

Uttar Pradesh Electricity Regulatory Commission
Lucknow

Petition No. 2231 of 2025



Order under Section 62 and 64 of the Electricity Act, 2003

on

True Up for FY 2023-24,
Annual Performance Review for FY 2024-25,
&
Aggregate Revenue Requirement and SLDC Charges for FY 2025-26
for

Uttar Pradesh State Load Despatch Centre

September 8th, 2025



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BEFORE

UTTAR PRADESH ELECTRICITY REGULATORY COMMISSION

Petition No.: 2231 of 2025

In the matter of:

Determination of Annual Revenue Requirement (ARR) for the FY 2025-26, Annual Performance Review (APR) for FY 2024-25 and True-up for the FY 2023-24 (Petition No. 2231 of 2025) of Uttar Pradesh State Load Despatch Centre (UPSLDC).

And

In the matter of:

Uttar Pradesh State Load Despatch Centre, Lucknow (UPSLDC)

Order

The Commission, having deliberated upon the above Petition and the subsequent filings by the Petitioner, admitted the Petition on July 24, 2025. Further, having considered the views/comments/suggestions/objections/representations received from the stakeholders during the course of the above proceedings, including the Public Hearing held on August 20, 2025, the Commission hereby passes this Order in exercise of the powers vested to it under Sections 61, 62, 64 and 86 of the Electricity Act, 2003 (hereinafter referred to as 'the Act').

The Petitioner, in accordance with Regulation 3(7) of the UPERC (Fees & Charges of State Load Despatch Centre and other related matters) Regulations, 2025, shall publish the Charges approved by the Commission within three working days after approval by the Commission in at least two (2) English and two (2) Hindi daily newspapers having wide circulation in the State of Uttar Pradesh. Further, UPSLDC shall upload the approved Charges on its website in English and Hindi.

The Charges, so published, shall be in force after seven days from the date of such publication of the Charges and unless amended or revoked, shall continue to be in force till the next Tariff Order becomes effective. The Commission may issue clarification / corrigendum / addendum to this Order as it deems fit from time to time with the reasons to be recorded in writing.



1. INTRODUCTION AND HISTORICAL BACKGROUND

1.1. INTRODUCTION

- 1.1.1. This Order has been issued on the Petition filed by Uttar Pradesh State Load Despatch Centre (hereinafter referred to as 'UPSLDC' or the 'Petitioner') - Petition No. 2231 of 2025 for True Up of FY 2023-24, Annual Performance Review of FY 2024-25, approval of ARR & determination of SLDC Charges for FY 2025-26.

1.2. HISTORICAL BACKGROUND

- 1.2.1. **Uttar Pradesh Electricity Regulatory Commission:** The Uttar Pradesh Electricity Regulatory Commission (hereinafter referred to as the 'UPERC' or 'the Commission') was constituted under Section 17 of the Electricity Regulatory Commission's Act, 1998 and came into being on September 10, 1998, vide Government of Uttar Pradesh (GoUP) Notification No. 2813-P-1/98-24. It was later deemed to have been appointed under Section 3 of Uttar Pradesh Electricity Reforms Act, 1999 and continues to be the State Commission under the first proviso of Section 82 Electricity Act, 2003 (hereinafter referred to as 'the Act' or 'EA, 2003').
- 1.2.2. **Historical Background of Reforms & Uttar Pradesh State Load Despatch Centre:** In pursuance of the reforms and restructuring process, the erstwhile Uttar Pradesh State Electricity Board (UPSEB) was unbundled into the following three separate entities through the Uttar Pradesh Electricity Reforms Transfer Scheme, 2000 dated January 14, 2000:
- Uttar Pradesh Power Corporation Limited (UPPCL): vested with the function of Transmission and Distribution within the State
 - Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited (UPRVUNL): vested with the function of Thermal Generation within the State
 - Uttar Pradesh Jal Vidyut Nigam Limited (UPJVNL): vested with the function of Hydro Generation within the State
- 1.2.3. Subsequently, the Uttar Pradesh Power Transmission Corporation Limited (UPPTCL), a Transmission Company (Transco), came into existence when in compliance to

GoUP Letter No. 293 dated 16.05.2006, the name and object clause of the Memorandum of Association of the erstwhile Uttar Pradesh Vidyut Vyapar Nigam Limited (incorporated on 31.05.2004) was changed on 13.07.2006.

- 1.2.4. Further, the Government of Uttar Pradesh (GoUP), in exercise of powers vested under Section 30 of the Electricity Act, 2003, vide Notification No. 122/U.N.N.P/24-07 dated July 18, 2007, notified UPPTCL as the “State Transmission Utility” (STU) of Uttar Pradesh. Subsequently, on December 23, 2010, the GoUP notified the Uttar Pradesh Electricity Reforms (Transfer of Transmission and Related Activities Including the Assets, Liabilities and Related Proceedings) Scheme, 2010, which provided for the transfer of assets and liabilities from UPPCL to UPPTCL with effect from April 01, 2007.
- 1.2.5. The GoUP, in exercise of the powers vested under Section 31 of the Act, vide Notification No. 78/24-U.N.N.P-11-525/08 dated January 24, 2011, notified the “Power System Unit” as the “State Load Despatch Centre” of Uttar Pradesh for the purpose of exercising the powers and discharging the functions provided under Part V of the Electricity Act, 2003.
- 1.2.6. The Commission, from time to time, directed UPPTCL to establish UPSLDC as an independent body separate from UPPTCL so that ring-fencing and functional autonomy of UPSLDC is ensured. Up to August 22, 2022, UPSLDC was operating as a part of the UPPTCL in its capacity as the STU of the State. UPSLDC was finally incorporated as a limited company on August 22, 2022, under the Companies Act, 2013.
- 1.2.7. Vide Notification No. 30/XXIV-U.N.N.P-23-525-2008 dated May 24, 2023, the GoUP notified UP Electricity Reform (Transfer of SLDC and Related Activities including the Assets, Liabilities, Personnel, and Related Proceedings) Scheme, 2023 providing for transfer from UPPTCL to UPSLDC.

1.3. SLDC TARIFF REGULATIONS

- 1.3.1. UPERC (Fees & Charges of State Load Despatch Centre and other related matters) Regulations, 2020 (hereinafter referred to as “UPERC SLDC Regulations, 2020”) has



been notified on May 14, 2020, and is applicable for the period from April 1, 2021, to March 31, 2025, unless reviewed earlier or extended by the Commission.

- 1.3.2. These Regulations became applicable for the determination of True Up of FY 2023-24, Annual Performance Review of FY 2024-25.
- 1.3.3. UPERC (Fees & Charges of State Load Despatch Centre and other related matters) Regulations, 2025 (hereinafter referred to as “UPERC SLDC Regulations, 2025”) has been notified on June 20, 2025, and applicable for the period from April 1, 2025, to March 31, 2030, unless reviewed earlier or extended by the Commission.
- 1.3.4. These Regulations became applicable for the determination of approval of ARR & determination of SLDC Charges for FY 2025-26.



2. FILING OF PETITIONS

2.1. ARR FOR FY 2025-26, APR FOR FY 2024-25, & TRUE-UP FOR FY 2023-24 AND BUSINESS PLAN FOR FY 2023-24 & FY 2024-25 AND ANNUAL CAPITAL INVESTMENT PLAN FOR FY 2025-26

- 2.1.1. The Petitioner filed its ARR Petition 2167/2024 for determination of True-Up for FY 2023-24, APR for FY 2024-25 and ARR & Tariff for FY 2025-26 before the Commission on November 29, 2024, along with the audited accounts for FY 2023-24, as per the UPERC UPSLDC Regulations, 2020.
- 2.1.2. Thereafter, the Commission had notified the UPERC (Fees and Charges of State Load Despatch Centre and Other Related Matters) Regulations, 2025 (hereinafter referred as 'UPSLDC Regulations 2025') on June 20, 2025. UPSLDC Regulations 2025 is applicable for the control period from April 01, 2025 to March 31, 2030, unless extended by the Commission.
- 2.1.3. Further, the Commission vide letter no. UPERC/D(T&S)/JD(T)/167-387 dated June 23, 2025 directed UPSLDC to submit its ARR Petition for FY 2025-26 as per UPSLDC Regulations 2025 latest by 10th July 2025. The Commission also shared the formats with UPSLDC for submitting information pertaining to the ARR as per UPSLDC Regulations 2025.
- 2.1.4. In response, the Petitioner, in pursuant to notification of the UPERC (Fees and Charges of State Load Despatch Centre and Other Related Matters) Regulations, 2025, submitted a revised ARR Petition No. 2231/2025 for FY 2025-26 before the Commission on July 10, 2025 and also revised its True-Up and APR petition due to restatement of audited figures for FY 2023-24 & finalisation of audited accounts for FY 2024-25.

2.2. PRELIMINARY SCRUTINY OF THE PETITIONS

- 2.2.1. A preliminary analysis was conducted of Petition No. 2231/2025 wherein various deficiencies were observed. These deficiencies were communicated to the Petitioner vide 1st data deficiency dated January 20, 2025, 2nd data deficiency

dated April 16, 2025, some deficiencies were raised in TVS vide Minutes of Meeting dated July 18, 2025, 4th data deficiency dated August 05, 2025 and 5th data deficiency dated August 21, 2025.

- 2.2.2. The Petitioner has submitted its response to the 1st data deficiency vide reply dated Jan 31, 2025, 2nd data deficiency vide reply dated May 7, 2025, deficiencies contained under TVS Minutes of Meeting vide reply dated July 28, 2025, 4th data deficiencies vide reply dated August 11, 2025 and 5th data deficiencies vide reply dated August 28, 2025. The TVS covering the Petition was conducted on July 18, 2025, and the same was attended by senior officials of the Commission and UPSLDC. During the TVS, the Petitioner explained various issues raised in the deficiencies. All the above submissions of the Petitioner have been scrutinized and considered by the Commission while preparing this Order.

2.3. ADMITTANCE OF THE PETITIONS

- 2.3.1. The Commission admitted the Petition No. 2231 of 2025 vide its Order dated July 24, 2025 (**Annexed as : Annexure-I**) and directed the Petitioner to publish a Public Notice consisting of summary and highlights of ARR & determination of SLDC charges for UPSLDC in at least two (2) English and two (2) Hindi daily newspapers having wide circulation in the State, inviting suggestions and objections from the stakeholders and public at large, within 21 days from the date of publication of the Public Notice. The Petitioner was also directed to upload the Public Notice, Petitions filed before the Commission, regulatory filings, information, particulars, and related documents on its website.

2.4. PUBLICITY OF THE PETITIONS

- 2.4.1. The Petitioner has uploaded the abovementioned Petitions on UPSLDC's official website (<https://www.upsldc.org>). In addition to the above, the Public Notices were subsequently issued by the Petitioner in various newspapers, and a period of twenty-one days (21) days was given to all the stakeholders and the general public for submitting their comments/suggestions.



TABLE 2-1: LIST OF NEWSPAPERS AND DATES OF PUBLICATION OF PUBLIC NOTICES BY THE PETITIONER

Newspaper	Date of Publication
Amar Ujala (Hindi) All editions of U.P.	July 30, 2025
The Times of India (English) of Lucknow & Delhi	July 30, 2025
Hindustan (Hindi) All editions of U.P.	July 30, 2025
Hindustan Times (English) of Lucknow & Delhi	July 30, 2025



3. PUBLIC HEARING PROCESS

3.1. PUBLIC HEARING

- 3.1.1. The Commission, in order to achieve the twin objectives of observing transparency in its proceedings and protecting the interest of consumers, attaches importance to the views / comments / suggestions / objections / representations of the public on the True Up and ARR / SLDC Charges determination process. The process gains significant importance in a “cost-plus regime” wherein the entire cost allowed to the Petitioner gets transferred to the beneficiaries.
- 3.1.2. The Commission, in order to have participation and views / comments / suggestions / objections from the public at large and all stakeholders, uploaded the Notice of Public Hearing dated July 30, 2025, on its website (www.uperc.org) and published the same in the following daily newspapers of following days:

Newspaper	Date of Publication
Amar Ujala (Hindi) UP Edition	August 5, 2025
The Times of India (English) Lucknow Edition	August 5, 2025
Dainik Jagran (Hindi) UP Edition	August 5, 2025
Hindustan Times (English) Delhi Edition	August 5, 2025

- 3.1.3. The Commission held the “Public Hearing” for the Petitioner on August 20, 2025, after informing all the stakeholders and the public at large through advertisements in newspapers dated August 5, 2025 and on the Commission’s website (**Annexed as: Annexure-II**). In the Public Hearing, various stakeholders as well as the general public were provided a platform where they were able to share their views/ comments/ suggestions/ objections/ representations on the proceedings on the True Up of FY 2023-24, APR for FY 2024-25, and ARR for FY 2025-26 and determination of SLDC Charges.

3.2. VIEWS / COMMENTS / SUGGESTIONS / OBJECTIONS / REPRESENTATIONS ON TRUE-UP OF FY 2023-24, APR FOR FY 2024-25, AND ARR FOR FY 2025-26 AND DETERMINATION OF LDC CHARGES

- 3.2.1. The Commission has considered the submissions made during the Public Hearing



and written comments/ suggestions offered by various stakeholders and the public at large on the Petitions filed by the Petitioner on True Up for FY 2023-24, APR for FY 2024-25, and ARR for FY 2025-26 and determination of LDC Charges, including the response of the Petitioner thereon on such comments. The comments/ suggestions of various stakeholders, the replies/response by the Petitioner, and the views of the Commission thereon are summarized below:

ADMINISTRATIVE ISSUE

Comment/Suggestion of the stakeholders

- 3.2.2. Shri Avadhesh Kumar Verma, Chairman, UP Rajya Vidyut Upbhokta Parishad (UPRVUP), submitted that the Managing Director of UPSLDC, UPPTCL, and the Generation Corporation are the same person. Further, if there is any conflict between them and a case is filed against each other in the court then there will be conflict of interest and any decision against them would be difficult to take. Therefore, UPSLDC should be made fully independent by having an independent Managing Director or if MD is not required, then director should lead UPSLDC.

Petitioner's Response

- 3.2.3. The Petitioner submitted that the present arrangement is sufficiently independent. UPSLDC is continuously making efforts towards the discharge of its duties and for ensuring grid security.

Commission's View

- 3.2.4. The Commission is of the view that functional independence of UPSLDC is vital for maintaining transparency, neutrality, and efficiency in grid operations. While the Petitioner has submitted that the present arrangement is sufficiently independent, the Commission emphasizes that UPSLDC must ensure that its governance and decision-making processes remain free from any conflict of interest. The Commission also expects that the institutional framework of UPSLDC be periodically reviewed and strengthened so that its operations are carried out in line with the mandate of the Electricity Act, 2003 and the UPERC SLDC Regulations, ensuring accountability and independence in its functioning. Further, in order to have

transparency & independence of UPSLDC, the Petitioner is directed to take appropriate action to have independent Managing Director for UPSLDC.

AVAILABILITY OF POWER INTERRUPTION DATA OF NPCL

Comment/Suggestion of the stakeholders

3.2.5. Shri Avadhesh Kumar Verma, Chairman UPRVUP, submitted that on UPSLDC website, any electricity consumer of the state can very easily obtain information about power supply interruptions on the basis of the Daily System Report. However, when it comes to Noida Power Company Limited—the only private company in Uttar Pradesh—no such information is available on UPSLDC website. While consumers can access the information of other power companies and power corporations from UPSLDC site, a similar arrangement should also be made immediately in the case of Noida Power Company Limited.

Petitioner's Response

3.2.6. The Petitioner submitted that necessary steps had earlier been taken by UPSLDC to make the data of Noida Power Company Limited available on the website. The related information is being provided.

Commission's View

3.2.7. The Commission has considered the objections / suggestions made by the stakeholder and the reply of the Petitioner. The Commission hereby directs the Petitioner to publish the power supply interruptions data on the basis of the Daily System Report. The noncompliance of the directions shall attract penal provisions under Section 142 of the Electricity Act, 2003.

AVAILABILITY OF ELECTRICITY TO CONSUMERS

Comment/Suggestion of the stakeholders

3.2.8. Shri Avadhesh Kumar Verma, Chairman UPRVUP, submitted that it is the legal duty of UPSLDC to monitor grid operations, to ensure compliance with the Grid Code, and to guarantee the provisions mandated by the Government of India under the Consumer Right Rules, 2020. Consumer Right Rules clearly provides that all

electricity consumers have the right to 24-hour electricity supply. But this is not being implemented, and it often comes to light that most generating units are shut down in the name of "Reserve Shutdown" due to low demand. Consumers of the state are not able to get 24-hour power, while machines remain idle. It is the responsibility of UPSLDC to make efforts to ensure arrangements are implemented for 24-hour power supply to all.

Petitioner's Response

3.2.9. The Petitioner submitted that the compliance with the Consumer Right Rules, 2020 does not fall within the jurisdiction of UPSLDC. The decision to place a unit under Reserve Shutdown is taken on the basis of Load-Generation Balance requirements. The generation capacity of thermal power units can be reduced only to 55 percent. If, even then, the demand remains low and the frequency remains high, the decision of Reserve Shutdown is taken in view of grid security.

Commission's View

3.2.10. The Commission notes the concern of the stakeholder regarding uninterrupted electricity supply under the provisions of the Electricity (Rights of Consumers) Rules, 2020. The Commission observes that UPSLDC, as the system operator, is primarily responsible for maintaining grid security, optimum scheduling & despatch of electricity, exercise supervision & control over transmission system. Further, SLDC is responsible for carrying out real time operations for grid control & despatch of electricity within the State through secure & economic operations in accordance with the Grid Code. Accordingly, UPSLDC must ensure the compliance of the Grid Code & Electricity Act, 2003 and Merit Order Despatch Regulations.

TRANSFER OF CERTIFIED/TRAINED STAFF

Comment/Suggestion of the stakeholders

3.2.11. Shri Avadhesh Kumar Verma, Chairman UPRVUP, submitted that under the guidelines of the Central Electricity Authority (CEA), it is mandatory for most experts (engineers) to obtain certification. In such a case, certified engineers should not be hastily transferred. If needed, these expert engineers should also be provided with

a special allowance to strengthen them further, but their technical knowledge should be utilized at every level. Such a system should be created that ensures complete protection for certified skilled engineers, allowing them to work independently. Earlier, the Electricity Regulatory Commission had imposed a ban on transfers, but now a new decision has been made. In the future, no such action should arise that undermines the rights of experts in UPSLDC, and such an arrangement should be ensured.

Petitioner's Response

3.2.12. The Petitioner submitted that UPSLDC HR Management and Development Policy has been adopted by UPSLDC. Clause No. 9(e) of this policy states that:

"Technical personnel will not ordinarily be transferred out during the validity of their certification. Technical personnel will be encouraged to broaden their skills through certification as well as rotation of roles, and those who demonstrably do so may be retained in SLDC for longer periods, as determined by the screening committee."

Commission's View

3.2.13. The Commission vide Order dated. 20.06.2025 in Petition No. 2215/2025 had already approved the H.R Management & Development Policy of UPSLDC. The said Order provides details about the transfer of personnels out from UPSLDC. Further, Clause 9(b) of H.R Management & Development Policy framed by UPSLDC provides restriction of 30% on the overall number of total personnel that can be transferred in a year outside UPSLDC and Clause 9(e) provides that the trained professionals shall not be transferred out of UPSLDC until the validity of their certification period. Moreover, the Commission directed UPSLDC that the number of personnel to be transferred in a year from UPSLDC generally will not exceed 20% of the total personnel in that category stationed at UPSLDC. If transfers exceeding this limit are necessary, approval will be sought from the Commission. While transferring out officials, it will be ensured that UPSLDC remains sufficiently staffed with certified personnel. Further, the Commission has also considered the incentives proposed by UPSLDC for its employees acquiring certification, which is being dealt in ARR Chapter.

4. TRUING UP OF AGGREGATE REVENUE REQUIREMENT FOR FY 2023-24:

4.1. INTRODUCTION

4.1.1. Regulation 9 of the UPERC SLDC Regulations, 2020 provides as follows:

Quote

9. True-Up–

9.1 The SLDC shall file timely Petition for True-Up: Provided that the Petition shall include information in such form as may be stipulated by the Commission, together with the Accounting Statements, extracts of books of account and such other details, as per the Guidelines and Formats prescribed or directions given by the Commission.

9.2 The Commission shall carry out Truing-Up exercise of expenses and revenue based on audited annual accounts of the corresponding year subject to prudence check of the Commission.”

Unquote

4.1.2. The Petitioner has submitted the Petition for Truing Up of FY 2023-24 based on the Audited Accounts of UPSLDC for the period of FY 2023-24 (01.04.2023 to 31.03.2024) for the True Up.

4.1.3. The Commission, based on the provisions of the UPERC SLDC Regulations, 2020, has now carried out the True Up for FY 2023-24 for the Petitioner, taking into account the following:

- a. Annual Audited Accounts for FY 2023-24 in the manner indicated above;
- b. UPERC SLDC Regulations, 2020;
- c. Materials placed before the Commission;
- d. Methodology adopted in any relevant Regulations/Orders issued from time to time by the Commission.

4.1.4. As per Regulation 5.10 of UPERC SLDC Regulations, 2020, the annual LDC charges consist of following components:

- (a) Operation & Maintenance Expenses;
- (b) Depreciation;
- (c) Interest on Loan Capital;

- (d) Interest on Working Capital;
- (e) Return on Equity Capital;
- (f) Income Tax;
- Minus;
- (g) Income from Open Access charges;
- (h) Non-Tariff Income.

4.1.5. The component-wise description of the Petitioner's submission and the Commission's analysis on the same is detailed in the subsequent sections.

4.2. OPERATION AND MAINTENANCE (O&M) EXPENSES

Petitioner's Submission

4.2.1. The Petitioner has submitted that Regulation 11 of the UPERC SLDC Regulations, 2020 provides that the Operation and Maintenance (O&M) Expenses shall comprise of the following elements:

- (a) Employee Expenses,
- (b) Repair and Maintenance (R&M) Expenses,
- (c) Administrative and General (A&G) Expenses

4.2.2. The Petitioner has submitted the details of O&M expenses under the above heads based on the Annual Audited Accounts for consideration & approval of the Commission.

4.2.3. Further, the Petitioner has submitted that the UPERC in the Tariff Order for FY 2024-25 dated 10th October 2024 has computed the Normative O&M Expenses based on last five years of allocated expenses escalated by CPI and WPI and approved the lower of normative and actual expenses. Since UPSLDC was incorporated as a separate company on 22nd August 2022 and UPSLDC earlier functioned as part of UPPTCL without separately maintaining accounts, therefore certain common expenses were not reflected in the allocation statements, resulting in lower computation than actual. Post incorporation, UPSLDC has to incur such common expenses (Security, Office Maintenance, Housekeeping, Civil Works, etc.) as well as

additional/new expenses (Audit Fees, Consultancy, Petition Filing Fees, ISO certification, Cyber Security, etc.) which were not considered in normative computation, leading to higher actual O&M expenses than normative. Further, certain FY 2023-24 expenses identified during Statutory Audit of FY 2024-25 were not reflected in the earlier Annual Accounts, and therefore UPSLDC has restated its Annual Accounts of FY 2023-24.

4.2.4. **Employee Expenses:** The Petitioner has submitted that the Employee expenses comprise of costs towards salaries, dearness allowances, medical expense reimbursement, pension & gratuity, department training and other allowances. The actual Employee expenses of the Petitioner for FY 2023-24 are shown in the below Table:

TABLE 4-1: EMPLOYEE EXPENSES OF FY 2023-24 SUBMITTED BY THE PETITIONER (RS. LAKH)

S. N.	Employee Expenses	Actuals from 01.04.2023 to 31.03.2024 as per Audited Accounts	Actual Claimed for FY 2023-24
1	Salaries & Allowances	1,226.92	1,226.92
2	Dearness Allowance	574.31	574.31
3	Other Allowances	125.42	125.42
4	Pension & Gratuity	87.89	87.89
5	Medical Expenses (Re-imbursement)	20.91	20.91
6	Earned Leave Encashment	247.01	247.01
7	Contribution to provident & Other Funds	130.04	130.04
8	Superannuation Gratuity (Employees under CPF Scheme)	77.58	77.58
9	Department Training	4.62	4.62
10	Grand Total	2494.70	2494.70

4.2.5. **Repairs and Maintenance (R&M) Expenses:** The Petitioner has submitted that R&M Expenses are expenses on repair and maintenance of Plant and Machinery, Software, and Office Equipment. It is important for UPSLDC to incur the R&M expenses in order to perform its duties as defined in the Electricity Act, 2003 and other governing Regulations thereof. The actual R&M expenses for FY 2023-24 are tabulated below:

TABLE 4-2: R&M EXPENSES OF FY 2023-24 SUBMITTED BY THE PETITIONER (RS. LAKH)

S.N.	Particular	Actuals from 01.04.2023 to 31.03.2024 as per Audited Accounts	Actual claimed for FY 2023-24
1	Office Buildings	52.83	52.83
2	Plant & Machinery	138.37	138.37
3	Software	221.29	221.29
4	Office Equipment	6.15	6.15
5	Total R&M Expenses	418.64	418.64

4.2.6. **Administrative and General (A&G) Expenses:** The Petitioner has submitted that A&G Expenses comprise of expenses towards Communication Charges, Conveyance and Travelling expenses, Electricity Charges, Miscellaneous Expenses, Legal Charges, and Printing & Stationery expenses. The following Table shows actual A&G expenses claimed by the Petitioner for FY 2023-24 based on the restated Annual Audited Accounts:

TABLE 4-3: A&G EXPENSES OF FY 2023-24 SUBMITTED BY THE PETITIONER (RS. LAKH)

S.N.	Particular	Actuals from 01.04.2023 to 31.03.2024 as per Audited Accounts	Actual expense as incurred by UPSLDC in FY 2023-24
1	Auditors Remuneration	3.70	3.70
2	Advertisement Expenses	0.29	0.29
3	Communication Charges	52.98	52.98
4	Consultancy Charges	28.48	28.48
5	Electricity Expenses	155.49	155.49
6	Legal Charges	28.70	28.70
7	Outsourced Manpower for Administrative	366.34	366.34
8	Miscellaneous Expenses	14.73	14.73
9	Printing & Stationery	5.97	5.97
10	Technical Fees & Professional Charges	42.29	42.29
11	Travelling & Conveyance	21.38	21.38
12	Vehicle Expenditure	53.42	53.42
13	Property Related Expenses	19.01	19.01
14	Other Expenses & Losses	5.21	5.21
15	Total A&G Expenses	797.99	797.99

4.2.7. **Summary of Operation & Maintenance (O&M) Expenses:** Thus, the actual O&M expenses based on the restated Annual Audited Accounts of FY 2023-24 are summarized below:

TABLE 4-4: O&M EXPENSES OF FY 2023-24 SUBMITTED BY THE PETITIONER (RS. LAKH)

S. N.	Particulars	Actuals from 01.04.2023 to 31.03.2024 as per Audited Accounts	Actual expense as incurred by UPSLDC in FY 2023-24
1	Employee Expenses	2,494.70	2,494.70
2	R&M Expenses	418.64	418.64
3	A&G Expenses	797.99	797.99
4	Total	3,711.33	3,711.33

4.2.8. The Petitioner has submitted that as the Commission, during True-Up of FY 2023-24, has considered the lower of normative and actual component-wise O&M expenses, the O&M expenses allowed by the Commission for FY 2022-23 were even lower than the actual expenses incurred. Accordingly, the Petitioner requests to the Commission to consider and allow the actual O&M expenses based on the restated audited annual accounts for truing up of FY 2023-24, as detailed in the table above.

Commission's Analysis

4.2.9. The Commission, in its previous Tariff Order dated October 10, 2024, had already shown the computation of normative O&M Expenses in line with Regulation 9.2 of the UPERC SLDC Regulations, 2025. The relevant extract of the Order is quoted below:

“Regulation 9.2 of UPERC SLDC Regulations, 2020 provides for carrying out the Truing-Up exercise of expenses and revenue based on audited annual accounts of the corresponding year subject to the prudence check of the Commission. Further, Regulation 11.2 of the UPERC SLDC Regulations, 2020 provides that the Commission may consider normalizing of O&M Expenses based on the data of other States' SLDCs. Furthermore, regulations provide that O&M Expenses shall be normalised by excluding abnormal O&M variations/spikes. The Commission on comparing the O&M expenditure with SLDCs of other states of Bihar, Gujarat, Odisha and Rajasthan has prima facie observed that the Audited O&M Expenses of the Petitioner are on higher side. Further, in order to ascertain if there is any abnormality in the O&M Expenses as it is the first Tariff Order of UPSLDC, the Commission has carried out

prudence check of each component and has also benchmarked it with the normative values, that are computed subsequently.”

