

**UTTAR PRADESH ELECTRICITY REGULATORY COMMISSION
(MULTI YEAR TARIFF FOR DISTRIBUTION) REGULATIONS, 2025**

S. No. - UPERC/SECY/REGULATION/2025-009, dated 26.03.2025

IN exercise of the powers conferred by Clause (y), (zd), (ze), (zf), (zg), (zh) and (zp) of Sub-Section (2) of Section 181 read with the First Proviso to Section 51, Section 61, Sub-Sections (2) and (5) of Section 62, Sub-Sections (1) and (3) of Section 64, Section 65 and Clause (b) of Sub-Section (1) of Section 86 of the Electricity Act, 2003 (36 of 2003) and all other powers enabling it in that behalf, the Uttar Pradesh Electricity Regulatory Commission hereby makes the following Regulations. These Regulations shall supersede the Uttar Pradesh Electricity Regulatory Commission (Multi Year Tariff for Distribution and Transmission) Regulations, 2019 for determination of Distribution Tariff.

1. Short title, Extent, Applicability and Commencement

1.1 These Regulations may be called the Uttar Pradesh Electricity Regulatory Commission (Multi Year Tariff for Distribution) Regulations, 2025.

1.2 These Regulations shall extend to the whole of the State of Uttar Pradesh.

1.3 These Regulations shall be applicable to Distribution Licensees, and their successors for determination of Aggregate Revenue Requirement (ARR), Annual Performance Review (APR), Tariff, True-Up and related matters covered under these Regulations from April 01, 2025 up to March 31, 2030.

1.4 These Regulations shall come into force from April 01, 2025 and unless reviewed earlier or extended by the Commission, shall remain in force for a period of five years and will be published in the Official *Gazette* of the Government of Uttar Pradesh:

Provided that for all purposes, the issues relating to the determination of ARR, APR, Tariff, True-Up and related matters, including review matters, for a particular Financial Year shall be governed by the respective Tariff Regulations applicable for that specific year.

2. Definitions

2.1 In these Regulations, unless the context otherwise requires:-

(1) “**Accounting Statements**” means for each Financial Year the following statements, namely: -

- (i) Audited Balance sheet, prepared in accordance with the form contained in Part I of Schedule 3 to the Companies Act, 2013, as amended from time to time.
- (ii) Audited Profit and loss accounts, complying with the requirements contained in Part II of Schedule 3 to the Companies Act, 2013, as amended from time to time.
- (iii) Audited Cash flow statement, prepared in accordance with the Accounting Standard on cash flow Statement (IND AS-3) of the Institute of Chartered Accountants of India, as amended from time to time.
- (iv) Report of statutory auditors of the Licensee.
- (v) Cost records if any, prescribed by the Central Government under Section 148 of the Companies Act 2013, as amended from time to time.
- (vi) Together with notes thereto, and such other supporting statements and information as the Commission may direct from time to time.
- (vii) Category/ sub-category wise billed revenue as per the Rate Schedule.
- (viii) Trial Balance for the year matching the accounts with financial statements.
- (ix) Additional disclosure statements as prescribed under Electricity Distribution (Accounts and Additional Disclosure) Rules, 2024 and any amendment thereof.

(2) “**Act**” means the Electricity Act, 2003 (36 of 2003), as amended from time to time;

(3) “**Aggregate Revenue Requirement**” or “**ARR**” means the costs pertaining to the licensed business which are permitted, in accordance with these Regulations, to be recovered from the Tariff determined by the Commission;

(4) “**Allocation Statement**” means for each Financial Year, statements in respect of each of the businesses (Wheeling, Retail Supply, Other Business) of the Licensee, showing the amounts of any revenue, cost, asset, liability, reserve or provision *etc.*, which has been either:-

- (a) Determined by apportionment or allocation between different businesses of the Licensee, including the licensed business, together with a description of the basis of the apportionment or allocation; or
- (b) Charged from or to each such Other Business together with a description of the basis of that charge.
- (5) “**ABR**” means average billing rate in Rs. /kWh determined as the sum product of total billed units and approved Tariff in each consumer category divided by total billed units in all consumer categories for a given period;
- (6) “**Base Year**” means the Financial Year immediately preceding first year of the Control Period and used for the purpose of these Regulations *i.e.* FY 2024-25;
- (7) “**Captive Consumption**” means the in-house/ self-consumption of Distribution Licensee including offices / buildings and guest houses.
- (8) “**Change in Law**” means the occurrence of any of the following events:-
- enactment, bringing into effect or promulgation of any new Indian law; or
 - adoption, amendment, modification, repeal or re-enactment of any existing Indian law; or
 - judicial pronouncements, Orders of Central Government and/ or State Government; or
 - change in interpretation or application of any Indian law by a competent court, Tribunal or Indian Governmental Instrumentality, which is the final authority under law for such interpretation or application; or
 - change in condition or covenant by any competent statutory authority in relation to any consent or clearances or approval or License available or obtained for the Project; or
 - any change in taxes or duties, or introduction of any taxes or duties levied by the Central or any State Government, unless specified otherwise in this Regulation.
- (9) “**Commission**” means the Uttar Pradesh Electricity Regulatory Commission (UPERC);
- (10) “**Conduct of Business Regulations**” means the Uttar Pradesh Electricity Regulatory Commission (Conduct of Business) Regulations, 2019 and its subsequent amendments/ addendum or the new Regulations made after repeal of the same;
- (11) “**Control Period**” means the period comprising of five Financial Years from April 1, 2025 to March 31, 2030, unless extended by the Commission through an Order;
- (12) “**Date of Commercial Operation**” (COD) means the date of charging of electrical line or substation of a Distribution Licensee to its declared voltage level or seven days after the date on which it is declared ready for charging by Distribution Licensee but not able to be charged for reasons attributable to its consumers;
- (13) “**Distribution System**” means the system of wires and associated facilities between the delivery points on the transmission lines or the generating station connection and the point of connection to the installation of the consumers;
- (14) “**Distribution Wire Business**” means the business of operating and maintaining a distribution system for wheeling of electricity in the area of supply of a distribution Licensee;
- (15) “**Financial Year**” means a period commencing on April 1st of a calendar year and ending on March 31st of the subsequent calendar year;
- (16) “**Force Majeure**” for the purpose of these Regulations means the event or circumstance or combination of events or circumstances including those stated below, which partly or fully prevents the Distribution Licensee from completing the project within the time specified in the investment approval, and only if such events or circumstances are not within the control of the Distribution Licensee and could not have been avoided, had the Distribution Licensee taken reasonable care or complied with prudent utility practices:-

(a) Act of God including but not limited to lightning, drought, fire and explosion, earthquake, volcanic eruption, landslide, flood, cyclone, typhoon, tornado, geological surprises; or

(b) Any act of war, invasion, armed conflict or act of a foreign enemy, blockade, embargo, revolution, riot, insurrection, terrorist or military action; or

(c) Industry wide strikes and labour disturbances having a nationwide impact in India;

(d) Delay in obtaining statutory approvals for the projects where the delay is not attributable to Licensee;

(e) Delay in land acquisition for the projects where the delay is not attributable to Licensee.

(17) **"Indian Government Instrumentality"** means any ministry, department, board, authority, agency, corporation and commission under direct or indirect control of the Government of India or the State Government(s) or both or Appropriate Commission (s) or tribunal or judicial or quasi-judicial body;

(18) **"Licence"** means a licence granted under clause (b) of Section 14 of the Act;

(19) **"Licensed Business"** means the functions and activities, which the Licensee is required to undertake in terms of the Licence granted by the Commission or on account of being a deemed Licensee under the Act;

(20) **"Licensee"** means a person who has been granted a Licence under clause (b) of Section 14 of the Act and shall include a deemed Licensee;

(21) **"Other Business"** means any business of the Licensee for optimum utilization of its assets within the meaning of Section 51 of the Act;

(22) **"Open Access Customer"** means a consumer permitted by the Commission to receive supply of electricity from a person, other than the Distribution Licensee of his area of supply, and the expression includes a generating company and a Licensee, who has availed of or intends to avail of Open Access;

(23) **"Retail Supply Business"** means the Business of sale of electricity by a Distribution Licensee to the consumers within its area of supply in accordance with the terms of the Licence.

(24) **"Retail Supply Tariff"** is the Tariff charged by the Distribution Licensee for supply to non-Open Access Customers, which includes charges for Wheeling and Retail Supply;

(25) **"Wheeling Charges"** means the charges for the use of Distribution System and associated facilities of a Distribution Licensee for the conveyance of electricity;

(26) **"Wheeling Business"** means the business of operating and maintaining a Distribution System for conveyance of electricity in the area of supply of the Distribution Licensee.

2.2 The words and expressions used in these Regulations and not defined herein, but defined in the Act, shall bear the same meaning as in the Electricity Act, 2003 or any other Regulations of the Commission, as amended from time to time. Expressions used herein but not specifically defined in these Regulations or in the Electricity Act, 2003 but defined under any law passed by a competent legislature and applicable to the electricity industry in the State shall have the meaning assigned to them in such law. Expressions used herein but not specifically defined in these Regulations or in the Act or any law passed by a competent legislature shall have the meaning as is generally assigned in the electricity industry.

