The Petitioner has projected the depreciation on assets created out of consumer contributions, capital grants and subsidies for FY 2020-21 in the same ratio as per annual accounts of FY 2019-20. The Petitioner has reduced the equivalent depreciation amounting to Rs. 108.22 crore for FY 2021-22 in respect of depreciation on assets created out of consumer contributions, capital grants and subsidies. Thus, the allowable depreciation for FY 2021-22 has been depicted in the table below:

Table 5.6-3: Gross Allowable Depreciation for FY 2021-22

(All figures in Rs Crore)

Particulars	FY 2021-22
Allowable Depreciation for assets upto 31.03.2020	1087.54
Allowable Depreciation for assets capitalised 01.04.2020	203.85
Gross Allowable Depreciation	**1291.38**

Particulars	FY 2021-22
Less: Equivalent amount of depreciation on assets acquired out of the consumer contribution and GoUP Subsidy	108.22
Net Allowable Depreciation	**1183.17**

The Petitioner further submits that in compliance to the provisions of Appendix 'C' to lndAS-I8, FY 2016-17 onwards the Consumer Contribution Reserve has been recognized as revenue as equal annual income over the useful life of the underlying asset/term of the arrangement with consumers. However, the Hon'ble Commission its order dated 8th January 2019 and 27th August 2019 while approving the revised ARR for FY 2018-19 & FY 2019-20 has allowed the net depreciation after deducting the equivalent amount of depreciation on assets acquired out of the consumer contribution. The petitioner has considered the same approach while claiming the net deprecation amount for FY 2021-22. The Income from Consumer Contribution recognized as revenue (or equivalent depreciation amount) in FY 2021-22 has been projected as the percentage of the Non-tariff income (in the same ratio as in the annual accounts of FY 2019-20)."

Thus, the Petitioner requests the Hon'ble Commission to consider the net depreciation amount of Rs. 1183.17 crore for FY 2021-22.

5.7 Interest on Long Term Loans

It is reiterated that the Petitioner has considered a normative tariff approach with a gearing of 70:30. In this approach, 70% of the capital expenditure undertaken in any year has been considered to be financed through loan and balance 30% has been considered to be funded through equity contributions. The Hon'ble Commission in the order dated 10th November 2020 has considered the normative opeing of the loan as mentioned below:

> *"7.6.5 As per the Regulation 23.2, the normative long term loan outstanding as on April 1, 2020, shall be worked out by deducting the cumulative repayment as admitted by the Commission up to March 31, 2020, from the gross normative loan as shown below:"*

Accordingly, the normative opening loan as on 1st April 2020 is worked out as below:

Table 5.7-1: Opening Normative Loan as on 1st April 2020

(All figures in Rs Crore)

Particulars	Derivation	FY 2020-21
Opening Debt	A	18,852.82
Cumulative Net Depreciation upto 31.3.2020	B	7,490.43
Opening Normative Loan	C=A-B	11,362.39

The normative opening loan for the FY 2021-22 is considered as per the normative closing for the FY 2020-21 worked out in the APR section above. Further, for the purpose of the computation of the normative interest on loan the Petitioner has considered the loan addition as 70% of the actual capitalisation after adjusting the consumer contribution and grants.

The portion of capital expenditure financed through consumer contributions, capital subsidies and grants has been separated as the depreciation and interest thereon has not been charged to the beneficiaries.

Allowable depreciation for the year has been considered as normative loan repayment. The weighted average rate of interest of overall long term loan portfolio for FY 2019-20 has been considered for FY 2021-22, as it seems to be fair and equitable. The computation of the Weighted Average Interest Rate on Long-Term Loan portfolio in FY 2019-20 is provided in **'Annexure 5'.** The interest capitalisation has been considered at a rate of 9.06% for FY 2020-21 which is the actual capitalization for FY 2018-19 as per the audited annual accounts. The computations for interest on long term loan are depicted below:

Table 5.7-2: Allowable Interest on Long Term Loans for FY 2021-22

(All figures in Rs Crore)

Particulars	2021-22
Opening Loan	12,217.17
Loan Additions (70% of Investments)	2,070.86
Less: Repayments (Depreciation allowable for the year)	1,183.17
Closing Loan Balance	13,104.87
Weighted Average Rate of Interest (%)	10.93%
Interest on long term loan	**1,383.35**
Interest Capitalisation Rate (%)	9.06%
Less: Interest Capitalized	125.36
Net Interest Charged	**1,257.98**

5.8 Finance Charges

The Petitioner has estimated the finance charges towards expenses such as guarantee fees and bank charges to the tune of Rs. 0.09 crore in FY 2021-22.