- 4.2.10. The Commission has computed normative O&M expenses as provided under Regulation 11 of UPERC SLDC Regulations, 2020. Accordingly, normative O&M Expenses for the Base Year (FY 2020-21) were computed in Tariff Order dated. 10.10.2024 for FY 2024-25. The computation of base year is being reiterated here for the sake of clarity. The base year is first computed considering the WPI and CPI inflation rate notified by Labour Bureau, Government of India (GoI) (http://labourbureau.gov.in/LBO_indexes.htm) and Economic Advisor, GoI (<https://eaindustry.nic.in/>) respectively for different years as shown in Table below:

TABLE 4-5: WPI INDICIES INFLATION RATES CONSIDERED BY THE COMMISSION

Month	Wholesale Price Index					
	FY20	FY21	FY22	FY23	FY24	FY25
April	121.10	119.20	132.00	152.30	151.10	152.90
May	121.60	117.50	132.90	155.00	149.40	153.50
June	121.50	119.30	133.70	155.40	148.90	154.00
July	121.30	121.00	135.00	154.00	152.10	155.30
August	121.50	122.00	136.20	153.20	152.50	154.40
September	121.30	122.90	137.40	151.90	151.80	154.70
October	122.00	123.60	140.70	152.90	152.50	156.70
November	122.30	125.10	143.70	152.50	153.10	156.40
December	123.00	125.40	143.30	150.50	151.80	155.70
January	123.40	126.50	143.80	150.70	151.20	155.00
February	122.20	128.10	145.30	150.90	151.20	154.90
March	120.40	129.90	148.90	151.00	151.40	154.80
Average	121.80	123.38	139.41	152.53	151.42	154.86
Inflation Rate	1.68%	1.29%	13.00%	9.41%	-0.73%	2.27%

TABLE 4-6: CPI INDICIES INFLATION RATES CONSIDERED BY THE COMMISSION

Month	Consumer Price Index					
	FY20	FY21	FY22	FY23	FY24	FY25
April	312.00	329.00	345.89	367.78	386.50	401.47
May	314.00	330.00	347.33	371.52	387.94	402.91
June	316.00	332.00	350.50	372.10	392.83	407.23
July	319.00	336.00	353.66	374.11	402.34	410.98
August	320.00	338.00	354.24	374.98	400.90	410.69
September	322.00	340.13	355.10	378.14	396.00	412.70

Month	Consumer Price Index					
	FY20	FY21	FY22	FY23	FY24	FY25
October	325.00	344.16	359.71	381.60	398.59	416.16
November	328.00	345.31	362.02	381.60	400.61	416.16
December	330.00	342.14	361.15	381.02	399.74	413.86
January	330.00	340.42	360.29	382.46	400.03	412.42
February	328.00	342.72	360.00	382.18	400.90	411.26
March	326.00	344.45	362.88	383.90	400.03	411.84
Average	322.50	338.69	356.06	377.62	397.20	410.64
Inflation Rate	7.53%	5.02%	5.13%	6.05%	5.19%	3.38%

4.2.11. Further, as per the said Regulations, the normative O&M Expenses are to be derived by considering the average of the last five (5) financial years (without efficiency gain/loss) ending March 31, 2020 subject to prudence check by the Commission. Further, the average of such O&M expenses is to be considered as O&M Expenses for the mid-year and shall be escalated year on year with the escalation factors considering CPI and WPI of respective years in the ratio of 60:40, for subsequent years up to FY 2020-21. In order to arrive at the value of the base year, the escalation factor for FY 2018-19, FY 2019-20, and FY 2020-21 is computed in the Table below:

TABLE 4-7: ESCALATION FACTOR FOR FY 2018-19, FY 2019-20 & FY 2020-21 AS COMPUTED BY THE COMMISSION (%)

FY	INDEX		INFLATION RATE	Escalation Factor
	WPI	CPI		
	(A)	(B)		
FY 2017-18	114.88	284.42	216.60	-
FY 2018-19	119.79	299.92	227.87	5.20% = {(227.87/216.60)-1} %
FY 2019-20	121.8	322.50	242.22	6.30% = {(242.22/227.87)-1} %
FY 2020-21	123.38	338.69	252.57	4.27% = {(252.57/242.22)-1} %

4.2.12. Further, the value of mid-year (FY 2017-18) is computed by taking the average of each component of O&M Expenses for 5 years period i.e. from FY 2015-16 to FY 2019-20. The actual O&M Expenses of these years are considered as per Trial Balance jointly certified by UPPTCL & UPSLDC. Thereafter, the escalation factor derived in the above Table is applied on respective years for computing values of the base year. The computation is shown in Table below: -



TABLE 4-8: COMMISSION APPROVED -BASE YEAR O&M EXPENSES (RS. LAKH)

Particulars	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	Normative Expenses (up to Base Year)			
						FY 2017-18 (Mid- Year)	FY 2018-19	FY 2019-20	FY 2020-21 (Base- Year)
Employee Expenses	1564.68	1617.62	1916.27	2142.26	2371.66	1,922.50	2,022.50	2,149.90	2,241.73
R & M Expenses	75.40	146.19	214.75	314.49	311.55	212.47	223.53	237.61	247.76
A&G Expenses	174.61	261.90	215.14	224.44	322.75	239.77	252.24	268.13	279.58
O&M Expenses	1,814.69	2,025.71	2,346.16	2,681.19	3,005.96	2,374.74	2,498.27	2,655.63	2,769.07
Weighted Average Inflation Index (40%*WPI+ 60%*CPI)	-	-	-	-	-	-	5.20%	6.30%	4.27%

4.2.13. Once the value of the base year is derived, the norms for each component of O&M expenses for FY 2021-22, FY 2022-23 & FY 2023-24 are derived as per Regulations 11.7, 11.8, and 11.9 of the UPERC SLDC Regulations, 2020 which are explained in subsequent paras.

4.2.14. **Employee Expenses:** The normative Employee Expenses for FY 2023-24 have been computed by escalating the normative Employee Expenses for FY 2022-23 (as per normative Employee Expenses computed in True-Up for FY 2022-23 in Tariff Order dated October 10, 2024), with inflation factor of 5.19% i.e., inflation factor (CPI) for FY 2023-24 as per Regulation 11.7 of UPERC SLDC Regulations, 2020.

4.2.15. **R&M Expenses:** The Commission has computed the normative R&M Expenses for FY 2023-24 by escalating the normative R&M Expenses for FY 2022-23 (as per normative R&M Expenses computed in True-Up for FY 2022-23 in Tariff Order dated October 10, 2024) with inflation factor of -0.73% i.e. Wholesale Price Index (WPI) for FY 2023-24 as per Regulation 11.8 of UPERC SLDC Regulations, 2020.



4.2.16. **A&G Expenses:** The Commission has computed the normative A&G Expenses for FY 2023-24 by escalating the normative A&G Expenses for FY 2022-23 (as per normative A&G Expenses computed in True-Up for FY 2022-23 in Tariff Order dated October 10, 2024) with inflation factor of -0.73% i.e. WPI for FY 2023-24 as per Regulation 11.9 of UPERC SLDC Regulations, 2020.

4.2.17. **O&M Expenses:** Accordingly, the Commission has computed the normative O&M Expenses as shown in the Table below:

**TABLE 4-9: NORMATIVE O&M EXPENSES COMPUTED BY THE COMMISSION FOR FY 2023-24
(RS. LAKH)**

Particulars	Derivation	FY	Actual CPI and WPI of FY		FY	Actual CPI and WPI of FY 2023-24		FY
		2021-22*	2022-23		2022-23			2023-24
		Normative (Computed)	WPI	CPI	Normative (Computed)	WPI	CPI	Normative (Computed)
		(A) (Table 4-8)	(B) (Table 4-5)	(C) (Table 4-6)	(D) =(A)*(1+C) or (D) =(A)*(1+B)	(E) (Table 4-5)	(F) (Table 4-6)	(G) =(D)*(1+E) or (G) =(D)*(1+E)
Employee Expenses	A	2,356.70		6.05%	2,499.34		5.19%	2,628.96
Less: Employee Expenses Capitalised	B	-			-			-
Net Employee Expenses	C=A-B	2,356.70		6.05%	2,499.34		5.19%	2,628.96
Net R&M Expenses	D	279.96	9.41%		306.30	-0.73%		304.07
Net: A&G Expenses	E	315.91	9.41%		345.64	-0.73%		343.13
O&M Expenses	F=C+D+E	2,952.57			3,151.28			3,276.16

*to derive the Normative values of FY 2021-22, considered the CPI 5.13% & WPI 13.00% of FY 2021-22

4.2.18. The Commission in its previous Tariff Order dated 10.10.2024 has benchmarked the O&M expenses with the Normative value. The said para of the Tariff Order is reproduced below:

“4.2.18 Further, as per prudence check, it is observed that R&M Expenses w.r.t. Plant and Machinery claimed by the Petitioner are even higher than the net fixed assets

value (GFA less accumulated depreciation) of the Petitioner during the year. Thus, it seems that there is abnormality in R&M Expenses, therefore, as per Regulation 9.2, the Commission as part of the prudence check has benchmarked each component of O&M Expenses as per normative values computed above. The same has been compared with the actual/ audited figures, such that these do not exceed the normative values. Accordingly, the Commission has approved the net O&M Expenses for FY 2022-23 based on lower of the actual (audited accounts) and normative value of each component of O&M Expenses.”

4.2.19. As per above, the Commission has benchmarked actual individual O&M expenses with Normative and accordingly, approved each component of O&M Expenses for FY 2023-24 based on the lower of the actual (audited accounts) and normative O&M Expenses.

4.2.20. It is observed that Employee Expense capitalized for the period is Nil as per audited accounts and the same has been considered for the purpose of True Up. Accordingly, the Commission approves the O&M Expenses of UPSLDC for FY 2023-24 as shown in the Table below:

TABLE 4-10: COMMISSION APPROVED - O&M EXPENSES FOR FY 2023-24 (RS. LAKH)

Particulars	Derivation	True-Up (FY 2023-24)			
		Petition True Up	Audited Accounts	Computed (Normative)	Approved (True up)
		(A) (Table 4-4)	(B) (Table 4-4)	(C) (Table 4-9)	(D) = Lower of (B) & (C)
Employee Expenses	A	2,494.70	2,494.70	2,628.96	2,494.70
Less: Employee Expenses Capitalised	B	-	-	-	-
Net Employee Expenses	C=A-B	2,494.70	2,494.70	2,628.96	2,494.70
Net R&M Expenses	D	418.64	418.64	304.07	304.07
Net A&G Expenses	E	797.99	797.99	343.13	343.13
Total O&M Expenses	F=C+D+E	3,711.33	3,711.33	3,276.16	3,141.90

4.3. CAPITAL WORK IN PROGRESS (CWIP) & GROSS FIXED ASSET (GFA)

Petitioner's Submission

- 4.3.1. The Petitioner has submitted that it has considered Capex and Capitalisation based on the restated Annual Audited Accounts for FY 2023-24. The summary of Capex and Capitalisation during FY 2023-24 is as follows:

TABLE 4-11: CAPEX AND CAPITALISATION OF FY 2023-24 SUBMITTED BY THE PETITIONER (RS. LAKH)

S. N.	Particulars	Actuals from 01.04.2023 to 31.03.2024 as per Audited Accounts	Actual expense in FY 2023-24
1	CWIP Opening Balance	0.00	0.00
2	Capital Investment	56.45	56.45
3	Less: Investment Capitalized	56.45	56.45
4	CWIP Closing Balance	0.00	0.00

- 4.3.2. The Petitioner has considered the GFA balance as reflected in Annual Audited Accounts of FY 2023-24. Addition to GFA during the year has been considered based on the capitalisation of assets as discussed above. The following Table shows the GFA claimed by the Petitioner for FY 2023-24:

TABLE 4-12: GROSS FIXED ASSETS OF FY 2023-24 SUBMITTED BY THE PETITIONER (RS. LAKH)

S. N.	Particulars	Actuals from 01.04.2023 to 31.03.2024 as per Audited Accounts	Actual in FY 2023-24
1	Opening GFA	1018.76	1018.76
2	Addition during the year	56.45	56.45
3	Capitalisation of Expenses	-	-
4	Deduction/Adjustment	0.03	0.03
5	Total GFA at the end	1075.18	1075.18

Commission's Analysis

- 4.3.3. The Petitioner has submitted the actual capital expenditure majorly towards the furniture and fixtures & plant and machinery. The overall capital expenditure details for FY 2023-24 as submitted by the Petitioner are mentioned below:

TABLE 4-13: SUMMARY OF CAPITAL EXPENDITURE SUBMITTED BY THE PETITIONER (RS. LAKH)

S.N.	Description of Assets	Assets Addition FY 2023-24	Assets Category
1	250mm Fresh Air Fan	0.01	Furniture & Fixtures



S.N.	Description of Assets	Assets Addition FY 2023-24	Assets Category
2	250mm Fresh Air Fan	0.01	Furniture & Fixtures
3	250mm Fresh Air Fan	0.01	Furniture & Fixtures
4	250mm Fresh Air Fan	0.01	Furniture & Fixtures
5	250mm Fresh Air Fan	0.01	Furniture & Fixtures
6	300 MM Exhaust Fan	0.01	Furniture & Fixtures
7	Battery Power Bank	25.67	Plant & Machinery
8	300 MM Exhaust Fan	0.01	Furniture & Fixtures
9	300 MM Exhaust Fan	0.01	Furniture & Fixtures
10	300 MM Exhaust Fan	0.01	Furniture & Fixtures
11	300 MM Exhaust Fan	0.01	Furniture & Fixtures
12	Fan Ceiling	0.01	Furniture & Fixtures
13	Fan Ceiling	0.01	Furniture & Fixtures
14	Fan Ceiling	0.01	Furniture & Fixtures
15	Fan Ceiling	0.01	Furniture & Fixtures
16	Fan(Exhaust,Ceiling,Wall Mounted)	0.01	Furniture & Fixtures
17	Wall Fan Plastic Usha Make	0.02	Furniture & Fixtures
18	Wall Fan Plastic Usha Make	0.02	Furniture & Fixtures
19	Wall Fan Plastic Usha Make	0.02	Furniture & Fixtures
20	Wall Fan Plastic Usha Make	0.02	Furniture & Fixtures
21	Wall Fan Plastic Usha Make	0.02	Furniture & Fixtures
22	Wall Fan Plastic Usha Make	0.02	Furniture & Fixtures
23	Wall Fan Plastic Usha Make	0.02	Furniture & Fixtures
24	Wall Fan Plastic Usha Make	0.02	Furniture & Fixtures
25	Wall Fan Plastic Usha Make	0.02	Furniture & Fixtures
26	Wall Fan Plastic Usha Make	0.02	Furniture & Fixtures
27	Wall Fan Plastic Usha Make	0.02	Furniture & Fixtures
28	Wall Fan Plastic Usha Make	0.02	Furniture & Fixtures
29	Wall Fan Plastic Usha Make	0.02	Furniture & Fixtures
30	Wall Fan Plastic Usha Make	0.02	Furniture & Fixtures
31	Wall Fan Plastic Usha Make	0.02	Furniture & Fixtures
32	Wall Fan Plastic Usha Make	0.02	Furniture & Fixtures
33	Wall Fan Plastic Usha Make	0.02	Furniture & Fixtures
34	Wall Fan Plastic Usha Make	0.02	Furniture & Fixtures
35	Wall Fan Plastic Usha Make	0.02	Furniture & Fixtures
36	Wall Fan Plastic Usha Make	0.02	Furniture & Fixtures
37	Wall Fan Plastic Usha Make	0.02	Furniture & Fixtures
38	Wall Fan Plastic Usha Make	0.02	Furniture & Fixtures
39	Wall Fan Plastic Usha Make	0.02	Furniture & Fixtures
40	Wall Fan Plastic Usha Make	0.02	Furniture & Fixtures
41	Wall Fan Plastic Usha Make	0.02	Furniture & Fixtures
42	Wall Fan Plastic Usha Make	0.02	Furniture & Fixtures
43	Wall Fan Plastic Usha Make	0.02	Furniture & Fixtures
44	Wall Fan Plastic Usha Make	0.02	Furniture & Fixtures
45	Wall Fan Plastic Usha Make	0.02	Furniture & Fixtures
46	Wall Fan Plastic Usha Make	0.02	Furniture & Fixtures
47	Battery Power Bank	25.67	Plant & Machinery



S.N.	Description of Assets	Assets Addition FY 2023-24	Assets Category
48	Dispenser Water	0.10	Plant & Machinery
49	Blustar I water Dispenser	0.10	Plant & Machinery
50	Blustar I water Dispenser	0.10	Plant & Machinery
51	Blustar I water Dispenser	0.10	Plant & Machinery
52	Blustar I water Dispenser	0.10	Plant & Machinery
53	Xerox Multi-function Machine	3.15	Office Equipments
54	HP PRINTER LASERJET	0.25	Office Equipments
55	1 KVA UPS	0.06	Office Equipments
56	1 KVA UPS	0.06	Office Equipments
57	1 KVA UPS	0.06	Office Equipments
58	1 KVA UPS	0.06	Office Equipments
	Total GFA Addition during FY 2023-24	56.44	

4.3.4. The Commission observes that the Petitioner has submitted the capital expenditure details of FY 2023-24 as per their Audited Accounts of FY 2023-24. However, the Petitioner has claimed 'Nil' opening and closing CWIP for FY 2023-24.

4.3.5. The Commission observes that the value of assets of Rs. 417.03 lakh shown under the Transfer scheme comes out after deducting total depreciation and addition of inventory from the total GFA. The same is shown in the Table below for reference:

TABLE 4-14: RECONCILIATION OF ASSEST TRANSFERRED TO UPSLDC UNDER TRANSFER SCHEME (RS. LAKH)

Particulars	Amount	Remark
Property, Plant and Equipment	630.12	Note-2 of Audited Accounts of FY22-23
Other Intangible Assets	296.68	Note-3 of Audited Accounts of FY 22-23
Total GFA (A)	926.80	
Depreciation - Property, Plant and Equipment	412.76	Note-2 of Audited Accounts of FY 22-23
Depreciation - Other Intangible Assets	260.01	Note-3 of Audited Accounts of FY 22-23
Total Depreciation (B)	672.77	
Net Fixed Assets (C)=(A)-(B)	254.03	
Inventories (Stores & Spares) (D)	163.00	Note-1 of Audited Accounts of FY 22-23
Total Assets Transferred from UPPTCL to UPSLDC (E)=(C)+(D)	417.03	As per Audited Accounts & Transfer Scheme

4.3.6. Thus, from the above table, Opening GFA computed for the FY 2022-23 is shown in Table below:

TABLE 4-15: CLOSING GFA FOR THE FY 2023-24 AS PER PREVIOUS TARIFF ORDER DATED. 10.10.2024 (RS. LAKH)

Particulars	Derivation	Closing GFA as on 31.03.2023
		GFA Computed
Opening GFA as on 23.08.2022	A (Refer Table 4-15 of previous Tariff Order dated. 10.10.2024)	926.80
GFA Addition from 23.08.2022 to 31.03.2023	B (Refer Table 4-15 of previous Tariff Order dated. 10.10.2024)	91.95
Decapitalisation / Deduction from 23.08.2022 to 31.03.2023	C (Refer Table 4-15 of previous Tariff Order dated. 10.10.2024)	0.00
Closing GFA as on 31.03.2023	D=A+B-C	1018.75

4.3.7. Further, The Commission has considered the opening GFA, addition and decapitalization for the period from April 01, 2023 to March 31, 2024 as per the Audited Accounts of the Petitioner. The same is shown in the Table below:

TABLE 4-16: COMMISSION APPROVED - GFA FOR FY 2023-24 (RS. LAKH)

Particulars	Derivation	True Up (FY 2023-24)	
		True Up Petition	GFA Computed
Opening GFA as on 31.03.2023	A(Table 4-15)	1018.76	1018.75
GFA Addition from 01.04.2023 to 31.03.2024	B (Audited Accounts)	56.45	56.45
Decapitalisation / Deduction from 01.04.2023 to 31.03.2024	C (Audited Accounts)	0.03	0.03
Closing GFA as on 31.03.2024	D=A+B-C	1075.18	1075.17

4.4. CONSUMER CONTRIBUTION, CAPITAL GRANTS AND SUBSIDIES

Petitioner's Submission

4.4.1. The Petitioner has not submitted any details of consumer contribution/ capital grants or subsidies.

Commission's Analysis

4.4.2. The Commission observes that there are no Consumer Contributions, Capital

Subsidies, and Grants towards cost of capital assets in FY 2023-24 as per the Audited Accounts. Accordingly, the Commission has also not approved any Consumer Contribution, Capital Grants, and Subsidies for FY 2023-24.

4.5. DEBT-EQUITY RATIO OF CAPITALIZATION

Petitioner's Submission

4.5.1. The Petitioner submitted that it has considered the actual asset base as per the annual audited accounts as no loans have been availed by the Petitioner, assets have been considered to be funded through internal resources. Since internal resources are part of the equity, equity employed is 100% (i.e more than 30%). Hence, the amount of equity for determination of charges has been limited to 30% and the balance has been considered as per the normative loan as per Debt-Equity ratio of 70:30 in accordance with the Regulation 10.2 of UPERC SLDC Regulations, 2020. The summary of Opening Balance for Normative Loan and Equity considered for Truing-Up of FY 2023-24 is as follows:

**TABLE 4-17: OPENING BALANCE FOR NORMATIVE DEBT AND EQUITY FOR FY 2023-24
SUBMITTED BY THE PETITIONER (RS. LAKH)**

S. N.	Particulars	Actual claimed in FY 2023-24
1	Opening GFA	1018.76
2	Less: Consumer Contribution/ Grant	-
3	Investment funded by debt and equity	1018.76
2	Opening Debt (%)	70%
3	Opening Debt (in Rs. Lakh.)	713.13
4	Accumulated Depreciation	765.25
5	Normative Opening Debt Considered	-
6	Opening Equity (%)	30%
7	Opening Equity (in Rs. Lakh.)	305.63

4.5.2. Further, the Petitioner has considered the actual GFA addition during FY 2023-24 and the Debt-Equity ratio of 70:30 for computation of Loan and Equity addition during the year. The computation of Normative Debt and Equity addition during FY 2023-24 is as follows:

TABLE 4-18: NORMATIVE DEBT AND EQUITY ADDITION FOR FY 2023-24 SUBMITTED BY THE PETITIONER (RS. LAKH)

S. N.	Particulars	FY 2023-24
1	GFA addition During the Year	56.45
2	Less: Consumer Contribution/ Grant	-
3	GFA addition funded by debt and equity	56.45
4	Debt addition (%)	70%
5	Debt addition (in Rs. Lakh.)	39.52
6	Equity addition (%)	30%
7	Equity addition (in Rs. Lakh.)	16.94

Commission's Analysis

4.5.3. Regulation 10.2 of the UPERC SLDC Regulations, 2020 provides that the Debt-Equity ratio shall be 70:30 for determination of charges. Where Equity employed is more than 30%, the amount of Equity for determination of charges shall be limited to 30% and the balance shall be considered as the normative loan. In case where actual Equity employed is less than 30%, the actual Debt and Equity shall be considered for determination of charges.

4.5.4. The Commission has considered the details of Gross Fixed Assets (GFA), accumulated depreciation, consumer contributions, investments, and depreciation as per the Audited Accounts submitted by the Petitioner.

4.5.5. The Commission vide its Tariff Order dated. 10.10.2024, while computing the Debt: Equity Ratio of Capitalisation considered the opening Equity Share Capital of Rs. 1 Lakh only. The relevant extract of the said Order is as below:

"4.5.4 The Commission has observed that as per the Annual Audited Accounts, the Equity Share Capital as on August 23, 2022 was Rs. 1 Lakh only. Further, the Commission has also observed that there is no opening balance of Consumer Contributions, Capital Subsidies, and Grants mentioned in the Annual Audited Accounts as on August 23, 2022. The Equity employed by the Petitioner is less than 30% therefore, the Commission has considered actual Equity employed (as on August 23, 2022) as per the Annual Audited Accounts.

4.5.5 Further, in line with the provisions of Regulation 10.1 of the UPERC SLDC Regulations, 2020, the balance portion of GFA (net accumulated depreciation, which is considered towards payment of normative Debt) is considered as the Debt as on August 23, 2022."

- 4.5.6. Subsequently, the Petitioner filed Review Petition No. 2185 of 2025, contending that for computing RoE, Commission has considered Rs. 1 Lakh as the Equity base while UPSLDC has considered the debt-equity ratio of 70:30 and Equity base has been taken as 30% of the opening GFA as on 23.08.2022. Actual paid up capital balance of 1 lakh reflecting in the books of UPSLDC on 23.08.2023 cannot be used for determining the source of funding for the assets since the assets were obtained through a transfer scheme instead of being purchased by UPSLDC.

The Commission, vide Order dated. 24.07.2025 in review Petition had observed that Equity of Rs. 1.00 lakh was considered in the Tariff Order dated 10.10.2024, based on the audited financial statements for FY 2022-23 as submitted by the Petitioner. Further, the Commission had sought detailed justification/ documentary evidence from the Petitioner regarding the treatment of opening GFA of Rs. 926.80 lakh as having been funded entirely through equity. However, the Petitioner failed to furnish any substantive justification or supporting evidence in this regard during the exercise of tariff determination process. Accordingly, the review Petition was dismissed vide Order dated. 24.07.2025 by the Commission on the grounds of maintainability.

- 4.5.7. In the present proceedings, the Petitioner vide reply to the data gap has furnished a certificate duly certified by a Chartered Accountant, confirming that the Opening Gross Fixed Assets (GFA) amount to Rs. 926.80 Lakh were de-capitalized in U.P. Power Transmission Corporation Limited (UPPTCL) and correspondingly capitalized in U.P. State Load Dispatch Centre Limited (UP SLDC Limited) with effect from 22.08.2022, in compliance with Uttar Pradesh Government Notification No. 30/XXIV-U.N.N.P-23-525-2008 dated 24.05.2023. The transfer has been verified from the certified journal vouchers and supporting records provided by both the companies, showing the de-capitalization in the books of UPPTCL and corresponding capitalization in the books of UP SLDC Limited. It is also certified that the aforesaid assets of Rs. 926.80 Lakh were originally funded and approved by the Commission in the debt-equity ratio of 70:30 in the books of UPPTCL and, since the said assets have now been transferred to UP SLDC Limited in compliance with the aforesaid



Government Notification, the same debt-equity ratio (70:30) shall continue to apply in the books of UP SLDC Limited.

- 4.5.8. The Commission has considered the submission of the Petitioner and based upon the submission of documentary evidence in the form a CA certificate by the Petitioner, it is observed that the assets transferred through the transfer scheme can be treated as 70:30 debt equity ratio by the Commission. The documentary evidence was required as there was demerger from UPPTCL leading to formation of separate independent entity and clarity with regard to equity in the opening balance of transferred assets was required. Further, it is also pertinent to mention that these assets were originally approved by the Commission in the normative debt: equity ratio of 70:30 in the tariff Order of UPPTCL. Since the CA has certified the same and these assets were decapitalised from UPPTCL and transferred to UPSLDC therefore, the Commission is of the view that the same opening debt: equity ratio (70:30) as on 23.08.2022 needs to continue to apply which was earlier allowed to UPPTCL as equity was funded by the Government of Uttar Pradesh.

Further, it is pertinent to mention that the treatment of opening debt: equity ratio under the present Tariff Order shall be applicable from FY 2023-24 onwards only. The benefit of the revised submissions of past data during the current proceedings cannot be extended for FY 2022-23, as the Petitioner failed to provide any documentary evidence/ information during the tariff proceeding for FY 2022-23 against which tariff proceeding are already completed.

Further, as per Regulation 10.2 of the UPERC SLDC Regulation 2020, if equity is deployed more than 30%, the equity is limited to only 30% and the balance is considered as normative loan.

Accordingly, the Commission has now reset the opening equity and debt for FY 2022-23 from this tariff order onwards. Therefore, 30% of the opening value of GFA has been considered as normative opening equity for FY 2022-23 and balance has been considered as normative debt. The normative debt, after deducting the cumulative depreciation up to 22.08.2022 is considered to be funded through



normative loan.

TABLE 4-19: COMMISSION APPROVED - DEBT & EQUITY AS ON AUGUST 23, 2022 (RS. LAKH)

Particulars	Derivation	Approved (As on 23.08.2022)
GFA as on 23.08.2022	A	926.80
Consumer Contribution, Capital Subsidies, Grants as on 23.08.2022	B (As per Audited Accounts)	0.00
GFA net of Consumer Contribution, Capital Subsidies, Grants	$C = A - B$	926.80
Normative Debt as 23.08.2022	$D = A * 70\%$	648.76
Normative Equity as on 23.08.2022	$E = A * 30\%$	278.04
Accumulated Depreciation till 22.08.2022 considered towards normative repayment in previous financial years	F (As per Audited Accounts)	672.77
Net Normative Loan as on 23.08.2022	$G = D - F$	*0.00

*Considered as "Nil" due to Normative loan in negative figures

4.5.9. Further, the Commission for computation of Closing Debt and Equity for FY 2022-23 has considered the addition to GFA as per the Audited Accounts and the same is considered to be funded through debt and the equity as per the Audited Account wherein equity addition of Rs. 1 lakh and balance as debt has been considered. Accordingly, the closing balance of normative debt as on 31.03.2023 determined as below Table:

TABLE 4-20: COMMISSION APPROVED – GFA ADDITION FOR FY 2022-23 (RS. LAKH)

Particulars	Derivation	Approved (As on 31.03.2023)
GFA Addition in period 23.08.2022 to 31.03.2023	A	91.95
Consumer Contribution, Capital Subsidies, Grants in period 23.08.2022 to 31.03.2023	B (As per Audited Accounts)	0.00
GFA net of Consumer Contribution, Capital Subsidies, Grants	$C = A - B$	91.95
Equity addition during 23.08.2022 to 31.03.2023 (as per Audited Account)	D	1.00
GFA Addition funded through Debt during FY 2022-23	$E = C - D$	90.95

4.5.10. The closing normative Debt as on 31.03.2023 after considering the depreciation for FY 2022-23, as per the Tariff Order dated 10.10.2024, has been accounted for towards repayment of the normative debt is shown as below Table:

TABLE 4-21: COMMISSION APPROVED – CLOSING DEBT FOR FY 2022-23 (RS. LAKH)

Particulars	Derivation	Approved (As on 31.03.2023)
Debt Opening on 23.08.2022	A	0.00
Addition during the FY	B (As per Audited Accounts)	90.95
Depreciation during the FY	C	50.20
Closing Debt as on 31.03.2023	D = A+B-C	40.75

4.5.11. The closing normative equity as on 31.03.2023, after considering the equity share capital of Rs. 1.00 lakh as per the Audited Accounts of FY 2022-23 is shown as below Table:

TABLE 4-22: COMMISSION APPROVED – CLOSING EQUITY FOR FY 2022-23 (RS. LAKH)

Particulars	Derivation	Approved (As on 31.03.2023)
Equity as on 23.08.2022	A	278.04
Addition during FY 2022-23	B (As per Audited Accounts)	1.00
Closing Equity as on 31.03.2023	C = A+B	279.04

4.6. DEBT & EQUITY ADDITION DURING FY 2023-24

4.6.1. The Commission has considered the Closing Debt and Equity as on 31.03.2023 as the Opening for FY 2023-24. Further, the Commission observed that there is no fresh Equity infusion made during the FY 2023-24 by the Petitioner and is same at Rs 1.00 Lakh only and the net addition to GFA from 01.04.2023 to 31.03.2024 was Rs 56.42 Lakh and the Petitioner has also not claimed any Consumer Contributions, Capital Subsidies, and Grants towards cost of capital assets. Therefore, the net addition to GFA has to be treated as having been provided through debt.