2.3 The words "Application" or "Petition" shall be interpreted synonymously.

2.4 In the interpretation of these Regulations, unless the context otherwise requires:-

- (a) words in the singular or plural term, as the case may be, shall also be deemed to include the plural or the singular term, respectively;
- (b) references herein to the “Regulations” shall be construed as a reference to these Regulations as amended or modified by the Commission from time to time in accordance with the applicable laws in force;
- (c) the headings are inserted for convenience and may not be taken into account for the purpose of interpretation of these Regulations;
- (d) references to the Statutes, Regulations or Guidelines shall be construed as including all statutory provisions consolidating, amending or replacing such Statutes, Regulations or Guidelines, as the case may be;
- (e) in case of dispute in interpretation between English and Hindi version of these Regulations, the English version shall prevail.

PART- A: GENERAL PROVISIONS

3. Multi-Year Tariff Frame work

3.1 The Multi-Year Tariff frame work shall be based on the following elements, for computation of ARR and expected revenue from Tariff:

- (i) The ARR Petition comprising the forecast of ARR and category/ subcategory wise expected revenue from existing and proposed Tariff shall be submitted by the Licensee along with audited / provisional accounts of the previous year and available data of 6 months in books of Accounts for the current Financial Year;
- (ii) Annual Performance Review (APR) of operational and financial performance *vis-à-vis* the approved forecast shall be submitted annually by the Licensee as per the Table shown in Regulation 4.1;
- (iii) ARR / Tariff Petition along with APR and True-Up shall be submitted annually by the Licensee for each year as stipulated in these Regulations.

4. Petitions to be filed in the Control Period

4.1 The Petitions to be filed in the Control Period under these Regulations will comprise of the following:-

Filing date	True- Up	APR	ARR / Tariff
30.11.2024	FY 2023-24*	FY 2024-25*	FY 2025-26**
30.11.2025	FY 2024-25***	FY 2025-26	FY 2026-27
30.11.2026	FY 2025-26	FY 2026-27	FY 2027-28
30.11.2027	FY 2026-27	FY 2027-28	FY 2028-29
30.11.2028	FY 2027-28	FY 2028-29	FY 2029-30

**The Petitions have already been filed as per the UPERC (Multi-Year Tariff for Distribution & Transmission Tariff) Regulations, 2019.*

***As per the directions of Commission, the Petitions have already been filed. Further submissions will be sought as per these Regulations for determination of ARR for FY 2025-26.*

****The filings shall be as per the UPERC (Multi-Year Tariff for Distribution & Transmission Tariff) Regulations, 2019. However, filings have to be made on 30th November of the respective year as per these Regulations.*

4.2 The Licensee shall submit the data regarding the above as per guidelines and formats prescribed and added/ amended from time to time by the Commission.

5. Procedure for Filing of Petition and determination thereof

5.1 The Distribution Licensee shall file the True-Up/ APR/ ARR Petition, in accordance with the guidelines and formats as may be prescribed by the Commission, electronically on e-filing portal of the Commission, after due authorization by the Board of Directors or by any Committee/person authorised by the Board in this regard, digitally signed by the authorized representative.

5.2 Hard copies of the Petition shall also be filed as provided for in the UPERC (Conduct of Business) Regulations, 2019, as amended from time to time, accompanied with applicable fees as per the UPERC (Fee and Fines) Regulations, 2010 as amended from time to time.

5.3 The above requirement of the Commission does not exclude the right of the Commission to seek any other information/ clarification/ document as deemed necessary by the Commission in this regard.

5.4 The Commission shall conduct a technical validation before admission of the Petition. On completion of the required proceedings and submissions made to the satisfaction of the Commission, the Commission will admit the Petition and shall issue an Admittance Order.

5.5 The Petitioner shall within three working days of the issuance of the Admittance Order, publish a Public Notice in at least two English and two Hindi daily newspapers having wide circulation in its Licence area, outlining the True-Up/ APR/ARR, proposed Tariff 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 the Petitioner 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 the web link to the information mentioned in the first proviso to this Regulation shall be easily accessible, archived for downloading and be prominently displayed on the Petitioner's website:

Provided also that the Distribution Licensee shall intimate its consumers 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.

5.6 The Commission shall, within one hundred and twenty days from admittance, after considering all suggestions and objections received from the stakeholders and public at large and in accordance with the provisions contained in these Regulations:

(a) Issue an Order for True-Up/ APR/ ARR & Tariff accepting the Petition with such modifications or such conditions as may be specified in that Order; or

(b) Reject the Petition for reasons to be recorded in writing if such Petition is not in accordance with the provisions of the Act and the Rules and Regulations made there under or any other provisions of law, after giving the Petitioner a reasonable opportunity of being heard.

5.7 The Petitioner shall publish, within three working days, the Tariff/RateSchedule approved by the Commission in at least two English and two Hindi daily newspapers having wide circulation in its Licence area of supply and shall upload the approved Tariff/ Rate Schedule on its website and make available for sale a booklet both in English and Hindi containing such approved Tariff/Rate Schedule.

5.8 The Tariff 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.

6. True-Up Petition

6.1 The Licensee shall file Petition for True-Up as provided in Regulation 4.1 of these Regulations:

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, etc., as per the guidelines and formats as may be prescribed by the Commission:

Provided further that if the True-Up Petition is not submitted within timelines given in Regulation 4.1, 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 with carrying cost shall be recovered.

6.2 The Commission shall carry out True-Up exercise stipulated in the provisions of these Regulations. True-Up of expenses and revenue shall be on the basis of approved and actual expenses, revenue, etc., based on the prudence check of Accounting Statements of the Licensee for the Financial Year.

6.3 The Distribution Licensee shall ensure that the category/ sub-category wise billed revenue as per the Rate Schedule is included in its Accounting Statements.

6.4 The Distribution Licensee shall ensure that its Accounting Statements are prepared in compliance of the Electricity Distribution (Accounts and Additional Disclosure) Rules, 2024 and any amendment thereof.

6.5 The Distribution Licensee shall also submit a statement on the status of compliance to the directives issued by the Commission in the previous Tariff Order and also the directives given in earlier Tariff Orders pending compliance, along with the Petition.

7. Annual Performance Review Petition

7.1 The Licensee shall file Petition for Annual Performance Review (APR) as provided in Regulation 4.1 of these Regulations:

Provided that the Petition shall include information in such form as may be prescribed by the Commission, together with the audited/ provisional Accounting Statements, extracts of books of account and such other details, etc., as per the guidelines and formats prescribed.

8. ARR Petition

8.1 The Licensee shall file Petition for Aggregate Revenue Requirement (ARR) as provided in Regulation 4.1 of these Regulations.

8.2 The ARR Petition shall comprise of, but not limited to, category/sub-category wise number of consumers, connected load, load factor and sales projections, Power Procurement Plan (renewable energy and non-renewable energy) and forecasting, Renewable Purchase Obligation (RPO) planning and forecasting, Distribution Loss trajectory (taking into consideration AT & C Loss trajectory agreed by the State Government and approved by the Central Government under any National Scheme or Programme, if applicable), Capital Investment Plan, financing plan and physical targets, equity, grants, etc.

8.3 The Distribution Licensee shall project the realistic power purchase requirement optimised on cost from all generating stations and other sources considered for power purchase based on the Merit Order Despatch (MOD)/ Security Constrained Economic Despatch (SCED) principles, must run plants and renewable energy plants subject to the Renewable Purchase Obligation (RPO) stipulated by the Commission under the relevant Regulations and their subsequent amendments, and the target set, if any, for Energy Efficiency (EE) and Demand Side Management (DSM) schemes, etc.:

Provided that MOD/ SCED principles shall not apply to the purchase of power from renewable energy sources up to the RPO stipulated by the Commission.

8.4 The forecast of expected revenue from Tariff shall be based on the following:-

(a) In the case of a Distribution Licensee, estimate of the quantum of electricity to be supplied to consumers and wheeled on behalf of Distribution System Users:

Provided that the Distribution Licensee shall submit relevant details of category/ sub-category wise number of consumers, connected load and energy sales projections, status of metering, feeder level/ distribution transformer metering, diversity factor for various categories of consumers taking seasonality into consideration, etc., for each Distribution Licensee area;

(b) Existing and proposed Tariff as on the date of filing of the Petition.

8.5 The ARR Petition shall be filed by the Licensee that shall include a forecast of ARR and expected revenue from the existing Tariff. Further, the Licensee shall also submit the category/ sub-category wise proposed Tariff, that would meet the gap in the ARR, including unrecovered revenue gaps of previous years to the extent proposed to be recovered.

9. Controllable and Uncontrollable Factors

9.1 The “Uncontrollable Factors” shall comprise of the following factors, which were beyond the control of, and could not be mitigated by the Licensee, as determined by the Commission:-

- (a) Force Majeure events
- (b) Change in Law
- (c) Variation in price of fuel and/ or price of power purchase
- (d) Variation in sales
- (e) Variation in rates of Inter-State/ Intra-State Transmission charges and losses
- (f) Variation in interest rates for long-term loans; and
- (g) Any other expenses allowed by the Commission.

9.2 The “Controllable Factors” shall include, but shall not be limited to the following:-

- (a) Variation in Distribution and commercial losses;
- (b) Variations in capital expenditure on account of time and/ or cost overruns not attributable to an approved change in the scope of such project, change in statutory levies or force majeure events;
- (c) Variations due to efficiencies in the implementation of a capital expenditure project not attributable to an approved change in scope of such project, change in statutory levies or force majeure events, and due to delay in the execution of the project on account of contractor, supplier or agency of the Distribution Licensee;
- (d) Provision for Write-off of Bad and Doubtful Debts;
- (e) Variation in performance parameters and standards specified;
- (f) Variation in interest on working capital; and
- (g) Variation in components of Operation & Maintenance expenses.