5.9 Interest on Working Capital

Uttar Pradesh Electricity Regulatory Commission (Multi Year Tariff for Distribution & Transmission) Regulations, 2019, provides for normative interest on working Capital based on the methodology outlined in the Regulations. The interest on working capital has been computed based on the methodology specified in the Regulation 25 as provided below:

"The working capital requirement of the Transmission Licensee shall cover:

iv. Operation and maintenance expenses for one month;

v. *Maintenance spares at 40% of the R&M expenses for two months; and*

vi. *One-and-a-half-month equivalent of the expected revenue from transmission charges at the prevailing Tariff;*

minus

(iv) Amount held as security deposits, if any, from Transmission System Users:

Provided further that for the purpose of Truing- Up for any year, the working capital requirement shall be re-computed on the basis of the values of components of working capital approved by the Commission in the Truing- Up;

Rate of interest on working capital shall be simple interest and shall be equal to the SBI MCLR (1 Year) on October 01, 2019 plus 250 basis points:

Provided that for the purpose of Truing- Up for any year, simple interest on working capital shall be allowed at a rate equal to the weighted average SBI MCLR (1 Year) prevailing during the concerned Year plus 250 basis points."

In accordance with the Uttar Pradesh Electricity Regulatory Commission (Multi Year Tariff for Distribution & Transmission) Regulations, 2019, the interest on the working capital requirement is considered as the current State Bank Marginal Cost of Funds based Lending Rate (MCLR) i.e. 10.65%. The Petitioner has, in accordance with the above mentioned MYT Regulations 2019, considered the interest on working capital which is shown in the table below:

Table 5.9-1: Interest on Working Capital for FY 2021-22

(All figures in Rs Crore)

Particulars	FY 2021-22
One Month of O&M Expenses	129.67
Maintenance spares @ 40% of R&M expenses for two month	32.44
Receivable equivalent to 45 days average billing of consumers	358.39
Less: Security deposits from consumers	
Total Working Capital Requirement	**520.50**
Interest rate (%)	10.65%
Interest on working capital	**55.43**

5.10 Other Income

Other Income includes only non-tariff income, which comprises interest on loans and advances to employees, income from fixed rate investment deposits and interest on loans and advances to Licensees. Further, the amount of depreciation charged on assets created out of consumer contributions, capital grants and subsidies is also booked under the other incomes in the annual accounts. The non-tariff income for FY 2021-22 is claimed as Rs. 234.99 crore. The same has been projected after deducting the estimated amount of income from Consumer Contribution from the total non-tariff income for the year. The non-tariff income for FY 2021-22 has been projected based on the actual non-tariff income of FY 2019-20 as per the provisional accounts which includes one-time income received towards the repayment of loan principal from GoUP. However, at the time of truing-up for FY 2021-22 the overall non-tariff income shall be considered on actual basis for the purpose of computation of the allowable ARR.

5.11 Reasonable Return/ Return on Equity

Under provisions of the Uttar Pradesh Electricity Regulatory Commission (Multi Year Tariff for Distribution & Transmission) Regulations, 2019, the Petitioner is eligible to a return of @ 14.5% on equity base; for equity base calculation debt equity ratio shall be 70:30. Where equity involved is more than 30%, the amount of equity for the purpose of tariff shall be limited to 30%. Equity amounting to more than 30% shall be considered as loan. In case of actual equity employed being less than 30%, actual debt and equity shall be considered for determination of tariff. In this Petition, the return on equity has been computed as per methodology adopted by Hon'ble Commission in the previous Tariff Order.