4.6.2. Accordingly, the Commission has considered the Debt-Equity Ratio for FY 2023-24 as per the below Table:

TABLE 4-23: COMMISSION APPROVED - DEBT: EQUITY RATIO FOR FY 2023-24 (RS. LAKH)

Particulars	Derivation	FY 2023-24
		Approved (True Up)
Capitalisation/GFA addition during FY 2023-24	A (Table 4-16)	56.45
Less: Decapitalisation / Deduction during FY 2023-24	B	0.03
Less: Consumer Contribution, Grants, & Capital Subsidies during FY 2023-24	C	0.00
Net Capitalisation to be funded by Debt & Equity during the year	D=A-B-C	56.42
Debt addition during FY 2023-24 (as there is no Equity addition)	E=D	56.42

4.7. DEPRECIATION

Petitioner's Submission

- 4.7.1. The Petitioner has submitted that it has considered Depreciation as per Regulation 12 of the UPERC SLDC Regulations, 2020.
- 4.7.2. The Petitioner has considered the Depreciation as per the restated audited annual accounts of FY 2023-24. The summary of the Depreciation booked in the restated Audited Annual Accounts of FY 2023-24 is as follows:

TABLE 4-24: DEPRECIATION FOR FY 2023-24 AS SUBMITTED BY THE PETITIONER (RS. LAKH)

S. N.	Particulars	Actuals from 01.04.2023 to 31.03.2024 as per Audited Accounts	Actual Expense in FY 2023-24
1	Plant & Machinery	14.17	14.17
2	Furniture & Fixtures	1.30	1.30
3	Software	4.83	4.83
4	Office Equipment	8.57	8.57
5	Other Assets	24.97	24.97
6	Depreciation during the year	53.84	53.84

Commission's Analysis

- 4.7.3. The Commission analyzed the depreciation data submitted by the Petitioner. The same is shown in the following table:



TABLE 4-25: DEPRECIATION FOR FY2023-24 SUBMITTED BY THE PETITIONER (RS. LAKH)

Particular	Gross Block				Depreciation Block				Rate of Depreciation
	Opening Assets	Asset Addition	Asset Disposal	Closing Assets	Opening Acc. Depreciation	Depreciation Addition	Depreciation Disposal	Closing Acc. Depreciation	
Plant & Machinery	181.61	51.87	0.03	233.45	19.47	14.17	-	33.64	5.28%
Furniture & Fixtures	19.55	0.94	-	20.49	5.99	1.30	-	7.29	6.33%
Software	309.25	-	-	309.25	294.57	4.83	-	299.40	15.00%
Office Equipment	180.38	3.64	-	184.02	142.22	8.57	-	150.79	6.33%
Other Assets	327.97	-	-	327.97	303.00	24.97	-	327.97	5.28%
Total	1,018.76	56.45	0.03	1,075.18	765.25	53.84	-	819.09	-

4.7.4. The Commission has computed the depreciation as per Regulation 12 of the UPERC SLDC Regulations, 2020.

4.7.5. The Commission has considered the Depreciation (from 01.04.2023 to 31.03.2024) for True Up of FY 2023-24 as per the Audited Accounts of FY 2023-24. The same is shown in the following Table:

TABLE 4-26: COMMISSION APPROVED - GROSS DEPRECIATION FOR ASSETS FROM 01.04.2023 TO 31.03.2024 (RS. LAKH)

Particular	FY 2023-24- True Up						
	Opening Gross Fixed Asset as on 01.04.2023	Addition to GFA	Deduction/ Adjustment	Gross Fixed Asset as on 31.03.2024	Average GFA	Depreciation on Rate	Depreciation from 01.04.2023 to 31.03.2024
	A (Audited Accounts)	B (Audited Accounts)	C (Audited Accounts)	D = A+B-C	E = (A+D)/2	F	G = E*F
Plant & Machinery	181.61	51.87	0.03	233.45	207.53	5.28%	10.96
Furniture and Fixtures	19.55	0.94	0	20.49	20.02	6.33%	1.27
Office Equipment	180.37	3.64	0	184.01	182.19	6.33%	11.53
Other assets	327.97		0	327.97	327.97	5.28%	11.47*
Software (Intangible)	309.25		0	309.25	309.25	15.00%	21.72**
Total	1018.75	56.45	0.03	1075.17	1046.96	5.44%	56.95

*Item depreciated up to 86.5% out of the maximum 90% allowed.

**Item depreciated equivalent to 100%.

4.7.6. Regulations 12.2 of the UPERC SLDC Regulations, 2020 provides that the salvage value of the asset shall be considered as 10% of the allowable capital cost and depreciation shall be allowed up to maximum of 90% of the allowable capital cost

of the asset. Although, these Regulations do not specify for salvage value of software, it is pertinent to mention that these assets do not have any salvage value, which is also evident from principles specified by CERC in its CERC (Terms and Conditions of Tariff) Regulations 2019, wherein it is provided that the salvage value for IT equipment and software shall be considered as 'NIL' and 100% value of the assets shall be considered depreciable. Therefore, the Commission has considered the salvage value of software as 'Nil' and has allowed the cumulative depreciation of more than 90% of the corresponding GFA for the same.

4.7.7. Further, Regulation 12.5 of the UPERC SLDC Regulations, 2020 provides that Depreciation shall be calculated annually based on the Straight Line Method and at rates specified in Appendix-II of the said Regulations for the assets of the SLDC. The Commission has computed the cumulative depreciation for the purpose of restricting the depreciation to 90% of the GFA (for all assets except software) in accordance with the applicable provisions of Regulation 12 of the UPERC SLDC Regulations, 2020. Accordingly, the computation of cumulative depreciation is shown for reference purposes in the following Table:

**TABLE 4-27: CUMULATIVE DEPRECIATION FOR ASSETS COMPUTED BY THE COMMISSION
FROM 01.04.2023 TO 31.03.2024 (Rs. LAKH)**

Particular	FY 2023-24- True Up (01.04.2023 to 31.03.2024)				
	*Cumulative Depreciation as on 01.04.2023	Depreciation from 01.04.2023 to 31.03.2024	Cumulative Depreciation as on 31.03.2024	Closing GFA as on 31.03.2024	Cumulative Depreciation as a % of closing GFA
	A	B (Table 4-26)	C = A + B	D	E=C/D
Plant & Machinery	16.87	10.96	27.83	233.45	11.92%
Furniture and Fixtures	5.99	1.27	7.26	20.49	35.42%
Office Equipment	128.88	11.53	140.41	184.01	76.31%
Other assets	283.70	11.47	295.17	327.97	90.00%
Software (Intangible)	287.53	21.72	309.25	309.25	100.00%
Total	722.97	56.95	779.92	1075.17	72.54%

*Cumulative depreciation as on 01.04.2023 considered as per tariff order dated 10.10.2024.

4.7.8. The following Table summarizes the Depreciation as claimed by the Petitioner and as approved by the Commission for FY 2023-24 (from 01.04.2023 to 31.03.2024):



TABLE 4-28: NET DEPRECIATION APPROVED BY THE COMMISSION (RS. LAKH)

Particulars	FY 2023-24 (From 01.04.2023 to 31.03.2024)	
	Petition (True Up)	Approved (True Up)
Net Depreciation of Assets (From 01.04.2023 to 31.03.2024)	53.84	56.95

4.8. INTEREST ON LONG TERM LOANS:

Petitioner's Submission

- 4.8.1. The Petitioner has submitted that it has considered the opening and addition of Normative Loan as per Regulation 13.3 of the UPERC SLDC Regulations, 2020.
- 4.8.2. The Petitioner has considered the SBI one-year MCLR applicable on 1st April 2023 for computing the interest rate on Normative Loan. The Commission in its Tariff Order dated 10th October 2024 has allowed Closing Equity of Rs. 1 Lakh based on the Paid-up Capital reflected in the audited annual accounts of FY 2022-23. Petitioner further submits that it has capitalised Rs. 1,018.76 Lakhs during FY 2022-23 and Rs. 56.45 Lakhs during FY 2023-24, entirely funded through internal resources as no loan or grant was availed for project completion.
- 4.8.3. As per Regulation 10.2 of UPERC Tariff Regulation 2020, if deployed equity exceeds 30%, only 30% is considered as normative equity and the balance as normative loan. The Commission has also treated accumulated depreciation as normative repayment of loan balance, and Petitioner has followed the same approach for computing normative opening loan balance. Accordingly, 70% of the opening GFA has been considered as normative opening debt with accumulated depreciation treated as repayment, and 70% of GFA addition during the year considered as debt addition with repayment equal to depreciation during the year. Interest on loan has been computed on this basis as detailed in the table below.

TABLE 4-29: INTEREST AND FINANCE CHARGES FOR FY 2023-24 SUBMITTED BY THE PETITIONER (RS. LAKH)



S. N.	Particulars	Normative Interest Claimed for FY 2023-24
1	Gross Opening Loan	713.13
2	Less: Accumulated Depreciation	765.25
3	Net Opening Normative Loan Balance considered	-
4	Addition during the year	39.52
5	Normative Repayment (Equal to Depreciation)	53.84
6	Closing Loan	-
7	Average Loan	-
8	Interest Rate (%)	8.50%
9	Interest on Loan	-
10	Other Finance Charges	-
11	Interest and Finance Charges	-

Commission's Analysis

4.8.4. The Commission observes that UPSLDC does not have any loan from financial institutions. Therefore, in this regard Regulation 13.3 of UPERC SLDC Regulations, 2020 provides that if SLDC does not have actual long-term loan portfolio, then the rate of interest for the purpose of allowing the interest on the normative long-term loan will be the SBI MCLR prevailing on 1st April of the corresponding financial year of filing of the Petition. Thus, the Commission has considered SBI MCLR of 8.50% prevailing as on 01.04.2023 as WAROI for FY 2023-24. The deemed repayment is considered equal to the net depreciation approved during the financial year as per UPERC SLDC Regulations, 2020. Accordingly, the Commission has considered the Interest on Loan (from 01.04.2023 to 31.03.2024) for True Up of FY 2023-24 on pro-rate basis as per the Table below:

TABLE 4-30: COMMISSION APPROVED - INTEREST ON LOAN (RS. LAKH)

Particular	Derivation / Remarks	FY 2023-24
		Approved (True Up)
Opening Loan	A (Error! Reference source not found.)	40.75
Loan Addition	B (Table 4-23)	56.42
Loan Repayment (considered equivalent to Depreciation)	C (Table 4-28)	56.95
Closing Loan	D=A+B-C	40.22
Average Loan	E= Average (A, D)	40.49



Particular	Derivation / Remarks	FY 2023-24
		Approved (True Up)
Interest Rate	F (Table 4-29)	8.50%
Interest on Loan	$G=F \times E$	3.44
Less: Interest Expense Capitalised	H	0.00
Interest on Loan	$I=G-H$	3.44

4.9. INTEREST ON WORKING CAPITAL:

Petitioner's Submission

4.9.1. The Petitioner has claimed Interest on Working Capital (IoWC) as per Regulation 14 of the UPERC SLDC Regulations, 2020. Further, the Petitioner has considered the Rate of IoWC equal to the weighted average SBI MCLR (1 Year) applicable during FY 2023-24. The computation of the weighted average rate of interest applicable for the working capital requirement has been given as follows:

TABLE 4-31: WEIGHTED AVERAGE RATE OF SBI MCLR ONE YEAR TENURE SUBMITTED BY THE PETITIONER

From Date	To Date	No. of Days	Base Rate	Base Rate
01-04-2023	14-04-2023	13	8.50%	1.11
14-04-2023	14-05-2023	31	8.50%	2.64
15-05-2023	14-06-2023	31	8.50%	2.64
15-06-2023	14-07-2023	30	8.50%	2.55
15-07-2023	14-08-2023	31	8.55%	2.65
15-08-2023	14-09-2023	31	8.55%	2.65
15-09-2023	14-10-2023	30	8.55%	2.57
15-10-2023	14-11-2023	31	8.55%	2.65
15-11-2023	14-12-2023	30	8.55%	2.57
15-12-2023	14-01-2024	31	8.65%	2.68
15-01-2024	14-02-2024	31	8.65%	2.68
15-02-2024	14-03-2024	29	8.65%	2.51
15-03-2024	31-03-2024	17	8.65%	1.47
Weighted Average Rate of Interest				8.57%
Add: 250 Basis Point				2.50%
Applicable Rate of Interest on Working Capital				11.07%

4.9.2. The Petitioner has computed the IoWC for FY 2023-24 as mentioned in the above Table:



TABLE 4-32: INTEREST ON WORKING CAPITAL FOR FY 2023-24 SUBMITTED BY THE PETITIONER (RS. LAKH)

S. N.	Particulars	Claimed for FY 2023-24
1	O&M Expenses for one month	309.28
2	Receivables equivalent to 45 days	282.26
3	Total working capital	591.54
4	Rate of interest	11.07%
5	Interest on Working Capital	65.45

Commission's Analysis

- 4.9.3. The proviso to Regulation 14.3 of the UPERC SLDC Regulation, 2020 provides 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 respective year plus 250 basis points. The same is shown in table below:

TABLE 4-33: COMMISSION APPROVED - INTEREST RATE ON WORKING CAPITAL FOR FY 2023-24 (%)

From Date	To Date	Derivation	FY 2023-24 (True Up)	
			SBI 1 Year MCLR*	No. of Days
01.04.2023	31.03.2024	A	8.57%	365
Interest Rate on Working Capital Requirement		B = A + 2.50%	11.07%	-

* Source: SBI MCLR (1 Year) prevailing during the year (FY 2023-24).

Link: <https://sbi.co.in/web/interest-rates/interest-rates/mclr-historical-data>

- 4.9.4. Further, Regulation 14 provides that for the purposes of Truing Up for any year, the Working Capital shall cover the O&M expenses for one month and receivables equivalent to 45 days of annual LDC charges as approved by the Commission in the Truing Up. The working capital requirement and interest thereon has been computed as shown below:

TABLE 4-34: COMMISSION APPROVED - INTEREST ON WORKING CAPITAL FOR FY2023-24 (RS. LAKH)

Particular	Derivation	True Up (FY 2023-24)
		(01.04.2023 to 31.03.2024)
O&M Expenses from 01.04.2023 to 31.03.2024)	A (Table 4-10)	3,141.90
Receivables (Net ARR)	B (Table 4-43)	1,715.39
O&M Expenses for one month	C = A/12	261.82



Particular	Derivation	True Up (FY 2023-24)
		(01.04.2023 to 31.03.2024)
Receivables equivalent to 45 days of Annual LDC Charges	$D = (B/365) \times 45$	211.49
Working Capital Requirement	$E = C + D$	473.31
Interest Rate	F (Table 4-33)	11.07%
Interest on Working Capital	$G = E \times F$	52.37

4.10. INCOME TAX

Petitioner's Submission

4.10.1. The Petitioner has submitted that it has not incurred any expenses towards Income Tax during FY 2023-24. Therefore, it has not considered any Income Tax for True-Up of FY 2023-24.

Commission's Analysis

4.10.2. Regulation 16 of UPERC SLDC Regulations, 2020 specifies the treatment of Income Tax. The Commission observes that the Petitioner has not claimed any expenses towards Income Tax for FY 2023-24. Accordingly, the Commission has not approved any expenses towards Income Tax for True Up of FY 2023-24.

4.11. RETURN ON EQUITY

Petitioner's Submission

4.11.1. The Petitioner has submitted that the Commission, vide its Tariff Order dated 10th October 2024, has allowed Closing Equity of Rs. 1 Lakh based on the Paid-up Capital reflected in the audited annual accounts for FY 2022-23. It has capitalised Rs. 1,018.76 Lakhs during FY 2022-23 and Rs. 56.45 Lakhs during FY 2023-24, entirely from internal resources as no loan or grant was availed for project completion. Hence, the total capitalised cost of projects is funded through internal sources only.

4.11.2. As per Regulation 10.2 of the UPERC SLDC Regulation 2020, if deployed equity exceeds 30%, only 30% is considered as normative equity and the balance as normative loan. Accordingly, the Petitioner has considered 30% of the opening value of GFA as normative opening equity and equity addition as per the mode of finance. The Return on Equity for FY 2023-24 has thus been computed on this basis,



as detailed in the table below.

TABLE 4-35: RETURN ON EQUITY (ROE) FOR FY 2023-24 AS SUBMITTED BY THE PETITIONER (RS. LAKH)

S. N.	Particulars	Claimed for FY 2023-24
1	Opening Equity	305.63
2	Equity addition during the year	16.94
3	Closing Equity	322.56
4	Average Equity	314.10
5	Rate of Return on Equity %	12.50%
6	Tax Rate %	0.00
7	Effective Rate of Return on Equity (%)	12.50%
8	Return on Equity	39.26

Commission's Analysis

4.11.3. The Commission vide its Tariff Order dated. 10.10.2024, while computing the Debt: Equity Ratio of Capitalisation had considered the Equity Share Capital of Rs. 1 Lakh only for FY 2022-23. However, the opening & closing of debt equity ratio of past period has been reset by the Commission considering documentary evidence submitted by the Petitioner and the same is dealt with in detail under heading of debt: equity in this chapter. Further, there is no equity addition during FY 2023-24 as per the audited accounts.

4.11.4. Further, Regulation 15 of the UPERC SLDC Regulations, 2020 provides for computation of RoE. Accordingly, the Commission has determined the RoE for True-Up period (from 01.04.2023 to 31.03.2024) as per the Table below:

TABLE 4-36: COMMISSION APPROVED - RETURN ON EQUITY FOR FY 2023-24 (RS. LAKH)

Particulars	Derivation/Remarks	Approved (True Up) FY 2023-24
Opening Normative Equity	A (Table 4-22Error! Reference source not found.)	279.04
Equity addition during the year	B	0.00
Closing Normative Equity	C=A+B	279.04
Average Normative Equity	D=(A+C)/2	279.04
Rate of Return on Equity (%)	E	12.50%
Return on Equity	F=D*E	34.88

4.12. NON-TARIFF INCOME

Petitioner's Submission

4.12.1. The Petitioner has considered the Non-Tariff Income in Truing-Up of FY 2023-24 as per the restated Annual Audited Accounts of FY 2023-24.

TABLE 4-37: NON-TARIFF INCOME OF FY 2023-24 SUBMITTED BY THE PETITIONER (RS. LAKH)

S. N.	Particulars	Claimed for FY 2023-24
1	Interest from Bank	7.55
2	Miscellaneous Receipts	0.24
3	Total	7.79

Commission's Analysis:

4.12.2. Regulation 17 of UPERC SLDC Regulations, 2020 provides for Non-Tariff Income. The Commission has scrutinized the Audited Accounts of the Petitioner and observes that the claim of the Petitioner is in line with Regulation 17 of the UPERC SLDC Regulations, 2020. Thus, the Commission has approved the Non-Tariff Income for True Up of FY 2023-24 as per the Annual Audited Accounts of the Petitioner. The same is shown in the Table below:

TABLE 4-38: COMMISSION APPROVED - NON-TARIFF INCOME FOR FY 2023-24 (RS. LAKH)

Particular	FY 2023-24 (True Up)	
	Petition	Approved
Non-Tariff Income	7.79	7.79

4.13. OPEN ACCESS CHARGES

Petitioner's Submission

4.13.1. The Petitioner has submitted that it has booked the Open Access Charges towards Annual Charges and Application fee/ Operating fee/ Registration fee/ SLDC Charges as per the restated Annual Audited Accounts for the period of FY 2023-24 i.e. 01.04.2023 to 31.03.2024.



4.13.2. The Petitioner has submitted the summary of the Open Access Charges received during FY 2023-24 as follows:

TABLE 4-39: OPEN ACCESS CHARGES DURING FY 2023-24 AS SUBMITTED BY THE PETITIONER (RS. LAKH)

S. N.	Particulars	Claimed for FY 2023-24
1	Annual Charges	112.18
2	Application fee	867.17
3	Operating fee	149.51
4	Registration fee	437.50
5	Total Open Access Charges	1566.36

Commission's Analysis:

4.13.3. The Commission observes that the Petitioner has submitted Open Access Charges as per the Annual Audited Accounts of UPSLDC for the period of FY 2023-24 i.e. 01.04.2023 to 31.03.2024.

4.13.4. The Commission has approved the Open Access Charges for True Up of FY 2023-24 (from 01.04.2023 to 31.03.2024) on the basis of Annual Audited Accounts of the Petitioner as shown in the Table below:

TABLE 4-40: COMMISSION APPROVED - OPEN ACCESS CHARGES DURING FY 2023-24 (RS. LAKH)

Particular	FY 2023-24 (True Up)	
	Petition (True Up)	Approved (True Up)
Annual Charges	112.18	112.18
Application fee	867.17	867.17
Operating fee	149.51	149.51
Registration fee	437.50	437.50
Total Open Access Charges	1566.36	1566.36

4.14. SUMMARY OF ANNUAL REVENUE REQUIREMENT AND GAP/(SURPLUS) FOR TRUE UP OF FY 2023-24 (from 01.04.2023 TO 31.03.2024)

Petitioner's Submission

4.14.1. The Petitioner has claimed Aggregate Revenue Requirement for FY 2023-24 as

shown in the Table below:

TABLE 4-41: AGGREGATE REVENUE REQUIREMENT FOR FY 2023-24 SUBMITTED BY THE PETITIONER (RS. LAKH)

S. N.	Particulars	Claimed for FY 2023-24
1	Employee Expenses	2,494.70
2	Repair & Maintenance Expenses	418.64
3	A&G Expenses	797.99
4	Total Depreciation	53.84
5	Interest & Finance Charges	0.00
6	Interest on Working capital	65.45
7	Return on Equity / ROE	39.26
8	Total Cost	3869.89
9	Less: Non-Tariff income	7.79
10	Less: Open Access Charges	1566.36
11	Net Aggregate Revenue Requirement	2295.74

4.15. REVENUE FROM OPERATION

4.15.1. The Petitioner has submitted that the Commission has not allowed any LDC charges for FY 2023-24. Therefore, the Petitioner has only generated income through the Open Access Charges.

4.15.2. **Revenue Gap/ (Surplus) for FY 2023-24:** Based on the submissions made in the Petition, the Petitioner has computed the Revenue Gap for FY 2023-24 as per the Table below:

TABLE 4-42: REVENUE GAP/ (SURPLUS) FOR FY 2023-24 AS SUBMITTED BY THE PETITIONER (RS. LAKH)

S. N.	Particulars	Claimed for FY 2023-24
1	Net ARR for Truing-Up	2295.74
2	Revenue from Operation	-
3	Revenue Gap	2295.74

4.15.3. The Petitioner has submitted the ARR with a Revenue Gap during the True Up of FY 2023-24 for approval of the Commission.



Commission's Analysis

4.15.4. The Commission based on the above deliberation and analysis of various components of ARR has approved the ARR and Gap/(Surplus) for the True Up of FY 2023-24 (from 01.04.2023 to 31.03.2024) as shown in Table below:

TABLE 4-43: COMMISSION APPROVED SUMMARY OF TRUE UP FOR FY 2023-24 (RS. LAKH)

Particulars	FY 2023-24 (True Up)		Reference
	Petition (True Up)	Approved (True Up)	
<i>Employee Expenses</i>	2,494.70	2,494.70	Table 4-10
<i>R&M Expense</i>	418.64	304.07	
<i>A&G Expense</i>	797.99	343.13	
Total O&M expenses	3,711.33	3,141.90	
Depreciation	53.84	56.95	Table 4-28
Interest on Loan	0.00	3.44	Table 4-30
Interest on Working Capital	65.45	52.37	Table 4-34
Return on Equity	39.26	34.88	Table 4-36
Total Aggregate Revenue Requirement	3,869.89	3,289.54	
Less: Non-Tariff Income	7.79	7.79	Table 4-38
Less: Open Access Charges	1566.36	1566.36	
Net Aggregate Revenue Requirement	2,295.74	1,715.39	
<i>Annual Charges</i>	112.18	112.18	Table 4-40
<i>Application fee/ Concurrence fee/ SLDC Charges</i>	867.17	867.17	
<i>Operating fee</i>	149.51	149.51	
<i>Registration fee</i>	437.50	437.50	
Revenue from Operations	-	-	
Net Gap/(Surplus) in FY 2023-24	2,295.74	1,715.39	

4.15.5. The Commission approves the Net Gap as Rs. 1715.39 Lakh in accordance with the above Table. The Commission has carried forward the Net Gap of FY 2023-24 in the opening of APR along with carrying cost of FY 2023-24.



5. ANNUAL PERFORMANCE REVIEW for FY 2024-25

5.1. INTRODUCTION

- 5.1.1. Regulation 8 of UPERC SLDC Regulations 2020 specifies that the Petitioner shall file the Petition for Annual Performance Review (APR). Accordingly, the Petitioner has submitted the APR for FY 2024-25 in accordance with Regulation 8 of UPERC SLDC Regulations 2020.
- 5.1.2. The Audited Account for FY 2024-25 was finalized after the submission of Petition in November 2024 and the same was submitted by the Petitioner in its revised Petition submitted in July 2025. The Commission has provisionally computed the figures in the APR of FY 2024-25 wherever required as per True-Up of FY 2023-24 approved by the Commission, submissions of the Petitioner and Audited Accounts of FY 2024-25. Further, the Commission has carried out a comparison of each component of APR as claimed by the Petitioner with that approved in Tariff Order for FY 2024-25 vide Order dated 10.10.2024. The Commission will carry out the detailed prudence check at the time of carrying out the Truing up for FY 2024-25. Accordingly, components of APR are discussed subsequently.

5.2. OPERATION AND MAINTENANCE (O&M) EXPENSES

Petitioner's Submission

- 5.2.1. The Petitioner has submitted that it has computed the O&M Expenses as per the norms specified in Regulation 11.1 to Regulation 11.9 of the UPERC SLDC Regulations, 2020. The Petitioner submitted that audited accounts for FY2024-25 were finalized and the same were audited. Thus, the Petitioner has revised its figures as per the actual audited accounts. The Petitioner's submission regarding O&M expenses is mentioned below:
- 5.2.2. **Employee Expenses:** The Petitioner has submitted that the Employee Expenses comprise of costs towards salaries, medical expense reimbursement, pension & gratuity and other allowances. Details of Employee Expenses for FY 2024-25 submitted by the Petitioner are as shown in the Table below:

TABLE 5-1: EMPLOYEE EXPENSES OF FY 2024-25 AS SUBMITTED BY THE PETITIONER (RS. LAKH)

S. N.	Particulars	APR Petition (FY 2024-25)
1	Salaries & Allowances	1,216.66
2	Dearness Allowances	635.84
3	Other Allowances	117.16
4	Pension & Gratuity	70.53
5	Medical Expenses (Re-imbursement)	15.94
6	Earned Leave Encashment	258.73
7	Contribution to Provident & Other Funds	143.16
8	Superannuation Gratuity (Employees under CPF Scheme)	179.65
9	Department Training	10.22
10	Grand Total	2,647.89

5.2.3. **R&M Expenses:** The Petitioner has submitted that R&M Expenses includes expenses on repair and maintenance of plant, machinery, office equipment etc. The Petitioner added that it is important to incur the R&M expenses in order to maintain the system to perform its duties as defined in the Electricity Act, 2003 and other governing Regulations thereof. The R&M Expenses claimed by the Petitioner for FY 2024-25 is tabulated below:

TABLE 5-2: R&M EXPENSES OF FY 2024-25 AS SUBMITTED BY THE PETITIONER (RS. LAKH)

S. N.	Particulars	APR Petition (FY 2024-25)
1	Office Buildings	40.96
2	Plant & Machinery	83.27
3	Software	140.25
4	Office Equipment	7.03
5	Total R&M Expenses	271.51

5.2.4. **Administrative and General (A&G) Expenses:** The Petitioner has submitted that A&G Expenses primarily comprise of expenses incurred towards Communication Charges, Conveyance and Travelling, Electricity Charges, Miscellaneous Expenses, Legal Charges, and Printing and Stationery expenses. The following Table shows A&G Expenses claimed by the Petitioner for the APR of FY 2024-25:

TABLE 5-3: A&G EXPENSES OF FY 2024-25 AS SUBMITTED BY THE PETITIONER (RS. LAKH)

S.N.	Particulars	APR Petition (FY 2024-25)
1	Auditors Remuneration	9.07
2	Advertisement Expenses	11.65
3	Communication Charges	24.34
4	Consultancy Charges	38.70
5	Electricity Expenses	125.20
6	Legal Charges	17.87
7	Outsourced Manpower for Administrative	378.94
8	Miscellaneous Expenses	3.26
9	Printing & Stationery	8.31
10	Technical Fees & Professional Charges	4.88
11	Travelling & Conveyance	21.35
12	Vehicles-Expenditure	43.73
13	Property Related Expenses	12.20
14	Other Expenses & losses	7.47
15	Total A&G Expenses	706.97

5.2.5. **Summary of O&M Expenses:** Based on the component-wise O&M Expenses provided above, the Petitioner has summarised the O&M Expenses for FY 2024-25 as shown below:

TABLE 5-4: SUMMARY OF O&M EXPENSES OF FY 2024-25 AS SUBMITTED BY THE PETITIONER (RS. LAKH)

S. N.	Particulars	APR Petition (FY 2024-25)
1	Employee Expenses	2,647.89
2	R&M Expenses	271.51
3	A&G Expenses	706.97
4	Total O&M Expenses	3,626.37

Commission's Analysis

5.2.6. The Commission has considered the same methodology of computing O&M expenses as provided under Regulation 11 of UPERC SLDC Regulations, 2020. It is observed that the O&M Expenses claimed by the Petitioner have increased vis-a-vis the O&M Expenses approved for FY 2024-25 in Tariff Order dated October 10, 2024. The Commission has provisionally computed the normative value of each component of O&M Expenses for FY 2024-25 by escalating the normative value of FY 2023-24 with inflation factor i.e., average of past three financial years (FY 2021-

22 to FY 2023-24).