10. Treatment of Gains or Losses on account of Uncontrollable Factors

10.1 The approved gain or loss to the Distribution Licensee on account of Uncontrollable Factors shall be adjusted in the ARR or Tariff of the Distribution Licensee, as stipulated in these Regulations and as may be determined in the Order of the Commission passed under these Regulations.

10.2 The Distribution Licensee shall submit such details of the variation on account of Uncontrollable Factors along with the detailed computations and supporting documents as may be required for verification by the Commission.

11. Treatment of Gains or Losses on account of Controllable Factors

11.1 The approved gain to the Distribution Licensee on account of variation in each component of Operation & Maintenance expenses and Distribution Loss shall be dealt with in the following manner:-

- (a) Two-third of the amount of such gain shall be passed on in Tariff/ ARR over such period as may be stipulated in the Order of the Commission;
- (b) The balance amount of such gain shall be utilised at the discretion of the Distribution Licensee.

11.2 The approved loss to the Distribution Licensee on account of variation in each component of Operation & Maintenance expenses and Distribution Loss shall be dealt with in the following manner:-

- (a) One-third of the amount of such loss shall be passed on in Tariff/ ARR over such period as may be stipulated in the Order of the Commission;
- (b) The balance amount of such loss shall be absorbed by the Distribution Licensee.

PART B: POWER PROCUREMENT

12. Applicability

12.1 The Regulations contained in this Part shall apply to power procurement by a Distribution Licensee from a generating station or Trading Licensee or Distribution Licensee or from any other source through agreement or arrangement for purchase of power for distribution and supply within the State.

13. Power Procurement Guidelines and Plan

13.1 The Distribution Licensee shall be responsible for the assessment and forecasting of demand (MW) and energy (MWh) within its licensed area of supply to its consumers for multiple horizons (short/ medium/ long) as per the applicable law.

13.2 The load forecast shall be determined for each category/ sub-category for which the Commission has determined or the Distribution Licensee has proposed to determine the retail Tariff.

13.3 The Distribution Licensee shall project realistic power purchase requirement (in MWh) by adding distribution losses proposed by the Distribution Licensee, Intra-State Transmission Losses and Inter-State Transmission Losses. However, for the purpose of True-Up, APR and ARR, normative loss trajectory, as stipulated by the Commission from time to time, shall be considered.

13.4 The peak demand (in MW) shall be determined by considering the average load factor, load diversity factor, seasonal variation factors for the last three years and the energy forecasts (in MWh). If any other appropriate load factor is considered for future years, a detailed explanation shall be provided.

13.5 The Distribution Licensee shall maintain a historical database of demand and power purchase quantum and cost.

13.6 For the purpose of ascertaining load profile and for assessment of the contribution of various consumer categories to peak demand, load research analysis shall be conducted and the influence of demand response, load shift measures, time of day and time of use shall be factored in by the Distribution Licensee. A detailed explanation for the refinement conducted must be provided. Time of Day Tariff structure for various consumer categories and sub-categories shall be proposed based on such studies.

13.7 The Distribution Licensee shall be responsible for preparing Resource Adequacy Plan for multiple time horizons (short/ medium/ long term) as per the guidelines issued by the Ministry of Power and applicable Regulations issued by the Commission and get them validated/approved by competent authority (ies).

13.8 The Distribution Licensee shall submit its demand assessment & forecasting and Resource Adequacy Plans for multiple horizons (short/ medium/long term) as validated/approved by the competent authority(ies), along with its Tariff Petition.

13.9 Along with the Tariff Petition, the Licensee shall submit its power procurement plan for the year for procurement of power to meet the demand as envisaged in the demand forecast and Resource Adequacy Plan in an optimal (least cost and secure) manner. The plan shall be based on the Merit Order Despatch (MOD)/ Security Constrained Economic Despatch (SCED) principles, must run plants and renewable energy plants subject to the Renewable Purchase Obligation (RPO) stipulated by the Commission under the relevant Regulations and their subsequent amendments:

Provided that MOD/ SCED principles shall not apply to the purchase of power from renewable energy sources upto the RPO stipulated by the Commission.

13.10 The power procurement plan for the year for the Distribution Licensee shall include the following:-

(a) A quantitative forecast of the seasonal variation in the unrestricted base load, average load and peak load for electricity within its area of supply.

(b) An estimate of the optimum quantities and cost of power supply from the identified sources of power purchase, including own generation, if any.

(c) Power Purchase Agreements (PPAs) and contracts/ agreements entered with approved sources of supply and likely to be entered with new sources of supply during the year to meet the load requirement

(d) An estimate of adequate availability of power to meet the seasonal variation in base load, average load and peak load requirements:

Provided that such an estimate of demand and supply shall be on month wise basis in Mega Watt (MW) along with Plant Load Factor (PLF) of the plant as well as expressed in Million Units (MUs)

(e) Peak and off-peak periods and their seasonal variations, and the power purchase requirements in terms of quantities of power to be procured (in MUs) and maximum demand (in MW)

(f) Standards to be maintained with regard to quality and reliability of supply, in accordance with the relevant Regulations or Orders of the Commission.

13.11 The Distribution Licensee shall undertake its power procurement during the year in accordance with the power procurement plan, approved in the Tariff Order, by the Commission, as stipulated in these Regulations.

13.12 The Distribution Licensee shall forward a copy of its power procurement plan to the State Transmission Utility for verification of its consistency with the Transmission System plan for the Intra-State Transmission System:

Provided that the Distribution Licensee shall also consult the State Transmission Utility at the time of preparation of the power procurement plan, to ensure consistency of such plan with the Transmission System plan.

13.13 The power procurement by the Distribution Licensee shall be in accordance with the extant UPERC (Modalities of Tariff Determination) Regulations, 2023.

13.14 Distribution Licensees can procure short term power only through prevalent market mechanisms, such as Power Exchanges, competitive bidding on DEEP /PUSHp Portal or through bilateral banking arrangement with other States' Distribution Licensees directly or through trading Licensees.

13.15 The Distribution Licensee shall procure long term/ medium term/ short term Renewable energy as per the SBD guidelines and Tariff Policy issued by the Government of India to meet the RPO keeping in view the lead time in setting up different types of renewable power plants.

13.16 The cost of power through Deviation Settlement Mechanism (DSM) shall be allowed in Tariff subject to the condition that the quantity of electricity through DSM shall be limited to 5% of the total annual quantum of power purchase approved by the Commission.

13.17 The Commission may impose a cap on the average rate of short/ medium/ long term power purchase.

14. Additional Power Procurement

14.1 The Distribution Licensee may enter into a short-term arrangement or agreement for the procurement of power only through prevalent market mechanisms without the prior approval of the Commission when faced with emergency conditions that threaten the stability of the Distribution System or un-anticipated increase in the demand of power or shortfall/ failure of supply of electricity from an approved source or when directed to do so by the SLDC to prevent grid failure:

Provided that variation in the quantum of power procured from source(s) other than the previously approved source(s), that is in excess of 5% of the total annual quantum as approved by the Commission, shall require its prior approval:

Provided further that within 15 days from the date of entering into an agreement or arrangement for short term power procurement for which approval is not required, the Distribution Licensee shall submit to the Commission the details including the quantum, Tariff, computation, duration, particulars of suppliers and other details as required by the Commission.

14.2 Where the Distribution Licensee has identified a new short-term source of supply, from which power can be procured at a Tariff that reduces its approved total power procurement cost, it may enter into a short-term power procurement agreement or arrangement with such supplier without the prior approval of the Commission.

15. Treatment of Surplus Power

15.1 The Distribution Licensees shall be allowed to Bank surplus power procured from approved sources of Power Purchase excluding Power Exchanges.

15.2 The Distribution Licensees shall be allowed to sell surplus power on Power Exchanges:

Provided that the rate of sale of surplus power from a generating station, that is part of Merit Order Despatch, shall not be less than the variable charge of the surplus power available from that generating station:

Provided further that the Commission may set a ceiling for such sale of power through an Order:

Provided further that any Order of the Commission setting a ceiling for such sale of power issued before the notification of these Regulations shall continue to prevail.

16. Fuel and Power Purchase Adjustment Surcharge**16.1 Computation of Fuel and Power Purchase Adjustment Surcharge-**

(1) For the purposes of these Regulations “Fuel and Power Purchase Adjustment Surcharge” (FPPAS) means the change in the cost of power supplied to consumers, due to changes in Fuel cost, power purchase cost and transmission charges with reference to the cost of power supply approved by the Commission.

(2) FPPAS shall be calculated and billed to consumers on RATE as defined in the applicable Tariff Order (net of regulatory discount, if any, approved by the Commission), automatically, without going through the regulatory approval process, on a monthly basis, according to the formula, given in the Regulation-16.2, subject to true up, on an annual basis, as decided by the Commission.

(3) FPPAS shall be computed and charged by the Distribution Licensee, in (n+3)th month, on the basis of actual variation, in the cost of fuel and power purchase and Inter & Intra-State Transmission Charges for the power procured during the nth month. For example, the FPPAS on account of changes in Tariff for power supplied during the month of April of any Financial Year shall be computed and billed in the month of July. Similarly, if FPPAS is for power supplied during January of any Financial Year it will be recovered in April of next the Financial Year:

Provided that in case of positive FPPAS, if the Distribution Licensee fails to compute and charge FPPAS in full, subject to the ceiling as provided in Regulation-16.1(4), within this timeline, except in case of any force majeure condition, its right to recovery of costs on account of FPPAS shall be forfeited alongwith the right to recover the same at the time of true-up:

Provided that in case of negative FPPAS, if the Distribution Licensee fails to compute and charge FPPAS in full, subject to the ceiling as provided in Regulations-16.1(4), within this timeline, except in case of any force majeure condition, such FPPAS would be recoverable from the Licensee at the time of true up along with its carrying cost to be charged at 1.20 times of the carrying cost rate under these Regulations.

