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APPENDIX-IV: TRUING UP FOR FY 2024-25

1 TRUE-UP OF ARR OF FY 2024-25

1.1 Background

- 1.1.1 NIDP Developers Pvt. Ltd (NIDP) (herein after referred to as ‘NIDP’ or ‘the Licensee’ or ‘the Petitioner’), a company incorporated under the Companies Act, 1956 has been granted Distribution License – NIDP Developers Pvt. Ltd. (NIDP) Distribution License, 2023 (Licence No. 1 of 2023) on 20 June, 2023 for carrying out business of Distribution of Electricity within the Area of Supply i.e., Data Centre Park situated at Plot No. 7, Knowledge Park – V, Greater Noida, Uttar Pradesh.
- 1.1.2 The Petitioner has filed an application before the Commission on 18 January 2023 under section 14 (b) and Section 15 of The Electricity Act, 2003 read with UPERC (General Conditions of Distribution License) Regulations, 2004 and Distribution of Electricity License (Additional Requirements of Capital Adequacy, Creditworthiness And Code Of Conduct) Rules, 2005, as amended on 28" November 2022, and Uttar Pradesh Data Center Policy, 2021, as amended, for grant of Distribution License to M/s. NIDP Developers Pvt. Ltd.
- 1.1.3 Further, the Central Government has prescribed “Distribution of Electricity Licence (Additional Requirement of Capital Adequacy, Creditworthiness and Code of Conduct) Rules, 2005”, notified on 23 March 2005, which provided for additional requirements as regards to the Capital Adequacy, Creditworthiness and Code of Conduct, in accordance with Section 14 proviso 6 of the Electricity Act 2003. The subsequent amendment issued by Ministry of Power on 'Distribution of Electricity Licence (Additional Requirement of Capital Adequacy, Creditworthiness and Code of Conduct) {Second Amendment) Rules, 2022” allowed smaller areas as notified by the State Government for grant of license.
- 1.1.4 Also, the Government of Uttar Pradesh through the Department of IT & Electronics issued Uttar Pradesh Data Centre Policy 2021 dated 28 January 2021 and its amendment dated 7 November 2022 (hereinafter referred to as the “DC Policy”), also made Data Center Park Developers / Operator eligible for seeking licence for power distribution and consumption within DC park as per UPERC Regulations, as per Para 6.3 & 6.4 of the said Data Centre Policy.
- 1.1.5 Further, the Government of Uttar Pradesh, issued notification No. 444/24-P-3-2023 dated 10 March 2023 (Urja Anubhag—3) which notified each area related to “Data Center Park” within State of Uttar Pradesh as “minimum area of supply” for the purpose of grant of distribution license as per sixth provision to section 14 of the Electricity Act, 2003.
- 1.1.6 Accordingly, based on the provisions of the Electricity Act, 2003, Distribution of Electricity Licence (additional requirement of Capital Adequacy, Creditworthiness and Code of Conduct) Rules, 2005, and its amendments thereof and policies as issued by Government of Uttar Pradesh, the Hon’ble Commission has granted distribution licence to the Petitioner vide Order No. 1951 of 2023 dated 19 June 2023.
- 1.1.7 NIDP has started its Power Distribution Operations w.e.f. 00.00 hrs. on 04.04.2024 and has been levying tariff to consumers as per Order dated 9 February, 2024 in Petition No.

2052 of 2023.

- 1.1.8 The Petitioner is before the Hon’ble Commission for approval of the True-up of FY 2024-25 for distribution of Electricity within the Area of Supply of NIDP Developers Pvt. Ltd. under UPERC (Multi Year Tariff for Distribution and Transmission) Regulations, 2019 hereinafter referred to as “MYT Regulations 2019”.
- 1.1.9 It is submitted that the Government of Uttar Pradesh vide its notification dated 11.10.2022 has notified that the Data Centre Industry in the State shall be classified under Essential Services and Maintenance Act, 1996 (Uttar Pradesh Act No. 30, 1966 as amended 1982 and 1983) as an essential service provider and in exercise of the powers under Section 2(a)(vi) of the Essential Services and Maintenance Act, 1966, the Governor declared the Data Centre Industries established in the State under the DC Policy, 2021 to be an “essential service”.
- 1.1.10 It is submitted that the primary objective for planning the electrical network in the license area is to provide world class reliability & quality of supply by developing requisite infrastructure for the distribution of power in its Area of Supply.
- 1.1.11 The Petitioner respectfully submits that though as per Regulations 2.1 (12) of MYT Regulations 2019, defines the control period from April 1 2020 to March 31 2025, the actual date of commencement of commercial operation for supply of power is from April 4 2024 and hence, in the said scenario, the applicable control period for the Petitioner is FY 2024-25.
- 1.1.12 NIDP is seeking final Truing up of the ARR for FY 2024-25 in accordance with Regulation 6 of the MYT Regulations, 2019, based on the actual expenditure and revenue as per the audited Annual Accounts.

“6. True-Up

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.

6.2 The Commission shall carry out Truing-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 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.”

[Emphasis Added]

1.2 Audited Balance Sheet

- 1.2.1 NIDP has submitted the Audited Accounts for FY 2024-25, comprises of the business as a whole which comprises of Data Centre business and Distribution business and also segregated audited financial statement for both businesses duly audited by the Auditor

which are annexed as **Annexure 1** and **Appendix III** of this Petition respectively.

1.2.2 Further, Regulation 2.1 of the MYT Regulation, 2019 defines “Accounting Statement” as follows: -

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

(1) “Accounting Statement” 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. ”*

1.2.3 Therefore, based on the Audited Accounting Statements and actual operational data for the Financial Year 2024-25, the Company is submitting this petition for Truing-up ARR for FY 2024-25 for the kind perusal and approval of the Hon’ble Commission in the prescribed formats as per MYT Regulations, 2019.

1.2.4 Hence, the component wise details for Truing Up of ARR for FY 2024-25 as per the Accounting Statement for FY 2024-25 are provided here-in-below for the kind perusal and approval of the Hon’ble Commission.

1.3 Details of Petition

1.3.1 The Hon’ble Commission vide its letter dated 13 November, 2024 directed all the licensees including the Petitioner to file the Tariff Petition for True-Up for FY 2023-24, APR for FY 2024-25 and ARR/ Tariff for FY 2025-26 as per the UPERC (MYT for Distribution & Transmission) Regulations 2019 by 30 November, 2024.

1.3.2 The Petitioner submits that considering the fact that it has started its operation in April 2024 resulting in the operation period of only 7 months till date and the Area of Supply being a greenfield area, true-up for FY 2023-24 is not applicable.

1.3.3 Accordingly, the Petitioner vide Case No. 2171 of 2024 has filed a petition praying for grant of 1 year of extension for filing of MYT Petition. The Petitioner also in the said petition has prayed to continue to charge its consumers as per the tariff as per the Order in Petition no. 2052 of 2023 until tariff determination.

1.3.4 Based on the said Petition, the Hon’ble Commission vide its Order dated 19.03.2025 allowed the prayer of the Petitioner and grants an extension of one year for filing of the tariff petition. Further, with respect to the tariff, the Hon’ble Commission stated that the tariff approved for NPCL for FY 2025-26 shall act as a ceiling tariff for the consumers of Data

Centers also and the energy charges shall be reduced by Rs. 0.10/kVAh. However, Other directions in Order dated 9 February 2024 shall continue to operate.

- 1.3.5 Accordingly, the said instant Petition is the first tariff Petition filed by the Petitioner, and no previous tariff Order prevails for the said license area and hence no approved ARR or Revenue has been provided in the Petition for comparison purpose.

2 REVENUE FROM SALE OF ELECTRICITY

- 2.1.1 The Petitioner is a Developer of Data Centre Park under Uttar Pradesh Data Centre Policy, 2021 and has got License to distribute power to the Consumers within the Data Center Park.
- 2.1.2 The Petitioner submits that at present, there is no approved tariff specifically for NIDP, to be charged to the consumers by the Hon'ble Commission as the Petitioner being a new licensee and no tariff application has been filed till date.
- 2.1.3 However, in the interim, until the regulatory process of Aggregate Revenue Requirement (ARR) and determination of Tariff is carried out for the Petitioner for the next control period, the Hon'ble Commission vide Order dated 19.03.2025, allows to levy the tariff approved for NPCL for FY 2025-26 which shall act as a ceiling tariff for the consumers of Data Centers also and the energy charges shall be reduced by Rs. 0.10/kVAh.
- 2.1.4 Further, the Petitioner has categorise the data center consumer into a single category for "HV-1 Commercial Loads / Private Institutions / Non-domestic bulk power consumer with contracted load 75 kW & above and getting supply at Single Point on 11 kV & Above" till October 2024. However, based on NPCL Order dated 10.10.2024 vide Case No. 2039/2023, the Petitioner has reclassified the data center consumers into "HV-2 Large And Heavy Power".
- 2.1.5 Further as per NPCL Order, it states that such IT and ITeS Units as may be decided by GoUP through a policy notification, shall be covered under this category from the date of GoUP notification or date of applicability of Tariff Schedule of this Tariff Order, whichever is later. It is submitted that as per GoUP Notification dated 04.10.2024, such IT and ITeS Units with **contracted load 150 kW & above** are covered under Industrial category. Accordingly, the Petitioner has reclassified the data center consumers into "HV-2 Large And Heavy Power with contracted load of 150 kW and above as per GoUP through a policy notification dated 04.10.2024".
- 2.1.6 Further, another category i.e. of HV-1 Commercial Loads / Private Institutions / Non-domestic bulk power consumer with contracted load 75 kW & above and getting supply at Single Point on 11 kV & Above" prevails within the distribution licensee area which is related to power supplied for auxiliary consumption of Substation. Accordingly, within the license area only category of consumers prevails during FY 2024-25 was HV-1 and HV-2.
- 2.1.7 During FY 2024-25, consumers were billed on the basis of Tariff Schedule of NPCL approved in then prevailing Tariff Order dated 24th May 2023 in Case No. 1919 of 2022 till October 2024 and from November 2024 onwards, the Tariff Schedule of NPCL approved in then prevailing Tariff Order dated 10th October 2024 in Case No. 2039/2023 was made applicable providing a discount of Rs.10 paise/kVAh on Energy Charges.
- 2.1.8 The tariff as made applicable to the said category of consumers is outlined in the following

table and the said tariff schedule is annexed as **Annexure 2** of this Petition

Table 1: Tariff Applicable in FY 2024-25

Tariff	Units	HV 1	HV 2	HV 1	HV 2
		April to October 2024		November 2024 to March 2025	
Energy Charges	Rs./kVAh	8.02	-	8.02	7.00
Fixed Charges	Rs./kVA	400	-	400	300
Regulatory Discount	%	10%	10%	10%	10%

2.1.9 Also, the data centre is commissioned in the ring-based evacuation infrastructure wherein the supply from both transmission network and distribution network would be availed. The Petitioner has provided the 220/11 kV transformer capacity and 11 kV distribution network augmentation in sync with incremental annual load growth to obviate cost impact. Hence, any consumers to be connected will be at 11 kV network only.