5.2.7. The Commission has considered the CPI and WPI inflation rates as notified by Labour Bureau, GoI (<https://labourbureau.gov.in/all-india-general-index-1>) and Economic Advisor, GoI (https://eaindustry.nic.in/download_data_1112.asp) respectively for different years. The same is shown in the Table below:

TABLE 5-5: WPI AND CPI INFLATION CONSIDERED BY THE COMMISSION (%)

FY	INDEX		INFLATION RATE		Average of Last 3 Years	
	WPI	CPI	WPI	CPI	WPI	CPI
FY 2021-22	139.41	356.06	13.00%	5.13%		
FY 2022-23	152.53	377.62	9.41%	6.05%		
FY 2023-24	151.42	397.20	(0.73) %	5.19%		
FY 2024-25	154.86	410.64	2.27%	3.38%	7.23% = average of (13.00%, 9.41% & (0.73%))	5.46% = average of (5.13%, 6.05% & 5.19%)

5.2.8. The Commission has provisionally computed the normative value of each component of O&M Expenses for FY 2024-25 by escalating the normative value of FY 2023-24 with the inflation factor. Any employee expenses capitalised are deducted to arrive at Net Normative expenses as per the Audited Accounts for FY 2024-25. The same is subjected to Truing-Up as per UPERC SLDC Regulations, 2020. The Normative O&M Expenses computed for FY 2024-25 are shown in the Table below:

TABLE 5-6: NORMATIVE O&M EXPENSES COMPUTED BY THE COMMISSION FOR FY 2024-25 (RS. LAKH)

Particulars	Derivation	FY	Average of previous 3 years CPI and WPI		FY
		2023-24 (True Up)			2024-25 (APR)
		Normative (Computed)	WPI	CPI	Provisionally Computed (APR)
		P (Table 4-9)	Q (Table 5-5)	R (Table 5-5)	S = P*(1+Q) OR P*(1+R)
Employee Expenses	A	2,628.96		5.46%	2,772.40
Less: Employee Expenses Capitalised	B	-			-



Particulars	Derivation	FY 2023-24 (True Up)	Average of previous 3 years CPI and WPI		FY 2024-25 (APR)
		Normative (Computed)	WPI	CPI	Provisionally Computed (APR)
		P (Table 4-9)	Q (Table 5-5)	R (Table 5-5)	S = P*(1+Q) OR P*(1+R)
Net Employee Expenses	C=A-B	2,628.96			2,772.40
Net A&G Expenses	D	343.13	7.23%		367.92
Net R&M Expenses	E	304.07	7.23%		326.04
Net O&M Expenses	F=C+D+E	3,276.16			3,466.36

5.2.9. Further, the Commission notes that the Petitioner has claimed the actual O&M expenses as per Audited Accounts for FY 2024-25. However, the Commission has considered the O&M Expenses for FY 2024-25 based on lower of actual (audited accounts) and normative value of each component of O&M Expenses, in line with the methodology specified in para 4.2.18 under the True-up section of this Order. The Normative O&M Expenses provisionally computed for FY 2024-25 are shown in the Table below:

TABLE 5-7: O&M EXPENSES PROVISIONALLY COMPUTED BY THE COMMISSION (RS. LAKH)

Particulars	Derivation	FY 2024-25 (APR)				
		Tariff Order for FY 204-25 dated 10.10.2024	Audited Accounts	Petition (APR)	Computed (Normative)	Provisionally Computed (APR)
		(A)	(B)	(C)	(D)	(E) = Lower of (B) & (D)
		-	-	(Table 5-4)	(Table 5-6)	
Employee Expenses	A	2,779.29	2,647.89	2,647.89	2,772.40	2,647.89
Less: Employee Expenses Capitalised	B	-	-	-	-	-
Net Employee Expenses	C=A-B	2,779.29	2,647.89	2,647.89	2,772.40	2,647.89
Net R&M Expenses	D	354.39	271.51	271.51	326.04	271.51
Net A&G Expenses	E	399.91	706.97	706.97	367.92	367.92
Total O&M Expenses	F=C+D+E	3,533.59	3,626.37	3,626.37	3,466.36	3,287.32

5.3. CAPITAL WORK IN PROGRESS & GROSS FIXED ASSET

Petitioner's Submission

5.3.1. The Petitioner has submitted that it has considered the closing CWIP of FY 2023-24 as opening balance of CWIP for FY 2024-25. The Petitioner has further added that the actual Capex and Capitalisation has been considered for computation of closing CWIP balance for FY 2024-25. The summary of the Capex and Capitalisation for FY 2024-25 is as follows:

TABLE 5-8: CAPEX AND CAPITALISATION OF FY 2024-25 AS SUBMITTED BY THE PETITIONER (RS. LAKH)

S.N.	Particulars	APR Petition (FY 2024-25)
1	Opening CWIP	0.00
2	Capital Expenditure during the year	22.97
3	Less: Capitalisation	22.97
4	Closing CWIP	0.00

5.3.2. The Petitioner has considered the closing balance of GFA of FY 2023-24 as the opening balance of GFA for FY 2024-25. Further, addition to GFA during FY 2024-25 (as discussed above) has been considered to arrive at the closing GFA of the year. Following Table shows the GFA claimed by the Petitioner for FY 2024-25:

TABLE 5-9: GROSS FIXED ASSETS (GFA) FOR FY 2024-25 SUBMITTED BY THE PETITIONER (RS. LAKH)

S. N.	Particulars	APR Petition (FY 2024-25)
1	Opening GFA	1075.18
2	Additions during the year	22.97
3	Closing GFA (1+2)	1098.15

Commission's Analysis

5.3.3. The Commission has considered closing GFA for FY 2023-24 as the opening GFA for FY 2024-25. The investment as claimed by the Petitioner for FY 2024-25 has been provisionally considered and GFA addition has been considered as per audited

accounts to arrive at the closing GFA for FY 2024-25. The same is subject to prudence check at the time of truing-up based on the applicable Regulations as shown in the Table below:

TABLE 5-10: GFA PROVISIONALLY COMPUTED FOR FY 2024-25 (RS. LAKH)

Particulars	Derivation	APR (FY 2024-25)		
		Tariff Order dated 10.10.2024	Petition (APR)	Provisionally Computed (APR)
Opening GFA	A	1075.20	1075.18	1075.17*
Addition during the year	B	3057.00	22.97	22.97**
Deduction/Adjustment	C	-	-	-
Closing GFA	D=A+B-C	4132.20	1098.15	1098.14

*Refer Table 4-16

** considered as per the audited accounts of FY 2024-25

5.3.4. The details of GFA addition / capitalization during FY 2024-25 is shown in the Table below which shall be subject to prudence check at the time of truing-up based on the applicable Regulations.

TABLE 5-11: SUMMARY OF GFA ADDITION/ CAPITALISATION SUBMITTED BY THE PETITIONER FY2024-25 (IN LAKH)

S.N.	Asset Description	Addition FY 2024-25
1	CCTV Installation	2.536
2	Desktop	0.779
3	Desktop	0.779
4	Desktop	0.779
5	Desktop	0.779
6	Desktop	0.779
7	Printer	0.298
8	Printer	1.043
9	Interactive panel	3.827
10	Lock, EM	0.044
11	System, Biometric and Access	0.096
12	Installation and Commissioning Charges	0.030
13	Lock, EM	0.044
14	MD Office Room Construction	10.585
15	55-inch Television	0.586

*Claimed in Rupees by the Petitioner, converted in Lakh.



5.4. CONSUMER CONTRIBUTION, CAPITAL GRANTS AND GRANTS

Commission's Analysis

- 5.4.1. The Commission observes that the Petitioner has not claimed any Consumer Contributions, Capital Subsidies, and Grants towards the cost of capital assets received during FY 2024-25. Accordingly, the Commission has also not computed any Consumer Contribution, Capital Grants, and Subsidies for FY 2024-25.

5.5. DEBT-EQUITY RATIO

Petitioner's Submission

- 5.5.1. The Petitioner has submitted that the entire capital expenditure for FY 2024-25 is funded through Internal Resources. Therefore, the Petitioner has considered the normative Debt Equity ratio of 70:30 as specified in Regulation 10.2 of UPERC SLDC Regulations, 2020 to compute the Equity and Loan addition during FY 2024-25. The detail of computation of Loan and Equity addition during the year is provided below:

TABLE 5-12: DEBT-EQUITY FOR FY 2024-25 SUBMITTED BY THE PETITIONER (RS. LAKH)

S. N.	Particulars	APR Petition (FY 2024-25)
1	GFA addition During the Year	22.97
2	Less: Consumer Contribution/Grant	-
3	GFA addition funded by debt and equity	22.97
4	Debt addition (%)	70%
5	Debt addition	16.08
6	Equity addition (%)	30%
7	Equity addition	6.89

Commission's Analysis

- 5.5.2. As discussed above, Debt-Equity ratio shall be 70:30 as per Regulation 10.2 of the UPERC SLDC Regulations, 2020. Where Equity employed is more than 30%, the amount of Equity for determination of charges shall be limited to 30% and the balance shall be considered as the normative loan. In the case where actual Equity employed is less than 30%, the actual Debt and Equity shall be considered for the determination of charges.

5.5.3. The Commission has considered the closing Debt: Equity for FY 2023-24 as the opening position for FY 2024-25. While the normative Debt-Equity ratio of 70:30 has generally been applied, the Commission notes that the audited accounts of the Petitioner for FY 2024-25 do not reflect any infusion of Equity addition during the year. Accordingly, the entire addition to GFA during FY 2024-25 has been treated as financed through loan. Therefore, the Debt Equity ratio for FY 2024-25 has been determined on this basis, subject to prudence check at the time of truing up and is the same is computed provisionally as below:-

TABLE 5-13: DEBT-EQUITY PROVISIONALLY COMPUTED FOR FY 2024-25 (RS. LAKH)

Particulars	Tariff Order for FY 2024-25 dated 10.10.2025	Petition (APR)	Provisionally Computed (APR)
GFA addition During the Year	3057.00	22.97	22.97
Less: Decapitalisation / Deduction during FY 2024-25	0.00	-	-
Less: Consumer Contribution, Grants & Capital Subsidies during FY 2024-25	2500.00	-	-
Debt addition (%)	70%	70%	100%
Debt addition (in Rs. Lakh)	389.90	16.08	22.97
Equity addition (%)	30%	30%	0%
Equity addition (in Rs. Lakhs)	167.10	6.89	0.00

5.6. DEPRECIATION

Petitioner's Submission

5.6.1. The Petitioner has submitted that it has computed depreciation for FY 2024-25 in line with Regulation 12 of the UPERC SLDC Regulations, 2020. The Petitioner has also submitted that the annual accounts of FY 2024-25 have been audited, therefore the Petitioner has considered the Depreciation as per the audited annual accounts for FY 2024-25 as per the following Table:



TABLE 5-14: DEPRECIATION FOR FY 2024-25 AS SUBMITTED BY THE PETITIONER (RS. LAKH)

Particular	Gross Block			Depreciation Block		
	Opening GFA	Addition during the Year	Closing GFA	Accumulated Depreciation	Depreciation during the year	Closing Depreciation
Plants & Machinery	233.45	-	233.45	33.64	14.28	47.92
Furniture & Fixtures	20.49	10.58	31.07	7.29	1.43	8.72
Office Equipment	184.02	12.39	196.41	150.79	8.88	159.67
Other Assets	327.97	-	327.97	327.97	-	327.97
Intangible Assets	309.25	-	309.25	299.40	1.97	301.37
Total	1075.18	22.97	1098.15	819.09	26.56	845.65

Commission's Analysis

5.6.2. The Commission has computed the closing GFA for APR of FY 2024-25 for the purpose of estimating the opening balance for FY 2025-26 as per the methodology specified in Regulation 12 of UPERC SLDC Regulations, 2020. The closing Block of Fixed Assets of FY 2023-24 has been considered as the Opening Block of Fixed Assets for FY 2024-25.

5.6.3. Further, the Commission has considered the addition of GFA as per audited accounts for the computation of Depreciation (from 01.04.2024 to 31.03.2025) for FY 2024-25. Computation of depreciation is shown in the following Table:

TABLE 5-15: GROSS DEPRECIATION FOR ASSETS PROVISIONALLY COMPUTED BY THE COMMISSION (RS. LAKH)

Particular	FY 2024-25- APR						
	Opening Gross Fixed Asset as on 01.04.2024	Addition to GFA	Deduction/ Adjustment	Gross Fixed Asset as on 31.03.2025	Average GFA	Depreciation Rate	Depreciation from 01.04.2024 to 31.03.2025
	A (Audited Accounts)	B (Audited Accounts)	C (Audited Accounts)	D = A+B-C	E = (A+D)/2	F	G = E*F
Plant & Machinery	233.45	0.00	0.00	233.45	233.45	5.28%	12.33
Furniture and Fixtures	20.49	10.58	0.00	31.07	25.78	6.33%	1.63
Office Equipment	184.01	12.39	0.00	196.40	190.21	6.33%	12.04
Other assets	327.97	0.00	0.00	327.97	327.97	5.28%	0.00*
Software (Intangible)	309.25	0.00	0.00	309.25	309.25	15.00%	0.00*
Total	1075.17	22.97	0.00	1098.14	1086.66	2.39%	26.00

*Item depreciated equivalent to 100%

- 5.6.4. Regulations 12.2 of the UPERC SLDC Regulations, 2020 provides that the salvage value of the asset shall be considered as 10% of the allowable capital cost and depreciation shall be allowed up to maximum of 90% of the allowable capital cost of the asset. Although, these Regulations do not specify for salvage value of software, it is pertinent to mention that these assets do not have any salvage value, which is also evident from principles specified by CERC in its CERC (Terms and Conditions of Tariff) Regulations 2019, wherein it is provided that the salvage value for IT equipment and software shall be considered as 'NIL' and 100% value of the assets shall be considered depreciable. Therefore, the Commission has considered the salvage value of software as 'Nil' and has allowed the cumulative depreciation of more than 90% of the corresponding GFA for the same. Hence, depreciation is taken as zero of those items whose depreciated value has already reached their salvage value.
- 5.6.5. Further, Regulation 12.5 of the UPERC SLDC Regulations, 2020 provides that Depreciation shall be calculated annually based on the Straight Line Method and at rates specified in Appendix-II of the said Regulations for the assets of the SLDC. The Commission has computed the cumulative depreciation for the purpose of restricting the depreciation to 90% of the GFA (for all assets except software) in accordance with the applicable provisions of Regulation 12 of the UPERC SLDC Regulations, 2020. Accordingly, the computation of cumulative depreciation is shown for reference purposes in the following Table:

**TABLE 5-16: CUMULATIVE DEPRECIATION FOR ASSETS COMPUTED BY THE COMMISSION
FROM 01.04.2024 TO 31.03.2025 (Rs. LAKH)**

Particular	FY 2024-25- APR (01.04.2024 to 31.03.2025)				
	*Cumulative Depreciation as on 01.04.2024	Depreciation from 01.04.2024 to 31.03.2025	Cumulative Depreciation as on 31.03.2025	Closing GFA as on 31.03.2025	Cumulative Depreciation as a % of closing GFA
	A	B (Table 5-15)	C = A + B	D	E=C/D
Plant & Machinery	27.83	12.33	40.16	233.45	17.20%
Furniture and Fixtures	7.26	1.63	8.89	31.07	28.61%
Office Equipment	140.41	12.04	152.45	196.40	77.62%



Particular	FY 2024-25- APR (01.04.2024 to 31.03.2025)				
	*Cumulative Depreciation as on 01.04.2024	Depreciation from 01.04.2024 to 31.03.2025	Cumulative Depreciation as on 31.03.2025	Closing GFA as on 31.03.2025	Cumulative Depreciation as a % of closing GFA
	A	B (Table 5-15)	C = A + B	D	E=C/D
Other assets	295.17	0.00	295.17	327.97	90.00%
Software (Intangible)	309.25	0.00	309.25	309.25	100.00%
Total	779.92	26.00	805.92	1098.14	73.39%

*Cumulative depreciation as on 01.04.2024 considered as per Table 4-27

5.6.6. The Table below presents a comparison of the Depreciation claimed by the Petitioner and the Depreciation approved by the Commission for FY 2024-25 (i.e., for the period from 01.04.2024 to 31.03.2025):

TABLE 5-17: NET DEPRECIATION PROVISIONALLY COMPUTED BY THE COMMISSION (RS. LAKH)

Particulars	Tariff Order for FY 2024-25 dated 10.10.2024	FY 2024-25 (From 01.04.2024 to 31.03.2025)	
		Petition (APR)	Provisionally Computed (APR)
Net Depreciation of Assets (From 01.04.2024 to 31.03.2025)	111.98	26.56	26.00

5.6.7. The Commission will carry out the detailed prudence check of depreciation of each asset while carrying out the truing up for FY 2024-25.

5.7. INTEREST ON LONG TERMS LOANS

Petitioner's Submission

5.7.1. The Petitioner has submitted that it has computed the Interest on Long term loan as per Regulation 13 of the UPERC SLDC Regulations, 2020. The Petitioner has considered the closing balance of normative loan for FY 2023-24 as the opening balance of normative loan for FY 2024-25 and the addition during the year has been considered as per the means of finance for FY 2024-25.

5.7.2. The Petitioner has submitted that the SBI one-year Marginal Cost of Funds-based

Lending Rate (MCLR) applicable on 1st April 2024 is considered for computing the interest rate on Normative Loan. The Petitioner submitted the calculation of normative interest on loan as follows:

TABLE 5-18: INTEREST AND FINANCE CHARGES OF FY 2024-25 AS SUBMITTED BY THE PETITIONER (RS. LAKH)

S. N.	Particulars	APR Petition (FY 2024-25)
1	Gross Opening Loan	0.00
2	Addition during the year	16.08
3	Normative Repayment (Equal to Depreciation)	26.56
4	Closing Loan	0.00
5	Average Loan	0.00
6	Interest Rate (%)	8.65%
7	Interest on Loan	0.00
8	Other Finance Charges	-
9	Interest and Finance Charges	0.00

Commission's Analysis

5.7.3. The Commission has examined the loan computations submitted by the Petitioner for FY 2024-25. The Petitioner has projected a nil closing loan balance as on 31.03.2025. However, on scrutiny of the audited accounts, the Commission observes that no infusion of equity is reflected in the balance sheet and, therefore, the GFA addition during FY 2024-25 has been considered as fully financed through loans. After considering the repayments equivalent to depreciation as provisionally computed above, the Commission has arrived at a closing loan balance for FY 2024-25. The same is shown in the Table below:

TABLE 5-19: LONG TERM LOANS PROVISIONALLY COMPUTED BY COMMISSION FOR FY 2024-25 (RS. LAKH)

Particulars	Derivation/ Remarks	Tariff Order dated 10.10.2024	Petition (APR)	Provisional Computed (APR)
Opening Normative Loan as on 01.04.2024	A (Table 4-30)	295.91	0.00	40.22
Loan Additions during the Year	B (Table 5-13)	389.90	16.08	22.97
Less: Repayments (Depreciation for the year)	C (Table 5-17)	111.98	26.56	26.00



Particulars	Derivation/ Remarks	Tariff Order dated 10.10.2024	Petition (APR)	Provisional Computed (APR)
Closing Loan Balance as on 31.03.2025	$D=A+B-C$	573.83	0.00	37.19
Average Loan	$E= (\text{Average } A,D)$	434.87	0.00	38.71
Interest Rate	F	8.50%	8.65%	8.65%
Interest on Loan	$G= F \times E$	36.96	0.00	3.35
Less: Interest Expense Capitalised	H	0.00	0.00	0.00
Interest on Loan	$I= G-H$	36.96	0.00	3.35

5.7.4. The same is further subject to prudence check at the time of truing up in line with audited accounts and based on the applicable Regulations.

5.8. INTEREST ON WORKING CAPITAL

Petitioner's Submission

5.8.1. The Petitioner has submitted that the rate equal to the weighted average SBI MCLR (1 Year) applicable during FY 2024-25 has been considered as per Regulation 14 of the UPERC SLDC Regulations, 2020 for calculation of IoWC requirement. The WAROI as computed by the Petitioner is shown in the Table below:

TABLE 5-20: WEIGHTED AVERAGE RATE OF SBI MCLR ONE YEAR TENURE AS SUBMITTED BY THE PETITIONER

S.N.	Particulars	APR Petition (FY 2024-25)
1	SBI MCLR as on 1 st October 2024	8.95%
2	Add: 250 basis points	2.50%
3	Applicable Rate of Interest on Working Capital	11.45%

5.8.2. The IoWC for the FY 2024-25 as claimed by the Petitioner is shown in the Table below:

TABLE 5-21: INTEREST ON WORKING CAPITAL FOR FY 2024-25 AS SUBMITTED BY THE PETITIONER (RS. LAKH)

S.N.	Particulars	APR Petition (FY 2024-25)
1	O&M Expenses of one month	302.20
2	Receivables equivalent to 45 days	240.34
3	Working Capital Requirement	542.54



S.N.	Particulars	APR Petition (FY 2024-25)
4	Rate of interest	11.45%
5	Interest on Working Capital	62.12

Commission's Analysis

5.8.3. The Commission has computed the Interest on Working Capital in line with the methodology followed under the True Up Section of this Order. Accordingly, the Interest on Working Capital as submitted by the Petitioner and provisionally computed by the Commission for FY 2024-25 is shown below:

**TABLE 5-22: INTEREST ON WORKING CAPITAL PROVISIONALLY COMPUTED BY THE COMMISSION
(RS. LAKH)**

Particulars	Derivation	Tariff Order Dated 10.10.2024	FY 2024-25 (APR)	
			Petition (APR)	Provisionally Computed (APR)
O&M Expenses from 01.04.2024 to 31.03.2025)	A (Table 5-7)	3,533.58	3,626.37	3,287.32
Receivables (Net ARR)	B (Table 5-31)	2,033.19	1,949.42	1,599.11
O&M Expenses for one month	C = $A \times 30 / 365$	294.47	302.20	273.94
Receivables equivalent to 45 days of Annual LDC Charges	D = $(B / 365) \times 45$	465.87	240.34	197.15
Working Capital Requirement	E = C+D	760.33	542.54	471.09
Interest Rate	F	11.05%	11.45%	11.45%
Interest on Working Capital	G= D*E	84.02	62.12	53.94

5.8.4. Further, the Commission will carry out the detailed analysis and prudence at the time of truing up based on the applicable Regulations.

5.9. RETURN ON EQUITY AND INCOME TAX:

Petitioner's Submission

5.9.1. The Petitioner has submitted that the closing Equity of FY 2023-24 has been considered as the opening Equity for FY 2024-25. The Petitioner has considered the rate of RoE as 12.50% in line with Regulation 15.1 of the UPERC SLDC Regulations,

2020. The Petitioner has further submitted that no Income Tax for APR of FY 2024-25 has been considered. However, any variations in this respect shall be claimed during truing up exercise. Based on above, the Petitioner summarised the RoE claimed for FY 2024-25 as follows:

**TABLE 5-23: RETURN ON EQUITY FOR FY 2024-25 AS SUBMITTED BY THE PETITIONER
(RS. LAKH)**

S.N.	Particulars	APR Petition (FY 2024-25)
1	Opening Equity	322.56
2	Equity addition during the year	6.89
3	Closing Equity	329.45
4	Average Equity	326.01
5	Rate of Return on Equity	12.50%
6	Effective Rate of Return on Equity	12.50%
7	Return on Equity	40.75

Commission's Analysis

5.9.2. The Commission notes that the Petitioner has considered as per debt equity ratio of 70:30 during FY 2024-25. However, on examination of the audited accounts of FY 2024-25, it is observed that no infusion of equity has been made, and the balance sheet does not reflect any such addition. Accordingly, the Commission has provisionally computed the ROE considering the opening equity approved for FY 2023-24 and nil addition during the year. Accordingly, the provisionally computed ROE is shown in the Table below:

TABLE 5-24: RETURN ON EQUITY PROVISIONALLY COMPUTED BY COMMISSION FOR FY 2024-25 (RS. LAKH)

Particulars	Derivation	Tariff Order dated. 10.10.2024	FY 2024-25 (APR)	
			Petitioner	Provisionally Computed (APR)
Opening Equity as on 01.04.2024	A (Table 4-36Error! Reference source not found.)	17.94	322.56	279.04



Particulars	Derivation	Tariff Order dated. 10.10.2024	FY 2024-25 (APR)	
			Petitioner	Provisionally Computed (APR)
Addition during the year	B (Audited Accounts)	167.10	6.89	0.00
Closing Equity as on 31.03.2025	C=A+B	185.04	329.45	279.04
Average Equity	$D=(A+C)/2$	101.49	326.01	279.04
Rate of Return on Equity		12.50%	12.50%	12.50%
Return on Equity	$D=(A+C)/2$	12.69	326.01	34.88

5.9.3. The same is further subject to prudence check at the time of truing up based on the applicable Regulation and in line with the audited accounts. Since the Petitioner has not considered any income tax for FY 2024-25, the Commission has also not considered any income tax for FY 2024-25.

5.10. NON-TARIFF INCOME

Petitioner's Submission

5.10.1. The Non-Tariff Income for FY 2024-25 as claimed by the Petitioner is presented in the Table below:

TABLE 5-25: NON-TARIFF INCOME (NTI) OF FY 2024-25 AS SUBMITTED BY THE PETITIONER (RS. LAKH)

S. N.	Particulars	APR Petition (FY 2024-25)
1	Bank Interest Income	51.89
2	Miscellaneous receipts (in form of Tender Fees)	0.05
3	Profit on Sale of Scrap	1.20
4	Total	53.14

Commission's Analysis

5.10.2. The Commission has provisionally considered the Non-Tariff Income as per the Audited Accounts in line with Regulation 17 of UPERC SLDC Regulations, 2020 . The prudence check will be carried out at the time of truing up. Accordingly, the Non-Tariff income provisionally considered by the Commission is shown below:

TABLE 5-26: NON-TARIFF INCOME (NTI) PROVISIONALLY COMPUTED FOR FY 2024-



25 (RS. LAKH)

Particulars	FY 2024-25 (APR)		
	Tariff Order for FY 2024-25 dated 10.10.2024	Petition (APR)	Provisionally Computed (APR)
Interest Income	0.51	51.89	51.89
Miscellaneous Receipts		0.05	0.05
Profit on Sale of Scrap		1.20	1.20
Non-Tariff Income	0.51	53.14	53.14

5.11. OPEN ACCESS CHARGES

Petitioner's Submission

5.11.1. The Open Access Charges from Annual Charges, Registration Charges and Application fee as submitted by the Petitioner for FY 2024-25 and as per audited account are as follows:

TABLE 5-27: OPEN ACCESS CHARGES DURING FY 2024-25- AS SUBMITTED BY THE PETITIONER (RS. LAKH)

S. N.	Particulars	APR Petition (FY 2024-25)
1	Annual Charges	157.47
2	Application fees/ Concurrence Fees	317.48
3	Operating Charges	1102.49
4	Registration Fee	175.80
5	Total Revenue from Operation	1753.24

Commission's Analysis

5.11.2. The Commission has provisionally considered the Open Access Charges in line with the Audited Accounts for FY 2024-25 as depicted in table above. However, the same is subject to prudence check at the time of truing up.

5.12. SUMMARY OF AGGREGATE REVENUE REQUIREMENT FOR FY 2024-25

Petitioner's Submission

5.12.1. The Petitioner has submitted the summary of APR for FY 2024-25 as follows:

TABLE 5-28: ANNUAL PERFORMANCE REVIEW (APR) OF FY 2024-25 (RS. LAKH)



S. N.	Particulars	Approved by the Commission vide Tariff Order dated. 10.10.2024	APR Petition (FY 2024-25)
1	Employee Expense	2,779.29	2,647.89
2	R&M Expense	354.39	271.51
3	A&G Expense	399.91	706.97
4	Depreciation	111.98	26.56
5	Interest on Loans	36.96	-
6	Interest on working capital	84.02	62.12
7	Add: Return on Equity / RoE	12.69	40.75
8	Total Aggregate Revenue Requirement	3779.22	3755.80
9	Less: Non-Tariff income	0.51	53.14
10	Less: Open Access Charges	-	1753.24
11	Net Aggregate Revenue Requirement	3778.71	1949.42

5.13. REVENUE FROM OPERATION (LDC CHARGES)

Petitioner's Submission

5.13.1. The Commission has approved LDC charges for FY 2024-25 as Rs. 536.81/MW/ Month vide its Tariff Order dated. 10.10.2024.

Further, The Petitioner has received LDC charges from its Long Term and Medium-Term Open Access Users based on their contracted capacities as on the last day of the billing month. LDC Charges based on the actual audited account as follows:

TABLE 5-29: REVENUE FROM OPERATION (LDC CHARGES) OF FY 2024-25 (RS. LAKH)

S. N.	Particulars	APR Petition (FY 2024-25)
1	Revenue from Operation	1567.18

5.13.2. **Revenue Gap/ (Surplus) for FY 2024-25:** The Petitioner has computed the Revenue Gap for FY 2024-25 as summarised below:

TABLE 5-30: REVENUE GAP/ (SURPLUS) FOR FY 2024-25 AS SUBMITTED BY THE PETITIONER (RS. LAKH)



S. N.	Particulars	Approved by the Commission vide Tariff Order dated. 10.10.2024	APR Petition (FY 2024-25)
1	Net ARR for Annual Performance Review	3,778.71	1,949.42
2	Revenue from Operation	1,745.52	1,567.18
3	Revenue Gap / (Surplus)	2033.23	382.24
4	Add: Approved Revenue Gap of FY 2022-23 along with Carrying Cost	1,551.60	1,551.60
5	Net ARR to be recovered	3,584.79	1,933.84

5.13.3. The Petitioner has submitted the Revenue Gap of FY 2024-25 for approval of the Commission to allow the recovery of the same.