(4) The monthly FPPAS shall not exceed +/-10% of RATE(net of regulatory discount, if any, approved by the Commission) or such other ceiling as may be stipulated by the Commission from time to time:

Provided that any under-recovery or over-recovery in the FPPAS on account of such ceiling shall be carried forward and shall be adjusted by the Distribution Licensee in the subsequent months subject to the ceiling given in the Regulation.

(5) The revenue recovered on account of FPPAS by the Distribution Licensee shall be trued up later for the year under consideration as per these Regulations.

In case of excess revenue recovered for the year against the FPPAS, the same shall be recovered from the Licensee at the time of true-up along with its carrying cost to be charged at 1.20 times of the carrying cost rate under these Regulations and the under-recovery of revenue against FPPAS shall be allowed during true up along with the carrying cost to be charged at carrying cost rate under these Regulations.

In case the Distribution Licensee demonstrates that FPPAS has been determined by applying the formula and excess/lower revenue recovery against FPPAS is on account of change in billing determinants or disallowance of power purchase by the Commission at the time of true-up, simple carrying cost rate under these Regulations shall be applied.

(6) The Distribution Licensee shall submit such details, in the stipulated formats, of the variation between expenses incurred and the FPPAS recovered, and the detailed computations and supporting documents, as required by the Commission, during true-up of the normal Tariff.

(7) To ensure smooth implementation of the FPPAS mechanism and its recovery, the Distribution Licensee shall ensure that the Licensee billing system is updated to take this into account and a unified billing system shall be implemented to ensure that there is a uniform billing system irrespective of the billing and metering vendor through interoperability or use of open source software as available.

(8) The Licensee shall publish all details including the FPPAS formula, calculation of monthly FPPAS and recovery of FPPAS (separately for automatic and approved portions) on its website and archive the same through a dedicated web address.

16.2 Formula for Computation of Fuel and Power Purchase Adjustment Surcharge:

(1) Formula:

$$\text{Monthly FPPAS for } n^{\text{th}} \text{ Month}(\%) = \left\{ \frac{(A-B)*C+(D-E)^{\S} + \text{Adj Factor}}{Z*ABR} \right\} \times 100\%$$

[§] Shall be computed in case inter-state or intra-state transmission charges are not on per unit basis

Where,

n^{th} month means the month in which the billing of FPPAS component is done. This FPPAS is due to changes in Tariff for the power supplied in the $(n-3)^{\text{th}}$ month

A is Total units procured in $(n-3)^{\text{th}}$ Month (in kWh) from all sources including Long-term, Medium-term and Short-term Power purchases (To be taken from the bills issued to the Distribution Licensee).

B is bulk sale of power from all sources in $(n-3)^{\text{th}}$ Month (in kWh) = (to be taken from the provisional accounts to be issued by the State Load Dispatch Centre by the 10th day of each month).

C is incremental Average Power Purchase Cost (including the change of fuel cost) = Actual Average Power Purchase Cost (PPC) from all Sources in $(n-3)^{\text{th}}$ month (Rs./ kWh) (computed) - Approved Average Power Purchase Cost (PPC) from all Sources for the year (Rs./kWh) (to be taken from the latest available Tariff Order)

D = Actual Inter-State & Intra-State Transmission Charges in the $(n-3)^{\text{th}}$ Month, (From the bills by Transcos to Discom) (in Rs)

E = Base Cost of Transmission Charges for $(n-3)^{\text{th}}$ Month = (Approved Transmission Charges/12) (in Rs)

Adj Factor = Change in Fuel and Power Purchase Cost (Calculated as $(A-B)*C+(D-E)$) for $(n-5)^{\text{th}}$ month – Amount recovered using FPPAS for the ' $(n-5)^{\text{th}}$ month' in the $(n-2)^{\text{th}}$ month.

Z = Approved unit sales to retail Consumers in kWh for the n^{th} month as approved in the Tariff Order or the sales to retail Consumers in kWh for the n^{th} month projected in the Tariff Petition filed before the Commission in case Tariff Petition is pending before the Commission. In case Tariff Petition has not been filed, FPPAS shall not be charged.

ABR = Average Billing Rate for the year (to be taken from the latest available Tariff Order in Rs/kWh).

(2) The Actual Power Purchase Cost used in the computation of "C" above, shall exclude any charges on account of the Deviation Settlement Mechanism. This shall be adjusted through the true-up approved by the Commission.

(3) The Actual Power Purchase Cost used in the computation of "C" above, shall exclude Ancillary Services and Security Constrained Economic Despatch charges. This shall be adjusted through the true-up approved by the Commission.

(4) At the time of True-up, while determining the admissible power purchase cost, the Commission shall also consider the extant UPERC (Merit Order Despatch and Optimization of Power Purchase) Regulations, 2021 as amended.

PART C: FINANCIAL PRINCIPLES**17. Financial Prudence**

17.1 The Licensee shall manage its finances in an optimum and prudent manner.

17.2 In determining the ARR and Tariff of the Licensee, the Commission shall assess the financial prudence with regard to the following factors:-

- (a) Revenues
- (b) Capital expenditure/cost
- (c) Other expenditures

Provided that the Commission may disallow a part of the ARR due to inefficiency as penal measure, if it finds the same after prudence check.

17.3 The financial prudence with respect to revenue shall be assessed in terms of the following parameters:

- (a) Whether sub-category wise sales projections are based on realistic estimates and adequate justification has been provided for any anomalous increase/ decrease in sales projected by the Distribution Licensee;
- (b) Whether the percentage of metered consumers and metered consumption out of the total is in line with the projections approved by the Commission in its Tariff Orders/ other Orders:

Provided that the assessment of sales for the unmetered consumers, if any (except LMV-5) shall be done considering 75% of consumption/ kW/ month of the metered consumers within the same category or sub-category, or any other limit stipulated by the Commission through an Order or otherwise:

Provided further that Power Purchase Expense for sales in excess of above assessment shall be disallowed by the Commission:

Provided further that the Licensee shall complete 100% metering of Employees and Pensioners of the Licensee by 31.12.2025, failing which the Commission shall compute the deemed revenue by considering per capita consumption at twice the average yearly consumption of Urban Metered Consumers in the LMV-1 category, calculated at the highest Tariff slab rate of LMV-1.

- (c) Whether revenue collected is in line with the projections approved by the Commission in its Tariff Orders/ other Orders.

17.4 The financial prudence with respect to capital expenditure shall be assessed in terms of the following parameters:-

- (a) Whether projected capital expenditure and capitalisation is based on realistic estimates, and adequate justification has been provided for any anomalous increase in capital expenditure and capitalisation projected by the Distribution Licensee;
- (b) Mechanism put in place for monitoring the physical progress of projects with respect to their original schedule;
- (c) Optimum drawal of loans in accordance with the physical progress of the capital expenditure project, and efficient utilisation of such loans;
- (d) In case the actual capital expenditure and capitalisation exceeds 10% of that approved by the Commission, the Licensee shall submit a detailed justification for such excess along with its Petition for True-Up;
- (e) In case any project has not been commenced during the year despite the Commission's approval, detailed justification shall be submitted along with the Petition for True-Up;
- (f) Creation of assets in accordance with Capex Plan approved by the Commission and their retirement, replacement or deletion/adjustments;
- (g) Procurement of goods and services in a competitive and transparent manner;
- (h) Properly recording of assets in Fixed Asset Register;
- (i) Whether the procured asset, such as land, has actually been put to use.

17.5 The financial prudence with respect to other expenditures shall be assessed in terms of the following parameters:-

- (a) Monitoring of the expenditure as against the revenue earned, such that the expenses and payment obligations of the Licensee to other entities are met in a timely manner;
- (b) Mechanism put in place for monitoring adherence to the approved expenditure, including schedule of interest payments for long-term loans and working capital;

(c) Transparent method of power procurement, with the objective of optimising the power purchase expenses, as stipulated in these Regulations;

(d) Optimum purchase of power considering factors such as the requirement of power, MOD/ SCED, Must Run plants and renewable energy plants, potential for earning additional net revenue based on the differential between the rate for purchase of power from different sources and the market rate for sale of surplus power, if any.

18. Capital Expenditure/ Cost and Capital Structure

18.1 Capital cost for a capital investment Project shall include:-

(a) the expenditure incurred or projected to be incurred, including interest during construction and financing charges, as admitted by the Commission after prudence check:

Provided that Interest during construction (IDC) shall be computed considering the actual loan and normative loan after taking into account the prudent phasing of funds up to actual COD:

Provided also that IDC on a normative loan corresponding to excess equity over 30% of funds deployed shall be allowed only in cases where the actual infusion of equity on a pari-passu basis is more than 30% of total funds deployed and shall be computed on a quarterly basis:

Provided further that in case IDC on normative loan is to be allowed prior to the infusion of actual loan, rate of interest for computing such IDC shall be equal to 1-year SBI MCLR as prevailing on 1st April of the respective year:

Provided further that IDC on normative loan, post infusion of actual loan shall be computed based on Weightage Average Rate of Interest (WAROI) for that respective quarter:

Provided further that the IDC on normative loan shall be allowed only when it can be demonstrated by the Licensee that the capital cost arrived after IDC on normative loan is to the benefit of consumers.