2.1.10 Based on aforesaid prevailing tariffs, the actual category-wise sales, revenue and average realization for FY 2024-25 duly audited and presented in Audited Accounting Statements are given in Table herein below for the kind approval of the Hon'ble Commission:

Table 2: Category-wise Details of Consumers, Load, Energy Sales & Revenue (FY 2024-25 – April to Oct 24)

Category of Consumers	No. of Consumers	Connected Load	Sales	Revenue	ABR
	No.	kVA	MU	Rs. Cr	Rs./kWh
HV- 1: NON - INDUSTRIAL BULK LOADS*	5	8060	20.33	17.72	8.71
HV-2 -LARGE AND HEAVY POWER	-	-	-	-	-
TOTAL	5	8090	20.33	17.72	8.71

*-Consumption of MRSS and Data center included as per Tariff Order dated 24th May 2023 in Case No. 1919 of 2022

Table 3: Category-wise Details of Consumers, Load, Energy Sales & Revenue (FY 2024-25 – Nov to Mar 25)

Category of Consumers	No. of Consumers	Connected Load	Sales	Revenue	ABR
	No.	kVA	MU	Rs. Cr	Rs./kWh
HV- 1: NON - INDUSTRIAL BULK LOADS	1	30	0.11	0.08	7.63
HV-2 -LARGE AND HEAVY POWER*	4	8060	17.10	12.10	7.08
TOTAL	5	8090	17.21	12.19	7.08

* Data Centers were recategorized under HV-2 category as per Tariff Order dated 10th October 2024 in Case No. 2039/2023

Table 4: Category-wise Details of Consumers, Load, Energy Sales & Revenue (FY 2024-25)

Category of Consumers	No. of Consumers	Connected Load	Sales	Revenue	ABR
	No.	kVA	MU	Rs. Cr	Rs./kWh
HV- 1: NON - INDUSTRIAL BULK LOADS	1	30	20.44	17.80	8.71
HV-2 -LARGE AND HEAVY POWER	4	8060	17.10	12.10	7.08
TOTAL	5	8090	37.54	29.90	7.97

*-Details as on 31st March 2025.

2.1.11 The Petitioner further submits that NIDP has followed an accounting practice of netting-off the revenue and corresponding expenditure, whereby the energy supplied to the MRSS sub-station (being a captive consumption of the Petitioner) is offset against the electricity

charges payable by NIDP. Consequently, the net impact is recorded as zero in the books of accounts and such captive consumption has not been separately recognized. However, the Petitioner respectfully submits that non-recognition of this captive consumption in the Sales category results in an understatement of energy sales, thereby distorting the computation of Distribution Loss. In order to ensure accurate reflection of Distribution Loss and consistency with the methodology approved by the Hon’ble Commission, the captive consumption related to sub-station usage has been duly considered as part of Sales. The corresponding revenue has been computed based on the applicable tariff category and tariff approved by the Hon’ble Commission. Further, as the said revenue corresponds to electricity charges payable by the Petitioner for sub-station consumption, the same is also reflected as part of the Petitioner’s A&G expenses.

- 2.1.12 Based on the above submission, the Petitioner hereby submits the reconciliation of the Revenue amount as depicted in the table above with the financial accounts as outlined below:

Table 5: Reconciliation of Revenue with Audited annual Accounts (Rs. Cr)

Particulars	Amount
Amount as per Audited Accounts	30.18
Less:	
Amount credited related to Non-Tariff Income	
<i>Delayed Payment Surcharge</i>	0.18
<i>Registration & Proce</i>	0.01
<i>Service Line Charges</i>	0.05
<i>ED provision of March 25 included in Revenue</i>	0.23
Add: Revenue of sale to MRSS substation not considered - Captive consumption	0.19
Revenue Claimed in ARR	29.90

- 2.1.13 The Petitioner submits that the before the start of Distribution License operation the load at site was around 3 MW and it was expected that the same will gradually increase as the occupancy level increase over time. Based on the expected demand PPA was executed for supply of for 4 MW quantum for the month of April & May 2024, 5 MW for June & July 2024 and 6 MW for the months August to October, 2024. However, the actual average load during FY 2024-25 was below 6 MW and average load was ~4.40 MW for FY 2024-25.
- 2.1.14 It is pertinent to mention here that prevailing Rate Schedule largely comprises of two components viz. demand charge based on connected load irrespective of actual consumption and energy charge which varies directly in proportion to actual consumption of the consumers. The Fixed Charges recovered from the consumers are irrespective of their consumption. However, the Load factor of the consumers does have impact on the tariff per unit on the consumers whereby higher the load factor will result in lower per unit impact and vice versa. The Petitioner submits that the Load factor of HV 1 and HV 2 category of consumers during FY 2024-25 was 72.83% and 58.12% respectively. However, the Load factor is lower in the initial period of the commencement of the operation and has been improved in last quarter of FY 2024-25.
- 2.1.15 In view of the above, the Hon’ble Commission is requested to kindly approve the actual sales and revenue for FY 2024-25 submitted by the Company.

3 ENERGY BALANCE AND DISTRIBUTION LOSSES

- 3.1.1 As stated above, this is the first instant tariff Petition filed by the Petitioner and no tariff Order prevails for the Petitioner as on the date of filing this MYT Petition, hence no trajectory for distribution loss has been approved by the Hon’ble Commission.
- 3.1.2 Distribution Operations of NIDP have commenced on 04 April 2024, whereby the entire electrical network of NIDP is underground having parallel cabling network. The network including cables sizes and numbers is so designed as to keep the I^2R losses to as minimum as possible as well as redundancy.
- 3.1.3 NIDP submits that it has established the distribution network primarily on the higher voltage level of 11 kV. Consequently, the Distribution Losses are on the lower side, and is on account of only Transformer losses. As submitted above, it has been observed that:
- a) due to partial operation by Data Center Consumers and lower load, the distribution transformers are not fully loaded, resulting in increase in distribution losses.
 - b) As the distribution infrastructure including transformer capacity has to be established for the full load, during the period of lower load, the Distribution Losses are marginally higher due to the incidence of no-load losses.
- 3.1.4 The Petitioner submits that despite the load in the first year of operation was lower compared to the expected load, and correspondingly, the best efforts put-in by the Company with regard to reduction in T&D Losses, the Company has achieved the Distribution Losses of 1.87% for FY 2024-25 which is substantially lower as compared to the distribution loss of other distribution licensee. However, since the said instant petition is the first petition and there is no trajectory of distribution loss approved by the Hon’ble Commission, the Petitioner is not claiming any sharing of gains / loss due to distribution loss in accordance with Regulations 10 of MYT Regulations 2019.
- 3.1.5 The summarised Energy Balance for FY 2024-25 is provided in the Table below:

Table 6: Energy Balance for FY 2024-25

Particulars	Units	Ref.	Actuals
Energy Sales	MU	a	37.54
Distribution Loss	%	b	1.87%
Distribution Loss	MU	$c=(a/(1-b))-a$	0.72
Energy Requirement at NIDP	MU	$d=a + c$	38.26
Intra State Losses	%	e	3.18%
Energy Requirement at STU/UP Periphery	MU	$f = d / (1-e)$	39.51
Inter-State Losses*	%	g	0%
Total Energy Requirement	MU	$h = f / (1-g)$	39.51

**-Only Inter-State Power procured is from Power Exchange and the accounting is considered at STU periphery*

- 3.1.6 The Petitioner therefore requests the Hon’ble Commission to approve Distribution Losses of 1.87% in the true up for FY 2024-25 as shown in the above Table.

4 POWER PURCHASE

During FY 2024-25, in order to meet the demand of the consumers, the Petitioner procured 39.51 MU of power at STU Periphery of Uttar Pradesh. The detail of actual power purchase

cost is provided in the following paragraphs:

4.1 Power Purchase for Base Load and Peak Load (Short Term)

- 4.1.1 Considering the uncertainty in the stability of the load as the project being greenfield, the Petitioner has approached the Hon'ble Commission vide Case No. 2052 of 2023 to allow to undertake the procurement of power through short term route. The Petitioner has submitted that in the initial stage, the project being a green field project, only 1 DC building was operational and the load at site was low which was expected to grow over time. The second DC building is expected to go live by Quarter -2 of 2026 and remaining four buildings are in the planning stage.
- 4.1.2 Further, it was submitted that at this stage, the Petitioner neither has any past data with regard to power consumption in the area nor is it in a position to accurately prepare projections about the future expected load growth in the next few years. With such high uncertainties in the initial stage with regards to electricity distribution, it was difficult to estimate the exact power requirement for the power supply in the Licence area for the medium / long term. Also, there is no past trajectory available for projection purposes since it is the first year of operation of the distribution licensee.
- 4.1.3 The Petitioner felt that the procurement of power is required to be done in a flexible manner for supply of the power in the data centre park so as to avoid any undue burden on the consumers. Considering the demand load which is Round the Clock (RTC) in nature, it would be beneficial to arrange for such power in the most cost-effective manner while maintaining flexibility.
- 4.1.4 Also, clarity on the expected load increase for the upcoming months and the long-term projections for the ensuing years will be available post stabilisation of the business operation which is expected in the next control period. Therefore, in the absence of any trend of growth based on details of past power consumption or clear indication of future load requirements from the Consumers, the Petitioner is not in a position to forecast long or medium term demand and supply profile at present.
- 4.1.5 Therefore, considering the fact that it is the first year of operation and there is an uncertainty in the load growth, as an interim measure, the Petitioner decided to explore the Short Term power procurement at State Transmission Periphery, under Section 63 of the EA, 2003, in line with the Competitive Bidding Guidelines issued by Ministry of Power (MoP) Government of India (GoI) dated 30 March, 2016. Such short-term contract will be under competitive bidding at DEEP portal.
- 4.1.6 Therefore, keeping in mind the commencement of operation from April 2024, the Petitioner has prayed before the Hon'ble Commission to allow procuring power under short term route from April 2024 onwards.
- 4.1.7 Based on the above submission, the Hon'ble Commission vide Order dated 09.02.2024 vide Case No. 2052 of 2023 allowed procurement of power through procure exchange for the month of March, 2024 and allowed procurement of power in FY 2024-25, through short term bidding route as per the guidelines of the Government of India. The relevant extract is outlined as below:

“Commission's View

8. *The Commission is of the view that since there is a very short period left in commencement of operations by the Petitioner, it is not possible to initiate the procurement process as per the guidelines of Ministry of power, Government of India for procuring power for the month of March, 2024. Taking into consideration the submissions made the Petitioner, the Commission allows procurement of power through procure exchange for the month of March, 2024. In regard to procurement of power from FY 2024-25, the Commission is of the view that the business of Data Centers is at a very nascent stage, as present, only one data center building is in operation. The remaining buildings are still in development phase. So, the concerns are there not only from the perspective of consumption pattern but also from the angle of load growth in the area of Petitioner. Hence, there is uncertainty with respect to load that will come up in future, which will depend on business proliferation in the data center as well as development of infrastructure amongst other factors.*
9. *In view of this, the Commission allows procurement of power in FY 2024-25, through short term bidding route as per the guidelines of the Government of India. The Petitioner must ensure that the power purchase price is within the limits to make its distribution business (as per UPERC MYT Regulations, 2019) viable at the tariffs being charged by the Petitioners. The Petitioner should also ensure that the approval of Commission is sought before commencement of schedule of short-term power.”*

4.1.8 However, the commencement of the operation was delayed by one month and the project went live on 4th April 2024. Also, considering all the above constraints, the planning for supply side has been focused on the following aspects:

- a) Demand load being Round the Clock (RTC) in nature, it would be beneficial to arrange power in the most cost-effective manner while maintaining flexibility
- b) The source of supply shall be such that it extends a high degree of reliability.
- c) The supplier of power shall provide enough flexibility so that uncertainty in the rate of growth and growth trajectory of the load can be coped up effectively with minimum level of penalty as far as practical for any deviation from projection.
- d) The price shall be sufficiently reasonable not only to this Hon’ble Commission but in the long run will ultimately help in providing a very attractive retail price to the consumers for whom primarily the service sector specific DC area has been established.

4.1.9 Therefore, considering the fact that there is an uncertainty in the load growth, as an interim measure, the Petitioner has decided to explore the Short-Term power procurement at State Transmission Periphery, under Section 63 of the EA, 2003, in line with the Competitive Bidding Guidelines issued by Ministry of Power (MoP) Government of India (GoI) dated 30 March, 2016.

4.1.10 Accordingly, the Petitioner has floated two RFP on timely basis for FY 2024-25 for procurement of the power under short term arrangement, in accordance with the e-Tendering and e-Reverse Auction (e-RA) process laid under the 'Guidelines for Short-Term (i.e. for a period of more than one day to one year) Procurement of Power by Distribution Licensees through Tariff based bidding process' issued by the Ministry of Power, dated 30 March 2016 and amendments thereof through Discovery of Efficient Electricity Price (DEEP) Portal. The bid was undertaken to procure power at STU periphery. Also, the Petitioner has approached the Hon’ble Commission for adoption of tariff for the said short term power procurement, the details of which are provided as below:

Table 7: Short Term Power Procurement in FY 2024-25

RfP No.	Date of RfP	Seller	Period	Quantum - MW	Price – Rs./kWh	Case No.	Date of UPERC Order
NIDP/Short/23-24/ET/199 – Thermal Power	13.01.2024	Tata Power Trading Company Ltd (TPTCL)	1-4-24 to 31-5-24	4.0	6.56	2064 of 2024	19-3-24
			1-6-24 to 31-7-24	5.0			
			1-8-24 to 31-10-24	6.0			
NIDP//Short/24-25/ET/131 – Bagasse Power	08.10.2024	DCM Shriram Limited (DCM)	1-12-24 to 15-4-25	5.0	5.45	2138 of 2024	21-11-24

4.1.11 The reference order under which the Hon'ble Commission has adopted the tariff are provided in **Annexure 3 (Colly)**.

I. Case No. 2064 of 2024

4.1.12 In the said petition, the Petitioner has carried out the Short Term Procurement process for procuring power of 4 MW to 6 MW for the period starting from 1 April 2024 to 31 October 2024.

4.1.13 After conclusion of bidding process, the Tender Evaluation Committee (TEC) technically qualified the single bidder (Tata Power Trading Company Limited wherein the source generator was M/s. Prayagraj Power Generation Company Ltd.). On 6 February 2024, the Financial/Price Bid of the technically qualified single bidder was opened, where the Bidder had quoted Rs. 6.99/kWh as Initial Price Offer (IPO). After that e-RA was conducted and price of Rs.6.75/kWh was discovered.

4.1.14 The Petitioner initiated a rate negotiation on the e-RA discovered Price whereby TPTCL communicated the final negotiated Price of Rs. 6.56/kWh. On 12 February 2024, the Petitioner issued the Letter of Award (LoA) to TPTCL, subject to approval of the Commission. TPTCL conveyed its unconditional acceptance to the LoA on 13 February 2024. Thereafter, the Petitioner and TPTCL have executed the PPA dated 19 February 2024 subject to the approval of the Commission.

4.1.15 Further, while seeking adoption of tariff for such power procurement under short term route, the Petitioner also stated that there may be a variation in the load growth projected by the Petitioner and it would result in some amount of surplus power available with the Petitioner. In such a scenario, the Petitioner may be allowed to sell surplus power in the exchange. Further, it was submitted that for trading of surplus power, it would be more economical to tie up with Trader and pay a trading margin instead for handling such operations on Power Exchange, which would require the Petitioner to become member of Power Exchange and to incur Membership Fees/Security Deposit/Annual Subscription Fee and additional manpower cost.

4.1.16 Accordingly, the Hon'ble Commission vide its order dated 19 March 2024 in Case No. 2064 of 2024, adopted the tariff of Rs. 6.56/kWh for procurement of power from 4.00 MW to 6.00 MW for period from 1 April, 2024 to 31 October 2024 and approved the PPA dated 19.02.2024 for procurement of power by NIDP Developers Pvt. Ltd. from Tata Power Trading Company Ltd.

4.1.17 Further, the Hon'ble Commission also allowed the Petitioner to sell surplus power up to 10% of the contracted quantum from June 2024 onwards in the power exchange through

Trading Licensee.

II. Case No. 2138 of 2024

- 4.1.18 Considering the existing load of 5 MW, the Petitioner has carried out the Short Term Procurement process for procuring power of 5 MW at U.P. State periphery for a period of 4.5 months i.e., from 01.12.2024 to 15.04.2025, in accordance with the MoP Guidelines dated 30.03.2016 & its amendments thereof.
- 4.1.19 In the said Power Procurement process, the intent was to purchase Firm Renewable Energy was to meet RPO targets as per UPERC (Promotion of Green Energy through Renewable Purchase Obligation) (First Amendment) Regulations, 2019. The bid was initiated on 8 October 2024 and two bidders has participated viz., DCM Shriram Ltd and Kreate Energy (I) P. Ltd. whereby the providing the rate of Rs. 5.45/kWh and Rs. 7.00/kWh respectively.
- 4.1.20 A rate negotiation was then initiated by the Petitioner through its letter dated 18.10.2024 to DCM Shriram Limited (DCMSL). Thereafter, DCMSL in its response letter dated 19.10.2024 kept its price of Rs. 5.45/kWh as final. Thus, based on TEC recommendation, Petitioner issued LoA dated 19.10.2024 to DCMSL. On 21.10.2024, DCMSL conveyed its unconditional acceptance to the LoA. Thereafter, Petitioner and DCMSL have executed the PPA dated 22.10.2024, subject to the approval of the Commission.
- 4.1.21 Further, the Petitioner also requested the Hon'ble Commission to allow Petitioner to procure power from Power Exchanges in case of marginal increase in demand of 1 to 2 MW, by tying up with the Trader and pay a trading margin. Therefore, the Petitioner requested the Hon'ble Commission to allow the Petitioner to appoint a Trading Licensee for purchase /sale of power and allow such trading margin to be recovered in the ARR subject to prudence check by the Hon'ble Commission.
- 4.1.22 Accordingly, the Hon'ble Commission vide its order dated 21 November 2024 in Case No. 2138 of 2024, adopted the tariff of Rs.5.45/kWh for procurement of 5 MW bagasse based RTC power from 01.12.2024 to 15.04.2025 and approved the PPA dated 22.10.2024 for procurement of power between the Petitioner and DCM Shriram Ltd. Further, regarding deficit power over and above 5 MW quantum, if any, the Commission allowed the Petitioner to explore power exchange route through a Trading Licensee with a trading margin ceiling of 2 paise/unit, as acknowledged during the hearing.
- 4.1.23 With respect to liquidated cost levied on TPTCL, the Petitioner submits that in the initial operation of the Date Centre, the load estimated while floating the tender for power procurement and the actual load during the PPA period were lower than the expected load. Since, the demand of the Licensee area was lower than the 85% of the Contracted Capacity in some month, the power was schedule on a lower side resulting in liquidated damages which were applicable as per Clause 8.2 of PPA dated 19.02.2024.
- 4.1.24 The details of month-wise and source-wise power purchase for FY 2024-25 and the related cost are provided in the Tariff Formats prescribed by the Hon'ble Commission, submitted along with this Petition.