In view of the huge gap in the recovery of cost of supply at the Discoms' level, Petitioner is of the view that return on equity would only result in increase in arrears and accumulation of receivables. As such, the Petitioner has been claiming the return on equity @ 2% since the financial year 2009-10 onwards. Return on equity has been computed on the normative equity portion (30%) of capitalised assets.

The Petitioner has computed the eligible return on equity by considering the opening normative equity as on 1st April 2020 as discussed above. Subsequently, it has considered the normative equity closing based on the capital additions for the FY 2021-22 depicted in aforementioned sections.

Thus, the claimed return on equity for FY 2021-22 has been computed to be Rs. 186.91 crore as depicted in the table below:

Table 5.11-1: Allowable Return on Equity for FY 2021-22

(All figures in Rs Crore)

Particulars	Derivation	FY 2021-22
Equity at the beginning of the year	A	8,901.72
Assets Capitalised	B	3,787.35

Particulars	Derivation	FY 2021-22
Addition to Equity	C = 30% of B	887.51
Closing Equity	D = A + C	9,789.23
Average Equity	E = Average of A & D	9,345.47
Rate of Return (%)	F	2.00%
Return on Equity	**G = E x F**	**186.91**

5.12 Summary of ARR for FY 2021-22

The ARR petition for FY 2021-22 is summarized in the table below:

Table 5.12-1: Summary of ARR of FY 2021-22

(All figures in Rs Crore)

Particulars	ARR Petition
Employee cost	1,020.13
A&G expenses	49.42
R&M expenses	486.54
Interest on Loan Capital	1,383.35
Interest on Working Capital	55.43
Finance Charges	0.09
Depreciation	1,183.17
Gross Expenditure	**4,178.13**
Less: Employee cost capitalized	513.74
Less: A&G Capitalisation	0.00
Less: Interest Capitalisation	125.36
Net Expenditure	**3,539.03**
Provision for Bad & Doubtful debts	0.00
Prior Period Items, Debits, write-offs & other expenses/Comprehensive Incomes	0.00
Net Expenditure with provisions	**3,539.03**
Add: Return on Equity	186.91
Less: Non-Tariff Income	234.99
Annual Revenue Requirement (ARR)	**3,490.94**

The Petitioner requests the Hon'ble Commission to allow the above ARR of Rs. 3,490.94 crore.

6 Projected Annual Revenue Requirement (ARR) for UPSLDC:

The Uttar Pradesh State Load Despatch Centre (UPSLDC) currently a part of Uttar Pradesh Power Transmission Corporation Limited (UPPTCL) was established in 2011 as per the Government of Uttar Pradesh's (GoUP) Notification No. 78/24-U.N.N.P-11-525/08 dated 24th January 2011 in exercise of the powers under the Section 31 of the India Electricity Act 2003. UPSLDC earlier referred to "Power Systems Unit" of the erstwhile Uttar Pradesh State Electricity Board (UPSEB) is the nerve centre of the state's entire power system and is responsible for real time operation of Uttar Pradesh Grid. The Section 31 of the Indian Electricity Act 2003 (Act) provides for establishment of SLDC as a separate entity.

As per provisions under the Electricity Act 2003, separate State Load Despatch Centre (SLDC) is to be established by the State Government to ensure integrated operation of Power System in the State.

Further the MYT Transmission Regulations 2014 and MYT Regulations 2019 provide that till such time the State Government establishes separate SLDC, STU shall also operate SLDC functions and till complete segregation of accounts between SLDC function & transmission function, STU shall apportion its cost between (i) SLDC function and (ii) Transmission Function based on an allocation statement & basis of such apportionment shall be clearly indicated in the ARR petition.

Currently the function of SLDC is being discharged by a separate wing within UPPTCL. Further, Hon'ble Uttar Pradesh Electricity Regulatory Commission (UPERC) vide Notification no. UPERC/Secy/SLDC regulation/2020-043 dated 14th May 2020 has notified the UPERC (Fees & Charges of State Load Despatch Centre and other related matters) Regulations 2020, (hereinafter referred to as "SLDC Regulations 2020") which provides for filing of MYT Business Plan and tariff petitions for SLDC for the period for FY 2021-22 to FY 2024-25. The Uttar Pradesh State Load Despatch Centre (UPSLDC) is in process of preparation of the Business Plan for the MYT period form FY 2021-22 to FY 2024-25 in line with the provisions of the SLDC Regulations 2020.