- (b) capitalised initial spares subject to the ceiling rates stipulated in these Regulations;
- (c) expenses incurred by the Licensee on obtaining right of way, as admitted by the Commission after prudence check;
- (d) Incidental expenditure during construction including apportioned expenditure on relevant components of O&M;
- (e) any gain or loss on account of foreign exchange risk variation pertaining to the loan amount availed up to the date of commercial operation, as admitted by the Commission after prudence check:

Provided that any gain or loss on account of foreign exchange risk variation pertaining to the loan amount availed up to the date of commercial operation shall be adjusted only against the debt component of the capital cost:

Provided further that the capital cost of the assets forming part of the Project but not put to use or not in use shall be excluded from the capital cost:

Provided also that the Licensee shall submit documentary evidence in support of its claim of assets being put to use.

18.2 The capital cost admitted by the Commission after prudence check shall form the basis for determination of Tariff.

18.3 The actual capital expenditure on a project as on COD for the original scope of work based on the audited accounts of the Licensee or Project, as the case may be, shall be considered subject to prudence check by the Commission.

18.4 Capital cost to be allowed by the Commission for the purpose of determination of Tariff will be based on the capital investment plan prepared by the Licensee and approved by the Commission.

18.5 The capital cost may include initial spares capitalised as a percentage of the Plant and Machinery cost, subject to the following ceiling norms:

(a) Distribution System-	
(i) Distribution Line:	1.0%
(ii) Distribution Sub-Station:	4.0%
(iii) Communication System:	3.5%
(b) Battery Energy Storage System	1.0%

18.6 The impact of revaluation of assets shall be permitted provided it does not result in increase in Tariff of the Licensee:

Provided that any benefit from such revaluation shall be passed on to the consumers of Distribution Licensees, at the time of ARR / Tariff determination or Truing-Up, as the case may be.

18.7 Any expenditure on Replacement, Renovation and Modernisation or extension of life of old fixed assets, as applicable to Licensees, shall be considered after writing off the net value of such replaced assets from the original capital cost, and shall be computed as follows:

Net Value of Replaced Assets = OCRA – AD;

Where;

OCRA: Original Capital Cost of Replaced Assets:

AD: Accumulated depreciation pertaining to the Replaced Assets:

Provided that in case the original capital cost of the replaced asset is not available for any reason, it shall be considered by the Commission on a case to case basis:

Provided further that the amount of insurance proceeds received, if any, towards damage to any asset requiring its replacement shall be first adjusted towards outstanding actual or normative loan; and the balance amount, if any, shall be utilised to reduce the capital cost of such replaced asset, and any further balance amount shall be considered as Non-Tariff Income.

19. Debt-Equity

19.1 Closing balance of Equity as on 31.03.2025 approved by the Commission shall be taken as the opening Equity for Financial Year 2025-26;

19.2 For a capital investment project declared under commercial operation on or after April 1, 2025, the debt-equity ratio as on the date of commercial operation shall be 70:30 of the amount of capital cost approved by the Commission under Regulation 18, after making appropriate adjustment of assets funded by Consumer Contribution/ Deposit Works/ Capital Subsidies/ Grant subject to prudence check for the determination of Tariff:

Provided that if the equity actually deployed is more than 30% of the capital cost, equity in excess of 30% shall be treated as normative loan for the Licensee for determination of Tariff:

Provided further that the Licensee shall submit documentary evidence for the actual deployment of equity and explain the source of funds for the equity:

Provided also that where equity actually deployed is less than 30% of the capital cost of the capitalised asset, the actual equity shall be considered for determination of Tariff:

Provided also that the equity invested in foreign currency shall be designated in Indian Rupees on the date of each investment:

Provided that in case of retirement or replacement or deletion/ adjustment of the assets, the equity capital approved as mentioned above shall be reduced to the extent of 30% (or actual equity component based on documentary evidence, if it is lower than 30%) of the original cost of such assets:

Provided further that in case of retirement or replacement or deletion/ adjustment of the assets, the debt capital approved as mentioned above, shall be reduced to the extent of the outstanding debt component based on documentary evidence, or the normative loan component, as the case may be, of the original cost of such assets.

20. Depreciation

20.1 The Licensee 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 value base for the calculation of Depreciation:

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

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

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

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

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

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

Provided also that the salvage value of IT equipment, software and underground cable shall be considered as nil and 100% value of the assets shall be considered depreciable.

(d) Depreciation shall not be allowed on assets funded by Consumer Contribution, Deposit works, Capital Subsidies and Grants.

20.2 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.

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

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

21. Return on Equity

21.1 Return on equity shall be computed in Rs. terms on equity base as determined in accordance with Regulation 19 at the rate of 15% post-tax per annum (hereinafter referred to as 'Base Rate'):

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

22. Interest on Long-Term Loan

22.1 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 deletion/ adjustments of the assets in the Balance Sheet, the loan capital approved as mentioned above shall be reduced to the extent of the outstanding loan component of the original cost of such assets based on documentary evidence.

22.2 The closing normative long-term loan outstanding as on 31 March, 2025, shall be taken as the opening normative long-term loan outstanding for the Financial Year 2025-26.

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

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

22.5 The rate of interest shall be the weighted average rate of interest computed on the basis of the actual long-term loan portfolio at the beginning of each 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 SBI MCLR (1 Year) prevailing during the concerned year plus 100 basis points.

22.6 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 SBI MCLR (1 Year) prevailing during the concerned year plus 100 basis points.

22.7 The interest on long-term loan shall be computed 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.

23. Banking and Finance Charges.

The Banking & Finance charges shall be allowed as per actuals in Truing-Up, subject to prudence check by the Commission:

Provided that the Banking and Finance charges shall be allowed in ARR as per the approval given by the Commission for the latest True-Up year.

24. Hedging Cost of Foreign Exchange Rate Variation (FERV)-

24.1 The Licensee may hedge foreign exchange exposure in respect of the interest on foreign currency loan and repayment of foreign loan acquired, in part or in full, at the discretion of the Licensee.

24.2 Every Licensee shall recover the cost of hedging of FERV corresponding to the normative foreign debt, in the relevant year on a year-to-year basis as expense in the period in which it arises.

25. Interest on Working Capital

25.1 The working capital requirement of the Distribution Business shall cover:

- (i) Operation and maintenance expenses for one month;
- (ii) Maintenance spares at 40% of the R&M expenses for two months; and
- (iii) One and half month equivalent of the expected revenue from the sale of electricity at the Tariff approved by the Commission for the ensuing year, including revenue from wheeling, cross-subsidy surcharge and additional surcharge, if any, but excluding Electricity Duty;

minus

- (iv) Amount held as security deposits from the Distribution System Users;

Provided that if the working capital, determined based on the above formula, is positive, it shall be reduced by the amount of revenue surplus (if any) as of 31st March of the previous year so approved by the Commission:

Provided 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.

25.2 Rate of interest on working capital shall be simple interest and shall be equal to the SBI MCLR (1 Year) as on date on which Petition for determination of Tariff 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.

25.3 Interest paid on consumer security deposits as per the provisions of the Electricity Supply Code, 2005 and its subsequent amendments/addendums and the new Regulations made after the repeal of the same shall be allowed:

Provided that if, at the time of True-Up, it is determined that the interest paid on the Security Deposit is less than the interest payable as per the prescribed norms, the Working Capital shall be reduced by the amount of such shortfall.

26. Tax on Return on Equity

26.1 The rate of return on equity as allowed by the Commission under Regulation 21 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 the concerned Distribution Licensee by excluding the income of other business and the corresponding tax thereon:

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

Provided that in case a Distribution Licensee 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 a Distribution Licensee 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.

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

$$\text{Rate of pre-tax return on equity} = \text{Base rate} / (1-t)$$

26.3 The Distribution Licensee 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 the Distribution Licensee.

Provided that in case a Distribution Licensee is paying Minimum Alternate Tax (MAT) under Section 115JB, the Distribution Licensee 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 that in case a Distribution Licensee is paying tax under Section 115BAA, the Distribution Licensee 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 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.

27. Rebate, Incentive, Penalties and Miscellaneous

27.1 All rebates or incentives earned by the Licensee shall be considered under its Non-Tariff Income, while all rebates or incentives given by the Licensee, as approved by the Commission, shall be allowed as an expense for the Licensee.

27.2 Penalties paid, if any, by the Licensee shall not be allowed as an expense for the Licensee:

Provided that penalties / compensation levied on the Distribution Licensee due to the reasons beyond its reasonable control (as corroborated by it with appropriate justification with supporting documents to satisfy the Commission) shall be allowed subject to prudence check.

Further, penalties and compensation payable by the Licensee to any party for failure to meet any Standards of Performance or for damages, as a consequence of the Orders of the Commission, Courts, Consumer Grievance Redressal Forum, and Ombudsman, etc., shall not be allowed to be recovered through the ARR. The Distribution Licensee shall maintain separate details of such penalties and compensation paid or payable by the Licensee, if any, and shall submit them to the Commission along with its Petition.

27.3 Carrying cost for the ARR gap of the Distribution Licensee will be provided by the Commission after prudence check at the interest rates as provided for working capital in these Regulations.

27.4 The revenue surplus of the Distribution Licensee shall be first adjusted towards working capital requirement for the year and balance revenue surplus amount, if any, shall be eligible for carrying cost as per weighted average of bank rate published by RBI net of income tax for the relevant year.

Provided that the Distribution Licensee shall invest the revenue surplus in risk free securities such as RBI bonds, Government Securities or fixed deposit receipts of Scheduled banks only.