4.2 Power to Meet Renewable Power Purchase Obligation (RPO)

- 4.2.1 For the purpose of procurement of power for FY 2024-25 to meet the demand of the consumers, and to meet the prescribed level of RPO obligations, the Company has conducted competitive bidding on DEEP portal to procure 5 MW of bagasse power, the details of which are provided in para 4.1 and Table 7 of the instant Petition. The same has been approved and the tariff has been adopted by the Hon'ble Commission vide Case No. 2138 of 2024 dated 21.11.2024. Under the said arrangement, the Petitioner has procured 14.43 MU in FY 2024-25 at Rs. 5.45/kWh (adopted Tariff).
- 4.2.2 Further, the Petitioner has purchased 3.5986 MU of renewable power landed at UP STU Periphery from Green Day Ahead Market (GDAM), and Green Term Ahead Market (GTAM) of Power Exchanges for meeting its RPO.
- 4.2.3 It is submitted that as per UPERC (Promotion of Green Energy through Renewable Purchase Obligation) Regulations, 2010 read with First Amendment, 2019 the obligated entities are required to fulfil Renewable Purchase Obligation from different technologies such as Solar, Non-Solar and Hydro.
- 4.2.4 Further, the said Regulations has provided RPO under Regulations 4 till FY 2023-24 only and no separate RPO has been specified for FY 2024-25 by the Hon'ble Commission. Also, as per Regulations 4.3 of UPERC (Promotion of Green Energy through Renewable Purchase Obligation) First Amendment, Regulations 2019, it is clearly stated that the RPO specified for FY 2023-24 shall continue beyond the said period until any revision is effected by this regard. Accordingly, the RPO of FY 2023-24 will be effective for FY 2024-25 also. The RPO obligation as specified in the Relevant Regulations is outlined as below:

Table 8: RPO Obligation for FY 2023-24

Particulars	FY 2023-24
Solar	5.00%
Non-Solar	7.00%
Hydro	3.00%
Total	15.00%

- 4.2.5 With respect to RPO, Regulation 4.1 of UPERC (Promotion of Green Energy through Renewable Purchase Obligation) Regulations, 2019 provides as under:
- “4.1 Every obligated entity shall purchase a minimum percentage of its total consumption of electricity (in kWh) from renewable energy sources under the renewable purchase obligation during each financial year.”*
- 4.2.6 However, the Hon'ble Commission vide its Tariff Order dated 10th October, 2024 issued for NPCL, has computed the RPO obligation on **“Energy Consumption at Discom Periphery”**. In light of the Hon'ble Commission's methodology adopted for computation of RPO, the Petitioner has computed the same based on "Energy Consumption at NIDP Periphery."
- 4.2.7 The Petitioner would like to submit that it has filed a petition vide Case No. 2052 of 2023, whereby it has submitted that considering the estimated load and with requirement of RTC power requirement for its license area, it may not be possible to procure power from different technologies such as Solar, Non-Solar and Hydro to meet the Renewable Purchase Obligation. Hence, the Petitioner has therefore prayed to allow Cumulative and Composite Procurement of Green Energy from all renewable energy sources combined

together). The Hon'ble Commission vide its order dated 09.02.2024 has allowed the said relaxation under Regulations 18 of UPERC (Promotion of Green Energy through Renewable Purchase Obligation) Regulation 2010 i.e. the "Power to Relax". For FY 2024-25, the Hon'ble Commission has clearly stated that it has not yet approved the trajectory. However, once the trajectory for FY 2024-25 is approved, the same shall be applicable to the Petitioner and the composite procurement of renewable energy is allowed till further Order of the Commission.

- 4.2.8 Accordingly, the status on procurement of renewable power and shortfall / surplus of RPO as on 31 March 2025 is outlined as below:

Table 9: Status of RPO for FY 2024-25

RPO Targets & Achievement	Unit	FY 2024-25
Energy Consumption (Sales) (Excluding Inter-State sales)	MU	37.54
Distribution Loss (%)	%	1.87%
Total Energy Requirement at Distribution Periphery	MU	38.25
Less: Hydro Power	MU	
Total Energy Requirement for RPO	MU	38.25
Composite RPO Target		
Composite RPO target	%	15.00%
Composite RPO target	MU	5.74
Power Procurement from Bagasse – DCM at Intra-State	MU	14.43
Power Procurement from GDAM	MU	3.60
Total Composite RPO Achievement	MU	18.03
Cumulative Solar RPO Shortfall / (Surplus)	MU	(12.29)

- 4.2.9 Based on the above submission, the Petitioner was able to procure 18.03 MU of the renewable power against the target RPO of 5.74 MU resulting in the surplus RPO of 12.29 MU and has achieved 47% through Renewable Energy of the entire consumption.

4.3 UI /DSM Power

- 4.3.1 The Petitioner submits that the demand of power depends on the consumption pattern of the consumers which varies and are uncontrollable in nature. Based on the demand of the consumers, the energy schedule from the tied-up sources results into surplus or deficit situation and also result in deviation between the schedule and actual drawl. Also. Power availability from the generation sources though schedule on time block basis, varies due to unforeseen and uncontrollable factor. The variation in any of these parameters associated with integrated power system network leads to variation in either injection or drawal of power and such variation continuously keeps on happening resulting in to mismatch in injection and drawal. The charges payable/ receivable on account of such uncontrollable variations are being dealt in terms of Deviation Settlement Mechanism.

- 4.3.2 It is pertinent to mention here that MYT Regulations, 2019 also provides for power drawl under DSM mechanism to be pass through as may be seen from the extract of the Regulation 14.7 of the MYT Regulations, 2019 provided below:

"14.7 In the regime of Availability Based Tariff (ABT), the cost of power purchase through Deviation

Settlement Mechanism (DSM) shall be allowed to be passed through in Tariff of the subsequent year subject to the following condition:

(a) The Average rate for power purchased through DSM should not exceed the maximum rate for power purchased under the Merit order of the licensee as approved by the Commission.

(b) The total cost of Electricity units purchased through DSM shall be restricted to 10% of total power purchase cost approved by the Commission”

[Emphasis Supplied]

4.3.3 Thus, based on prevailing DSM Regulations, the Petitioner has incurred the net cost of Rs. 0.15 Cr towards (0.13) MU power settled under DSM Regulations which is approximately 0.33% of the power purchase quantum and 0.62% of power purchase cost. It is pertinent to mentioned that the DSM above is net-off under-draw and overdraw.

4.3.4 In view of the above, it is kindly evident that the power procurement cost from DSM is well within the overall limit of 10% of power purchase cost and is just 0.62% of overall power purchase cost. Thus, it is humbly submitted to kindly approve the cost of power settled under DSM mechanism.

4.4 Total Power Purchase Cost

4.4.1 Accordingly, in line with direction of the Hon’ble Commission, the Company has procured short term power procurement from TPTCL, DCM and power exchanges. Also, the total actual rebate claimed on all power purchase sources is considered in the Power Purchase Cost.

4.4.2 The details of the power procurement from each source are outlined in the following table alongwith the Cost including impact of inter-state transmission charges, operating charges and application fee wherever applicable:

Table 10: Power Purchase Cost from Short Term Sources for FY 2024-25

Generator / Trader	Unit	TPTCL	DCM	Power Exchange Procurement	Power Exchange - Surplus Sold	UI/DSM	Total
Period		1-4-24 to 31-10-24	1-12-24 to 31-3-25	1-4-24 to 31-3-25	June 2024		
Power Procured	MU	20.82	14.43	4.46	-0.06	-0.14	39.51
Energy Charges	Rs./kWh	6.56	5.45	5.53	8.86	-9.00	6.09
Energy Charges	Rs. Crs	13.66	7.86	2.47	-0.05	0.12	24.06
Liquidated Damages	Rs. Crs	0.20					0.20
SLDC operating & Scheduling, Registration	Rs. Crs	0.02	0.04	0.01		-0.02	0.05
Rebate	Rs. Crs	-0.26	-0.08				-0.33
Total Power Purchase Cost	Rs. Crs	13.62	7.82	2.47	-0.05	0.11	23.97
Total Power Purchase Cost	Rs./kWh	6.54	5.42	5.55	8.86	-7.80	6.07

4.4.3 The Petitioner has also availed the rebate on the Power Purchase Invoice for FY 2024-25.

4.4.4 Accordingly, as the above expenses have been incurred in compliance of the relevant Regulations, provisions of the approved PPA and the Orders of the Hon’ble Commission, the Petitioner requests the Hon’ble Commission to approve the total Power Purchase cost of Rs. 23.97 Cr. of FY 2024-25 as submitted in the above table.

4.5 Transmission Charges

4.5.1 As mentioned earlier, NIDP has commenced its distribution business operations from 4 April 2024 onwards, where NIDP was first identified as the Intra State Transmission System User (TSU). For FY 2024-25, the transmission charges levied were as determined by the Hon'ble Commission vide Case No. 1907 of 2022 dated 24 May 2023 and Case No. 2044 of 2023 dated 10 October 2024.

4.5.2 As specified in the said order, the transmission charges applicable for FY 2024-25 is as follows:

- For 1 April 2024 to 22 October 2024 – Rs. 0.2641/kWh
- For 23 October 2024 to 31 March 2025 – Rs. 0.2326/kWh

4.5.3 Based on the above charges, the total transmission charges paid for FY 2024-25 is Rs. 0.94 Cr. which is claimed in ARR for FY 2024-25 for truing up. The Petitioner request the Hon'ble Commission to approve the said transmission charges for FY 2024-25.

4.6 Reconciliation of Power Purchase cost with Audited Accounts

4.6.1 The Petitioner would like to submit that the amount claimed under power purchase cost for FY 2024-25 in ARR for truing up purpose is for the energy procured during FY 2024-25 and the invoice raised against the same. However, due to some inadvertent error, certain invoices raised in FY 2025-26 for power procured in FY 2024-25, has been missed out to be accounted in FY 2024-25 and also provisions for the same is not made. Such cost has been accounted in FY 2025-26. Further, certain cost related to Power Purchase such as NOC Charges, UPSLDC Registration Charges, UPSLDC Application & Operating Charges has been inadvertently accounted in A&G Cost in accounts rather than in Power Purchase Cost. The details of such invoices alongwith the reconciliation have been annexed as **Annexure 4** of this petition. The summary of such reconciliation is provided in the table below:

Table 11: Reconciliation summary of the Power Purchase cost with audited accounts

Particulars	Amount
Amount as per Audited Accounts	24.62
Add:	
Amount reflected in A&G Expenses	0.04
<i>Provisions of March Bill not made in the accounts</i>	0.25
Less: Transmission Charges shown separately	0.94
Amount Claimed as Revenue in ARR	23.97

5 OPERATION AND MAINTENANCE (O&M) EXPENSES

5.1 Normative O&M Expenses

5.1.1 Operations and Maintenance (O&M) Expenses of the company consists of the following elements:

- Employee Expenses comprises of salaries, allowances, medical reimbursement, bonus, performance linked incentive, insurance, terminal benefits in the form of pension & gratuity, leave encashment and staff welfare expenses
- Repairs and Maintenance (R&M) Costs go towards the day to day upkeep of the

distribution network and form an integral part of the company’s efforts towards reliable and quality power supply as also in the reduction of losses in the system.