It is further submitted that annual accounts for the UPPTCL & UPSLDC are not segregated yet and till the time of complete segregation of accounts of the UPSLDC from UPPTCL, UPPTCL shall file the ARR for the UPSLDC. Accordingly, in the current petition the expenses of SLDC functions & ARR are embedded in the current ARR of UPPTCL. The expenses of the UPSLDC for the FY 2020-21 and FY 22021-22 are provided in the table below:

Table 6-1: Summary of ARR of UPSLDC

(All figures in Rs Crore)

Particulars	APR	ARR
	FY 2020-21	FY 2021-22
Net O&M Expenses		
R&M Expense	3.49	3.91

Particulars	APR	ARR
	FY 2020-21	FY 2021-22
Net Employee Expenses	26.43	29.60
Net A&G Expense	3.62	4.05
Total Net O&M expenses	**33.54**	**37.56**
Depreciation	**1.15**	**1.31**
Interest on Loan	-	-
Return on Equity	-	-
Capital Expenditure	**0.40**	**1.00**
Other Expenditure	-	-
Non-tariff Income	**6.00**	**6.72**
Total Expenditure	**29.09**	**33.15**

The above projected expenditure of the UPSLDC is embedded in the ARR of the UPPTCL.

7 Proposed Transmission Tariff & Open Access Charges:

7.1 Derivation of Tariff:

The proposed transmission tariff is in accordance with the methodology provided in MYT Regulations 2019. It provides that in case of more than one long-term customers of the Transmission system (distribution licensee/long term open access customers), utilizing transmission system, the wheeling charges leviable on such customers shall be computed as per the following formula:

Transmission / wheeling charges payable by the long term of customer of Transmission system for use of transmission system for a month

= (Net ARR/12)*(CL/SCL)

CL = Allotted Transmission Capacity in MW of particular long term customer.

SCL = Sum of the Allotted Transmission Capacities (in MW) to all long-term customers.

Presently, the distribution companies have not been allotted transmission capacity; as such, the transmission tariff has been calculated on the basis of numbers of units wheeled by the transmission licensee for distribution licensees'. This is based on the same approach adopted by the Commission in its previous Tariff Orders.

Further, the Petitioner has estimated the total energy to be delivered to distribution licensees in FY 2021-22 as 1,20,568.28 MUs. The Petitioner has considered the energy to be delivered to various Distribution licensees and LTCs for the FY 2020-21 & FY 2021-22 as allowed by the Hon'ble Commission Business Plan order dated 27th October 2020 & 26th November 2020. The total energy to be handled by the Petitioner during the FY 2021-22 is provided in the table below:

Table 7.1-1: Energy Projections

Discoms/LTCs	FY 2020-21	FY 2021-22
DVVNL	21,744.72	22,739.67
MVVNL	21,402.32	23,457.77
PVVNL	32,442.31	36,994.28
PuVVNL	25,309.86	28,362.69
KESCO	3,568.13	3,968.96
NPCL	2,175.24	2,684.77
Northern Railway (U.P)	1,225.55	1,286.83
Open Access Customers	1,022.20	1,073.31
Total	**1,08,890.33**	**1,20,568.28**

Based on the above mentioned methodology, the Petitioner seeks approval of transmission charges payable by all the licensees in the state for FY 2021-22 as computed below:

Table 7.1-2: Derivation of Transmission Tariff for FY 2021-22

Particulars	Unit	FY 2021-22
		ARR Petition
Annual Revenue Requirement	Rs Crore	3,490.94
Energy delivered to Discoms/LTCs	MU	1,20,568.28
Transmission Charges	**Rs./kWh**	**0.2895**