PART D: DETERMINATION OF ARR FOR DISTRIBUTION LICENSEES**Separation of Accounts of Distribution Licensee**

28.1 Every Distribution Licensee shall maintain separate accounting records for the Distribution Wires Business and Retail Supply Business and shall prepare an Allocation Statement to enable the Commission to determine the Tariff separately for:-

(a) Distribution Wires Business (Wheeling);

(b) Retail Supply Business:

Provided that in case complete accounting segregation has not been done between the Distribution Wires Business and Retail Supply Business of the Distribution Licensee, the ARR of the Distribution Licensee shall be apportioned between the Distribution Wires Business and Retail Supply Business in accordance with the following Allocation Matrix.

Particulars	Distribution Wires Business (%)	Retail Supply Business (%)
Power Purchase Expenses (incl. PGCIL charges)	0%	100%
Inter-State Transmission Charges	0%	100%
Intra state Transmission Charges - (incl. SLDC Charges)	0%	100%
Employee cost	60%	40%
A&G expenses	40%	60%
R&M expenses	90%	10%
Interest and Finance Charges		
(a) Interest on Long Term Loan	90%	10%
(b) Other Interest & Finance charges	10%	90%
Depreciation	90%	10%
Provision for Bad & Doubtful debts	0%	100%
Return on Equity	90%	10%
Income Tax	90%	10%
Non-Tariff Income	10%	90%

Provided that the Commission may, through *Suo-Motu* Order or otherwise, modify the Allocation Matrix or determine the allocation of any additional component:

Provided further that the Allocation Matrix shall be applied for all or any of the heads of expenditure and revenue, where actual accounting separation has not been done between the Distribution Wires Business and Retail Supply Business:

Provided also that the Commission may require the Distribution Licensee to file separate Petitions for the determination of Tariff for the Distribution Wires Business and Retail Supply Business.

29. Components of ARR for Distribution Licensee

29.1 The Wheeling Charges and Tariff for retail supply of the Distribution Licensee shall provide for the recovery of the ARR, as approved by the Commission and comprising the following components:-

- (a) Power Purchase expenses;
- (b) Inter-State Transmission Charges;
- (c) Intra-State Transmission Charges;
- (d) SLDC Fees & Charges;
- (e) Operation and Maintenance expenses;
- (f) Depreciation;
- (g) Interest on Loan capital;
- (h) Interest on Working Capital;
- (i) Interest on Consumer Security Deposit paid to the Consumers;
- (j) Banking & Finance charges
- (k) Provision for Bad and doubtful debts;
- (l) Return on Equity;
- (m) Tax on Return on Equity;
- minus**
- (n) Non-Tariff income;
- (o) Income from other Business:

Provided that Depreciation, Interest on Loan Capital, Interest on Working Capital, Return on Equity, and Tax on Return on Equity for Distribution Business shall be allowed in accordance with the provisions stipulated in **Part C** of these Regulations:

Provided further that prior period income/expenses shall be allowed by the Commission at the time of Truing- Up based on the audited accounts, on a case to case basis, subject to prudence check.

29.2 The Wheeling Charges and Tariff for the retail supply of the Distribution Licensee shall be determined by the Commission on the basis of a Petition for determination of Tariff filed by the Distribution Licensee for each Financial Year in accordance with these Regulations:

Provided that the Tariff for retail supply may comprise any combination of fixed/demand charges, energy charges, and any other charges/incentives, for the purpose of recovery from the consumers, as may be stipulated by the Commission:

Provided also that the Commission may determine the area-wise Tariff for the Distribution Licensee based on the performance parameters as may be stipulated by the Commission:

30. Sales forecast

30.1 The Distribution Licensee shall submit a forecast of the expected sales along with number of hours of supply to each Tariff category/sub-category and to each Tariff slab within such Tariff category/ sub-category, to the Commission for approval as stipulated in these Regulations:

30.2 Unless provided otherwise by the Commission, sales forecast shall be based on the past trends in each of the slabs of consumer categories. The Compounded Annual Growth Rate (CAGR) of past seven years of sales within each of the slabs of a consumer category as per the audited books of account, or if not available, then provisional accounts, will be considered:

Provided that the Distribution Licensee shall submit relevant details regarding category-wise sales separately for each Distribution Franchisee area within its Licence area, as well as the aggregated category-wise sales in its Licence area.

30.3 The sales forecast shall be consistent with the load forecast prepared as part of the power procurement plan under **Part B** of these Regulations and shall be based on past data and reasonable assumptions regarding the future.

31. Distribution Loss

31.1 The Distribution Licensee shall submit the AT&C loss trajectory and corresponding distribution loss trajectory for the entire Control Period along with the ARR Petition for the first year of the Control Period, after taking into account any agreement between the State Government and the Central Government under any national scheme or programme, wherever applicable:

Provided that based on the prudence check of the trajectory submitted by the Distribution Licensee, the Commission may stipulate the yearly distribution loss trajectory in the Tariff Order of the Distribution Licensee for the first year of the Control Period:

Provided also that the yearly Distribution loss trajectory for the control period shall not be changed/modified, other than under exceptional circumstances approved by the Commission.

31.2 The power purchase requirement of the Distribution Licensee at the Transmission-Distribution interface point, shall be computed by grossing up the sales with the distribution losses approved by the Commission:

Provided that the Distribution Licensee while computing the overall Distribution loss shall also take into account the losses for each Distribution Franchisee area within its Licenced area and submit the same separately:

Provided further that the Distribution Licensee in its True-Up Petition shall submit a detailed justification, in case the Distribution Loss exceeds the approved level for the year.

32. Capital Investment Plan

32.1 The Distribution Licensee shall submit in its ARR Petition, a detailed Capital Investment Plan for all capital expenditure project(s) that it plans to undertake during the ensuing year, for consideration and prudence check of the Commission.

32.2 For the purpose of these Regulations, a capital expenditure project shall mean any non-recurring capital expenditure programme for the acquisition, construction or improvement of a permanent facility.

32.3 The Capital Investment Plan shall be accompanied by such information, particulars and documents as may be required including but not limited to the information such as number of sub-stations, transformation capacity in MVA, details of distribution transformers of different capacities, HT:LT ratio as well as distribution line length showing the need for the proposed investments, alternatives considered, cost / benefit analysis and other aspects that may have a bearing on the Tariff.

32.4 The Capital Investment Plan shall include financing plan and physical targets for meeting the requirement of growth in the number of consumers, strengthening and augmentation of its distribution network, meeting the requirement of load growth, reduction in distribution losses, improvement in the quality of supply, reliability, metering, reduction in congestion, *etc.*.

32.5 The Distribution Licensee shall submit separate details of Capital Investment Plan for Distribution Franchisee(s) area within its Licence area.

32.6 Capital Investment works of a similar or related nature should be clubbed and considered as a project. The scope of investments included in each project, for being considered for approval of the Commission shall include, but not limited to, any one or a combination of the following:-

- (i) New sub-stations proposed at different locations within the Licence area must be clubbed together and presented as a Project for New sub-stations including related incoming and outgoing feeders,
- (ii) Capacity enhancement of transformers/ sub stations at different voltage level clubbed together including the related incoming and outgoing feeders,
- (iii) New/ capacity enhancement of Distribution transformers,
- (iv) Project for development of new distribution lines and 11kV & 33kV network within the Licence area,
- (v) Project for replacement / augmentation of the lines/ cables including conversion of overhead lines to underground lines,
- (vi) Project for bifurcation of feeders,
- (vii) Project to prevent the theft of electricity including but not limited to conversion of bare conductors with AB Cables,
- (viii) Information Technology Projects,
- (ix) SCADA and Communication equipment,
- (x) Metering Project - Consumer Metering Projects or Metering of feeders, distribution transformers, substations, AMI,
- (xi) Project for replacement/ overhauling of old equipment,
- (xii) Major Civil Works – Offices/ guest house/ Call Centres,
- (xiii) Capital investments required for the conversion of single point to multi point connections,
- (xiv) An independent identifiable project approved under a State/ Central Government policy/ scheme funded partially/ fully under the policy/ scheme.

32.7 All capital expenditure projects exceeding the value of Rs. Fifteen Crore for Licensees operating in three or more revenue districts, Rs. Seven Crore Fifty Lakhs for Licensees operating in less than three revenue districts, or any alternate threshold stipulated by the Commission through an Order or otherwise, which could not be included in the Capital Investment Plan at the time of submission of ARR Petition but are required to be undertaken immediately to cater to an emergency or to implement a State Government or Central Government funded scheme, may be undertaken by the Distribution Licensee. However, approval of the Commission for such projects undertaken in each quarter should be sought within one month of the closure of that quarter:

Provided that in case approval is not taken for the capital expenditure for projects exceeding the above thresholds, the Commission may disallow up to 25% of such capital expenditure for that year.

32.8 During the True-Up, the final approval to the entire capital expenditure shall be granted considering the variation between approved and completed cost with justification for significant variations, particularly on the higher side.

33. Operation and Maintenance Expenses

33.1 The Operation and Maintenance (O&M) expenses for the Distribution Licensee shall be computed for three components i.e. (i) Employee Expenses, (ii) Repair and Maintenance (R&M) Expenses, and (iii) Administrative and General (A&G) Expenses.