Commission's Analysis

5.13.4. The Commission notes that the Petitioner has claimed Revenue Gap of FY 2022-2023 along with carrying cost as approved in Tariff Order for FY 2024-25 in its submission however, it is observed that the aforesaid revenue gap of Rs. 1,551.60 lakh was already factored while determining the ARR for 2024-25 vide its Tariff Order dated October 10, 2024. Accordingly, the same has not been considered by the Commission, in the ARR for FY 2024-25 (APR). Thus, the summary of ARR for FY 2024-25 (APR) is shown below:

TABLE 5-31: SUMMARY OF APR PROVISIONALLY COMPUTED FOR FY 2024-25 (RS. LAKH)

Particulars	FY 2024-25 (APR)		Reference
	Petition (APR)	Provisionally Computed (APR)	
Employee Expenses	2,647.89	2,647.89	
R&M Expense	271.51	271.51	
A&G Expense	706.97	367.92	
Total O&M expenses	3,626.37	3,287.32	
Depreciation	26.56	26.00	Table 5-17
Interest on Loan	0.00	3.35	Table 5-19
Interest on Working Capital	62.12	53.94	Table 5-22
Return on Equity	40.75	34.88	Table 5-24
Total Aggregate Revenue Requirement	3,755.80	3,405.49	
Less: Non-Tariff Income	53.14	53.14	Table 5-26
Less: Open Access Charges	1,753.24	1,753.24	
Net Aggregate Revenue Requirement	1,949.42	1,599.11	



*Approval of ARR and SLDC Charges for UPSLDC of FY 2025-26,
APR of FY 2024-25 and True-Up of FY 2023-24*

Particulars	FY 2024-25 (APR)		Reference
	Petition (APR)	Provisionally Computed (APR)	
<i>Annual Charges</i>	<i>157.47</i>	<i>157.47</i>	<i>As per Audited Accounts</i>
<i>Application fee/ Concurrence fee/ SLDC Charges</i>	<i>317.48</i>	<i>317.48</i>	
<i>Operating fee</i>	<i>1102.49</i>	<i>1102.49</i>	
<i>Registration fee</i>	<i>175.80</i>	<i>175.80</i>	
<i>LDC Charges</i>	<i>1567.18</i>	<i>1567.18</i>	
Revenue from Operations	1567.18	1567.18	
Add: Revenue Gap of FY 2022-23 along with Carrying Cost	1551.60*	-	
Net Gap / (Surplus) in FY 2024-25	1,933.84	31.93	

* Revenue gap of FY 2022-23 along with Carrying Cost was already considered in LDC Charges calculated for FY2024-25.

- 5.13.5. The Commission determines a provisional Gap of Rs. 31.93 Lakh, based on prudence check and detailed analysis of each parameter under APR. The detailed analysis and prudence check will however, be undertaken at the time of Truing-up for FY 2024-25.



6. ANNUAL REVENUE REQUIREMENT (ARR) FOR FY 2025-26

6.1. INTRODUCTION

- 6.1.1. The Petitioner vide Petition No. 2231 of 2025 has sought approval for the Annual Revenue Requirement (ARR) for FY 2025-26.
- 6.1.2. UPERC vide letter No. UPERC/D(T&S)JD(T)/167-387 dated 23rd June 2025 has directed the Petitioner to submit its ARR and LDC Charges for FY 2025-26 based on the applicable regulations. In compliance with the said direction, the Petitioner has prepared its ARR and SLDC Charges for FY 2025-26 in accordance with the Uttar Pradesh Electricity Regulatory Commission (Fees & Charges of State Load Despatch Centre and other related matters) Regulations, 2025.
- 6.1.3. The Petitioner further submitted that during the Statutory Audit of Annual Accounts of UPSLDC for FY 2024-25, the Annual Accounts of FY 2023-24 were restated and audited. Thus, the Petitioner has relied upon the restated Audited Annual Accounts of FY 2023-24, the Audited Annual Accounts of FY 2024-25, and the applicable norms as provided in the UPERC Tariff Regulations, 2025 for computation of the ARR of FY 2025-26.
- 6.1.4. The Commission has analysed the Tariff Petition submitted for approval of ARR and determination of SLDC charges for FY 2025-26 as per the provisions of UPERC SLDC Regulations, 2025. The detailed deliberation and element-wise analysis is presented in the subsequent sections of this chapter.

6.2. OPERATION AND MAINTENANCE (O&M) EXPENSES

Petitioner's Submission

- 6.2.1. The Petitioner has submitted that it has computed the O&M Expenses as per Regulation 6 of the UPERC SLDC Regulations, 2025. Further, Regulation 6(4) provides that in case the required data for establishing norms is not available, Petitioner shall propose O&M norms with justification, subject to prudence check by the Commission, which shall then apply for the remaining Control Period.
- 6.2.2. UPSLDC was incorporated as a Limited Company on 22nd August 2022 under the

Companies Act, 2013 and earlier functioned as part of UPPTCL, where accounts were not separately maintained. Due to the common nature of certain expenses, the allocation statements did not reflect the complete expenditure, resulting in lower computation of O&M expenses for the five-year period ending 31.03.2025. Post incorporation, UPSLDC has to bear such common expenses including Security, Office Equipment, Building Maintenance, Pest Control, Sanitation, Park & Plantation, Housekeeping, and Civil Works, making actual O&M higher than normative. Additionally, new expenses such as Audit Fees, Consultancy, Petition Filing, ISO Certification, and Cyber Security, which were not earlier allocated, have also been incurred.

- 6.2.3. Further, the Petitioner has submitted that it has prepared independent audited Annual Accounts for FY 2022-23 (23.08.2022 to 31.03.2023), FY 2023-24, and FY 2024-25. Accordingly, the audited annualised expenses of these three years have been considered for computation of Normative O&M expenses for FY 2025-26. Based on the above, UPSLDC requests the Commission to consider the same for determination of O&M norms. The detailed computation of O&M expenses are provided subsequently.
- 6.2.4. The Petitioner has submitted that it has considered Regulation 7, 8 & 9 of the UPERC SLDC Tariff Regulations, 2025 for computation of the Normative Employee expenses of FY 2025-26. Therefore, UPSLDC has considered Annualised audited expenses of FY 2022-23, Audited expenses of FY 2023-24 and FY 2024-25 for Computation of base O&M Expenses for the FY 2024-25 and accordingly computed Normative O&M expenses for FY 2025-26.
- 6.2.5. Further, the UPERC SLDC Regulations, 2025 provides that the Average Employee Expenses shall be escalated year on year with the escalation factor considering CPI of respective years, for subsequent years up to FY 2024-25. For the purpose of ARR, the Average Employee Expenses shall be escalated by average of Consumer Price Index (CPI) for Industrial Workers (All India) as per Labour Bureau, Government of India for the immediately preceding three financial years. Accordingly, the details of CPI as considered by the Petitioner are as follows:



TABLE 6-1- CPI CONSIDERED FOR COMPUTATION OF NORMATIVE O&M EXPENSES OF FY2025-26

Particulars	Actuals				ARR
	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Annual Average CPI Index	356.06	377.62	397.20	410.64	-
% increase (%)	-	6.05%	5.19%	3.38%	-
Average of Last 03 Years					4.87%

6.2.6. Further, the UPERC SLDC Regulations, 2025 provides that for R&M and A&G expenses, Wholesale Price Index (WPI) as per the Office of Economic Advisor of Government of India shall be considered. Accordingly, the Details of WPI as considered by the Petitioner are as follows:

TABLE 6-2- WPI CONSIDERED FOR COMPUTATION OF NORMATIVE O&M EXPENSES OF FY2025-26

Particulars	Actuals				ARR
	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Annual Average WPI Index	139.41	152.53	151.42	154.83	
% increase (%)		9.41%	-0.73%	2.25%	
Average of Last 03 Years					3.64%

6.2.7. Accordingly, the Petitioner has computed the Normative O&M Expenses for the FY2025-26 is as follows:

TABLE 6-3- NORMATIVE O&M EXPENSES COMPUTATION OF FY 2025-26

Sr. No.	Particulars	Audited Expenses			FY 2023-24 Average of last 3 years	Escalation Factor		Normative Expenses for FY 2025-26 (Rs. Lakhs)
		FY 2022-23 (Annualised)	FY 2023-24 (Audited)	FY 2024-25 (Audited)		FY 2024-25	FY 2025-26	
		(a)	(b)	(c)	(d) = [(a)+(b)+(c)]/3	(e)	(f)	g= d*(1+e)*(1+f)
1	Employee Expenses	2,266.00	2,494.70	2,647.89	2,469.53	3.38%	4.87%	2,677.54
2	A&G expenses	198.51	797.99	706.97	567.82	2.25%	3.64%	601.76
3	R&M expenses	632.61	418.64	271.51	440.92	2.25%	3.64%	467.28



Proposed Incentive Policy for Employees of UPSLDC

6.2.8. The Petitioner has submitted the Incentive Policy for the employees of UPSLDC for consideration of the Commission as per Regulation 6(6) of the UPERC SLDC Regulations, 2025. The Details of the Incentive Structure proposed for the base year of FY 2025-26 for the employees of Petitioner is as follows:

TABLE 6-4: PROPOSED INCENTIVE POLICY FOR UPSLDC

Sl. No.	Category Post	Monthly Incentive for Employees having NPTI Certification (Basic/ Specialization Level)*	Monthly Incentive for Other Employees working in UPSLDC (Not having Certification)
1	Pay Group – I (For Level 11 and above)	Rs. 11,000/- (For Specialist Level Exam)	Rs. 5,000/-
		Rs. 9,000/- (For Basic Level Exam)	
2	Pay Group – II (For Level 10)	Rs. 8,000/- (For Specialist Level Exam)	Rs. 4,000/-
		Rs. 6,000/- (For Basic Level Exam)	
3	Pay Group – III (For Level 4-9)	-	Rs. 3,000/-

* Claimed in Rupees by the Petitioner

6.2.9. The Petitioner has also submitted that it has computed the amount required towards the proposed incentive during the FY 2025-26. The detail of the proposed incentive is as follows:

TABLE 6-5: ADDITIONAL AMOUNT REQUIREMENT FOR PROPOSED INCENTIVE POLICY FOR THE FY 2025-26 (IN RUPEES)

Sl. No.	Pay Group	Existing No. of Employees	Certified No. of Employees (Having Basic Level)	Certified No. of Employees (Having Specialist Level)	Non-Certified Employees	Monthly Incentive for employees having NPTI Certification (Basic Level)	Monthly Incentive for employees having NPTI Certification (Specialist Level)	Monthly Incentive for other Employees (Not having Certification)	Annual Incentives
		A	B	C	D=A-(B+C)	E	F	G	H=((EXB)+(CXF)+(DXG))X12
1	Level 11 and Above	31	15	-	16	9,000.00	11,000.00	5,000.00	10,95,000.00



*Approval of ARR and SLDC Charges for UPSLDC of FY 2025-26,
APR of FY 2024-25 and True-Up of FY 2023-24*

2	Level 10	49	26	-	23	6,000.00	8,000.00	4,000.00	12,60,000.00
3	Level 4 to 9	54	8	-	46	-	-	3,000.00	16,56,000.00
4	Total Employees	134	49	-	85	-	-	-	40,11,000.00

* Claimed in Rupees by the Petitioner

AMC Cost of SCADA Phase - II

6.2.10. The Petitioner has also submitted that UPSLDC implemented the SCADA/EMS System for real-time monitoring and smooth grid operation during 2002-05, followed by the second upgradation of the SCADA/EMS systems (Phase – II) in 2016 and is still in operation. The SCADA/EMS systems are critical ICT systems forming the eyes and ears of the grid operation personnel at UPSLDC for monitoring, coordinating and controlling the grid in real time on a 24x7 basis through hierarchically connected control centres. Therefore, UPSLDC needs to incur additional expenses towards AMC of the SCADA Phase – II for smooth and better grid operation, with the projected AMC cost for SCADA Phase – II being Rs. 454 Lakhs for FY 2025-26. The Commission has approved the normative R&M expenses for UPSLDC; however, such norms may not fully cover the AMC cost and other R&M expenses, and therefore UPSLDC claims the AMC cost for SCADA Phase – II over and above the normative R&M expenses for FY 2025-26.

TABLE 6-6: NORMATIVE O&M EXPENSES AS SUBMITTED BY THE PETITIONER FOR THE FY 2025-26 (IN LAKHS)

Sl. No.	Particulars	Audited Expenses			FY 2023-24 Average of last 3 years (d) = [(a)+(b)+(c)]/3	Escalation Factor		Normative Expenses for FY 2025-26 (Rs. Lakhs) g= d*(1+e)*(1+f)
		FY 2022-23 (Annualised)	FY 2023-24 (Audited)	FY 2024-25 (Audited)		FY 2024-25	FY 2025-26	
		(a)	(b)	(c)		(e)	(f)	
1	Employee Expenses	2,266.00	2,494.70	2,647.89	2,469.53	3.38%	4.87%	2,677.54
2	Incentive Expenses	-	-	-	-	-	-	40.11
3	Total Employees Expenses	2,266.00	2,494.70	2,647.89	2,469.53	-	-	2,717.65



4	A&G expenses	198.51	797.99	706.97	567.82	2.25%	3.64%	601.76
5	R&M expenses	632.61	418.64	271.51	440.92	2.25%	3.64%	467.28
6	AMC cost for SCADA Phase - II							454.00
7	Total R&M Expenses							921.28
8	Total O&M Expenses (3+4+7)	3,097.12	3,711.33	3,626.37	3,478.27			4,240.69

Commission's Analysis

6.2.11. The Commission has computed the normative O&M Expenses in accordance with Regulation 6 of the UPERC SLDC Regulations, 2025. Further, clauses (7), (8) & (9) of Regulation 6 specify the methodology for normative computation of these expenses, wherein the normative Employee Expenses, R&M Expenses and normative A&G Expenses are to be derived by escalating the base year value of FY 2024-25 with the applicable escalation factor. The relevant provisions of Regulation 6 are reproduced below:

"6. Operation and Maintenance Expenses

...

(6) Employee Cost

(a) The normative Employee Cost shall be derived on the basis of the average of the values in the Audited Accounts for the last five (5) financial years ending March 31, 2025 subject to prudence check by the Commission. However, if Audited Accounts are not available for FY 2024-25, Audited Accounts available for the last five (5) years will be considered and subsequently when the same becomes available the base year value (i.e. FY 2024-25) will be recomputed.

(b) The average of such Employee Cost shall be considered as Employee Cost for the middle year of the previous Control Period (01.04.2020 to 31.03.2025) and shall be escalated year on year with the escalation factor considering CPI of respective years, for subsequent years up to FY 2024-25:

Provided that impact of one time expenses such as arrears due to impact of pay revision, change in pension scheme, etc. shall be removed from the base Employee Cost.

After arriving at the figure of FY 2024-25, the normative employee expenses shall be computed as per formula below:

$$EMP_n = EMP_{n-1} \times (1 + \text{CPI inflation})$$

Where:

EMP_n : Employee expense for the n^{th} year;

EMP_{n-1} : Employee expense for the $(n-1)^{\text{th}}$ year;

For the purpose of ARR, CPI inflation is the average of Consumer Price Index (CPI) for Industrial Workers (All India) as per Labour Bureau, Government of India for the immediately preceding three financial years.

For the purpose of True-Up, CPI inflation is the actual point to point inflation for the concerned financial year.

(7) Repairs and Maintenance Expense

- (a) The normative Repair and Maintenance expenses shall be derived on the basis of the average of the values in the Audited Accounts for the last five (5) financial years ending March 31, 2025 subject to prudence check by the Commission. However, if Audited Accounts are not available for FY 2024-25, Audited Accounts available for the last five (5) years will be considered and subsequently when the same becomes available the base year value (i.e. FY 2024-25) will be recomputed.
- (b) The average of such Repair and Maintenance expenses shall be considered as Repair and Maintenance expenses for the middle year of the previous Control Period (01.04.2020 to 31.03.2025) and shall be escalated year on year with the escalation factor considering WPI of respective years, for subsequent years up to FY 2024-25:

After arriving at the figure of FY 2024-25, the normative R&M expenses shall be computed as per formula below:

$$R\&M_n = R\&M_{n-1} (1 + \text{WPI inflation})$$

Where:

$R\&M_n$: Repairs & Maintenance expense for n^{th} year;

$R\&M_{n-1}$: Repairs & Maintenance expense for the $(n-1)^{\text{th}}$ year;

For the purpose of ARR, WPI inflation is the average of Wholesale Price Index (WPI) for immediately preceding three financial years as per the Office of Economic Advisor of Government of India:

For the purpose of True-Up, WPI inflation is the actual point to point inflation for the concerned financial year.

(8) Administrative and General Expenses

- (a) *The normative A&G Expenses shall be derived on the basis of the average of the values in the Audited Accounts for the last five (5) financial years ending March 31,2025 subject to prudence check by the Commission. However, if Audited Accounts are not available for FY 2024-25, Audited Accounts available for the last five (5) financial years of previous Control Period (01.04.2020 to 31.03.2025) will be considered and subsequently when the same becomes available the base year value (i.e. FY 2024-25) will be recomputed.*
- (b) *The average of such A&G Expenses shall be considered as A&G Expenses for the middle year of the previous Control Period (01.04.2020 to 31.03.2025) and shall be escalated year on year with the escalation factor considering WPI of respective years, for subsequent years up to FY 2024-25.*

After arriving at the figure of FY 2024-25, the normative A&G expenses shall be computed as per formula below:

$$A\&G_n = A\&G_{n-1}(1 + \text{WPI inflation})$$

Where:

A&G_n: A&G expense for the nth year;

A&G_{n-1}: A&G expense for the (n-1)th year;

For the purpose of ARR, WPI inflation is the average of Wholesale Price Index (WPI) for immediately preceding three financial years as per the Office of Economic Advisor of Government of India:

For the purpose of True-Up, WPI inflation is the actual point to point inflation for the concerned financial year.”

6.2.12. The Commission has observed that in the ARR submission for FY 2025-26, the Petitioner has considered audited accounts of Employee Expenses, R&M Expenses and A&G Expenses for the period FY 2023-24 to FY 2024-25. Further, partly Allocation statement (01.04.2022 to 22.08.2022) and partly Audited accounts for balance period of FY 2022-23. The Petitioner has not considered the data for FY 2020-21 & FY 2021-22 as the audited accounts for FY 2020-21 & FY 2021-22 were not available for the said period. Thus, the Petitioner has not computed the normative values in accordance with the Regulations and considered FY 2023-24 as the base year considering average of three years only, leading to difference from the Commission’s computation.

The Commission has computed the normative values of O&M expenses in line with SLDC Regulation 2025 wherein average of last five years was considered based on

the allocation statement for FY 2020-21 & FY 2021-22, allocation statement for the period of 01.04.2022 to 22.08.2022 and restated audited accounts for the period 23.08.2022 to 31.03.2023 as audited data for such period was not available with the Petitioner considering UPSLDC was incorporated on 22.08.2022. The restated O&M Expenses figures as considered by the Commission are as below:

TABLE 6-7: RESTATED AUDITED FIGURES OF O&M EXPENSES FOR FY 2025-26 (RS. LAKH)

Financial Year	Employee Expenses	R&M Expenses	A&G Expenses
FY 2020-21 (Allocation Statement)	2,399.66	465.72	268.46
FY 2021-22 (Allocation Statement)	2,504.48	583.57	236.01
FY 2022-23 (Allocation Statement for 01.04.2022 to 22.08.2022)	1,013.59	309.26	98.16
FY 2022-23 (Restated Audited Accounts for 23.08.2022 to 31.03.2023)	1,369.47	173.27	328.00
Total for FY 2022-23	2,383.06	482.53	426.16
FY 2023-24 (Restated Audited Accounts)	2,494.70	418.64	797.99
FY 2024-25 (Audited Accounts)	2,647.89	271.51	706.97

6.2.13. The Commission notes the Petitioner's submissions as prior to its incorporation as a separate company, UPSLDC was functioning as part of UPPTCL, and common accounts were prepared for UPPTCL inclusive of the SLDC function. Accordingly, only allocation statements of the SLDC function for FY 2020-21, FY 2021-22 and FY 2022-23 (01.04.2022 to 22.08.2022) are available.

6.2.14. The Commission further observes that the Petitioner also submitted that post incorporation, UPSLDC was essentially required to incur all such expenses which were earlier common in nature. As a result, the actual O&M expenses of UPSLDC post incorporation are higher than the previously allocated expenses due to the additional burden of common expenses such as Security, Office Equipment, Buildings, Pest Control and Sanitation, Plantation, Housekeeping, Civil Maintenance Works, etc., which were earlier booked in the accounts of UPPTCL and not allocated to SLDC. In addition, UP SLDC Ltd. has also incurred new expenses post incorporation such as Audit Fees, Consultancy Services, Petition Filing Fees, ISO Certification, Cyber Security Expenses, etc. The consolidated value of these



expenses has been submitted at approximately Rs. 89.50 lakh per annum.

- 6.2.15. Further, The Commission notes that the Petitioner has revised the earlier submitted data gaps and updated the figures of common expenses, namely Security, Office Equipment, Buildings, Pest Control and Sanitation, Plantation, Housekeeping, and Civil Maintenance Works, from Rs. 89.50 lakh per annum to approximately Rs. 178.15 lakh per annum. It is further submitted by the Petitioner that the O&M expenses of Rs. 89.50 lakh per annum were not reflected in the certified Allocation Statement, while O&M expenses of Rs. 88.65 lakh per annum were claimed after the incorporation of the separate Company.

The Commission has observed that Petitioner from time to time has revised claim on this account during various submissions and has not submitted any documentary evidence to substantiate the revised figures. Accordingly, the Commission is of the considered view that such unverified and unsubstantiated claims cannot be passed on in the ARR. Therefore, the Commission directs the Petitioner to submit these common expenses along with the requisite audited accounts/CA certificates at the time of filing the next True-up Petition, whereupon the Commission may consider the same if considered deemed fit.

- 6.2.16. The Commission in view of above deliberations has computed the Mid-Year value and normative O&M expenses. The computation of Mid-Year value for FY 2022-23 is shown in the Table Below:

TABLE 6-8: MID YEAR COMPUTATION FOR FY 2022-23 BY THE COMMISSION (RS. LAKH)

Particulars	Trial Balance/Audited Figures					Expenses for Mid Year
	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2022-23
	(a)	(b)	(c)	(d)	(e)	(g) = [(c)+(d)+(e)+ (f)+(g)]/5
Employee Expenses	2399.66	2504.48	2383.06	2494.70	2647.89	2485.96
R&M Expenses	465.72	583.57	482.53	418.64	271.51	444.39
A&G Expenses	268.46	236.01	426.16	797.99	706.97	487.12

6.2.17. Further, for computing normative values for the base year (i.e., FY 2024-25), the mid-year value (FY 2022-23) has been escalated on a yearly basis with the escalation factor considering actual CPI and WPI of respective years, for subsequent years up to FY 2024-25. Accordingly, the inflation rate computed for FY 2023-24 to FY 2024-25, as per Labour Bureau, Gol (<https://labourbureau.gov.in/all-india-general-index-1>) and Economic Advisor Government of India (https://eaindustry.nic.in/download_data_1112.asp) is shown in the Table below:

TABLE 6-9: INFLATION INDEX CONSIDERED BY THE COMMISSION (INDEX VALUE)

Particulars	Wholesale Price Index				Consumer Price Index			
	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
April	132	152.30	151.10	152.90	345.9	367.78	386.50	401.47
May	132.9	155.00	149.40	153.50	347.3	371.5	387.94	402.91
June	133.7	155.40	148.90	154.00	350.5	372.1	392.83	407.23
July	135.0	154.00	152.10	155.30	353.7	374.1	402.34	410.98
August	136.2	153.20	152.50	154.40	354.2	375.0	400.90	410.69
September	137.4	151.90	151.80	154.70	355.1	378.1	396.00	412.70
October	140.7	152.90	152.50	156.70	359.7	381.6	398.59	416.16
November	143.7	152.50	153.10	156.40	362.0	381.6	400.61	416.16
December	143.3	150.50	151.80	155.70	361.2	381.0	399.74	413.86
January	143.8	150.70	151.20	155.00	360.3	382.5	400.03	412.42
February	145.3	150.90	151.20	154.90	360.0	382.2	400.90	411.26
March	148.9	151.00	151.40	154.80	362.9	383.9	400.03	411.84
Average	139.4	152.53	151.42	154.86	356.06	377.62	397.20	410.64
Calculation of Inflation		9.41%	-0.73%	2.27%		6.05%	5.19%	3.38%

6.2.18. For computation of the average of CPI & WPI inflation, respective CPI & WPI percentages for the immediately preceding three Financial Years i.e. FY 2022-23 to FY 2024-25 are shown below:

TABLE 6-10: INFLATION INDEX CONSIDERED BY THE COMMISSION FOR FY 2025-26 (%)

FY	INFLATION RATE	
	WPI	CPI
FY 2022-23	9.41%	6.05%
FY 2023-24	-0.73%	5.19%



FY	INFLATION RATE	
	WPI	CPI
FY 2024-25	2.27%	3.38%
FY 2025-26 (Avg. of last 3 Years)	3.65%	4.87%

- 6.2.19. Further, the Commission notes that the inflation indices considered by the Petitioner are not in conformity with the Wholesale Price Index (WPI) notified by the Government of India. The Petitioner has considered WPI at 2.25% for FY 2024-25 and 3.64% for FY 2025-26, whereas the actual WPI computed by the Commission comes out to be 2.27% for FY 2024-25 and 3.65% for FY 2025-26.
- 6.2.20. Subsequently, the norms for Employee Expenses, R&M Expenses and A&G Expenses for FY 2025-26 are derived based on the respective escalation factors shown in the Table above as per Regulation 6(7), 6(8) and Regulation 6(9) of UPERC SLDC Regulations, 2025, which is explained in later paras.
- 6.2.21. **Employee Expenses:** In order to compute the normative Employee Expenses for FY 2025-26, the Commission has taken the normative Employee Expenses of base year i.e. FY 2024-25 (provisionally Computed) and escalated the same with the corresponding inflation factor (average of CPI for immediately preceding three Financial Years i.e. FY 2022-23 to FY 2024-25).
- 6.2.22. **R&M Expenses:** In order to compute the normative R&M Expenses for FY 2025-26, the Commission has taken the normative R&M Expenses of base year i.e. FY 2024-25 (provisionally Computed) and escalated the same with the corresponding inflation factor (average of WPI for immediately preceding three Financial Years i.e. FY 2022-23 to FY 2024-25).
- 6.2.23. **A&G Expenses:** The normative A&G Expenses for FY 2025-26 have been calculated by escalating the normative A&G Expenses of Base Year i.e. FY 2024-25 (provisionally Computed) with the average of WPI for the immediately preceding three Financial Years (i.e., FY 2022-23 to FY 2024-25). The base year value has been arrived in a manner shown in the following table:



TABLE 6-11: COMPUTATION OF NORMATIVE O&M EXPENSES BY THE COMMISSION FOR THE BASE YEAR I.E. FY 2024-25 (RS. LAKH)

Particulars	Mid-Year Value	Normative					
		Escalation Factor		FY 2023-24	Escalation Factor		FY 2024-25
	(g) Table 6-8	CPI	WPI	(h)= [(g)*(1+ escalation factor for FY 2022-23)]	CPI	WPI	(i)= [(h)*(1+ escalation factor for FY 2023-24)]
Employee Expenses	2485.96	5.19%		2614.89	3.38%		2703.36
R&M Expenses	444.39		-0.73%	441.16		2.27%	451.19
A&G Expenses	487.12		-0.73%	483.58		2.27%	494.57

6.2.24. **O&M Expenses:** Accordingly, the Commission has computed the O&M Expenses for FY 2025-26 based on the norms specified in Regulation 6 of UPERC SLDC Regulations, 2025 as shown in the Table below:

TABLE 6-12: NORMATIVE O&M EXPENSES COMPUTED BY THE COMMISSION (RS. LAKH)

Particulars	Derivation	FY 2024-25 (Normative)	FY 2025-26		
			Average of previous 3 years CPI and WPI		Normative Computation
		(a) (Table 6-11)	CPI	WPI	(K)= [(j)*(1+ 3 year Avg. 2024-25)]
Employee Expenses	A	2703.36	4.87%		2835.13
R&M Expenses	B	451.19		3.65%	467.67
A&G Expenses	C	494.57		3.65%	512.63
Gross O&M Expenses	D=A+B+C		3,815.43		
Employee Expenses Capitalisation	E		-		
Net O&M Expenses	F=D-E		3,815.43		

6.2.25. The Commission notes that the Petitioner has sought AMC Cost for SCADA Phase-II over and above the normative R&M Expense. In this regard, the relevant extract of UPERC SLDC Regulations, 2025 is reproduced below:

“Regulation 6

(5) UPSLDC may undertake Opex schemes for system automation, new technology and IT implementation, etc., and such expenses may be allowed over and above normative O&M Expenses, subject to prior approval and prudence check by the Commission:

Provided that UPSLDC shall submit detailed justification, cost benefit analysis, and life-cycle cost analysis of such schemes as against Capex schemes and savings in O&M Expenses, if any.

6.2.26. In this regard, the Commission had asked the Petitioner to provide justification for the claim of Rs. 454 Lakh. The Petitioner, in this regard informed that the estimated AMC cost for the extended period of SCADA Phase-II for FY 2025-26 is to be Rs. 454 Lakh as against Rs. 41.05 Lakh in FY 2024-25. Further, the Petitioner has provided the justification as below:

(a) Many equipments installed under the ULDC Phase-II schemes have reached end of support and end of life. M/s Siemens has endeavored to retain old knowledge, people with relevant skills and better measures to cover attendant risk.

(b) To account for enhanced risk, M/s Siemens has agreed to extend the AMC only on this cost. This has concurrence from NRPC forum.

6.2.27. The Commission has examined the claim of the Petitioner and has observed that AMC cost of SCADA in previous years was around Rs. 41.05 Lakh and the same was part of past audited O&M expenses. Thus, normative expenses computed for FY 2025-26 does not include the increased cost of AMC. Accordingly, the Commission has deducted Rs. 41.05 Lakh from the claimed expenses of Rs. 454 Lakh and has provisionally allowed Rs. 412.95 Lakh over and above in R&M Expenses for FY 2025-26. The same shall be subject to prudence check during true up in accordance with Regulation 6(5) of UPERC SLDC Regulations, 2025.

6.2.28. UPERC SLDC Regulations, 2025 provides for incentive expenses over and above Employee Expenses for training and certification of personnel posted in UPSLDC. The relevant extract of the said provision is as follows:

“Regulation 6

(6) UPSLDC may undertake expenses towards participation in national and

international conferences, publication of papers therein, facilitating higher education, availing institutional membership with national bodies and international bodies, training and mandatory certification of personnel posted in the load dispatch centres, to ensure that personnel deployed in UPSLDC are trained as per the MoP/CEA guidelines issued from time to time:

Provided that UPSLDC may submit the roadmap for planning of such expenses and shall propose incentives/ fixed retainer-ship amount for employees acquiring the certificate in accordance with CEA guidelines or as per applicable rules in the Annual Petition. The Commission may allow such incentives/ fixed retainer-ship amount in the tariff Order as it considers deemed fit:

Provided further that these expenses shall be booked separately under Employee expenses from the first year of the Control Period and shall be passed through on actual basis in ARR of respective financial year over and above the normative expenses.”