- Administrative and General (A&G) Expenses mainly comprise of rents, telephone and other communication expenses, professional charges, conveyance and travelling allowances, professional and legal charges, printing and stationery etc.

5.1.2 Regulation 45 of the MYT Regulations 2019 deals with the O & M Expenses which is reproduced below:

“45. Operation & Maintenance Expenses

- a) *The Operation and Maintenance expenses for the Distribution Business shall be computed as stipulated in with these Regulations.*
- b) *The Operation and Maintenance expenses shall be derived on the basis of the average of the Trued-Up values (without efficiency gain / loss) for the last five (5) financial years ending March 31, 2019 subject to prudence check by the Commission. However, if Trued-Up values (without efficiency gain / loss) are not available for FY 2018-19, then last five (5) available Trued-Up values (without efficiency gain / loss) will be considered and subsequently when the same are available the base year value (i.e. FY 2019-20) will be recomputed.*
- c) *The average of such operation and maintenance expenses shall be considered as Operation and Maintenance expenses for the middle year and shall be escalated year on year with the escalation factor considering CPI and WPI of respective years in the ratio of 60:40, for subsequent years up to FY 2019-20.*
- d) *The One-time expenses such as expense due to change in accounting policy, arrears paid due to Pay Commissions, etc., and the expenses beyond the control of the Distribution Licensee such as dearness allowance, terminal benefits, etc., in Employee cost, shall be allowed by the Commission over and above normative Operation & Maintenance Expenses after prudence check.*
- e) *At the time of Truing-up of the O&M expenses, the actual point to point inflation over Wholesale Price Index numbers as per Office of Economic Advisor of Government of India and the actual Consumer Price Index for Industrial Workers (all India) as per Labour Bureau, Government of India, in the concerned year shall be considered.*

45.1 Employee Cost

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

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

Where:

EMP_n: Employee expense for the nth year;

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

CPI inflation is the average of Consumer Price Index (CPI) for immediately preceding three Financial Years.

45.2 Repairs and Maintenance Expense

Repairs and Maintenance expense shall be calculated by following formula:

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

Where:

R&Mn: Repairs & Maintenance expense for the nth year;

R&Mn-1: Repairs & Maintenance expense for the (n-1)th year;

WPI inflation is the average of Wholesale Price Index (WPI) for immediately preceding three Financial Years.

45.3 Administrative and General Expense

A&G expense shall be computed as per the following formula escalated by wholesale price index (WPI) and adjusted by 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&Gn= A&Gn-1 (1+ WPI inflation)

Where:

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

A&Gn-1: A&G expense for the (n-1)th year;

WPI inflation is the average of Wholesale Price Index (WPI) for immediately preceding three Financial Years:

Provided that Interest and Finance charges such as Credit Rating charges, collection facilitation charges, financing cost of Delayed Payment Surcharge and other finance charges shall be a part of A&G expenses.

Illustration: For FY 2020-21, (n-1)th year will be FY 2019-20 which is also the base year”

- 5.1.3 As submitted earlier, NIDP has commenced its operation on 4 April 2024 and the said instant petition is the first petition to be filed by NIDP for determination of Retail Tariff. Also, the FY 2024-25 is the first year of operation and hence, the normative O&M cost based on last five year average and escalation with CPI / WPI is not applicable in the given case.
- 5.1.4 The Petitioner request the Hon’ble Commission, that FY 2024-25 is the first year of operation, the amount as claimed by the Petitioner in the Truing up Petition to be allowed and may be considered as normative O&M cost.

5.2 Employee Cost

- 5.2.1 The Petitioner would like to submit that the Petitioner is a private limited company primarily engaged in the business of developing and managing data centres, infrastructure facilities and other allied business activities including the distribution of electricity. The Petitioner is developing India's one of a kind first hyperscale DC Park at Greater Noida. The Commission vide Order dated 19.06.2023 issued the Distribution License to the Petitioner for carrying out the business of distribution of electricity in the area of Data Centre Park.
- 5.2.2 Also, one of the sister concern of the Petitioner i.e. Nidar Utilities Panvel LLP (NUPLLP) is also a distribution licensee operating in State of Maharashtra from FY 2018-19 onwards.
- 5.2.3 Therefore, being in the initial stage of the distribution business, the Petitioner has taken assistance from NUPLLP to set up their distribution business and has been sub-contracting the work related to distribution business to the employees of the NUPLLP so as to assist the Petitioner with their expert opinions. Hence, the manpower cost related to such subcontracting has been booked under A&G cost.

- 5.2.4 Also, NIDP is engaged in the Power Distribution Business as well as in the Data Center business and accordingly, certain administrative work of the Petitioner is carried out by the employee involved in the Data Center business whereby the cost of such employee is not booked in the distribution business.
- 5.2.5 At the initial stage of the operations, NIDP has not employed any employee in distribution business. Further, the Technical assistance is been taken from the employees of NUPLLP and other consultant whereas Non-Technical employee cost relating to HR, Admin, Accounts and Finance, P&C are being currently provided by the developer NIDP and is booked in the accounts of Data Center business. The service of these employees are on Data Center Business's payroll and are utilised by Distribution business with no additional cost. However, once the demand / load of the licensee area gets optimised, NIDP plans to directly employ on its payroll additional manpower to carry out the said services.
- 5.2.6 Hence, for FY 2024-25, no employee cost has been incurred by the distribution business of the Petitioner and hence is not claimed and has considered the manpower cost related to such subcontracting which has been booked under A&G cost.
- 5.2.7 Also, FY 2024-25 being the first year of the operation, there is no reference of the normative O&M expenses incurred in the said area.
- 5.2.8 Hence, in view of the above submission, NIDP request the Hon'ble Commission to approve the employee cost as NIL for FY 2024-25 but allow the employee cost in future years, once the distribution business is stabilised and employee are selected in the payroll of the distribution business.

5.3 Repair & Maintenance (R&M) Expenses

- 5.3.1 Regulation 45.2 of MYT Regulations, 2019 provides the methodology for determining normative Repair and Maintenance expenses. As submitted earlier, the instant petition is the first tariff petition filed by the Petitioner with no past data reference of the average cost incurred for the said distribution area and hence the normative R&M cost is not calculated.
- 5.3.2 Also, being a new distribution infrastructure erected with the latest technology, the R&M activities during the initial stage is NIL. However, going forward in future, certain cost will be incurred for R&M activities which cannot be envisaged at present.
- 5.3.3 Hence, in view of the above submission, NIDP request the Hon'ble Commission to approve the R&M cost as NIL for FY 2024-25 but allow the R&M cost for future years.

5.4 Administrative and General (A&G) Expenses

- 5.4.1 The administrative expense mainly comprise of rents, telephone and other communication expenses, professional charges, conveyance and travelling allowances, professional, consultancy, sub-contracting, technical fee, printing and stationery etc.
- 5.4.2 Also, in addition to above said expenses, NIDP submits that it has considered the service of vendor for Operation & Maintenance of Power Distribution Network & customer services that would provide all the O&M services, customer services related to power distribution, meter reading, billing, collection, etc. Also, since the scope of work is basket of services rendering manpower, R&M, Billing, collection, etc, the cost of the same is included in the A&G expenses.

- 5.4.3 As stated above, NIDP is engaged in the Power Distribution Business as well as Data Center and accordingly, the marginal A&G cost has been accounted in the accounts related to Distribution business which can be easily segregated and are incurred specifically for distribution business only. At present NIDP is using the infrastructure of Group Company and is not paying many of the corporate expenses of the Head Office, since the start of its operation, i.e., 4 April 2024. As and when the demand / load of the licensee area gets optimised, NIDP plans to segregate the common cost between Data Center and Distribution business.
- 5.4.4 The details of the A&G cost as incurred by the NIDP for the distribution business and accounted in the said segment is outlined below:

Table 12: A&G cost for FY 2024-25 (Rs. Cr)

Particulars	Amount
Purchase of services	0.36
Insurance	0.10
Travelling and conveyance	0.04
Housekeeping Expenses	-
Legal and professional fees	2.27
Payment to Auditors (refer note (i) below)	-
Physical security	-
Printing and stationery	0.00
Lodging and boarding expenses	0.00
Advertisement and promotional expenses	0.10
Rates and taxes	0.08
Foreign exchange loss (net)	-
Miscellaneous expenses	0.00
Total as per Audited Accounts	2.97
Add: Amount related to Captive Consumption	0.19
Less: Amount booked related to Power Purchase Expenses	0.04
Net A&G Expenses	3.12

- 5.4.5 Accordingly, considering that the Employee and R&M Expenses are NIL for FY 2024-25 and only A&G Expenses has been accounted, the actual total O&M cost is Rs. 3.12 Cr. The Petitioner submits that due to subcontracting of certain services, the employee cost and R&M cost to certain extent has been subsumed in the A&G Cost.
- 5.4.6 Considering the FY 2024-25 being first year of the operation and the instant petition is the first tariff petition filed by the Petitioner, the Petitioner request the Hon'ble Commission to approve the O&M cost of Rs. 3.12 Cr, as outlined in the following table, as actual and normative cost for FY 2024-25.

Table 13: Actual & Normative O&M Cost for FY 2024-25 (Rs. Cr)

Particulars	Actual	Normative
Employee Expenses	-	-
R&M Cost	-	-
A&G Cost	3.12	3.12
Net O&M Cost	3.12	3.12

6 CAPITAL EXPENDITURE

6.1 Structure of Distribution Infrastructure

- 6.1.1 It is submitted that the Government of Uttar Pradesh vide its notification dated 11.10.2022 has notified that the Data Centre Industry in the State shall be classified under Essential Services and Maintenance Act, 1996 (Uttar Pradesh Act No. 30, 1966 as amended 1982 and 1983) as an essential service provider and in exercise of the powers under Section 2(a)(vi) of the Essential Services and Maintenance Act, 1966, the Governor declared the Data Centre Industries established in the State under the DC Policy, 2021 to be an “essential service”.
- 6.1.2 The Petitioner hereby submits that the reliable and quality power is quintessential for the data centre operation as even minute of outage may lead to stop the cloud servers, which may in turn lead to shut down the internet services leading to loss amounting to crores in revenue.
- 6.1.3 The primary objective for planning the electrical network in the proposed license area has been to provide world class reliability & quality of supply.
- 6.1.4 The Petitioner hereby submit to undertake to develop network in light of the requirements under the statutory provisions / orders / judgements of Hon’ble UPERC, APTEL, etc.
- 6.1.5 The Petitioner submits that the network element will be designed to have redundancy and or safety margins as specified under relevant standard or in line with best industry practice. In order to build a robust network, the following features, amongst others, are planned to be incorporated:
- Meet N-1 criteria for all network elements (Transformation level & HT network level);
 - HT network is SCADA / DMS enabled;
 - Standard sizes of cables /conductors across multiple voltage levels;
 - Network elements designed for optimal loading;
 - Optimal spacing and adequate transformation substations to ensure minimal feeders’ length;
 - Distribution system and its elements to comply with respective standards;
 - Key - assets equipped with condition monitoring systems;
 - Different protection systems are well co-ordinated;
 - Network elements are easily isolatable for safe operations without causing supply interruptions;
 - The network design approach adopted ensures reliable power supply through adoption of advanced technologies and start of the art integrated O&M systems;
- 6.1.6 Accordingly, the Petitioner has proposed following robust evacuation infrastructure over the ensuing years to cater the incoming and projected load growth. The proposed network of the Petitioner includes *inter alia* as follows:
- 2 Nos. independent 220 kV feeders including bays and transmission lines from the 220 kV Jalpura and KP – 05 GIS Substations of UPPTCL (one number each)
 - 220/11 kV substation including 07 Nos. 220/11kV power transformers of 55 MVA each situated at the Data Centre Park (Presently Only 3 Nos. of Transformers are

being installed. Balance transformers would be installed as per future load requirement).