Further, if any Discom's consumer availed Short Term Open Access then there will be decrease in the estimated energy of the Discoms; as the Discom's estimate their demands on the basis of connected load along with prospective growth of its existing consumers as well as new consumers. Further, the Petitioner proposes the revised open access charges for FY 2021-22 as follows:

Table 7.1-3: Revised Open Access Charges for FY 2021-22

Particulars	Unit	FY 2021-22
Short Term Open Access Transmission Charges	Rs./kWh	0.2895
Long Term Open Access Transmission Charges	Rs./kWh	0.2895

The Petitioner submits that the energy handled as projected in the above para for the purpose of ARR are voltage independent, thus the Petitioner proposes uniform open access charges irrespective of voltage levels for the FY 2021-22. The same is consistent with existing practices adopted by CERC, in which uniform rate for all voltage level is adopted and single rate is informed to Northern Region Load Despatch Centre for display and adoption in their website for short term open access users. Further, the same rates have been also approved by the Hon'ble Commission for open access charges irrespective of the voltage levels in its order dated 10th November 2020.

In addition to the above charges, the open access customer would also be liable to bear the projected transmission losses to the tune of 3.33% for FY 2021-22 irrespective of the voltage levels at which the consumers are connected with the grid. The same has been considered as per the losses approved by the Hon'ble Commission in its order dated 15th October 2020.

8 Compliance with Directives

The Hon'ble Commission had issued certain directives to the UPPTCL in its Order dated 10th November 2020. The Petitioner submits the status of compliance of the directives as follows:

Table 8-1: Status of Compliance of the Directives issued vide Order dated 10th November 2020

S. No.	Directives issued by Hon'ble UPERC in order dated 10th November 2020	Comments and Status of Compliance by Petitioner
1.	The Commission directs the Petitioner to submit the detailed justification for wide variations between Actual and Normative Components of O&M Expenses in its next ARR/ Tariff filings.	The normative O&M expenses are computed and claimed on the basis of the applicable regulations and methodology approved by the Hon'ble Commission in the past tariff orders. In the FY 2019-20 the normative O&M expenses are allowed on the basis of the network base & GFA of the UPPTCL, whereas, the actual O&M expenses are as per the provisional annual accounts. The normative employee expenses are higher than actual employee expenses. Whereas, the normative A&G and R&M expense are lower than the actual A&G and R&M expense. It is further submitted that the total sanctioned manpower vis-à-vis the actual manpower strength is mentioned below: **FY** / **Current Strength** / **Sanctioned Manpower** 2019-20 / 6372 / 13473 2020-21 / 6318 / 14148 Currently, some works are also carried out by the outsourced manpower due to which the Employee Expenses are on the lower side as compared to the normative employee expenses.
2.	UPPTCL should note that any transaction which deals with transfer / sell / renting of its Assets (land, lines, transformers etc), without prior approval of the	In line with the directions of the Hon'ble Commission, the directives have been issued to the field units for compliance of the same in the future. Further, in case of

S. No.	Directives issued by Hon'ble UPERC in order dated 10th November 2020	Comments and Status of Compliance by Petitioner
	Commission is void as per Section 17(4) of the Electricity Act, 2003	any such transfer, the Petitioner shall prior approval from the Hon'ble Commission.
3.	The Commission directs that UPPTCL and SLDC shall take all necessary actions to ensure that in the next ARR/ Tariff filing the discrepancies regarding the mismatch in Transmission Loss should not be repeated.	The Petitioner has taken cognisance of the same and in the current filing the computation of the intra-state losses for FY 2019-20 duly certified by the UPSLDC is being submitted.
4.	The Commission directs the Petitioner to submit the detailed capital investment plans / schemes/ projects of 220 kV and above and other capital expenditure of value exceeding Rs. 20 Crores for prior approval as per MYT Regulations, failing which the Commission may not allow the capex in the ARR and Tariff. Such investment approval Petitions should be accompanied with detailed techno-economic analysis preferably based on load flow study, if any.	From April 2020 onwards the Petitioner has submitted DPRs to Hon'ble Commission for approval for the projects approved by the TWC UPPTCL in the 1st & 2nd Quarter of FY 2020-21 in accordance in the provisions of the MYT Regulations 2019. The Petitioner shall seek prior approval of the newly approved assets on quarterly basis in future.
5.	The Commission directs the Petitioner to maintain a separate individual asset wise FAR for assets capitalized after 1.4.2020. Accordingly, from FY 2020-21 onwards UPPTCL to maintain two separate Gross Blocks (one for assets upto 31.3.2020 and second for assets after 1.4.2020) and two separate FAR`s depicting addition of Assets details from 01.04.2020 onwards for the purpose of depreciation computation.	In line with the directions of the Hon'ble Commission, the directives have been issued to the Accounts wing of UPPTCL for preparation of the FAR and the same shall be submitted at the time of truing-up of FY 2020-21.