- 6.2.29. Further, the Commission notes that the Petitioner has proposed a total incentive amount of Rs. 40.11 lakh for FY 2025-26. However, the Commission has found computational error in the claim of the Petitioner. The Commission observes that the correct incentive amount as per the proposal works out to Rs. 72.12 lakh, thereby resulting in an under estimation of about Rs. 32.01 lakh by the Petitioner. The Commission has examined that there is a computational error by the Petitioner as it has claimed Annual expenses for the monthly incentive whereas while computing, it has inadvertently computed the incentive of some category employees only for a month instead for entire year.

Further, on examination of the claim of the Petitioner, it is observed that the Petitioner has claimed the incentive even for those employees who have not obtained certificate. In this regard, it is pertinent to mention that UPERC Regulations 2025 provides that UPSLDC may propose incentives/fixed retainer-ship amount for employees acquiring the certificate in accordance with CEA guidelines or applicable rules. Further, the CEA Guidelines provides that employees of State Load Despatch Centres (SLDCs) and Area Load Despatch Centres (ALDCs) who acquire the certificate of basic level and of advance level in their respective area of specialization shall be allowed a fixed retainer-ship amount/ incentive. Accordingly, the Commission has considered the incentives proposed for only certified employees, whereas incentives proposed for non-certified employees are not considered as neither the

Regulations have such provision nor any acceptable justification has been furnished Accordingly, the Commission after rectification of computational error has approved an amount of Rs. 34.92 lakh towards incentive expenses over and above the normative employee expenses.

- 6.2.30. Considering the above, the Commission approves the O&M Expenses for FY 2025-26 based on the norms specified in Regulation 6 of UPERC SLDC Regulations, 2025. The Commission has already explained that why there is difference between the O&M expenses computed by the Petitioner and the Commission therefore approved Employee Expenses are higher than the Petitioner's claim. The O&M expenses approved for FY 2025-26 by the Commission is shown in the Table below:

TABLE 6-13: COMMISSION APPROVED - O&M EXPENSES FOR FY 2025-26 (RS. LAKH)

Particulars	Derivation	FY 2025-26 (ARR)	
		Petition (ARR) (Table 6-6)	Approved (ARR) (Table 6-12)
Employee Expenses	a1	2,677.54	2,835.13
Less: Employee Expenses Capitalised	b1	0	0
Incentive Expenses	c1	40.11	34.92
Net Employee Expenses	A=(a1+c1)- b1	2,717.65	2,870.05
R & M Expenses	d1	467.28	467.67
AMC cost for SCADA Phase II	d2	454	412.95
Net R&M Expenses	B=(d1+d2)	921.28	880.62
Net A&G Expenses	C	601.76	512.63
Net O&M Expenses	F=A+B+C	4,240.69	4,263.30

6.3. GROSS FIXED ASSET & ASSET CAPITALISATION

Petitioner's Submission

- 6.3.1. The Petitioner has submitted that it has considered the Capex and Capitalisation as per the Capital Investment Plan of FY 2025-26. The Summary of projected Capex and Capitalisation during FY 2025-26 is as follows:

TABLE 6-14: CAPEX AND CAPITALISATION AS SUBMITTED BY THE PETITIONER OF FY 2025-26 (RS. LAKH)

Sl. No.	Particulars	FY 2025-26 Petition ARR
1	Opening CWIP	-
2	Capital Expenditure during the year	224.94
3	Less: Capitalisation	224.94
4	Closing CWIP	-

6.3.2. The Petitioner has considered the audited closing GFA for FY 2024-25 as opening GFA for FY 2025-26. And a GFA addition of Rs. 224.94 Lakh during FY 2025-26 as per Table below:

TABLE 6-15: GFA PROJECTED FOR FY 2025-26 AS SUBMITTED BY THE PETITIONER (RS. LAKH)

Particulars	FY 2025-26 Petition (ARR)
Opening GFA	1098.15
Addition during the year	224.94
O&M Expenses Capitalisation	-
Closing GFA	1323.09

Commission's Analysis

6.3.3. Regulation 4 of UPERC SLDC Regulations, 2025 specifies the conditions for submission and assessment of Annual Capital Investment Plan. The relevant extract of the Regulation is as below:

Regulation 4(2)

“(2) UPSLDC shall submit a detailed Capital Investment Plan for all capital expenditure project(s) that it plans to undertake during the ensuing year in its ARR Petition for consideration and prudence check of the Commission.”

6.3.4. The Commission has observed that the Petitioner in its Petition had not submitted any Capital Investment Plan for FY 2025-26 but has projected capitalization of Rs. 224.94 Lakh based on the requirements of FY 2025-26. However, the Commission had asked the Petitioner to submit the Capital investment plan and the status of all schemes i.e., ULDC Phase-III, EASS Hardware, C-SOC and the AMC Cost for SCADA Phase-II and about their means of finance. In its reply, the Petitioner submitted the

details of the same as below:

Status of ULDC Phase-III

SCADA/EMS Upgradation ULDC Phase-III

- (i) SCADA/EMS Upgradation ULDC-III is being implemented by PGCIL in a unified manner for Northern Region States and NRLDC. The project will change hardware equipments, software, auxiliary supply equipment, and Video Projection System at Main and Backup SLDC Modipuram. The SCADA/EMS system under ULDC-III will have features like ADMS, AGC, Cyber Security Tools (SIEM, VAPT tool, test bench), Network Management System, Antivirus and Patch Management Server.
- (ii) The CAPEX is being invested by PGCIL and recovered through transmission tariff, as per CERC tariff regulations. The project has been awarded to M/s GE T&D India Ltd. at a cost of Rs. 72.39 Crore (inclusive of tax and duties) [Capex Rs. 53.83 Crore + AMC Rs. 18.56 Crore] and is scheduled to be commissioned in January 2026.
- (iii) the AMC cost of Rs. 18.56 Crore for 7 years (1 year defect liability period + 6 year AMC) i.e. Rs. 2.65 Crore annually with taxes, will be borne by UPSLDC and shall form part of UPSLDC ARR for FY 2025-26 and further years. The Petitioner submitted that detail engineering activity and database development activity have been completed. SCADA/EMS FAT is under progress. Site installation, testing and commissioning of auxiliary power supply equipment is also under progress.

Status of EASS Hardware

- (i) EASS Hardware Data Center Upgradation project for main and backup SLDC is funded through the State PSDF Fund and awarded to M/s Tata Advanced Systems at a LOA cost of Rs. 37.82 Crore. The actual funding required (as per LOA) is Capex cost Rs. 33.68 Crore, Opex cost Rs. 4.67 Crore (to be claimed in ARR), and additional Capex Rs. 1.23 Crore from State PSDF.
- (ii) All project materials have been delivered. IIT Kanpur is assisting as Project Monitoring Unit (PMU). The targeted Go-Live is September 20, 2025. Enhanced cyber security features and active-active mode DC (Lucknow) & DR (Modipuram)

architecture are being deployed.

Status of Cyber Security Operation Center (C-SOC)

- (i) Budgetary estimates for SOC DPR have been submitted to Central PSDF and final decision on budget sanction is awaited. The project is likely to be awarded in February 2026 and may take up to 4 months for implementation and Go-Live. The project will include SIEM, SOAR, NBAD, UEBA, DAM, Data Diode and NOC infrastructure.

6.3.5. The Commission notes that the Petitioner has projected capital investment of Rs. 10153.48 Lakh for FY 2025-26, primarily towards SCADA, EASS and replacement of obsolete IT tools, out of which Rs. 3368 Lakh is proposed to be funded through UP PSDF, Rs. 5048.54 Lakh through PGCIL (recovered via transmission tariff), and Rs. 1512 Lakh through Central PSDF. The detail of projections are shown in below Table:

**TABLE 6-16: SUMMARY OF PROJECTED CAPITAL INVESTMENT SUBMITTED BY THE
PETITIONER (RS. LAKH)**

Sl. No.	Particulars	Source of Funding	Amount (Rs. Lakhs)
1	Desktop For Control Room (19 Nos.)	Internal Resources	14.93
2	Desktop For Officers (28 Nos.)	Internal Resources	21.98
3	Installation of 1 No. Printer, 1 No. UPS and 1 No. Desktop & Supply/Installation of 7 No. of heavy duty multi function Printers	Internal Resources	21.68
4	Supply & Installation of 2 No. of 86 Inch LED display with portable TV Trolley Stand	Internal Resources	6.21
5	Civil work for SCADA Phase-3 Upgradation		
5a	Extension of Server Room at UPSLDC	Internal Resources	14.52
5b	Installation of FM-200 Fire suppression System at UPSLDC	Internal Resources	15.12
5c	Civil work for SCADA Phase-3 at Modipuram	Internal Resources	49.50
6	Laptop for Executive of UPSLDC	Internal Resources	81.00
Sub-Total (A)			224.94



7	EASS hardware Upgradation	UP PSDF	3368.00*
8	ULDC Phase-III	PGCIL (through transmission tariff)	5048.54
9	C-SOC	Central PSDF	1512.00
Sub-Total (B)			9928.54
Grand Total (C=A+B)			10153.48*

UPSLDC capital investment is primary for the upgradation of tools like SCADA, EASS and replacement of obsolete tools like Desktop, Printers, Laptops etc.

*UPSLDC has projected its Capital Investment of Rs. 10153.48 Lakhs.

**Capital layout of Rs. 3,245 Lakhs is ongoing for Upgradation of Onsite EASS data centre which is funded through grants from State PSDF. (Petition No. 2132/2024, Order dated 03.12.2024) & additional capex of 1.23 Crore will be required as per LOA.

6.3.6. The Commission has considered the Capital investment plan of the Petitioner and has observed that the Petitioner has submitted the capital expenditure of Rs. 10153.48 in which majority schemes are implemented through grants/PSDF fund and moreover, the capitalisation of Rs. 224.94 lakhs for FY 2025-26 have been projected by the Petitioner and the same has been considered by the Commission.

6.3.7. The Commission has considered closing GFA of FY 2024-25 in the APR section as the opening GFA for FY 2025-26. Further, it is observed that the Petitioner has not claimed any decapitalisation / deduction in the assets during FY 2025-26. Accordingly, the Commission has also not considered any decapitalisation during FY 2025-26 in line with the submission of the Petitioner. The GFA approved for FY 2025-26 by the Commission is shown below:

TABLE 6-17: COMMISSION APPROVED - GFA FOR FY 2025-26 (RS. LAKH)

Particulars	ARR (FY 2025-26)		
	Petition (ARR)	Approved (ARR)	Remarks
Opening GFA	1098.15	1,098.14	(Table 5-10)
Addition during the year	224.94	224.94	Error! Reference source not found.
Closing GFA	1323.09	1323.08	

6.4. CONSUMER CONTRIBUTION, CAPITAL GRANTS AND SUBSIDIES

Commission's Analysis

6.4.1. The Commission observes that the Petitioner has not claimed any Consumer



Contributions, Capital Subsidies, and Grants towards the cost of capital assets received during FY 2025-26. Accordingly, the Commission has also not approved any Consumer Contribution, Capital Grants, and Subsidies for FY 2025-26.

6.5. DEBT-EQUITY RATIO OF CAPITALIZATION

Petitioner's Submission

6.5.1. The Petitioner has submitted that Regulation 5(2) of the UPERC SLDC Regulations, 2025 provides and governs the Debt-Equity Ratio to be considered during ARR determination. The Petitioner has submitted that it has not taken any loans, and the entire capital expenditure is funded through internal resources. Accordingly, as per the above Regulation, the Petitioner has considered a normative Debt-Equity Ratio of 70:30 to arrive at the normative Debt & Equity quantum. The Petitioner has considered the net addition of Rs. 224.94 Lakh to GFA during FY 2025-26. Accordingly, the Petitioner has considered Rs. 157.46 Lakh to be from Loan and Rs. 67.48 Lakh to be from Equity.

Commission's Analysis

6.5.2. The Commission considers the normative Debt-Equity ratio of 70:30 as per Regulation 14 of MYT Regulations, 2025 i.e., 70% of estimated Capitalisation (net of consumer contribution, grants and subsidy) during FY 2025-26 is to be financed through debt and balance 30% through equity. The Commission observes that the Petitioner has not considered the De-capitalisation/Deduction during FY 2025-26 while deriving the net capitalisation for FY 2025-26. The Commission considers the same for its computation of ARR for FY 2025-26, which will be subject to prudence check at the time of true-up. Accordingly, the capitalisation and funding sources approved by the Commission during FY 2025-26 are shown in the Table below:

TABLE 6-18: COMMISSION APPROVED - DEBT-EQUITY RATIO FOR FY 2025-26 (RS. LAKH)

Particulars	Derivation	FY 2025-26	
		Petition (ARR)	Approved (ARR)
Capitalisation during FY 2025-26	A	224.94	224.94



Particulars	Derivation	FY 2025-26	
		Petition (ARR)	Approved (ARR)
Less: Decapitalisation/ Deduction during FY 2025-26	B	0	0
Less: Consumer Contribution, Grants & Capital Subsidies during FY 2025-26	C	0	0
Net Capitalisation to be funded by Debt & Equity	D=A-B-C	224.94	224.94
Equity (%)	E	30%	30%
Debt (%)	F	70%	70%
Equity addition during FY 2025-26	G=D*E	67.48	67.48
Debt addition during FY 2025-26	H=D*F	157.46	157.46

6.6. DEPRECIATION

Petitioner's Submission

6.6.1. The Petitioner has submitted that the Depreciation is computed as per Regulation 7 of the UPERC SLDC Regulations, 2025. The Petitioner has submitted that the depreciation computed in accordance with the above Regulations as shown in the Table below.

TABLE 6-19: DEPRECIATION FOR FY 2025-26 AS SUBMITTED BY THE PETITIONER IN ITS PETITION (RS. LAKH)

Particulars	Opening GFA	Addition during the Year	Closing GFA	Cumulative at the beginning of the Financial Year	Depreciation for the year	Cumulative at the end of the Financial Year	Rate of depreciation
Other Civil Works	-	14.52	14.52	-	0.24	0.24	3.34%
Plants & Machinery	233.45	-	233.45	47.92	9.85	57.77	4.22%
Furniture & Fixtures	31.07	-	31.07	8.72	1.97	10.69	6.33%
Office Equipment	196.41	160.92	357.33	159.67	17.53	177.20	6.33%
Other Assets	327.97	49.50	377.47	327.97	22.33	350.30	6.33%
Intangible Assets Softwares	309.25	-	309.25	301.37	7.88	309.25	15.00%
TOTAL	1,098.15	224.94	1,323.09	845.65	59.79	905.44	

6.6.2. Further, the Commission had sought certain data gaps from the Petitioner in



Technical Validation Session (TVS) conducted on 18.07.2025, In response, the Petitioner submitted the revised depreciation for FY 2025-26, which is presented in the table below:

TABLE 6-20: DEPRECIATION FOR FY 2025-26 AS SUBMITTED BY THE PETITIONER IN TVS DATA GAP REPLY (RS. LAKH)

Particulars	ARR FY 2025-26							
	Gross Block				Depreciation			
	As at the beginning of the Financial Year	Additions	Deductions	As at the end of the Financial Year	Cumulative at the beginning of the Financial Year	For the year	Cumulative at the end of the Financial Year	Applicable rate of Depreciation (%)
Other Civil Works	-	14.52	-	14.52	-	0.24	0.24	3.34%
Plants & Machinery	233.45	-	-	233.45	47.92	12.33	60.25	5.28% on Opening assets and 4.22% on addition after 31.03.2025
Furniture & Fixtures	31.07	-	-	31.07	8.72	1.97	10.69	6.33%
Office Equipment	196.41	160.92	-	357.33	159.67	17.53	177.2	6.33%
Other Assets	327.97	49.5	-	377.47	327.97	22.33	350.3	6.33%
Intangible Assets (Softwares)	309.25	-	-	309.25	301.37	7.88	309.25	15.00%
TOTAL	1,098.15	224.94	-	1,323.09	845.65	62.27	907.92	

Commission's Analysis

6.6.3. Regulation 7 of the UPERC SLDC Regulations, 2025 specifies the methodology for computation of Depreciation. The Commission directed the Petitioner to maintain a separate individual asset wise Fixed Asset Register (FAR) for assets capitalized after March 31, 2025 and the Gross Block and Depreciation may be computed separately from the Gross Block before April 01, 2025. Accordingly, from FY 2025-26 onwards, the Petitioner has to maintain two separate Gross Blocks (one for assets upto March 31, 2025 (Part-A) and second for assets after April 1, 2025 (Part B) and two separate

FARs depicting addition of assets details from April 1, 2025 onwards for the purpose of depreciation computation.

6.6.4. The Commission notes that the Petitioner has submitted cumulative depreciation for FY 2025-26. The Petitioner has not carried out the depreciation calculation separately for assets capitalised up to March 31, 2025 (Part-A) and those capitalised after March 31, 2025 (Part-B), as required under the UPERC SLDC Regulations, 2025. Although the Commission specifically directed the Petitioner to furnish Part-A and Part-B wise depreciation details during the data gap process, the Petitioner, in its reply, has once again submitted only the cumulative depreciation figures instead of the required breakup shown in the above table.

6.6.5. The Commission has calculated the depreciation in line with the methodology specified in Regulation 7 of UPERC SLDC Regulations, 2025. The Regulation 7(1)(b) specifies for process of Computation of depreciation, wherein depreciation shall be computed annually based on the Straight- Line Method at the rates stipulated in the Regulations (Annexure-A for existing assets & Annexure-B for new assets) and UPSLDC has to 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 has to be spread over the balance Useful Life of the asset including the Extended Life. The relevant extract of the Regulation is as below:

“7 Depreciation:

(1) UPSLDC shall be permitted to recover Depreciation on the value of fixed assets used in their respective businesses, computed in the following manner:

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

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

(b) Depreciation shall be allowed annually based on the Straight- Line Method at the rates stipulated in Annexure-A for existing assets (capitalised on or before 31.03.2025) and at the rates stipulated in Annexure-B for assets capitalised during this Control Period:

Provided that UPSLDC shall ensure that once individual asset is depreciated to the extent of seventy percent, the remaining depreciable value as on 31st March of the



year closing shall be spread over the balance Useful Life of the assets including the Extended Life, as per submission of UPSLDC and approval 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 from the capital cost while computing Depreciation:

Provided further that Depreciation shall be chargeable from the first year of commercial operation: Provided that the salvage value of the IT equipment, software and underground cable shall be considered as nil and value of such assets shall be considered 100% depreciable.

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

(2) In case of existing assets, for the purpose of computation of depreciation, the opening value of GFA shall be taken as the closing value as on March 31, 2025 as approved by the Commission in its Tariff Order.

(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:

Provided that the depreciation shall be re-computed for assets capitalised at the time of Truing-Up, based on Accounting Statements and documentary evidence of assets capitalised by the Petitioner, subject to prudence check of the Commission."

6.6.6. Further, The Commission has considered the Closing Gross Block of Fixed Assets for FY 2024-25 as the Opening Gross Block of Fixed Assets for FY 2025-26 under Part-A and accordingly computed the depreciation on Gross Fixed Assets up to 31.03.2025 (Part-A). However, the asset additions during FY 2025-26 have not been factored in for the calculation of Part-A depreciation, since as per Regulation 7(b) of the UPERC SLDC Regulations, 2025, any Gross Fixed Asset additions made after 31.03.2025 (Part-B) are required to be considered at the depreciation rates specified in Annexure-B of the said Regulations. The additions during the year have been duly considered separately as per the Gross Fixed Assets approved by the Commission under Section 6.3 of this Order.

6.6.7. The Commission has considered the salvage value of the asset as 10% of the allowable capital cost as the depreciation is allowed up to maximum of 90% of the allowable capital cost of the asset and the salvage value of the IT equipment,



software and underground cable considered 100% depreciable as per the UPERC SLDC Regulations, 2025. Hence, depreciation is taken as zero of those items whose depreciated value has already reached their salvage value. The depreciation approved by the Commission for FY 2025-26 is as follows:

TABLE 6-21: COMMISSION APPROVED - GROSS DEPRECIATION (PART-A) (RS. LAKH)

Particular	FY 2025-26						
	Opening Gross Fixed Asset as on 01.04.2025	Addition to GFA	Deduction/Adjustment	Gross Fixed Asset as on 31.03.2026	Average GFA	Depreciation Rate	Depreciation from 01.04.2025 to 31.03.2026
	A (Table 5-16)	B	C	D = A+B-C	E = (A+D)/2	F	G = E*F
Plant & Machinery	233.45	0.00	0.00	233.45	233.45	5.28%	12.33
Furniture and Fixtures	31.07	0.00	0.00	31.07	31.07	6.33%	1.97
Office Equipment	196.40	0.00	0.00	196.40	196.40	6.33%	12.43
Other assets	327.97	0.00	0.00	327.97	327.97	5.28%	0.00**
Software (Intangible)	309.25	0.00	0.00	309.25	309.25	15.00%	0.00**
Total	1098.14*	0.00	0.00	1098.14	1098.14	2.43%	26.73

*considered as per closing GFA as on 31.03.2024 as computed in the APR for FY 2024-25.

** Item depreciated equivalent to 100%

6.6.8. The Computation of cumulative depreciation (for part-A) is shown for reference purposes in the following Table: -

TABLE 6-22: CUMULATIVE DEPRECIATION FOR ASSETS COMPUTED BY THE COMMISSION FROM 01.04.2025 TO 31.03.2026 (PART-A) (Rs. LAKH)

Particular	FY 2025-26				
	*Cumulative Depreciation as on 01.04.2025	Depreciation from 01.04.2025 to 31.03.2026	Cumulative Depreciation as on 31.03.2026	Closing GFA as on 31.03.2026	Cumulative Depreciation as a % of closing GFA
	A	B (Table 6-21)	C = A + B	D	E=C/D
Plant & Machinery	40.16	12.33	52.48	233.45	22.48%
Furniture and Fixtures	8.89	1.97	10.86	31.07	34.94%
Office Equipment	152.45	12.43	164.88	196.40	83.95%
Other assets	295.17	0.00	295.17	327.97	90.00%
Software (Intangible)	309.25	0.00	309.25	309.25	100.00%



Particular	FY 2025-26				
	*Cumulative Depreciation as on 01.04.2025	Depreciation from 01.04.2025 to 31.03.2026	Cumulative Depreciation as on 31.03.2026	Closing GFA as on 31.03.2026	Cumulative Depreciation as a % of closing GFA
	A	B (Table 6-21)	C = A + B	D	E=C/D
Total	805.92	26.73	832.64	1098.14	75.82%

*Cumulative depreciation as on 01.04.2025 considered as per Table 5-16

6.6.9. Further, Part-B i.e April 01, 2025 till FY 2025-26, the Commission has calculated the asset-wise depreciation as per 7(1)(b) of UPERC SLDC Regulations, 2025, i.e the depreciation is computed based on the Straight-Line Method at the rates stipulated in the Annexure-B of the UPERC SLDC Regulations, 2025.

6.6.10. Further, the depreciation on assets created out of Consumer Contribution, Capital Grants and Capital Subsidies is considered nil as submitted by the Petitioner for FY 2025-26.

6.6.11. The Commission has observed that the Petitioner has not claimed any de-capitalisation/deduction in the assets during FY 2025-26 and will claim the same at the time of Truing-Up based on the actuals. The Commission approves the Depreciation Part-B in the Table below:

TABLE 6-23: COMMISSION APPROVED - GROSS DEPRECIATION FOR FY 2025-26 (PART-B) (RS. LAKH)

Particular	FY 2025-26						
	Opening Gross Fixed Asset as on 01.04.2025	Addition to GFA	Deduction/Adjustment	Gross Fixed Asset as on 31.03.2026	Average GFA	Depreciation Rate	Depreciation from 01.04.2025 to 31.03.2026
	A	B	C	D = A+B-C	E = (A+D)/2	F	G = E*F
Other Civil Works	0.00	14.52	0.00	14.52	7.26	3.34%	0.24
Office Equipment	0.00	160.92	0.00	160.92	80.46	6.33%	5.09
Other assets	0.00	49.50	0.00	49.50	24.75	6.33%	1.57
Total	0.00	224.94	0.00	224.94	112.47	6.14%	6.90

6.6.12. The Computation of cumulative depreciation (for Part-B) is shown for reference purposes in the following Table: -



**TABLE 6-24: CUMULATIVE DEPRECIATION FOR ASSETS COMPUTED BY THE COMMISSION
FROM 01.04.2025 TO 31.03.2026 (PART-B) (Rs. LAKH)**

Particular	Asset Capitalised after 31.03.2025				
	*Cumulative Depreciation as on 01.04.2025	Depreciation from 01.04.2025 to 31.03.2026	Cumulative Depreciation as on 31.03.2026	Closing GFA as on 31.03.2026	Cumulative Depreciation as a % of closing GFA
	A	B (Table 6-23)	C = A + B	D	E=C/D
Furniture and Fixtures	0.00	0.24	0.24	14.52	2%
Office Equipment	0.00	5.09	5.09	160.92	3%
Other assets	0.00	1.57	1.57	49.50	3%
Total	0.00*	6.90	6.90	224.94	3%

*Cumulative depreciation as on 31.03.2026 Table 6-23

6.6.13. Accordingly, the Commission has approved the net depreciation for FY 2025-26 as follows:

TABLE 6-25: COMMISSION APPROVED - NET DEPRECIATION (PART-A + PART-B) (RS. LAKH)

Particulars	Derivation	FY 2025-26 (ARR)		
		Petition (ARR) Table 6-20	Approved (ARR)	Remarks
Depreciation of Assets upto 31.03.2025	A	62.27	26.73	Table 6-21
Depreciation of Assets from 01.04.2025 to 31.03.2026	B		6.90	Table 6-23
Less: Depreciation of assets created from Consumer Contribution, Capital Grants and Capital Subsidies	C	0.00	0.00	
Net Depreciation	D=A+B-C	62.27	33.63	

6.7. INTEREST ON LOAN CAPITAL

Petitioner's Submission

6.7.1. The Petitioner has submitted that Interest on Loan Capital is computed as per Regulation 8 of the UPERC SLDC Regulations, 2025. The Petitioner has considered the depreciation estimated for FY 2025-26 as normative loan repayment during the year.

6.7.2. Further, the Petitioner has submitted that it does not have actual long-term loan portfolio, hence, the SBI MCLR prevailing on 1st April of the FY 2024-25 as per



Regulation 5(8) of the UPERC SLDC Regulations, 2025 has been considered as the rate of interest for estimating interest on loan.

6.7.3. The Petitioner has computed the weighted average Rate of Interest of SBI MCLR computed as below:

TABLE 6-26: APPLICABLE RATE OF INTEREST FOR THE FY2025-26 SUBMITTED BY THE PETITIONER (RS. LAKH)

From Date	To Date	No. of Days	Base Rate	Base Rate
01-04-2024	14-04-2024	14	8.65%	1.21
15-04-2024	14-05-2024	30	8.65%	2.60
15-05-2024	14-06-2024	31	8.65%	2.68
15-06-2024	14-07-2024	30	8.75%	2.63
15-07-2024	14-08-2024	31	8.85%	2.74
15-08-2024	14-09-2024	31	8.95%	2.77
15-09-2024	14-10-2024	30	8.95%	2.69
15-10-2024	14-11-2024	31	8.95%	2.77
15-11-2024	14-12-2024	30	9.00%	2.70
15-12-2024	14-01-2025	31	9.00%	2.79
15-01-2025	14-02-2025	31	9.00%	2.79
15-02-2025	14-03-2025	28	9.00%	2.52
15-03-2025	31-03-2025	17	9.00%	1.53
Weighted average Interest Rate				8.88%
Add: 100 basis Points				1%
Applicable Rate of Interest on Normative Loan				9.88%

TABLE 6-27: INTEREST ON LONG TERM LOANS FOR FY 2025-26 AS SUBMITTED BY THE PETITIONER (RS. LAKH)

Sl. No.	Particulars	Claimed for ARR of FY 2025-26
1	Gross Opening Loan	-
2	Addition during the year	157.46
3	Normative Repayment (Equal to Depreciation)	62.27
4	Closing Loan Considered	95.19
5	Average Loan	47.59
6	Interest Rate (%)	9.88%
7	Interest on Loan	4.70
8	Other Finance Charges	-
9	Interest and Finance Charges	4.70

Commission's Analysis

- 6.7.4. Regulation 8 of UPERC SLDC Regulations, 2025 specifies and governs the estimation of Interest on Loan Capital. The relevant extract of the Regulation is as below:

"8(1) The long- term loans arrived at in the manner indicated in these Regulations on the assets put to use shall be considered as gross normative loan for calculation of interest on loan:

Provided that in case of retirement or replacement or de-capitalisation or deletion/adjustment of the assets in the balance sheet, the loan capital approved as mentioned above shall be reduced to the extent of outstanding loan component of the original cost of such assets based on documentary evidence.

(2) The closing normative long- term loan outstanding as on March 31, 2025 shall be taken as the opening normative long term loan outstanding for the financial year 2025-26.

(3) The repayment of long-term loans for each year shall be deemed to be equal to the Depreciation allowed for that year.

(4) Notwithstanding any moratorium period availed, the repayment of loan shall be considered from the first year of commercial operation of the asset.

(5) The rate of interest for ensuing year shall be the weighted average rate of interest computed on the basis of the actual long-term loan portfolio of previous year:

Provided that if there is no actual long- term loan for a particular year but the normative loan is still outstanding, then the rate of interest for the purpose of allowing the interest on the normative long- term loan shall be the weighted average of SBI MCLR (1 year) prevailing during the previous year plus 100 basis points.

(6) At the time of Truing-Up, the weighted average rate of interest of the actual long-term loan portfolio during the concerned year shall be considered as the rate of interest:

Provided that if there is no actual long-term loan for a particular year but the normative loan is still outstanding, then the rate of interest for the purpose of allowing the interest on the normative long-term loan shall be the weighted average of SBI MCLR (1 year) prevailing during the concerned year plus 100 basis points.

(7) The interest on long-term loan shall be calculated on the Normative Average long-term loan of the year by applying the Weighted average rate of interest:

Provided that at the time of Truing-Up, the normative average loan of the concerned year shall be considered on the basis of the actual asset capitalisation approved by the Commission for the year."