33.2 The norms for each component of O&M Expenses shall be determined as per these Regulations. Thereafter O&M Expenses for each year of the Control Period shall be computed based on the formula shown below:

$$O\&M_n = EMP_n + R\&M_n + A\&G_n$$

Where:

$O\&M_n$ – O&M Expenses for n^{th} year

EMP_n – Employee Expenses for n^{th} year

$R\&M_n$ – R&M Expenses for n^{th} year

$A\&G_n$ – A&G Expenses for n^{th} year

33.3 At the time of Truing-Up, gains or losses for each component of Operation and Maintenance Expenses shall be shared as per Regulation 11.

33.4 The impact of pay revision, change in pension scheme *etc.*, shall be allowed by the Commission over and above the normative Expenses of the respective component after prudence check. However, one time expenses such as payment of Arears due to impact of pay revision, change in pension scheme *etc.*, shall not be considered for the determination of norm of the respective component.

33.5 In case data required for establishing the norms is not available, the Distribution Licensee shall propose O&M norms with justifications. The Commission shall approve the norms for the Licensee after prudence check which shall be applicable for the remaining Control Period.

Employee Cost

33.6 The 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 are available the base year value (i.e. FY 2024-25) will be recomputed.

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 the CPI of respective years, for subsequent years up to FY 2024-25:

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

Employee cost shall be computed as per the following formula:

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

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 the Labour Bureau, Government of India for 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.

G_n is a growth factor for the n^{th} year and it may be greater than or less than zero based on the actual performance. Value of G_n shall be determined by the Commission in the Tariff Order for meeting the additional manpower requirement based on the Licensees' filing, benchmarking and any other factor that the Commission feels appropriate.

Repair and Maintenance Expense

33.7 The normative Repair and Maintenance expense shall be allowed in the ARR/ True-up by the Commission as the sum of the following:-

- (a) For the assets capitalised on or before 31.03.2025 @ 5% of the opening GFA as approved by the Commission.
- (b) For the assets capitalised after 31.03.2025 @ 3% of the opening GFA as approved by the Commission:

Provided that the normative R&M determined as per the above stipulation shall be inclusive of any impact of change in the applicable taxes or duties.

Administrative and General (A&G) Expense

33.8 The 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 are available the base year value (i.e. FY 2024-25) will be recomputed.

The average of such A&G Expenses shall be considered as A&G Expenses for the middle year and shall be escalated year on year with the escalation factor considering the WPI of respective years, for subsequent years up to FY 2024-25:

Provided that the expenses towards Captive Consumption shall be determined based on the Rate provided in the Rate Schedule and energy consumption recorded in the accounts and shall be considered as part of A & G expenses subject to prudence check by the Commission:

Provided further that norms for Captive Consumption may be stipulated by the Commission through an Order or otherwise.

33.9 A&G expense shall be computed as per the following formula escalated by the Wholesale Price Index (WPI) and adjusted by the provisions for confirmed initiatives (IT etc. initiatives as proposed by the Distribution Licensee and validated by the Commission) or other expected one-time expenses:

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

Where:

$A\&G_n$: A&G expense for the n^{th} year;

$A\&G_{n-1}$: A&G 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.

Provision: Cost for initiatives which entail conversion of Capex projects into Totex or Opex mode or are undertaken to ensure the compliance of any directives of the Commission or any other Expense as may be allowed by the Commission on the proposal of Distribution Licensee.

34. Provision for Write-off of Bad and Doubtful Debts

For any particular year, the Commission may allow a provision for write-off of bad and doubtful debts upto the extent of 2% of revenue from the sale of electricity as reflected in the audited accounts of the Distribution Licensee for that year or for the actual write-off of bad debts, whichever is less:

Provided that Electricity Duty shall not be included in the write-off of bad debt:

Provided further that such provision allowed by the Commission for any year shall not exceed the actual provision for write-off of bad and doubtful debts made by the Distribution Licensee in the audited accounts of that year:

Provided that the Commission, in its ARR/Tariff Order, may provisionally approve the provision for write-off of bad and doubtful debts based on the provision for write-off of bad and doubtful debts approved by the Commission for the True-Up year:

Provided further that if subsequent to the write-off of a particular bad debt, revenue is realised from such bad debt, the same shall be included under the Non-Tariff Income of the year in which such revenue is realised.

35. Non-Tariff Income

35.1 The amount of Non-Tariff Income relating to the Distribution Business as approved by the Commission shall be deducted from the ARR in determining the Tariff for the retail supply and Wheeling Charges of the Distribution Business:

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

35.2 The Non-Tariff Income shall include:-

- (a) Income from rent of land or buildings;
- (b) 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 the Licensee 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 delayed payment surcharge minus cost of borrowing for 6 months to be computed on delayed payment surcharge at the rate of Interest on Working Capital;
- (j) Income from supervision charges;
- (k) Income from recovery against theft and/or pilferage of electricity;
- (l) Income from advertisements;
- (m) Income from sale of tender documents;
- (n) Excess found on physical verification;
- (o) Prior Period Income;
- (p) Miscellaneous receipts; and
- (q) Any other Non-Tariff Income.

35.3 The Non-Tariff Income under item (l) above (income from advertisements) shall be shared between the Distribution Licensee and the consumers in the ratio of 30% and 70% respectively:

Provided that the Licensee shall undertake asset monetisation study within six months from the date of notification of these Regulations.

36. Income from Other Business

36.1 Where the Distribution Licensee has engaged in any Other Business under Section 51 of the Act for optimum utilisation of its assets, the income from such business will be deducted from the ARR in calculating the revenue requirement of the Licensee in the manner and in the proportion as may be specified by the Commission. The proportion of revenue from Other Business that shall be utilized in the Distribution business shall be as per the UPERC (Treatment of Income of Other Business of Transmission Licensees and Distribution Licensees) Regulations, 2004:

Provided that the Distribution Licensee shall follow a reasonable basis for allocation of all joint and common costs between the Distribution Business and the Other Business and shall submit the Allocation Statement, duly certified by the Board of Directors, to the Commission along with its Petition for the determination of ARR:

Provided further that where the sum total of the direct and indirect costs of such Other Business exceeds the revenues from such Other Business, income from such Other Business shall be taken as zero.

37. Cross-Subsidy Surcharge

37.1 A consumer situated within the area of supply of a Distribution Licensee availing Open Access as per the provisions of the UPERC Open Access Regulations, as amended from time to time, shall be liable to pay Cross-Subsidy Surcharge as determined by the Commission. Such Cross-Subsidy Surcharge will be determined as per the following:-

formula:

$$S = T - [C / (1 - L/100) + D + R]$$

Where:

S= is the Cross Subsidy Surcharge;

T= is the Tariff payable by the relevant category of consumers, including reflecting the Renewable Purchase Obligation;

C= is the per unit weighted average cost of power purchase by the Licensee, including meeting the Renewable Purchase Obligation;

D= is the aggregate of transmission, distribution and wheeling charge applicable to the relevant voltage level;

L= is the aggregate of transmission, distribution and commercial losses, expressed as a percentage applicable to the relevant voltage level;

R= is the per unit cost of carrying regulatory assets:

Provided that in any case the Cross Subsidy Surcharge shall not exceed 20% of the Average Cost of Supply.

38. Additional Surcharge

38.1 The additional surcharge for obligation to supply as per Section 42(4) of the Act shall become applicable only if it is conclusively demonstrated that the obligation of a Licensee, in terms of existing power purchase commitments, has been and continues to be stranded, or there is an unavoidable obligation and incidence to bear fixed costs consequent to such a contract.

38.2 The additional surcharge levied on any Open Access Consumer shall not be more than the per unit fixed cost of power purchase of the Distribution Licensee:

Provided that for a person availing General Network Access or Open Access, the additional surcharge shall be linearly reduced from the value in the year in which General Network Access or Open Access was granted so that, if it is continued to be availed by such person, the additional surcharge shall get eliminated within four years from the date of grant of General Network Access or Open Access:

Provided further that the additional surcharge shall not be applicable for Open Access Consumers to the extent of contract demand being maintained with the distribution Licensees:

Provided also that the additional surcharge shall be applicable for such Open Access Consumers who are or have been consumers of the Distribution Licensee.

39. Wheeling Charges

39.1 The fixed costs related to network assets are to be recovered through wheeling charges. Based on the allocation table given under Regulation 28.1, Wheeling ARR shall be determined. Wheeling charges (per unit) will be determined by dividing the ARR (wheeling) by the Input Energy.

39.2 The Distribution Licensee shall be allowed to recover, in kind, the Wheeling Losses arising out of the operation of a Distribution System by an Open Access Customer:

Provided that those embedded Open Access Customers who are already liable for payment of Demand Charges will not be required to pay any wheeling charges to the Distribution Licensee.

40. Other Charges

40.1 The Licensee shall be allowed to recover from its Open Access Customers any other charges as stipulated in UPERC Open Access Regulations, as amended from time to time.

41. Time of Day Tariff

41.1 Distribution Licensee shall propose consumer category-wise Time of Day (ToD) time slots, along with slot-wise rebate/penalty at the time of Tariff filing, keeping in consideration the applicable Rules and other Extant Laws:

Provided that any deviation from the Electricity (Rights of Consumers) Amendment Rules, 2023 and other applicable provisions of law shall be accompanied by a detailed justification submitted by the Distribution Licensee:

Provided that the Distribution Licensee may also propose seasonal ToD Tariff:

Provided further that such proposal shall be substantiated by a comprehensive data analysis of the consumption patterns of the relevant consumer categories and an assessment of the anticipated impact of the proposed ToD structure.

42. Determination of Retail Supply Tariff

42.1 The Commission may categorize consumers on the basis of their Load Factor, Power Factor, Voltage, total consumption of electricity during any specified period, or the time at which the supply is required or the geographical position of any area, the nature of supply and the purpose for which the supply is required.