S. No.	Directives issued by Hon'ble UPERC in order dated 10th November 2020	Comments and Status of Compliance by Petitioner
6.	The Commission directs the Petitioner to expedite the process to separate the SLDC from UPPTCL in order to make SLDC as an independent Organization. Also, SLDC shall ensure to file its ARR Petition in accordance with UPERC SLDC Regulations, 2020.	In view of the SLDC Regulations 2020 and directions of the Hon'ble Commission, UPPTCL in a board meeting held in November 2020 has passed resolution for separation the UPSLDC from UPPTCL and further approval from the GoUP is under process.
7.	The Commission directs the Petitioner to ensure to file its ARR/ Tariff Petition on time strictly in accordance with the applicable UPERC MYT Regulations.	The Petitioner is filing the current petitions as per the timelines stipulated in the MYT Regulations 2019. Further, 30th November 2020 being a holiday the petitions are being filed (or uploaded) on 1st December 2020.
8.	The Commission directs the Petitioner that while filing ARR/ Tariff Petition, it shall upload on its website the Petitions filed before the Commission along with all regulatory filings, information, particulars and related documents, which shall be signed digitally and in searchable pdf formats along with all excel files.	The Petitioner shall upload the petitions as per the directions of the Hon'ble Commission at the time of the admittance.
9.	The Commission directs that in case UPPTCL has planned a Green Field project it must undertake techno- commercial feasibility exercise with respect to an existing Brown field project(s) and accordingly take further necessary actions in order to build, maintain and operate an efficient and economical intra-state transmission system.	The Petitioner has submitted the detailed justification of the green filed or brown filed projects approved in the 1st & 2nd Quarter of FY 2020-21 in the DPR. The Petitioner shall submit the same for the newly approved assets on quarterly basis in future.

9 Prayers

The Petitioner prays that the Hon’ble Commission may be pleased to:

- Admit the True up Petition for FY 2019-20 based on provisional annual accounts of FY 2019-20.
- Approve the expenditure side truing up of the ARR for FY 2019-20 to the tune of Rs. 3,980.72 crore, revenue side truing up pertaining to FY 2019-20 to the tune of Rs. 2,222.45 crore; and thereby allow the recovery of the un-recovered revenue gap of Rs. 1,457.54 crore upon truing up for FY 2019-20 from the date of order upon the instant petition in the proportion of amount billed to the Distribution Licensees and other beneficiaries in FY 2019-20.
- Allow the Petitioner to approach the Hon’ble Commission for final truing-up of FY 2019-20 on the basis of audited annual accounts.
- Admit the APR Petition for FY 2020-21 based on the revised estimates and ARR & tariff petition for FY 2021-22.
- Approve the revised Annual Revenue Requirement of Rs. 3,227.76 as per the APR petition for FY 2020-21 and ARR of Rs. 3,490.94 crore in FY 2021-22 and approve the revised transmission tariff and open access charges of Rs. 0.2895/kWh for FY 2021-22 based on the ARR and Tariff petition for FY 2021-22.
- Consider the estimated ARR for the UPSLDC of Rs. 33.15 crore, which is already embedded in the ARR of the UPPCTL for FY 2021-22.
- Allow the Petitioner to add/ change/ alter/ modify this application at a future date.
- Issue any other relief, order or direction which the Hon’ble Commission may deem fit.