- Downstream 11 kV Distribution Network including consumer metering

- 6.1.7 It is submitted that for the purpose of securing bulk power at high voltage on a continuous basis and considering the importance of load, the Data Centre Park will be connected by way of dual 220 kV express feeders from 220 kV GIS substation Jalpura, Greater Noida and 220 kV GIS substation KP – 05, Greater Noida. The 220 kV express feeders constructed by the UPPTCL and the cost of which is to the account of the Petitioner and has already been transferred to UPPTCL as per the Hon'ble Commission Order.
- 6.1.8 It is further submitted that, due to this dual source arrangement, two sources of power (N+N) will be available to NIDP Input Source for Data Centre Park which will help in providing twenty-four hours uninterrupted power supply. Accordingly, since the input source is at 220 kV, 220kV/11kV EHV substation is developed within the licenced area. The overall Single Line Diagram of entire distribution network is annexed hereto and marked as **Annexure “5”**.
- 6.1.9 It is submitted that the substation is designed to handle a total load of ~ 250 - 300 MW, estimating that such load will be finally achieved by the consumers within the licensee area. But considering a reasonably practical diversity in such a large campus design, the overall MD of the substation may not exceed 250 MW. While designing the distribution system, based on available supply source and reliability of primary distribution voltage viz. 220 kV and 11kV are proposed based on parameters such as total cost, space requirement, technical losses, ease of operation and maintenance, etc. The proposed 220 kV/11 kV EHV substation also follows the concept of Redundancy, Modularity and Concurrent Maintainability for all major components.
- 6.1.10 It is submitted that the electrical load in any hyperscale co-location data centre grows gradually as and when the additional server racks are deployed in data centre. Likewise, the overall load of the whole campus will also grow gradually, as the additional buildings are planned and constructed in future based on business growth.
- 6.1.11 Accordingly, the construction of the EHV substation is also planned on a modular basis whereby the major equipment will be added as and when the data centre buildings are constructed in future. In an AIS type of 220 KV switchyard design, incremental or modular addition to the existing structure is not always easy. It is not feasible to add any adjacent bay in future, without switching-off the nearby live bays for prolonged period. Such prolonged periods of shutdown of the main substation are not acceptable in any data centre application. Therefore, the construction of the entire AIS switchyard with all bays has been considered in the first phase of the work of the substation. The 220 kV AIS switchyard is also designed with a double busbar arrangement, with each transformer connected to both the busbars with suitable isolators, to ensure manual transfer from one to other. There are two separate incoming 220kV feeders into the Main Receiving substation (MRSS), each originating from a separate upstream substation and terminating on separate busbars.
- 6.1.12 Likewise, the civil construction of the 11 kV switchgear building (being part of the EHV substation project), has also been considered in the first phase itself. Only the additional

step-down transformers (220kV/11kV) and associated 11kV switchgear panels will be added incrementally, as and when required in future phases of work. The design has been worked out such that any incremental addition of equipment will not result in any shutdown of any live part of the substation, to ensure continuity of power to critical data centres. The copy of the overall layout of the substation is annexed hereto and marked as **Annexure “5”**.

- 6.1.13 Further, it is also proposed to feed the 40 MW load of each data centre building through one stepdown transformer of capacity 50/55MVA, ONAN/ONAF. Thus, a total of 7 Nos. (6W+1S) transformers has been planned in N+1 redundant configuration. This will ensure the availability of standby supply sources, in case of any breakdown or preventive maintenance on any of the working transformers.
- 6.1.14 The Petitioner submits that, to overcome shutdown during maintenance, separate sets of feeders have been planned for each data centre building in a 1W+1S arrangement, so that in the event of maintenance on any working transformer and/or its associated feeders, the power to the data centre can be routed through the standby feeders. Additionally, a set of 12 such feeders also emanate from the standby transformer, out of which two feeders are routed to each data centre, to provide full power of 40 MW from the standby transformer.
- 6.1.15 The Petitioner would like to highlight that the emphasis of entire design of Distribution Network is to give reliable power to the consumers within the area of supply and thus the special thrust is on concurrent maintainability as explained herein below:
- It will be possible to carry out maintenance work at any given time, on any of the seven transformers, or its associated feeder breakers or the feeder cables, without causing loss of power to any of the six data centre buildings.
 - In the event of loss of power on any of the two incoming 220 kV feeders from the transmission company, the input power to all the seven transformers will be available from the other healthy feeder. Any maintenance work on any one of the double busbars will also ensure availability of the power through the other healthy busbars.
 - All possible worst-case scenarios have been considered to ensure that any maintenance work in the proposed substation or its feeders, does not result in loss of power to any data center building.
 - All the switching and isolating arrangements in the substation are designed to be operated manually to ensure fail-safe operation, without any automatic controls.

6.2 CAPEX Plan

- 6.2.1 This is to be noted that the data centre is likely to commission the ring-based evacuation infrastructure wherein the supply from both transmission network and distribution network would be availed. The Petitioner has projected addition of 220/11 kV transformer capacity and 11 kV distribution network augmentation in sync with incremental annual load growth to obviate cost impact.
- 6.2.2 The Petitioner has filed a review petition vide Case No. 2026 of 2023, regarding the grant of distribution license in Case No. 1951 of 2023 dated 19.06.2023 whereby it has raised the operational challenges in giving the effect of the direction provided in the said order

and the question on the ownership of 220/11 kV substation. The directions of UPERC with respect to treatment of the 220/11kV Substation vide order dated 19.06.2023 is as follows:

"The 220/11 kV EHV substation shall be owned by STU/UPPTCL and the transmission assets of NIDP shall be considered funded under the deposit scheme, which shall not form a part of the capital cost under ARR/Tariff of UPPTCL. However, the 220/11kVEHV substation may be operated and maintained by M/s NIDP Pvt. Ltd. under the supervision of STU/UPPTCL...."

- 6.2.3 As per the Petitioner, under Regulations 30.5 and 30.7 of MYT Regulations 2019, the substation ought to be developed by transmission user, which is distribution licensee, i.e., NIDP Developers Pvt. Ltd., and the same does not fall under the scope and ambit of the deposit scheme whereby the ownership remains with the Transmission System User. Also, in case of transfer of ownership, there is a need for need for a defined process for such asset transfers between utilities. Accordingly, the Petitioner requested to pass necessary directions clarifying that the ownership of the 220/11 kV substation and responsibility to operate and maintain the asset by UPPTCL or the licensee.
- 6.2.4 Also, UPPTCL has stated that there is no provision in the UPERC (Grant of Connectivity to intra-State Transmission System) Regulations, 2010 to grant connectivity at 11 kV voltage. Further, no consensus was reached for grant of connectivity at 11 kV voltage level and subsequently NIDP filed an interim application as an interim measure for grant of connectivity at 11 kV level.
- 6.2.5 The Hon'ble Commission, vide order dated 28.12.2023, recognizing mutual agreement of both NIDP and UPPTCL during the hearing on 19.12.2023 with regard to the draft UPERC (Grant of Connectivity to intra-State Transmission System) (First Amendment) Regulations 2023, issued on 08.12.2023, which consider a data center park as distribution licensee, under the definition of applicant who can seek connectivity at its premises for its new / modified /augmented substation and/ or electric plant to receive electricity at voltage 132 kV & above, where power to be made available exceeds 20 MVA, directed UPPTCL to facilitate an interim arrangement for NIDP, ensuring connectivity in accordance with draft Regulations, subject to its finalization. Accordingly, UPPTCL and NIDP have entered into a connectivity agreement dated 22.02.2024, wherein the agreement grants connectivity to the Petitioner at its 220/11 kV MRSS (Main Receiving Substation) from 220/132 kV S/s Knowledge Park V Greater Noida & 220/132 kV S/s Jalpura, Greater Noida of UPPTCL and through 02 nos. 220 kV transmission lines at 220 kV voltage level.
- 6.2.6 With respect to the Ownership of the said asset, the Hon'ble Commission has stated in the Order dated 01.04.2024 in Case No. 2026 of 2023 that 220/11 kV MRSS situated within the premises of the Petitioner shall be owned & operated by the Petitioner and its O&M expense shall be dealt with under the ARR/Tariff of the Petitioner.
- 6.2.7 With respect to two independent 220 kV transmission lines emanating from the 220 kV Jalpura and 220 kV Knowledge Park-V GIS Substations of UPPTCL, these transmission lines qualify as 'Committed transmission lines' since they are constructed exclusively for the Petitioner seeking connectivity at its premises for its MRSS. As per 10 A.2 of the amended Regulations, UPPTCL is mandated to undertake the operation and maintenance

of these Committed transmission lines. The ownership of these Committed transmission lines is deemed to have been transferred by the Petitioner to UPPTCL. The complete operation and maintenance cost of these transmission assets will be included in the transmission charges of UPPTCL.