42.2 The retail supply Tariff for different consumer categories shall be determined on the basis of the Average Cost of Supply. While determining the Tariff, the Commission shall also keep in view the cost of supply at different voltage levels and the need to minimise Tariff shock to the consumers.

42.3 It would be endeavoured to rationalize the number of consumer categories and Tariff structure. The Fixed/Demand charges will be gradually aligned over a period upto the fixed cost of the ARR which would comprise of Fixed Charges of generating stations, Transmission Charges, Return on Equity, Interest on Loan, Depreciation, O&M & other fixed cost elements. The Energy Charge will be gradually aligned to the remaining ARR, *i.e.*, the Variable Cost of the ARR, which would comprise the Fuel Cost of the generating stations and other variable costs.

PART E: GRANT OF SUBSIDIES BY STATE GOVERNMENT**43. Manner of grant of subsidy by the State Government**

43.1 If the State Government requires to grant subsidy to any consumer or class of consumers in the Tariff determined by the Commission, the same shall be as per the provisions of Section 65 of the Act.

PART F: GREEN ENERGY TARIFF**44. Green Energy Tariff**

44.1 Green Energy Tariff shall be approved by the Commission, as a separate Tariff category *i.e.*, as an incremental Tariff which would be per-unit charge to be paid by the consumer over and above the regular charges as per their consumer category, in line with the methodology provided by Government, if any:

Provided that the revenue from Green Energy Tariff approved by the Commission shall be in addition to the regular Tariff as approved by the Commission.

44.2 The Green Energy Tariff shall be determined based on the average power purchase cost of renewable energy, cross subsidy charges if any and service charges covering the prudent cost of the Distribution Licensee for providing green energy.

44.3 The Distribution Licensee shall submit the proposal for Green Tariff, along with all computation in the ARR / Tariff Petition. The total revenue earned under 'Green Energy Tariff' will be considered as a part of the revenue / Tariff income of the Licensee.

44.4 The total consumption of these consumers must be met by the renewable energy sources.

PART G: FUTURE/ NEW DISTRIBUTION LICENSEES

45. Restructuring/ Reconfiguration of the Licensees under the Act

45.1 In case of restructuring/ reconfiguration of Distribution Licensee(s) through any dispensation or otherwise after these Regulations come into force, the reconfigured entity/ new Distribution Licensee shall submit its first Aggregate Revenue Requirement (ARR) Petition on or before 30th November falling immediately after reconfiguration date:

Provided further that the conditions outlined in the Bidding Documents along with the agreements signed by the reconfigured entity/new Distribution Licensee, Transfer scheme notified by the State Government, vesting Order(s), mandate given under the Electricity Act, 2003, etc. shall be considered for Tariff determination and related matters for the reconfigured entity/ new Distribution Licensee.

PART H: MISCELLANEOUS

46. Savings

46.1 Nothing in these Regulations shall be deemed to limit or otherwise affect the power of the Commission to make such Orders as may be necessary to meet the ends of justice.

46.2 Nothing in these Regulations shall bar the Commission from adopting in conformity with the provisions of the Act, a procedure which is at variance with any of the provisions of these Regulations, if the Commission, in view of the special circumstances of a matter or a class of matters, deems it just or expedient for deciding such matter or class of matters.

46.3 Nothing in these Regulations shall, expressly or implied, bar the Commission dealing with any matter or exercising any power under the Act for which no Regulations have been framed, and the Commission may deal with such matters, powers and functions in a manner, as it considers just and appropriate.

47. Power to remove difficulties

If any difficulty arises in giving effect to the provisions of these Regulations, the Commission may, by general or specific Order, give directions, not inconsistent with the provisions of the Act, as may appear to be necessary or expedient for the purpose of removing difficulties.

48. Power to Amend

The Commission may, at any time add, vary, alter, modify or amend any of the provisions of these Regulations.

49. Power to Relax

The Commission may by general or special Order, for reasons to be recorded in writing, and after giving an opportunity of hearing to the necessary parties, relax any of the provisions of these Regulations on its own motion or on an application made before it by an interested person.

By the Order of the Commission,
SUMEET KUMAR AGARWAL,
Secretary,

Uttar Pradesh Electricity Regulatory Commission.

Annexure A - Depreciation Schedule for Existing Assets Capitalised on or before 31.03.2025

Description of Assets		Depreciation Rate
A.	Land owned under full title	0.00
B.	Land held under lease:	
(a)	For investment in the land	3.34%
(b)	For cost of clearing the site	3.34%
C.	Assets Purchased New:	
(a)	Building & civil engineering works of permanent character	
	(i) Offices & showrooms	3.34%
	(ii) Temporary erection such as wooden structures	100%
	(iii) Roads other than kutchra roads	3.34%
	(iv) Others	3.34%
(b)	Transformers, transformer (Kiosk) sub-Station equipment & other fixed apparatus (including plant foundations)	
	(i) Transformers (including foundations) having a rating of 100 kilo volt amperes and over	5.28%
	(ii) Others	5.28%
(c)	Switchgear including cable connections	5.28%
(d)	Lightning arrestors	
	(i) Station type	5.28%
	(ii) Pole type	5.28%
	(iii) Synchronous condenser	5.28%
(e)	Batteries	9.00%
	(i) Underground Cable including joint boxes and disconnected boxes	5.28%
	(ii) Cable duct system	5.28%
(f)	Overhead lines including supports:	
	(i) Lines on fabricated steel operating at nominal voltages higher than 66 kV	5.28%
	(ii) Lines on steel supports operating at nominal voltages higher than 13.2 kilovolts but not exceeding 66 kilovolts	5.28%
	(iii) Lines on steel or reinforced concrete supports	5.28%
	(iv) Lines on treated wood supports	5.28%
(g)	Meters	9.00%
(h)	Self propelled vehicles	9.00%
(i)	Air conditioning plants	
	(i) Static	5.28%
	(ii) Portable	9.00%
(j)	Furniture and Fittings	
	(i) Office furniture and fittings	6.33%
	(ii) Office equipment	6.33%
	(iii) Internal wiring including fittings and apparatus	6.33%
	(iv) Street light fittings	5.28%
(k)	Apparatus let on hire	
	(i) Other than motors	9.00%
	(ii) Motors	6.33%
(l)	IT equipment including software	15.00%
(m)	Any other assets not covered above	5.28%

Note: Useful life of the assets shall be derived based on the depreciation rate provided in the above table.

Annexure B - Depreciation Schedule for Existing Assets Capitalised After 31.03.2025

Description of Assets		Depreciation Rate
A.	Land owned under full title	0.00
B.	Land held under lease:	
(a)	For investment in the land	3.34%
(b)	For cost of clearing the site	3.34%
C.	Assets Purchased New:	
(a)	Building & civil engineering works of permanent character	
	(i) Offices & showrooms	3.34%
	(ii) Temporary erection such as wooden structures	100%
	(iii) Roads other than kutcha roads	3.34%
	(iv) Others	3.34%
(b)	Transformers, transformer (Kiosk) sub-Station equipment & other fixed apparatus (including plant foundations)	
	(i) Transformers (including foundations) having a rating of 100 kilo volt amperes and over	4.22%
	(ii) Others	4.22%
(c)	Switchgear including cable connections	4.22%
(d)	Lightning arrestors	
	(i) Station type	4.22%
	(ii) Pole type	4.22%
	(iii) Synchronous condenser	4.22%
(e)	Batteries	9.00%
	(i) Underground Cable including joint boxes and disconnected boxes	4.22%
	(ii) Cable duct system	4.22%
(f)	Overhead lines including supports	
	(i) Lines on fabricated steel operating at nominal voltages higher than 66 kV	4.22%
	(ii) Lines on steel supports operating at nominal voltages higher than 13.2 kilovolts but not exceeding 66 kilovolts	4.22%
	(iii) Lines on steel or reinforced concrete supports	4.22%
	(iv) Lines on treated wood supports	4.22%
(g)	Meters	9.00%
(h)	Self propelled vehicles	9.00%
(i)	Air conditioning plants	
	(i) Static	4.22%
	(ii) Portable	9.00%
(j)	Furniture and Fittings	
	(i) Office furniture and fittings	6.33%
	(ii) Office equipment	6.33%
	(iii) Internal wiring including fittings and apparatus	6.33%

Description of Assets			Depreciation Rate
	(iv)	Street light fittings	4.22%
(k)		Apparatus let on hire	
	(i)	Other than motors	9.00%
	(ii)	Motors	6.33%
(l)		Communication Equipment	
	(i)	Radio and High-Frequency Carrier system	15.00%
	(ii)	Telephone lines and telephones	15.00%
	(iii)	Fibre Optic/OPGW	6.33%
(m)		IT equipment including software	15.00%
(n)		Any other assets not covered above	4.22%

Note: Useful life of the assets shall be derived based on the depreciation rate provided in the above table.

पी०एस०यू०पी०-ए०पी० 565 राजपत्र-2025-(1531)-599 प्रतियां (कम्प्यूटर/ऑफसेट)।

पी०एस०यू०पी०-ए०पी० 19 सा० ऊर्जा-2025-(1532)-100+500=600 प्रतियां (कम्प्यूटर/ऑफसेट)।

उत्तर प्रदेश विद्युत नियामक आयोग
(बहुवर्षीय वितरण टैरिफ) विनियमावली, 2025

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TARIFF FOR DISTRIBUTION) REGULATIONS, 2025

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