

Assistance to UERC for preparation of regulation for determination of terms and conditions for transmission and distribution tariff and assistance to UERC for UPCL tariff order

[Sponsor: UERC (Uttaranchal Electricity Regulatory Commission) based in Dehra Dun, Uttaranchal]

Executive summary

Objectives

- Preparation of regulations for terms and conditions for determination of transmission and distribution tariff.
- Determination of ARR (annual revenue requirement) and tariff for UPCL (Uttaranchal Power Corporation Ltd) and PTCUL (Power Transmission Corporation of Uttaranchal Ltd) for financial year 2005/06.

The first part of the assignment was preparation of regulation for determination of terms and conditions for transmission and distribution tariff. The second part of the same was to provide consultancy services to UERC (Uttaranchal Electricity Regulatory Commission) on determination of ARR, transmission and bulk supply tariff, and distribution and retail supply tariff for UPCL and PTCUL for financial year 2005/06.

Regulations for terms and conditions for transmission and distribution tariff

Based on the interaction with UERC, draft regulations were prepared by TERI and submitted to UERC, which were then put up on the website of UERC inviting comments/objections from stakeholders. The comments received were then discussed with the Commission and incorporated in the regulations. The regulations for the terms and conditions for the distribution tariff were notified by UERC in April 2004 and are available at the link <http://www.uerc.org/dist.htm>. The regulations for terms and conditions for transmission tariff were notified in August 2004 and are available at <http://www.uerc.org/transtar.htm>.

Determination of ARR and tariff for UPCL and PTCUL for financial year 2005/06

Detailed interactions were held with the client (UERC) and officials of the UPCL and PTCUL, the companies responsible for transmission and distribution of electricity in the state for undertaking this part of the assignment. The tariff petitions submitted by the UPCL and PTCUL were examined and queries/information gaps to be answered by the companies were framed. Based on the analysis of the information submitted by the licensees along with the petitions, the ARR for financial year 2005/06 was determined. The process involved checking the prudence of all the cost elements, viz. the employee cost, administration and general expenses, repair and maintenance expenses, depreciation, interest and financial charges, etc., and estimation of the same for the ensuing year. In addition, a detailed monthly power purchase plan based on merit order scheduling was also made for financial year 2005/06. The revenue gap determined using the above was then used to determine the tariff for financial year 2005/06.

Besides the above, TERI also assisted the Commission in drafting responses to the objections submitted by various stakeholders on the tariff proposal after examining the same. The tariff order was issued on 25 April 2005.