6.2.8 Based on the above submission, the Petitioner would like to submit that of the above CAPEX, the cost related to 220 /11 kV Substation and 11 kV Distribution Network is considered in the instant petition and treatment of other assets are provided as below:

- Transmission line network comprises of Dual 220 kV express feeders from 220 kV GIS substation Jalpura, Greater Noida and 220 kV GIS substation KP – 05, Greater Noida. The 220 kV express feeders constructed by UPPTCL, the cost of which is on the account of the Petitioner and has already been paid to UPPTCL. The said assets is handed over to UPPTCL as per the direction of the Hon’ble Commission and the same is not claimed in the Petition.
- 220/11 kV Substation – As per Order No. 2026 of 2023 dated 1 April 2024, the Hon’ble Commission has directed that 220/11 kV MRSS situated within the premises of the Petitioner shall be owned & operated by the Petitioner. Accordingly, the same is claimed by NIDP in the instant petition.
- 11 kV Distribution Network including Consumer Metering – being the backbone of the distribution network, the same is developed / owned / maintained by the distribution licensee and is claimed under the business plan.

6.3 Approval of the CAPEX Plan

6.3.1 The Company has incurred the capital expenditure solely for the purpose of developing its Distribution Network and supporting facilities to meet its service obligation as defined in Code no. 4.1 and 4.2 of UP Electricity Supply Code, 2005 and also to meet growth in demand of electricity from its existing and future consumers.

6.3.2 Further Regulations 18.1 of MYT Regulations 2019 defines the Capital cost to be claimed by the Petitioner and is reproduced as below:

“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;
 - 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) additional capital expenditure determined under Regulation 19;
 - e) Incidental expenditure during construction including apportioned expenditure on relevant components of O&M: :'
- Provided that the assets fanning part of the project, but not in use shall be taken out of the capital cost;*
- f) 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; ' .

6.3.3 As provided in the said Regulations the CAPEX and capitalisation to be considered is based on the actual capital expenditure incurred by the Petitioner subject to the proviso that the said assets being put to Use. The Petitioner humbly submits that in the audited accounts, the assets being capitalised is accounted under Gross Fixed Assets of the Balance Sheet which includes the assets put to use, assets transferred to UPPTCL as a Consumer Contribution and Assets not in use. The detail break-up of the said Assets and its value with the reconciliation of the Accounts are outlined as below:

Table 14: Assets capitalised as per Books of Accounts (Rs. Cr)

Particulars	In use	Not in use	UPPTCL Line-Consumer Contribution	Grand Total
Air conditioning plants	0.43	0	-	0.43
Any other assets not covered above	1.63	1.28	-	2.91
Batteries	0.08	0.09	-	0.17
Building-Others	5.22	0.01	-	5.23
Communication equipment	2.75	0	-	2.75
Internal wiring including fittings and apparatus	0.31	0	-	0.31
IT equipment including software	0.02	0	-	0.02
Lightning arrestors	0.31	0.35	-	0.67
Meters	0.31	0.03	-	0.35
Overhead lines including supports	1.72	0	35.92	37.64
Switchgear including cable connections	9.16	6.27	-	15.43
Transformers (including foundations)	13.59	7.58	-	21.17
Transformers (Others)	1.38	0.7	-	2.09
Grand Total	36.93	16.33	35.92	89.17*

***-Assets capitalised as per Accounts**

6.3.4 Accordingly, in line with the above submission and as per Regulations 18.1 of the MYT Regulations 2019, the Petitioner is claiming the asset capitalisation of Rs. 36.93 Cr + the amount of Rs. 35.92 Cr related to UPTCL line which was transferred to UPPTCL as per the direction of the Hon'ble Commission. Accordingly, of the total assets capitalised as per Books of accounts of Rs. 89.17 Cr., the Petitioner is claiming the capitalisation of Rs. 72.85 Cr. The balance amount of Rs. 16.33 Cr. will be highlighted as CWIP and to be capitalised when the asset will be put to use.

6.4 Capitalisation and Funding Plan

6.4.1 In line with the proposed capex plan, the actual capitalisation as per audited accounts is outlined in the following table. As per Regulation 20.1 of the MYT Regulations, 2019, funding of Capital Expenditure in Debt-Equity ratio of 70:30 is allowed only after deduction of consumer contribution from total capital expenditure. Accordingly, the Petitioner has proposed for financing in 70:30 debt: equity ratio as mandated by the UPERC MYT Regulations 2019 after deducting consumer contribution. Accordingly, the proposed

financing plan is as herein below:

Table 15: Projected Capitalisation and Financing plan (Rs. Crs)

Particulars	FY 2024-25
Debt	25.85
Equity	11.08
Consumer Contribution	35.92
Total Funding	72.85

6.4.2 Further item-wise details under various heads of Fixed Asset Register are already enclosed as **Annexure-6**.

6.4.3 As detailed above, the Company requests the Hon’ble Commission to kindly approve the capitalisation of Rs. 72.85 Cr and net capitalisation post-consumer contribution of Rs. 35.92 Cr. for FY 2024-25 as well as funding thereof as submitted above.

7 INTEREST CHARGES

7.1 Component of Interest cost

7.1.1 Interest Charges comprises of the following cost elements:

- Interest on Long Term Loans
- Interest on Working Capital
- Interest on Security Deposits

7.1.2 Each of the above components has been discussed in detail in subsequent paragraphs:

7.2 Interest on Long Term Loans

7.2.1 As specified in para 6.4.1, the Petitioner has proposed the debt:equity ratio of 70:30 as per Regulation 20.1 of the MYT Regulations, 2019.

“20.1 For a capital investment Scheme declared under commercial operation on or after April 1, 2020, 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 determination of Tariff:

7.2.2 Further, Regulation 23.5 of the MYT Regulations 2019 provides the methodology for the computation of interest on loan:

“23.5 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 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 further that if there is no actual long- term loan for a particular year but normative loan is still outstanding, the last available weighted average rate of

interest for actual loan shall be considered.

Provided also that if the Licensee, does not have actual long- term loan_ even in the past, the weighted average rate of interest of its other Businesses regulated by the Commission shall be considered:

Provided also that if the Licensee does not have actual long- term loan, and its other Businesses regulated by the Commission also do not have actual loan even in the past, then the weighted average rate of interest of the entity as a whole shall be considered:

Provided also that if the entity as a whole does not have actual long-term loan because of which interest rate is not available, then the rate of interest for the purpose of allowing the interest on the normative long- term loan should be the weighted average SBI MCLR (1 Year) prevailing during the concerned year.”

[Emphasis Added]

- 7.2.3 Since the Distribution business of the Petitioner does not have any long term loan and the whole capitalisation was funded through perpetual equity by the promoter – Shri Niranjan Hiranandani, the Petitioner has claimed the interest rate on the debt as per the last proviso of Regulations 23.1 of MYT Regulations 2019 i.e. **weighted average SBI MCLR (1 Year) prevailing during the concerned year which is equivalent to 8.88% as calculated below:**

Table 16: Weighted Average Rate of SBI MCLR (1 year) of FY 2024-25

From	To	MCLR (one Year)	Days
01-Apr-24	14-Apr-24	8.65%	14.00
15-Apr-24	14-May-24	8.65%	30.00
15-May-24	14-Jun-24	8.65%	31.00
15-Jun-24	14-Jul-24	8.75%	30.00
15-Jul-24	14-Aug-24	8.85%	31.00
15-Aug-24	14-Sep-24	8.95%	31.00
15-Sep-24	14-Oct-24	8.95%	30.00
15-Oct-24	14-Nov-24	8.95%	31.00
15-Nov-24	14-Dec-24	9.00%	30.00
15-Dec-24	14-Jan-25	9.00%	31.00
15-Jan-25	14-Feb-25	9.00%	31.00
15-Feb-25	31-Mar-25	9.00%	45.00
Weighted average Rate		8.88%	

- 7.2.4 Accordingly, the summary of interest on Term Loan (normative) for FY 2024-25 based on capitalisation as proposed in the instant petition and weighted average rate is given in the Table below. Further, the Petitioner submits that since the commencement of the distribution operation is from 4 April 2024, the capitalisation, the corresponding debt and equity has been considered in toto for calculation of interest and Return on Equity (RoE) as averaging out the same will result in loss of six months of interest and RoE.

Table 17: Interest on Loan for FY 2024-25 (Rs. Cr)

Particulars	Ref.	Amount
Opening Balance	A	-
Add: Normative Loan	B	25.85
Less: Repayment - Depreciation	C	1.63

Particulars	Ref.	Amount
Closing Balance	D = A + B – C	24.22
Average Normative Loan	E = (B+D)/2	25.03
Weighted Average Rate of Interest	F	8.88%
Interest on Loan	G = E * F	2.22
Bank Charges	H	0.00
Total Charges	I = G + H	2.22

7.2.5 Further, there is a nominal Bank charges incurred by the Petitioner in FY 2024-25 as per the Audited Balance sheet which has been claimed under the Interest on Loan amount.

7.2.6 Accordingly, the Company requests the Hon’ble Commission to approve the total normative interest on Term Loan of Rs. 2.22 Cr. for True-up of FY 2024-25.

7.3 Interest on Working Capital

7.3.1 For the computation of interest on working capital loan, Regulation 25.2 of the MYT Regulations, 2019 provides as under:

“25.2 *Distribution Business*

(a) *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 charges for use of Distribution system at the prevailing Tariff (excluding Electricity Duty);*

Minus

(iv) *Amount held as security deposits from Distribution System Users:*

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.”

[Emphasis Supplied]

7.3.2 Further, Regulation 25.2(b) of MYT Regulations, 2019 specifies the computation of rate of interest on working capital for FY 2024-25 provided as under:

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

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

[Emphasis Added]

7.3.3 In view of above, the Petitioner has considered the SBI MCLR (1 Year) as 8.88% (as specified in Table 16 of this petition) plus 2.5% for computation of rate of interest on working capital for FY 2024-25 which comes out to 11.38%.

7.3.4 Further, the Petitioner has submitted a Fixed Deposit of Rs. 3 lakhs (for 6 MW Open Access approval) in FY 2024-25 which has been adjusted against the security deposit.