- 6.7.5. The Commission notes that the Petitioner has considered the opening normative loan as NIL for the FY 2025-26. The Commission notes that the same is not submitted as per the UPERC SLDC Regulations, 2025, therefore the Commission directs the

Petitioner that in future it should submit its claims while filing Petition strictly as per Regulations. The Commission has considered the normative Debt-Equity ratio of 70:30 i.e., 70% of estimated Capitalisation (net of consumer contribution, grants and subsidy) during FY 2025-26 is to be financed through debt and balance 30% through equity as per the Regulation 5 of UPERC SLDC Regulation, 2025. The closing normative loan for FY 2024-25 has been considered as the opening normative loan for FY 2025-26. Further, the normative loan addition during the year has been considered as per the Debt-Equity Ratio 70:30, computed by the Commission in section 6.5 of this Order. The deemed repayment for loans is considered equal to the depreciation as approved for the FY 2025-26.

6.7.6. As the Petitioner does not have any actual long-term loan portfolio. Hence, the Commission, has considered the weighted average of 1-Year SBI MCLR on April 1, 2024 plus 100 basis points as the interest rate on the normative long-term loan as per Regulation in above para.

6.7.7. Accordingly, the Commission has approved the interest on long-term loan as shown in the Table below, however the same will be revisited at the time of True-Up:

TABLE 6-28: COMMISSION APPROVED - INTEREST ON LONG-TERM LOAN CAPITAL FOR FY 2025-26 (RS. LAKH)

Particulars	Derivation	Petition (ARR)	Provisional Computed (ARR)
Opening Normative Loan as on 01.04.2025	A(Table 5-19)	0.00	37.19
Loan Additions during the Year	B(Table 6-18)	157.46	157.46
Less: Repayments (Depreciation allowable for Year)	C(Table 6-25)	62.27	33.63
Closing Loan Balance as on 31.03.2026	D=A+B-C	95.19	161.02
Average Loan	E= Avg (A&D)	47.59	99.11
Interest Rate	F	9.88%	9.88%
Interest on Loan	G=E*F	4.70	9.79
Less: Interest Capitalized	H	0.00	0.00
Net Interest on Loan	I=G-H	4.70	9.79

6.8. INTEREST ON WORKING CAPITAL

Petitioner's Submission

6.8.1. The Petitioner has submitted that SBI MCLR as on 15.05.2025 was 9.00%. Accordingly, the Petitioner has considered 11.00% (9.00%+2.00%) as the rate of IoWC as per Regulation 10(2) of UPERC SLDC Regulations, 2020 as shown in the Table below:

TABLE 6-29: INTEREST ON WORKING CAPITAL FOR FY 2025-26 AS SUBMITTED BY THE PETITIONER (RS. LAKH)

Particulars	Derivation	FY 2025-26 (ARR) Petition
O&M Expenses for one Month	$A = O\&M/12$	353.39
Receivables equivalent to 45 days	$B = \text{Net ARR}/365 * 45$	322.42
Total Working Capital	$C = A + B$	675.81
Rate of Interest on Working Capital (%)	D	11.00%
Interest on Working Capital	$E = C * D$	74.34

Commission's Analysis

6.8.2. As per Regulation 10(1) of UPERC SLDC Regulations 2025, the Commission has considered one month O&M expenses and Receivables equivalent to 45 days for computation of total Working Capital requirement. The relevant extract of the Regulation is as below:

"10 (1) The working capital shall cover:

- (a) *Operation and maintenance expenses for one month;*
- (b) *Receivables equivalent to 45 days of annual LDC charges as approved by the Commission.*

Provided that the working capital requirement determined above shall be reduced by the amount of revenue surplus (if any) as of 31st March of the previous year as approved by the Commission:

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.

(2) Rate of interest on working capital for ensuing year shall be simple interest and shall be equal to the SBI MCLR (1-year) as on date on which Petition for determination of ARR is filed plus 200 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 200 basis points.”

- 6.8.3. Further, as per Regulation 10(2) of UPERC SLDC Regulations, 2025, the rate of IoWC shall be simple interest and shall be equal to the SBI MCLR (1 Year) as on December 15 of the relevant financial year plus 200 basis points. The SBI 1 Year MCLR as on December 15, 2024, is 9.00% (Source: SBI MCLR (1 Year; Link: <https://sbi.co.in/web/interest-rates/interest-rates/mclr-historical-data>). Thus, the interest rate on working capital requirement for FY 2025-26 comes out to be 11.00% (SBI 1 Year MCLR plus 200 basis point). The same will be revisited at the time of True Up. Accordingly, the Commission has approved IoWC as per the Table below:

TABLE 6-30: COMMISSION APPROVED - INTEREST ON WORKING CAPITAL FOR FY 2025-26 (RS. LAKH)

Particulars	Derivation	FY 2025-26 (ARR)	
		Petition (ARR)	Approved (ARR)
O&M Expenses for one Month (Table 6-13)	$A=O\&M/12$	353.39	355.27
Receivables equivalent to 45 days (Table 6-40)	$B=Net\ ARR/365*45$	322.42	322.01
Total Working Capital	$C=A+B$	675.81	677.28
Rate of Interest on Working Capital (%)	D	11.00%	11.00%
Interest on Working Capital	$E=C*D$	74.34	74.50

6.9. RETURN ON EQUITY

Petitioner's Submission

- 6.9.1. The Petitioner has submitted that the closing equity of FY 2024-25 has been considered as the opening equity for FY 2025-26. However, the Petitioner has considered the normative Debt-Equity Ratio of 70:30 for arriving at the normative Equity as per UPERC SLDC Regulations, 2025.
- 6.9.2. The Petitioner has computed the RoE at the rate of 12.50% on the Normative Equity. The proposed RoE for FY 2025-26 is tabulated below:

TABLE 6-31: RETURN ON EQUITY FOR FY 2025-26 SUBMITTED BY THE PETITIONER (RS. LAKH)



Particulars	FY 2025-26
	Petition (ARR)
Opening Equity	329.45
Equity addition during FY 2025-26	67.48
Closing Equity	396.94
Average Equity	363.20
Rate of Return (%)	12.50%
Tax Rate %	0.00%
Effective Rate of Return on Equity	12.50%
Return on Equity	45.40

Commission's Analysis

6.9.3. Regulation 11 of UPERC SLDC Regulations, 2025 specifies the rate of RoE as 12.50% post-tax per annum for the SLDC.

“(11) Return on equity shall be computed in ₹ terms on equity base at the rate of 12.50% post-tax per annum (hereinafter referred to as ‘Base Rate’) for UPSLDC as determined in accordance with clause 5 of this Regulation:

Provided that assets funded by Consumer Contribution, Capital Subsidies / Grants and corresponding Depreciation shall not form part of the Capital Cost.”

6.9.4. The Commission has considered the closing Equity of FY 2024-25 as the opening Equity for FY 2025-26. Further, the Equity addition during the year has been considered as computed by the Commission in section 6.5 of this Order. Accordingly, the RoE allowed for FY 2025-26 is as follows:

TABLE 6-32: COMMISSION APPROVED - RETURN ON EQUITY FOR FY 2025-26 (RS. LAKH)

Particulars	Derivation / Remarks	FY 2025-26 (ARR)	
		Petitioner (ARR)	Approved (ARR)
Opening Equity as on 01.04.2025	A (Table 5-24)	329.45	279.04
Addition during the year	B (Table 6-18)	67.48	67.48
Closing Equity as on 31.03.2026	C=A+B	396.94	346.52
Average Equity	D=(A+C)/2	363.20	312.78
Rate of Return (%)	E	12.50%	12.50%
Return on Equity	F=D*E	45.40	39.10

6.10. INCOME TAX

Petitioner's Submission



- 6.10.1. The Petitioner has not claimed any Income Tax in ARR of FY 2025-26 in line with Regulation 12 of the UPERC SLDC Regulations, 2025. However, the Petitioner has stated that it will claim the same based on the actual tax liability certified by the Statutory Auditors at the time of the True Up.

Commission's Analysis

- 6.10.2. Regulation 12 of UPERC SLDC Regulations 2025 specifies the treatment of Income Tax.

“12 (1) The rate of return on equity as allowed by the Commission under clause 11 of these Regulations shall be grossed up with the effective tax rate (hereinafter referred to as ‘t’) of the respective financial year. The effective tax rate shall be calculated at the beginning of every financial year based on the estimated profit and tax to be paid estimated in line with the provisions of the relevant Finance Act applicable for that financial year to UPSLDC by excluding the income of other business and the corresponding tax thereon:

Provided that tax on any income other than that through its Business shall not be pass through and it shall be payable by UPSLDC itself:

Provided that in case UPSLDC is paying Minimum Alternate Tax (MAT) under Section 115JB of the Income Tax Act, 1961, the effective tax rate shall be the MAT rate, including surcharge and cess:

Provided further that in case UPSLDC has opted for Section 115BAA, the effective tax rate shall be the tax rate including surcharge and cess as specified under Section 115BAA of the Income Tax Act, 1961.

(2) The rate of return on equity shall be rounded off to three decimal places and shall be computed as per the formula given below.

Rate of pre-tax return on equity = Base rate / (1-t)

(3) UPSLDC shall true up the effective tax rate for every financial year based on the actual tax paid together with any additional tax demand, including interest thereon, duly adjusted for any refund of tax including interest received from the income tax authorities pertaining to the Tariff period covered under these Regulations on actual gross income of any financial year. Further, any penalty arising on account of delay in deposit or short deposit of tax amount shall not be considered, while computing the actual tax paid by UPSLDC:

Provided that in case UPSLDC is paying Minimum Alternate Tax (MAT) under Section 115JB, UPSLDC shall true up the grossed up rate of return on equity at the end of every financial year with the applicable MAT rate including surcharge and cess:

Provided further that in case UPSLDC is paying tax under Section 115BAA, UPSLDC shall true up the grossed up rate of return on equity at the end of every financial year with the tax rate including surcharge and cess as specified under Section 115BAA:

Provided also that any under-recovery or over recovery of grossed up rate on return on equity after truing-up, shall be recovered or refunded, on a year to year basis."

- 6.10.3. The Commission has observed that the Petitioner has not projected any Income Tax for FY 2025-26. Accordingly, the Commission has also not considered any Income Tax for FY 2025-26.

6.11. NON-TARIFF INCOME

Petitioner's Submission

- 6.11.1. The Petitioner has proposed the Non-Tariff Income as per Regulation 13 of the UPERC SLDC Regulations, 2025. The details submitted by the Petitioner as shown in the Table below:

TABLE 6-33: NON-TARIFF INCOME FOR FY 2025-26 SUBMITTED BY THE PETITIONER (RS. LAKH)

Particulars	FY 2025-26
	Petition (ARR)
Interest from Banks	54.48
Miscellaneous receipts (in form of Tender Fees)	0.05
Profit on Sale of Scrap	-
Total Non-Tariff Income	54.54

Commission's Analysis

- 6.11.2. Regulation 13 of UPERC SLDC Regulations 2025 specifies the treatment of Non-Tariff Income.

"13

(1) The amount of Non-Tariff Income relating to UPSLDC Business as approved by the Commission shall be deducted from the ARR in determining the Fees and Charges of UPSLDC:

Provided that UPSLDC shall submit full details of its forecast of Non-Tariff Income to the Commission in such form as may be stipulated by the Commission.

(2)The Non-Tariff Income shall include:

- Income from rent of land or buildings;*
- Income from sale of scrap;*



c) *Income from investments;*

Provided that income arising from investment of shareholder's funds, if any, shall not be included in Non-Tariff income subject to prudence check of requisite detailed information submitted by UPSLDC before the Commission.

- d) *Interest income on advances to suppliers/contractors;*
- e) *Interest income on loans / advances to employees;*
- f) *Income from rental from staff quarters;*
- g) *Income from rental from contractors;*
- h) *Income from hire charges from contractors and others;*
- i) *Income from sale of tender documents;*
- j) *Excess found on physical verification;*
- k) *Income from Insurance Claim;*
- l) *Prior Period Income;*
- m) *Miscellaneous receipts; and*
- n) *Any other Non-Tariff Income."*

6.11.3. Regulation 13(1) of the UPERC SLDC Regulation 2025, provides that the Non-Tariff Income relating to the SLDC Business, as approved by the Commission, shall be deducted from the ARR while determining the Fee & Charges of UPSLDC.

6.11.4. The Commission observes that the Petitioner has projected Non-Tariff Income of Rs. 54.54 lakh for FY 2025-26 for which details are not been provided. However, the Commission has considered the same Non-tariff Income as depicted in Audited Accounts of FY 2024-25.

6.11.5. Accordingly, the Commission has approved the Non-Tariff Income for FY 2025-26 as shown below, subject to prudence check at the time of Truing-Up.

TABLE 6-34: COMMISSION APPROVED - NON-TARIFF INCOME (RS. LAKH)

Particulars	FY 2025-26	
	Petition (ARR)	Approved (ARR) (Table 5-26)
Interest from Banks	54.48	51.89
Miscellaneous receipts (in form of Tender Fees)	0.05	0.05
Profit on Sale of Scrap	-	1.20
Total Non-Tariff Income	54.54	53.14



6.12. CONTRACTED/ TIED UP COMMISSIONED CAPACITY HANDLED BY THE PETITIONER

Petitioner's Submission

6.12.1. The Petitioner, in the Petition, has submitted the details of beneficiary-wise tied-up Capacity.

Commission's Analysis:

6.12.2. The Petitioner submitted the total Tied-Up/Commissioned Capacity expected during FY 2025-26 as summarised below:

TABLE 6-35: TIED UP/COMMISSIONED CAPACITY AS SUBMITTED BY THE PETITIONER IN (MW) FOR FY2025-26

Sl. No.	Particulars	Contracted Capacity of FY 2025-26 (MW)
A		
1	UPPCL	34,417
2	NPCL	526
3	RAILWAYS	329
	NIDPL	0
4	LTOA beneficiaries of solar (other than discoms)	625
	Total (A)	35,897
B		
B 1	UPRVUNL Thermal	
	I Anpara TPS	2,630
	II Anpara- C	1,100
	III Harduaganj TPS	1,270
	IV Jawaharpur TPS	1320
	V Obra TPS	1,660
	VI Parichha	920
	VII Panki TPS	660
B 2	UPRVUNL Hydro	502
B 3	IPP	
	I Vishnuprayag Jal Vidyut Graha	400
	II Alaknanda Jal Vidyut Graha	330
	III Roza	1,200



Sl. No.	Particulars	Contracted Capacity of FY 2025-26 (MW)
IV	Bajaj Energy Pvt. Ltd.	450
V	Bajaj Lalitpur	1,980
VI	Bara	1,648
VII	Meja	1,320
VIII	THDC, Dhukwan	24
IX	khurja	660
X	Ghatampur	660
B 4	Co- generation (Contracted)	1,481
B 5	Solar	2,508
B 6	Captive Power Plant	74
	Total (B)	22,797
	Grand Total (A+B)	58,694

6.12.3. The Commission has observed that the Tied Up/Commissioned Capacity submitted by the Petitioner is in line with UPERC SLDC Regulations, 2025, thus same has been considered for determination of LDC Charges.

6.13. OPEN ACCESS CHARGES

Petitioner's Submission

6.13.1. The Petitioner has submitted the Open Access Charges of FY 2025-26 in the form of Application fees, Registration Charges and Annual Charges.

Commission's Analysis

6.13.2. The Commission has approved the projected Open Access Charges, which are in line with the UPERC SLDC Regulations, 2025. The details of the proposed Open Access Charges are as follows, subject to prudence check at the time of Truing-Up:

TABLE 6-36: COMMISSION APPROVED - OPEN ACCESS CHARGES (RS. LAKH)

Sl. No.	Particulars	Projected ARR of FY 2025-26
1	Annual Charges	-
2	Application Fees/ Concurrence Fees	349.23

Sl. No.	Particulars	Projected ARR of FY 2025-26
3	Operating Charge	1,212.73
4	Registration Fees	193.38
5	Total	1,755.34

6.14. SUMMARY OF AGGREGATE REVENUE REQUIREMENT FOR FY 2025-26

Petitioner's Submission

6.14.1. The Petitioner has submitted the summary of ARR for FY 2025-26 as per the Table below:

TABLE 6-37: SUMMARY OF ARR SUBMITTED BY THE PETITIONER (RS. LAKH)

Particulars	FY 2025-26
	Petition (ARR)
O&M Expenses	4,240.69
Employee Expenses	2,717.65
R&M Expenses	921.28
A&G Expenses	601.76
Depreciation	62.27*
Interest on Loan Capital	4.70
Interest on Working Capital	74.34
Return on Equity	45.40
Total Aggregate Revenue Requirement	4,427.40
Less: Non-Tariff Income	54.54
Less: Open Access Charges	1,755.34
Net Aggregate Revenue Requirement	2,617.52

*Considered as per revised Submissions of the Petitioner vide reply to the data deficiency.

6.15. Truing Up Revenue Gap of FY 2023-24

Petitioner's Submission

6.15.1. The Petitioner has submitted the Revenue Gap of FY 2023-24 along with Carrying Cost to be adjusted in the ARR of FY 2025-26. The detailed computation of Revenue Gap along with Carrying Cost as per the Table below:



TABLE 6-38: REVENUE GAP ALONG WITH CARRYING COST OF FY 2023-24 AS SUBMITTED BY THE PETITIONER (RS. LAKH)

Sl. No.	Particulars	Amount (Rs. Lakhs)
1	Revenue Gap in True Up of 2023-24	2,295.74
2	Interest for FY 2023-24	127.01
3	Interest for FY 2024-25	277.40
4	Interest for FY 2025-26	148.51
5	Total Interest to be adjusted in ARR of FY 2025-26	552.93
6	Total Revenue Gap to be adjusted in ARR of FY 2025-26	2,848.66

Commission's Analysis

6.15.2. The Commission notes that the Petitioner has submitted the Revenue Gap of FY 2023-24 along with the applicable interest for each year, seeking its adjustment in the ARR of FY 2025-26 under the True-Up for FY 2023-24, APR for FY 2024-25, and ARR for FY 2025-26. After detailed scrutiny, the Commission has found that the Petitioner has wrongly claimed the Net ARR of Rs. 5466.18 Lakh by considering the carrying cost through the compounding method for each year up to FY 2025-26. However, the Commission has considered the carrying cost on the total gap carried forward to FY 2025-26, which corresponds to the closing gap of FY 2024-25 with the addition of the net gap arrived at in the APR section for FY 2024-25, after applying the applicable interest rate in accordance with Regulation 10(2) of the UPERC SLDC Regulations, 2025.

6.16. Net Annual Revenue Requirement (ARR) of FY 2025-26

6.16.1. The Petitioner has submitted the Net Annual Revenue Requirement for FY 2025-26 as per Table below:

TABLE 6-39: REVENUE GAP ALONG WITH CARRYING COST OF FY 2023-24 AS SUBMITTED BY THE PETITIONER (RS. LAKH)

Sl. No.	Particulars	FY 2025-26
1	ARR considered for FY 2025-26	2,617.52



Sl. No.	Particulars	FY 2025-26
2	ADD: Revenue Gap of FY 2023-24 along with Holding cost	2,848.66
3	Annual Revenue Requirement for FY 2025-26 (1+2)	5,466.18

Commission's Analysis

6.16.2. The Commission has finalised the ARR based on the various components as approved by the Commission for FY 2025-26 as follows:

TABLE 6-40: COMMISSION APPROVED - SUMMARY OF ARR (RS. LAKH)

Particular	FY 2025-26		
	Petition (ARR)	Approved (ARR)	Remarks
Total O&M expenses	4,240.69	4,263.30	(Table 6-13)
<i>Employee Expenses</i>	<i>2,717.65</i>	<i>2,870.05</i>	
<i>R&M Expense</i>	<i>921.28</i>	<i>880.62</i>	
<i>A&G Expense</i>	<i>601.76</i>	<i>512.63</i>	
Depreciation	62.27*	33.63	(Table 6-25)
Interest on Loan	4.70	9.79	(Table 6-28)
Interest on Working Capital	74.34	74.50	(Table 6-30)
Return on Equity	45.40	39.10	(Table 6-32)
Total Aggregate Revenue Requirement	4,427.40	4,420.32	
Less: Non-Tariff Income	54.54	53.14	(Table 6-34)
Less: Open Access Charges	1,755.34	1755.34	(Table 6-36)
Net Aggregate Revenue Requirement	2,617.52	2611.84	

6.17. LDC Charges

Petitioner's Submission

6.17.1. The Petitioner, in accordance with Regulation 15 of the UPERC SLDC Regulations, 2025, has proposed to recover the LDC charges from the users connected with the Intra-State Transmission Power System.

**TABLE 6-41: SUMMARY OF TOTAL CONTRATCED CAPACITY OF DISCOMS AND GENERATORS
(IN MW)**

S. No.	Discoms	Contracted Capacity (MW)
1	UPPCL	34,417
2	NPCL	526
3	RAILWAYS	329
4	NIDPL	0
5	LTOA beneficiaries of solar (other than discoms)	625
	Subtotal A (1 to 5)	35,897
6	Generators	18,734
7	Co-generation (Contracted)	1,481
8	Solar	2,508
9	Captive Power Plant	74
	Subtotal B (6 to 9)	22,797
	Total Contracted Capacity (A+B)	58,694

6.18. Recovery of Annual Revenue Requirement

6.18.1. The Petitioner has submitted the proposed LDC Charges to recover the Annual Revenue Requirement from the Users for FY 2025-26.

TABLE 6-42: SUMMARY OF LDC CHARGES AS SUBMITTED BY THE PETITIONER (IN MW)

Sl. No.	Particulars	Unit	ARR FY 2025-26
1	Recovery from Users other than Intra-State Transmission Licensee.	Rs. Lakhs	5,466.18
2	Contracted Capacity of Discoms	MW	35,897
3	Contracted Capacity of Generating Units	MW	22,797
4	Total Contracted Capacity	MW	58,694
5	LDC Charges	Rs./MW/Month	776.09

Commission's Analysis

6.18.2. Regulations 13 of UPERC SLDC Regulations, 2025 specifies the fees and charges payable by the Generating Companies, Distribution Licensees, Intra-State Transmission Licensees, Inter/Intra State Generating Companies connected with Intra-State Transmission power system of the State, Open Access Customers to the

SLDC. Furthermore, Regulation 14 of UPERC SLDC Regulations, 2025 specifies as follows:

“Reg.. 14(1)The Monthly LDC charges in MW/Month upto two decimal places to be taken from the Users who are availing Medium / Long Term Open Access and who want to get the scheduling done (except short term Open Access), in proportion to the sum of their capacities as on the last day of the billing month.

The Monthly LDC charges shall be calculated based on the following formula:

$$AFC(u)_{(t)} = \{AFC_{(t)} \div (X_{(t)})\}/12$$

Where,

AFC(u)(t) = UPSLDC Charges for the Monthly period (t);

AFC(t) = Total UPSLDC Charges for the yearly period (t);

X(t) = Contracted Capacity of Users who are availing Medium/Long Term Open Access.”

6.18.3. The Commission observes that the Petitioner has proposed the Open Access Charges for FY 2025-26. Regulation 3(9) of the UPERC SLDC Regulations, 2025 provides that the annual LDC Charges will be applicable after deducting the income from Open Access Charges and Non-Tariff income. Therefore, the Commission has considered the same in accordance with the Regulation.

6.18.4. Accordingly, the Commission has considered the submissions made by the Petitioner and approves the Open Access Charges for ARR for FY 2025-26 as shown in the Table below:

TABLE 6-43: OPEN ACCESS CHARGES FOR FY 2025-26 APPROVED BY THE COMMISSION (RS. LAKH)

Particulars	FY 2025-26	
	Petition (ARR)	Approved (ARR)
Annual Charges	-	-
Application Fee	349.23	349.23
Operating Charges	1,212.73	1,212.73
Registration Fee	193.38	193.38
Total Revenue from Operations	-	-
Net Annual Revenue Requirement (Table 6-40)	2,617.52	2,611.84

6.18.5. **LDC Charges:** The Commission has approved a gap of Rs. 1,715.39 Lakh for the



Petitioner during the True Up for FY 2023-24 in Chapter-4 of this Order. Considering the approved Gap of FY 2023-24 and the carrying cost up to FY 2025-26, the Commission approves the following Net ARR for FY 2025-26:

TABLE 6-44: COMMISSION COMPUTED - NET ARR TO BE RECOVERED FROM LDC CHARGES FOR FY 2025-26 (WITH ADJUSTMENT OF GAP OF FY 2023-24 & FY 2024-25) (RS. LAKH)

Particulars	FY 2023-24	FY 2024-25	FY 2025-26
	True Up	APR	ARR
Opening Gap/(Surplus) (A)	0.00	1,810.30	2,051.33
Gap/(Surplus) addition during the year (B)	1,715.39	31.93	0.00
Rate of Interest on IWC (%) (C)	11.07%	11.45%	11.00%
Carrying Cost (D) = {(A*C) + ((B/2)*C)}	94.91	209.11	112.82
Closing Gap/(Surplus) (E) = (A)+(B)+(D)	1,810.30	2,051.33	2,164.15
Net ARR for FY2025-26 (Table 6-43) (F)			2,611.84
NET ARR to be recovered from LDC Charges includes Adjustments (G) = (E)+(F)			4,775.99

6.18.6. To recover the Net Revenue Gap of the Petitioner, the Commission approves the following SLDC Charges to be recovered from the users except Intra-state Transmission Licensee.

TABLE 6-45: COMMISSION COMPUTED - MONTHLY LDC CHARGES FOR FY 2025-26 (RS./MW/ MONTH)

Particulars	FY 2025-26	
	Petition (ARR)	Approved (ARR)
NET Revenue Gap to be recovered from LDC Charges (considering carry forward True Up gap of FY 2023-24) (Rs. Lakh)	5,466.18	4,775.99
Tied Up Commissioned Capacity of Discoms (MW)	35,897.00	35,897.00
Tied Up Commissioned Capacity of Generating Units (MW)	22,797.00	22,797.00
Total Contracted Capacity (MW)	58,694.00	58,694.00
Monthly LDC Charges (Rs/MW/Month)	776.09	678.09*

*The Petitioner has not computed the Net ARR for FY 2025-26 in consideration of the APR Gap of FY 2024-25.

**Monthly LDC Charges are computed as per projected Revenue and Contracted Capacity submitted by the Petitioner for FY 2025-26.

6.18.7. As mentioned above, the Commission approves the Monthly LDC Charges in Rs. 678.09/MW /Month to be collected by the Petitioner from the Users (except short



term Open Access), who are availing Medium/Long Term Open Access or who want to get the scheduling done, in proportion to the sum of their capacities as on the last day of the billing month.



7. DIRECTIVES

7.1. COMPLIANCE OF DIRECTIVES ISSUED IN THE PAST TARIFF ORDER DATED. 10.10.2024

7.1.1. The Commission has issued certain directives to the Petitioner in UPSLDC previous Tariff Order dated. 10.10.2024. The status of compliance submitted by the Petitioner on the same is as shown below:

**TABLE 7-1: STATUS OF COMPLIANCE/PETITIONER'S REPLY TO COMMISSION'S DIRECTIVES
IN PREVIOUS TARIFF ORDER DATED 10.10.2024**

S.No.	Directives	Status of Compliance/Petitioner's Reply	Remarks
1.	The MYT Tariff Regulations specify provision for Transmission/Distribution Licensees for obtaining prior approval of the Commission before implementing capex schemes costing above a certain threshold limit, whereas UPERC SLDC Regulations, 2020 do not specify any such provision to obtain prior approval from the Commission for implementing capex schemes. Further, UPSLDC has been incorporated as an independent entity separate from UPPTCL, thus the Commission finds it necessary that all capital expenditure schemes/projects having value exceeding Rs. 1 crore shall have prior approval of the Commission on a quarterly basis and will be subject to prudence check. Therefore, the Petitioner is directed to submit detailed capital investment plans/schemes/projects of value exceeding Rs. One Crore (or such other threshold value as may be determined by the Commission from time to time) for prior approval failing which the	<ul style="list-style-type: none">The Petitioner has submitted that it has not undertaken any Capex or Capitalisation costing above threshold limit of Rs. 1 Cr.And further confirms that it will obtain necessary prior Regulatory approvals before undertaking any schemes costing above the threshold limit of Rs. 1 Crore.	Complied.



	<p>Commission may consider not to allow the same in the ARR and Tariff proceedings. Such investment approval Petitions should be accompanied with detailed techno-economic analysis including technical and cost related details, sources of funding, cost-benefit analysis, proposed implementation plan, rationale/ purpose of the investment including grid operations, safety compliance, etc. It may be noted that the Petitioner is not required to take prior approval of those schemes, which are fully funded through grants/subsidies etc.</p>		
2.	<p>The Petitioner entity has been recently incorporated in FY 2022-23 after segregation from UPPTCL. While the Petitioner is required to prepare and maintain Fixed Asset Register (FAR) to comply with the requirements of various applicable statutes and accounting standards, the same should also maintain additional information fields in the FAR for regulatory compliance perspective. Accordingly, the Commission directs the Petitioner to maintain a separate individual asset-wise FAR for all its fixed assets w.e.f. its date of incorporation. The FAR should be maintained in soft copy in Excel format and the same should be provided to the Commission along with each Tariff filing.</p>	<p>The Petitioner has submitted that it has prepared and maintained its Fixed Asset Register for the FY 2023-24 on ERP-SAP which has been submitted with the tariff petition.</p>	<p>Complied.</p>
3.	<p>The Commission observes that as per Clause 2.14 of the Electricity Grid Code, 2007, a State Power Committee (SPC) was to be constituted under the Chairmanship of the head of UPSLDC. The Commission vide various letters has directed the Petitioner to</p>	<p>The Petitioner has submitted that it has conducted SPC meeting on a regular basis. UPSLDC has conducted its 5th SPC meeting on 3rd October 2024 and maintained all</p>	<p>Complied. The same shall be complied in future also.</p>



	<p>submit the status of the operationalization of SPC along with minutes of meetings of latest meetings. However, it was observed that while the SPC has been constituted, meetings of SPC were not conducted regularly and details of the same were not in the public domain therefore, the Petitioner is directed to conduct meetings of the SPC regularly as mentioned in SPC-U.P. (Conduct of Business) Rules and ensure that a separate link of UP-SPC is created on the homepage of UPSLDC's website where among others the notification(s) for constitution of the SPC, the minutes of meetings of SPC-U.P. along with relevant data/documents are uploaded.</p>	<p>the details/minutes of meetings, with relevant data/ documents regarding SPC meeting in public domain (https://eass.upsldc.org/eass/portal/mis/SPC.jsp).</p>	
4.	<p>The Commission has notified UPERC (Power System Development Fund) Regulations, 2023 on 20.06.2023 for procedure related to sanction and utilization of Power System Development Fund (PSDF). Further, it is observed that a substantial amount is currently available in the account which can be utilized for the projects in line with the PSDF Regulations. Therefore, the SLDC being the nodal agency for PSDF in the State is directed to promptly and in timely manner process the proposal(s) received from the project entity under PSDF and submit the same before the Commission for approval in accordance with UPERC (Power System Development Fund) Regulations, 2023.</p>	<ul style="list-style-type: none"> • The Petitioner has submitted that separate accounts of PSDF fund have been created. • Therefore, the Petitioner has requested the Commission to consider the same. Further, UPSLDC has maintained it details in public domain (https://eass.upsldc.org/psdf). 	<p>The Commission vide Order dated 03.12.2024 in Petition No. 2132 of 2024 has approved the scheme of Rs.3,245 lakhs for upgradation of onsite EASS data center for UPSLDC under PSDF fund. The same shall be complied with in future also.</p>
5.	<p>While it is desirable in the interest of grid security that adequate reserves are maintained locally at the State level for each state control area as per CERC (ancillary services) Regulations 2022 read with the Grid Code, these</p>	<p>The Petitioner has submitted that it is regularly monitoring its system for maintaining the grid frequency close to 50Hz and restoring the</p>	<p>Non-Complied. The Petitioner is directed to ensure the compliance of the directions</p>



	<p>regulations aim to provide mechanisms for procurement, through administered as well as market-based mechanisms, deployment and payment of Ancillary Services at the regional and national level for maintaining the grid frequency close to 50 Hz, and restoring the grid frequency within the allowable band as specified in the Grid Code and for relieving congestion in the transmission network, to ensure smooth operation of the power system, and safety and security of the grid. Till the Commission frames any regulation in this regard, UPSLDC is required to work with an objective to create and maintain adequate reserves locally at the State level for each state control area and submit the details to the Commission for framing of the Regulations for improving and enhancing reliability of the power system.</p>	<p>grid frequency within the allowable band as specified in the Grid Code.</p>	<p>and provide detailed action plan within three months before the Commission.</p>
6.	<p>The Ministry of Power in consultation with the Central Electricity Authority issued the Guidelines for Resource Adequacy Planning framework for India in exercise of powers conferred under the Rule 16 of Electricity (Amendments) Rules, 2022 on June 28, 2023. As per these Guidelines, State Commissions are required to frame regulations on resource adequacy. Accordingly, the Commission has published draft UPERC (Framework for Resource Adequacy) Regulations, 2024. In order to ensure timely and effective implementation of these Regulations, after its notification, the Petitioner needs to take all necessary steps in advance for taking up its roles and responsibilities as envisaged in the said framework.</p>	<p>The Petitioner has submitted that it has taken all the necessary steps in advance for taking up its roles and responsibilities as provided in the UPERC (Framework for Resource Adequacy) Regulations, 2024.</p>	<p>Complied</p>



7.	<p>The Commission, in view of the advisory issued by Ministry of Power (MoP) for mandatory certification of personnels posted in the load dispatch centres, had directed the Petitioner vide Order dated 17.02.2023 in Suo-moto Proceeding(s) No. 59SM/2022, 60SM/2022 and 61SM/2022 to ensure that personnels deployed in UPSLDC shall be trained as per the MoP letter dated 23.03.2022 and trained executives/personnels must be retained by UPSLDC and not be transferred out of UPSLDC without prior approval of the Commission. Accordingly, the Petitioner is directed to adhere to the directions issued by the Commission and submit the status of compliance for the same within 30 days from the issuance of this Order.</p>	<p>The Petitioner has submitted that at present, total of 60 nos. of personnel out of 139 nos. of Personnel are trained in accordance with the MoP letter dated 23.03.2022. Further, UPSLDC is planning to send its personnel for training conducted by NPTI.</p> <table><tr><td>Designation</td><td>No. Personnel</td></tr><tr><td>Chief Engineer (CE)</td><td>02</td></tr><tr><td>Superintending Engineer (SE)</td><td>06</td></tr><tr><td>Executive Engineer</td><td>08</td></tr><tr><td>ASSISTANT ENGINEER</td><td>28</td></tr><tr><td>Junior Engineer</td><td>04</td></tr><tr><td>Total</td><td>48</td></tr></table>	Designation	No. Personnel	Chief Engineer (CE)	02	Superintending Engineer (SE)	06	Executive Engineer	08	ASSISTANT ENGINEER	28	Junior Engineer	04	Total	48	Complied.
Designation	No. Personnel																
Chief Engineer (CE)	02																
Superintending Engineer (SE)	06																
Executive Engineer	08																
ASSISTANT ENGINEER	28																
Junior Engineer	04																
Total	48																
8.	<p>The Commission has observed that the Petitioner has submitted that upgradation/ replacement of existing Supervisory Control and Data Acquisition (SCADA) / Energy Management System (EMS) system (ULDC Phase III) would be implemented by POWERGRID in regulated tariff mode and the cost of the same will be borne by POWERGRID. In this regard, the Petitioner is directed to coordinate and take all necessary steps on priority for its timely implementation in accordance with directions issued by the competent authority. The Petitioner is further directed to submit the status of the same in its directive compliance</p>	<p>The Petitioner has submitted that the upgradation/replacement of existing SCADA and EMS System (ULDC Phase III) implemented by Power Grid in Regulated Tariff mode. Further, it was submitted that UPSLDC has taken all the necessary steps on priority basis for its timely implementation. The expected start and completion date of upgradation projects is as follows: -</p>	<p>The Petitioner has taken all necessary steps in this regard. The Petitioner is directed to submit the final status once the scheme is implemented by POWERGRID.</p>														



	report and also in the next tariff submission.	<table><tr><td>Project</td><td>Expected Start date</td><td>Expected Completion date</td></tr><tr><td>EASS hardware Upgradation</td><td>April 2025</td><td>July 2025</td></tr><tr><td>Scada and EMS System (ULDC Phase II)</td><td>March 2025</td><td>Jan 2026</td></tr></table>	Project	Expected Start date	Expected Completion date	EASS hardware Upgradation	April 2025	July 2025	Scada and EMS System (ULDC Phase II)	March 2025	Jan 2026	
Project	Expected Start date	Expected Completion date										
EASS hardware Upgradation	April 2025	July 2025										
Scada and EMS System (ULDC Phase II)	March 2025	Jan 2026										
9.	<p>The Commission has observed that the Petitioner had proposed Rs 12.40 Crore for FY 2023-24 and FY 2024-25 towards cyber security in the Business Plan Petition. Subsequently, it has been informed that Cyber Security Operation Centre (C-SOC) is being pursued at central PSDF level, however, the same is yet to be finalised. In this regard, the Petitioner is directed to coordinate and take all necessary steps on priority for its early implementation. The Petitioner is further directed to submit the status of the same in its directive compliance report and also in the next tariff submission.</p>	<p>The Petitioner has submitted that the Nodal agency i.e. Central PSDF NLDC vide its Letter No. NLDC-PSDF/36th Appraisal/2024-25, dated 05.11.2024 has directed UPSLDC to prepare the revised DPR for implementation of C-SOC as per approved model BOQ with revised cost of Rs. 12 Crore. including GST.</p> <p>UPSLDC is in the process for submission of the revised DPR to the Nodal agency i.e. Central PSDF NLDC. Therefore, UPSLDC requested the Commission to consider the same.</p>	<p>UPSLDC is directed to expedite the process and intimate the status in next three months.</p>									

8. DIRECTIVES ISSUED IN THIS ORDER

- 8.1.1. The Commission notes that while the Petitioner is in the process of preparing and maintaining the Fixed Asset Register (FAR) to comply with the requirements of various applicable statutes and accounting standards, it is necessary that the same also capture additional information fields from a regulatory compliance perspective. Accordingly, the Commission directs the Petitioner to maintain a separate individual asset-wise FAR, part-wise, as per Regulation 7 of the UPERC SLDC Regulations, 2025, for all its fixed assets — i.e., Part-A for assets capitalised up to 31.03.2025 and Part-B for assets capitalised on or after 01.04.2025. The FAR shall be maintained in soft copy (Excel format) and submitted to the Commission along with each Tariff filing.
- 8.1.2. While it is desirable in the interest of grid security that adequate reserves are maintained locally at the State level for each state control area as per CERC (ancillary services) Regulations 2022 read with the Grid Code, these regulations aim to provide mechanisms for procurement, through administered as well as market-based mechanisms, deployment and payment of Ancillary Services at the regional and national level for maintaining the grid frequency close to 50 Hz, and restoring the grid frequency within the allowable band as specified in the Grid Code and for relieving congestion in the transmission network, to ensure smooth operation of the power system, and safety and security of the grid. Till the Commission frames any regulation in this regard, UPSLDC is required to work with an objective to create and maintain adequate reserves locally at the State level for each state control area and submit the details to the Commission for framing of the Regulations for improving and enhancing reliability of the power system with in three months.
- 8.1.3. The Commission notes the increasing reliance of UPSLDC on advanced technologies such as SCADA/EMS upgradation, EASS hardware, and upcoming C-SOC facilities, which require continuous focus on cybersecurity and adoption of new innovations. Accordingly, the Commission directs the Petitioner to establish a structured framework for cybersecurity monitoring, regular vulnerability assessment, and incident response drills. A yearly compliance report on cybersecurity readiness and



innovations adopted shall be submitted along with tariff petition.

- 8.1.4. The Petitioner is directed to maintain adequate manpower in each area of specialization as specified by CEA /forum of regulators. The Commission observes that a significant proportion of the existing manpower is at the JE level. In view of the evolving grid management environment, the Commission directs the Petitioner to prepare and implement a skill upgradation plan for JE-level employees, with emphasis on IT systems, cyber hygiene, regulatory framework, and logistics. The Petitioner shall submit the roadmap for skill development within three months from the date of this Order. The Commission further directs the Petitioner to conduct at least two specialized workshops annually for its employees on innovations in grid operations, IT logistics, and regulatory compliance. The details of such workshops, including the number of personnel trained, duration, and training modules covered, shall be reported to the Commission.
- 8.1.5. The Commission also notes that UPSLDC is facing challenges in securing training slots at NPTI. In this regard, the Commission takes cognizance of CERC Circular No. Comm/1/2025-CERC, which has broadened the list of recognized training institutes. Accordingly, the Petitioner is directed to make use of the additional institutes recognized by CERC to ensure that its training calendar is implemented without delay. Compliance status in this regard shall be submitted along with the next tariff petition.
- 8.1.6. The Commission observes that UPSLDC currently does not have any dedicated tool for demand side regulation through curtailment, which is becoming increasingly critical for maintaining system reliability in view of rising demand and renewable integration. Advanced Distribution Management System (ADMS) provides an effective platform for automated demand management, real-time monitoring, and optimization of curtailment measures, thereby supporting secure grid operations. Accordingly, the Commission directs the Petitioner to initiate the development and implementation of an ADMS framework at the earliest. The Petitioner shall coordinate with UPPCL and UPPTCL for necessary technical, financial, and infrastructural support in this regard. A roadmap for ADMS implementation,



including timelines, scope of work, and cost-benefit analysis, shall be submitted to the Commission within six months from the date of this Order.

- 8.1.7. As the Commission has notified the UPERC MYT Transmission Regulations, 2025, wherein the intra-state transmission tariff shall be determined on the basis of *Base Transmission Capacity Rights (Base TCR)*, UPSLDC is directed to furnish the demand data of Base TCR to distribution licensees and Indian Railways of previous years within one month after completion of financial year.



9. APPLICABILITY OF THE ORDER

- 9.1.1. The Petitioner in accordance with Regulation 3(7) of the UPERC (Fees & Charges of State Load Despatch Centre and other related matters) Regulations, 2025, shall publish the Charges approved by the Commission within three working days after approval by the Commission in at least two (2) English and two (2) Hindi daily newspapers having wide circulation in its business area and shall upload the approved Charges on its internet website in English and Hindi. The Petitioner is also required to submit the copies of the newspapers and screenshots of the website within seven (7) days of the publication.
- 9.1.2. The Charges, so published, shall be in force from the date stipulated in the Order and shall, unless amended or revised, continue to be in force for such period as may be stipulated therein. The Commission may issue clarification / corrigendum / addendum to this Order as it deems fit from time to time with the reasons to be recorded in writing.

(Sanjay Kumar Singh)
Member

(Arvind Kumar)
Chairman

Place: Lucknow

Date: September 8th, 2025

10.ANNEXURE I: ADMITTANCE ORDER



BEFORE

THE UTTAR PRADESH ELECTRICITY REGULATORY COMMISSION,
LUCKNOW

Petition No. 2231 /2025

IN THE MATTER OF:

Truing-Up for FY 2023-24, Annual Performance Review (APR) for FY 2024-25 and Annual Revenue Requirement (ARR) for FY 2025-26 in the Petition No. 2231/2025 of Uttar Pradesh State Load Despatch Centre.

ORDER

BACKGROUND:

The Electricity Act, 2003 under Section 64 stipulates the Licensee to file an application before the State Electricity Regulatory Commission for determination of tariff in such manner as may be specified by the Commission as per the applicable Regulations.

The Commission had notified the Uttar Pradesh Electricity Regulatory Commission (Fees & Charges of State Load Despatch Centre and other related matters) Regulations, 2020 (herein after referred as UPERC SLDC Regulations, 2020) on May 14, 2020. These Regulations are applicable for determination of fees and charges to be collected by State Load Despatch Centre from its users for the period from April 1, 2021, to March 31, 2025, unless reviewed earlier or extended by the Commission.

As per the provisions stipulated in the Regulation 6 of UPERC SLDC Regulations, 2020, the Petition for determination of True-Up, Annual Performance Review (APR) and Aggregate Revenue Requirement (ARR)/Tariff, complete in all respect must be filed by the UPSLDC for each year of the Control Period (FY 2021-22 to FY 2024-25) before the Commission on or before November 30th of concerned year.

Thereafter, the Commission had notified the UPERC (Fees and Charges of State Load Despatch Centre and Other Related Matters) Regulations, 2025 (hereinafter referred as 'UPSLDC Regulations 2025') on June 20, 2025. The UPSLDC Regulations 2025 is applicable for the control period from April 01, 2025 to March 31, 2030, unless extended by the Commission.

Further, the Commission vide letter no. UPERC/D(T&S)/JD(T)/167-387 dated 23rd June 2025 directed UPSLDC to submit its ARR Petition for FY 2025-26 as per UPSLDC Regulations 2025 latest by 10th July 2025. The Commission also shared the formats with

64.

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UPSLDC for submitting information pertaining to the ARR as per UPSLDC Regulations 2025. The relevant para of the letter is as below:

"The UPERC (Fees & Charges of State Load Despatch Centre & other related matters) Regulations, 2025 were framed by the Commission vide notification no. UPERC/D(T)/JD(Transmission)/167-013, dated 20.06.2025. Accordingly, the formats for the control period from 01.04.2025 to 31.03.2030 for filing of True up/ APR/ ARR have been prepared.

The Tariff Petition i.e. True Up for FY 2023-24, APR for FY 2024-25 and ARR for FY 2025-26 as per the UPERC (Fees & Charges of State Load Despatch Centre & other related matters) Regulations, 2020 has already been filed by the UPSLDC. Further, the formats for True up of FY 2023-24 and APR for FY 2024-25 have already been submitted by the UPSLDC along with the tariff petition for True up of FY 2023-24, APR for FY 2024-25 and ARR for FY 2025-26. However, with the issue of new regulations, the ARR/Tariff for FY 2025-26 will have to be determined based on the principles contained in MYT Regulations for the control period from 01.04.2025 to 31.03.2030.

Accordingly, it is directed to provide the information pertaining to the ARR for FY 2025-26, along with supporting documents and relevant submissions, if any, in the enclosed formats by 10.07.2025. The soft copy of the formats has been sent via email as well."

LICENSEES SUBMISSION:

Uttar Pradesh State Load Despatch Centre (hereinafter referred to as 'UPSLDC'/'Petitioner') filed its ARR Petition 2167/2024 for determination of True-Up for FY 2023-24, APR for FY 2024-25 and ARR & Tariff for FY 2025-26 before the Commission on November 29, 2024, along with the audited accounts for FY 2023-24, as per the UPERC UPSLDC Regulations, 2020.

Further, pursuant to notification of the UPERC (Fees and Charges of State Load Despatch Centre and Other Related Matters) Regulations, 2025, UPSLDC has submitted a revised ARR Petition No. 2231/2025 for FY 2025-26 before the Commission on July 10, 2025 and also revised its True-Up and APR petition due to restatement of audited figures for FY 2023-24 & finalisation of audited accounts for FY 2024-25.

PRELIMINARY OBSERVATION:

The Commission had conducted a preliminary analysis of the above Petition submitted on November 29, 2024 and certain deficiencies were observed which were raised to the Petitioner vide letters/email dated January 20, 2025, and April 16, 2025 and some deficiencies were raised vide Minutes of Meeting dated 18th July 2025 of TVS conducted on July 18, 2025 against revised petition.

In preliminary analysis, deficiencies were sought which were related to Depreciation details, details of capital expenditure, information on consumer contribution, methodology for projected non-tariff income, balance sheet / audited accounts, list of

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schemes to be capitalised during FY 2025-26, fixed Asset Registers, Normative calculation of O&M expenses, SLDC application fees along with various other deficiencies.

LICENSEE RESPONSE:

The Petitioner submitted its response to the data deficiency in respect to True-Up of FY 2023-24, APR of FY 2024-25, ARR of FY 2025-26 vide following letters:

- a) Letter No. 10/Dir(SLDC)/ARR/UPERC dated January 31, 2025.
- b) Letter No. 2948/SE(RAU)/ARR/UPERC dated May 7, 2025.
- c) Revised Petition filed on July 10, 2025.

The Technical Validation Session (TVS) on the Petitions of the Petitioner was conducted on July 18, 2025, which was attended by the senior officials of the Commission and UPSLDC. During TVS, UPSLDC explained various issues raised in the deficiencies/MOM of TVS and provided clarifications on the queries raised by officials of the Commission during TVS. The fresh queries, related to information submitted pertaining to pending data / information, were sought vide minutes of meeting (M.O.M.) dated 18th July 2025.

COMMISSION'S OBSERVATIONS & DIRECTIONS:

The Petitioner has filed the Petition within the due date and in accordance with UPERC SLDC Regulation 2020, SLDC Regulation 2025 and letter no. UPERC/D(T&S)/JD(T)/167-387 dated June 23, 2025. The Petitioner has submitted data in compliance with Clause 10 of Regulation 3 of the new Regulations and has submitted a fresh Petition No. 2231/2025 dated 10.07.2025 for revised ARR as per UPSLDC Regulations 2025. Further, the Petitioner also revised the True-Up and APR figures with submissions of revised ARR due to the restatement of audited figures for FY 2023-24 and finalisation of audited accounts for FY 2024-25. The updated True-Up, APR, and ARR along with the SLDC Charges for FY 2025-26 have been submitted together before the Commission thus, the earlier Petition 2167/2024 stands withdrawn.

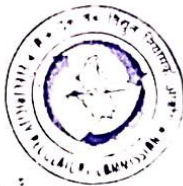
Further, the Commission admits the Tariff Petition No. 2231/2025 of the Petitioner. The Commission further directs UPSLDC to submit the response on matters raised in TVS and previous pendency, if any. The Petitioner is also being directed that it shall furnish further information / clarifications, if any, as deemed necessary by the Commission during the processing of the Petition and provide the same to the satisfaction of the Commission within the time frame as stipulated by the Commission. In case of failure in compliance of such directions, the Commission shall dispose of the concerned matter as found deemed fit by it based on the available information.

Clause (5) of Regulation 3 of UPERC (Fees and Charges of State Load Despatch Centre and Other Related Matters) Regulations, 2025 specifies as under:

"UPSLDC shall within three working days of issue of the Admittance Order, publish a Public Notice in at least two English and two Hindi daily newspapers having wide

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circulation, outlining the True-Up/APR/ARR, proposed charges and such other matters as may be directed by the Commission, and inviting suggestions and objections from the stakeholders and public at large:

Provided that UPSLDC shall also provide on its website the Petition filed before the Commission along with all regulatory filings, detailed computations, particulars and documents, in text-searchable format or in downloadable spreadsheet format in the manner stipulated by the Commission:

Provided also that web link to the information mentioned in the first proviso to this Regulation should be easily accessible, archived for downloading and to be prominently displayed on the Petitioner's website:

Provided also that UPSLDC shall intimate its stakeholders about filing of such Petition, period of public consultation, date of Public Hearing etc. through appropriate notice on its website and newspapers:

Provided further that the Petitioner may be exempted by the Commission from providing any such information, particulars or documents considered confidential in nature:

Provided further that if the True-Up Petition is not submitted within timelines, no carrying cost for the period of delay shall be allowed for the gap arrived for the true-up year. However, in case of surplus, the same shall be recovered with carrying cost."

Accordingly, the Petitioner shall publish a Public Notice within three working days of issue of the Admittance Order in at least two English and two Hindi daily newspapers having wide circulation, outlining the ARR, proposed charges, APR, True-Up etc., and invite suggestions and objections within 21 days from the date of publication of the Public Notice(s) from the stakeholders and public at large.

The Public Notices should indicate that the stakeholders should regularly check the website of the Petitioner for further submissions made in respect to these proceedings.

The Petitioner shall also upload on its website the True up Petitions, the updated APR and updated ARR formats filed before the Commission along with all regulatory filings, information, particulars, and related documents in their original version (not in zipped or compress folder), which shall be signed digitally and in searchable pdf formats along with all Excel files and as per any other provision of the Regulations and Order of the Commission. The Petitioner shall also ensure that those files are broken into such size which can be easily downloaded. The Petitioner shall also ensure that for downloading the same, there is no requirement of providing personal information. The Petitioner shall not provide or put up any such information, particulars, or documents, which are confidential in nature, without the prior approval of the Commission.

The Petitioner shall inform the Commission, about the details of publication of the Public Notice in the newspapers and uploading on the website along with the links. The Petitioner are also required to submit the copies of the newspapers and screen shots of the website within 7 days of publication of the Public Notice.

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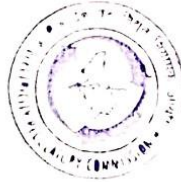


The Commission proposes to hold the Public Hearings in August 2025, the details of which will be provided subsequently on the Commission's website www.uperc.org.

The Petitioner shall take all necessary steps to ensure the necessary arrangements for smooth functioning of the same in accordance with the guidelines / instructions issued in this regard by the Commission.

The Commission reserves the right to seek any further information / clarifications as deemed necessary during the processing of these Petitions.


(Sanjay Kumar Singh)
Member






(Arvind Kumar)
Chairman

Place: Lucknow
Date: 24 July 2025



11.ANNEXURE II: PUBLIC NOTICE ISSUED BY THE COMMISSION FOR PUBLIC HEARING

	U.P. Electricity Regulatory Commission Vidyut Niyamak Bhawan, Vibhuti Khand, Gomti Nagar, Lucknow - 226010									
Ph : 0522-2720426, Fax : 0522-2720423, E-mail: secretary@uperc.org , www.uperc.org										
Ref: UPERC/D(T&S)/JD(T)/171- 614										
Dated: 30.07.2025										
Public Notice										
<p>The Transmission licensee, viz. Uttar Pradesh Power Transmission Corporation Limited (UPPTCL) and Uttar Pradesh State Load Despatch Centre (UPSLDC) have filed Petitions for determination of Aggregate Revenue Requirement (ARR) / Tariff for FY 2025-26, Annual Performance Review for FY 2024-25 and True-Up for FY 2023-24 before the Uttar Pradesh Electricity Regulatory Commission (UPERC / Commission).</p> <p>The Commission vide Orders dated July 24, 2025 for UPSLDC & July 25, 2025 for UPPTCL has admitted the Petitions and has decided to hold "Public Hearings" for inviting suggestions and objections from the stakeholders and public at large. The "Public Hearings" will be conducted as per below details:</p>										
<table border="1"><thead><tr><th>Licenses Covered</th><th>Date & Time of Public Hearing</th><th>Place of Public Hearing</th></tr></thead><tbody><tr><td>UPSLDC</td><td>August 20, 2025 @ 11:00 AM (Wednesday)</td><td>Lucknow - Auditorium (3rd Floor) of Uttar Pradesh Electricity Regulatory Commission, Vidyut Niyamak Bhawan, Vibhuti Khand, Gomti Nagar, Lucknow - 226010</td></tr><tr><td>UPPTCL</td><td>August 20, 2025 @ 12:00 AM (Wednesday)</td><td>Lucknow - Auditorium (3rd Floor) of Uttar Pradesh Electricity Regulatory Commission, Vidyut Niyamak Bhawan, Vibhuti Khand, Gomti Nagar, Lucknow - 226010</td></tr></tbody></table>	Licenses Covered	Date & Time of Public Hearing	Place of Public Hearing	UPSLDC	August 20, 2025 @ 11:00 AM (Wednesday)	Lucknow - Auditorium (3rd Floor) of Uttar Pradesh Electricity Regulatory Commission, Vidyut Niyamak Bhawan, Vibhuti Khand, Gomti Nagar, Lucknow - 226010	UPPTCL	August 20, 2025 @ 12:00 AM (Wednesday)	Lucknow - Auditorium (3rd Floor) of Uttar Pradesh Electricity Regulatory Commission, Vidyut Niyamak Bhawan, Vibhuti Khand, Gomti Nagar, Lucknow - 226010	
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<p>The licensee/entity has already published a summary of the Petitions in newspapers, inviting suggestions and objections. The stakeholders & Public at large should regularly check the websites of Commission i.e. www.uperc.org & concerned Licensee/Entity for updates / information and details about the venues/schedule of the 'Public Hearings'. All stakeholders and public at large are invited to attend the 'Public Hearings'.</p> <p>All the Stakeholders who are participating in the Public Hearing shall also submit their written suggestions and objections in hard copies (one original + 05 sets of copies) along with affidavit to the Secretary, UPERC within three (03) days of the Public Hearing. The submission should also be sent in PDF and Word / Excel format on the email id: secretary@uperc.org & office@uperc.org. It should be ensured that the Licensee/Entity name for whom the submission pertains to, is written in the subject line, otherwise it may not be taken into consideration.</p>										
<p style="text-align: right;"> Secretary</p>										



12.ANNEXURE III: LIST OF PERSONS WHO ATTENDED PUBLIC HEARING

ATTENDANCE SHEET					
Petition (2231/2025) for ARR & LDC Charges of FY 2025-26 (UPSLDC LIMITED)					
Date : 20-08-2025 (11:00 AM)					
Sl.No.	Name	Designation	Apearing on Behalf of	Mobile Number	Signature
1	Utkarsh Pandey	SO-Executive	NPCL	9634996770	
2	Arun Kumar Mishra	Director	UPSLDC	9873549012	
3	Saiveesh Kumar	SE(RAU)	UPSLDC	8004921102	
4	Rakesh Kumar Suman	Ex-Engineer (RAU)	UPSLDC	8423377715	
5	Vikas Gupta	Chief Engineer	UPPTCL	7060706085	
6	Satyendra Kumar	SE	UPPTCL	9415902866	
7	D.C. Vamsi	CE (LAW)	UPPCL	9415009347	
8	Pratool Kishore	EE (RAU)	UPPCL	8058463822	
9	अवधेश कुमार	अध्यक्ष, उपप्रान्तीय विद्युत उपसमीक्षा परिषद			
10	Pradeep Gupta	Dy. CAO	UPSLDC/UPPTCL	8004916743	
11	SHARVAN BABBAR	DGM (FEA)	"	9958510590	

ATTENDANCE SHEET					
Petition (2231/2025) for ARR & LDC Charges of FY 2025-26 (UPSLDC LIMITED)					
Date : 20-08-2025 (11:00 AM)					
Sl.No.	Name	Designation	Apearing on Behalf of	Mobile Number	Signature
12	Nimendra Singh	AE	UPSLDC	9157801895	
13	Shreyans Ranjan	AE	UPSLDC	9415211187	
14	Viresh Kumar Singh	EE	UPSLDC	9415609360	
15	Afzal Siddique	AE	UPSLDC	9452800196	
16	Abi Javed	AE	"	9415115121	
17	Vinay Mandal	SE	"	9415311832	
18	Dakshak +J	EE	"	8004941064	
19	Shubhra Shukla	AE	"	9415311833	
20	Sangeeta	SE	"	9415311805	
21	Rekha Singh	AE	"	9415000458	
22	Rajeev Mohan	CE	"	9415037771	



Approval of ARR and Tariff for UPSLDC of FY 2024-25,
APR of FY 2023-24 and True-Up of FY 2022-23

ATTENDANCE SHEET					
Petition (2231/2025) for ARR & LDC Charges of FY 2025-26 (UPSLDC LIMITED)					
Date : 20-08-2025 (11:00 AM)					
Sl.No.	Name	Designation	Apearing on Behalf of	Mobile Number	Signature
23	Dinesh kumar Singh	E.E	UPSLDC.		
24	Shashank Singh	EE	UPSLDC	8299369295	
25	Shobhit Sharma	AE	UPSLDC	87875702	
26	Neha Gautam	AE	UPSLDC	8840060194	
27	Nasimendra Pandey	C.E	UPPTCL.		
28	Mohini Khan	EE	UPSLDC	804949277	
29	Mohd. Irfan	EE	UPSLDC	941511512	
30	Bridge based	EE	UPSLDC	8004940928	
31	Sub VIPIN	SE	UPSLDC	8004921995	
32	Nihar Ranjan	Vice President	RL Kargur	8004929112	
33	Anurag Kumar	SE	UPSLDC	8004921110	

ATTENDANCE SHEET					
Petition (2231/2025) for ARR & LDC Charges of FY 2025-26 (UPSLDC LIMITED)					
Date : 20-08-2025 (11:00 AM)					
Sl.No.	Name	Designation	Apearing on Behalf of	Mobile Number	Signature
34	Veerush Patel	AE	UPSLDC	9076799697	
35	Ashwini V	AE	UPSLDC	7086222	
36	Peeyush Goshg	Director (Operation)	UPPTCL		
37	Alita Wali	Manager, Persona Limited	Persona Limited	8147573598	
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