7.3.5 Accordingly, the Company requests the Hon’ble Commission to approve the computation

of interest on working capital for FY 2024-25 in Table as given below:

Table 18: Interest on Working Capital (IoWC) for FY 2024-25 (Rs. Cr)

Particulars	Ref.	Amount
O&M expenses for 1 month	A	0.26
One-and-a-half-month equivalent of expected revenue from distribution tariff	B	3.74
Maintenance spares @ 40% of the R&M Expense for 2 Months	C	0
Gross Total	D = A+B+C	4.00
Security Deposits from Consumers		
Opening Balance	E	0
Received during the year (Net of Refunds)	F	3.63
Closing Balance	G = E+F	3.63
Average Security Deposit	H=(E+G)/2	1.81
Security Deposit with UPLDC	I	0.03
Net Security Deposits from Consumers	J = H-I	1.78
Net Working Capital	K = D-J	2.21
Applicable Rate of Interest for Working Capital (SBI - 1Year MCLR + 2.50%)	L	11.38%
Interest on Total Working Capital	M = K * L	0.25

7.3.6 The Petitioner therefore requests the Hon'ble Commission to approve in the true-up for FY 2024-25, as shown in the Table above.

7.4 Interest on Consumer Security Deposits

7.4.1 Regulation 25.2(c) of the MYT Regulation, 2019 provides that the Distribution Licensee shall pay interest equivalent to the bank rate or more on the consumer security deposits, as may be specified by the Hon'ble Commission. The Hon'ble Commission vide its Tariff Order of NPCL dated 10 October 2024 vide Case No. 2039/2023 has approved the Interest on Security Deposit @ 6.75% p.a. being RBI's Bank Rate prevailing on the 1 April, 2024.

7.4.2 Actual interest on consumer security deposit for FY 2024-25 on the basis of each individual customer's outstanding security deposit on daily balance basis and the tenure for which the same was outstanding works out to Rs. 0.19 Cr as summarised in Table below:

Table 19: Interest on Consumer Security Deposit (Rs. Cr)

Description	S. N.	Date of Payment	End Date	SD Part Payment	Cumulative SD	Days	ROI	Interest Amount
First instalment	1	06-04-2024	07-08-2024	1,01,25,000.00	1,01,25,000.00	124	6.75%	232182
Second instalment		08-08-2024	31-03-2025	60,75,000.00	1,62,00,000.00	236	6.75%	707030
First instalment	2	06-04-2024	07-08-2024	11,25,000.00	11,25,000.00	124	6.75%	25798
Second instalment		08-08-2024	31-03-2025	78,75,000.00	90,00,000.00	236	6.75%	392795
First instalment	3	06-04-2024	07-08-2024	31,50,000.00	31,50,000.00	124	6.75%	72234
Second instalment		08-08-2024	31-03-2025	63,00,000.00	94,50,000.00	236	6.75%	412434
First instalment	4	06-04-2024	07-08-2024	13,50,000.00	13,50,000.00	124	6.75%	30958
Second instalment		08-08-2024	31-03-2025	2,70,000.00	16,20,000.00	236	6.75%	70703
			Total	3,62,70,000.00	3,62,70,000.00			19,44,134

7.4.3 The Petitioner would like to submit that the interest on consumer security deposit is

computed on outstanding balance of each individual customer for the period during which their security deposit was available with the Company.

- 7.4.4 The Petitioner submits that the interest on security deposit as highlighted in the audited account is Rs. 0.19 Crore which has been duly audited by the Statutory Auditors of the Company with respect to its provision and computation. Therefore, the Hon'ble Commission is requested to kindly consider the same for truing up purpose.

7.5 Total Interest Charges

- 7.5.1 The summary of total interest and finance charges incurred during FY 2024-25 are given in the Table below for the kind perusal and approval of the Hon'ble Commission:

Table 20: Total Interest Charges – FY 2024-25 (Rs. Cr)

Particulars	Ref.	Amount
Interest on Long term loans	A	2.22
Interest on working capital facilities	B	0.25
Interest on security deposit	C	0.19
Total Interest & Finance Charges	D = A + B - C	2.67

- 7.5.2 In light of the above and pressing needs of the business, the Hon'ble Commission is requested to approve the above interest and finance charges as claimed.

8 GROSS FIXED ASSETS AND DEPRECIATION

- 8.1.1 The Petitioner submits that it has commenced its operation from 4 April 2024 and hence, the assets are capitalised on the date of operation when put to use.
- 8.1.2 In accordance with the Capital Expenditure as described above in Paragraph 6, the computation of GFA is given below for the kind perusal and approval of the Hon'ble Commission in Table outlined below:

Table 21: Gross Fixed Assets for FY 2024-25 (Rs. Cr)

Particulars	Asset Capitalised in FY 2024-25
Opening Balance	-
Addition during the Year*	72.85
Retirement during the Year	-
Closing Balance	72.85

***-includes grants / consumer contribution**

- 8.1.3 The detailed Fixed Asset Register for FY 2024-25 comprising details of Assets created is provided in **Annexure 6**.
- 8.1.4 It is pertinent to mention here that above GFA does not include the Transmission line handed over to UPTCL for distribution of electricity to its consumers and maintenance thereof.
- 8.1.5 The Petitioner maintains its Fixed Asset Register in renowned SAP –ERP system. The details of each individual fixed asset have been entered into the SAP-ERP and the applicable Depreciation Rate, Method & Extent as provided in MYT Regulation, 2019 been defined as parameter in the SAP- ERP. Hence, the Depreciation is computed by the SAP-

ERP system strictly as per the rates and method defined in UPERC Multi Year Tariff Regulations, 2019 upto the maximum limit of 90%.

8.1.6 The SAP-ERP generates the FAR comprising the Gross Block, Date of Acquisition, Rate of Depreciation, Addition to Gross Block, Assets Retired, Depreciation for the year, Accumulated Depreciation etc. The Company prepares its Accounting Statement on the basis of such system generated FAR only. Thus, the Depreciation is computed by the SAP-ERP on the basis of defined parameters and as per the depreciation rate as provided in Annexure A of the MYT Regulations 2019.

8.1.7 Accordingly, based on above GFA, the summary of Depreciation is given in Table below:

Table 22: Depreciation for the FY 2024-25

Particulars	Amount
Assets capitalised in FY 2024-25	72.85
Less: Consumer Contribution	35.92
Net Assets Capitalised	36.93
Gross Depreciation of the Year	3.32
Less: Depreciation on Consumer Contribution	1.69
Net Depreciation	1.63
Depreciation rate	4.42%

8.1.8 Accordingly, the Hon'ble Commission is requested to approve the depreciation expenses as computed above for FY 2024-25.

9 PROVISION FOR WRITE-OFF OF BAD AND DOUBTFUL DEBTS

9.1.1 The Petitioner has not claimed any provision for Bad and doubtful debts for FY 2024-25 since no such provisioning was done in the audited accounts for the respective years.

10 INCOME TAX

10.1.1 Regulation 26 of MYT Regulations, 2019 provides for determination of Income Tax to be considered in ARR for Control period. The relevant extract of the regulation is reproduced below:

“26. Income Tax

26.1 *Income Tax, if any, on the licensed business of the Licensee shall be treated as expense and shall be recoverable from consumers through Tariff. However, tax on any income other than that through its Licenced business shall not be a pass through, and it shall be payable by the Licensee itself.*

26.2 *Notwithstanding anything contained in Regulation 26.1, total Income Tax payable by the Licensee, in any year, shall be lowest of the following:*

(a) *Actual payment made;*

(b) *ROE allowed in that year x MAT (%) or ROE allowed in that year x Corporate tax (%), whichever is applicable.*

26.3 *Any under recoveries or over recoveries of Tax on income shall be adjusted every year on the basis of Income Tax assessment under the Income Tax Act 1961, subject to Regulation*

26.2 above, as certified by the Statutory Auditors.”

- 10.1.2 As per the financials of FY 2024-25, the Petitioner has incurred loss under Distribution business due to low load during the initial period of operations and hence MAT as well as Corporate Tax is not applicable.
- 10.1.3 As per Provisions of Regulations 26 of MYT Regulations 2019, Income tax allowed will be lowest of actual income tax paid or ROE multiplied by MAT / Corporate Tax Rate. Since no income tax is paid, the Petitioner is claiming NIL Income tax for FY 2024-25.

11 RETURN ON EQUITY

- 11.1.1 Regulation 20.1 and 20.2 of MYT Regulations, 2019 provides as under:

“20.1 For a capital investment Scheme declared under commercial operation on or after April 1, 2020, 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 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 on the date of each investment.

... “

- 11.1.2 In terms of above Regulation, the Petitioner has considered the 30% of the assets capitalised (net of de-capitalisation and consumer contribution) as normative equity during FY 2024-25.
- 11.1.3 The Petitioner would like to submit that the Hon’ble Commission has granted distribution licence to the Petitioner vide Order No. 1951 of 2023 dated 19 June 2023 under which the Hon’ble Commission has computed the Networth requirement of Rs. 50.46 Cr. In the affidavit dated 9 May 2023, the Petitioner has submitted that the Company does not have the requisite financial statements for the last five years and is therefore, relying on the financial strength of Mr. Niranjana Hiranandani, the majority shareholder of the Petitioner and Chairman of the Hiranandani Group, for the purposes of capital adequacy requirements, which is permissible under The Distribution of Electricity License (Additional Requirements of Capital Adequacy, Creditworthiness and Code of Conduct) Rules, 2005. Also, against the query of the Hon’ble Commission for a commitment of the promoter to invest at least 30% on the capital investment required including working capital amounting to approximately Rs. 50 crores, as per *The Distribution of Electricity License (Additional Requirements of Capital Adequacy, Creditworthiness and Code of Conduct) Rules, 2005*, the Petitioner submitted that Mr. Hiranandani gives his

commitment, to invest up to Rs. 50.46 crores in the share capital of the Applicant as may be required from time to time, for the purpose of its distribution business.

- 11.1.4 Accordingly, Mr. Niranjana Hiranandani had infused Rs. 619.47 Cr as unsecured perpetual securities for both business i.e. Data Center and Distribution business. The Petitioner submits that these securities are perpetual in nature and ranked senior only to share capital of the Company and the Company does not have any redemption obligations, these were considered to be in the nature of equity instruments. However, in FY 2024-25, the same was disclosed under the head Unsecured Loan from Related Party in the financial statement in order to comply with the Indian Accounting Standard. Out of the total outstanding borrowing as at March 31, 2025 an amount of Rs. 100.46 Cr has been allocated to the Power Distribution business as part of capital contribution which is higher than the originally committed equity of Rs. 50 Cr. As specified in the Balance Sheet, the said amount is repayable on demand and does not carry any interest.
- 11.1.5 Although the auditors have presented it as an Unsecured Loan owing to its legal form, the substance of the arrangement indicates that it should be treated as equity. The Company does not expect Mr. Niranjana Hiranandani to demand repayment in the foreseeable future and the terms effectively function as quasi equity. Accordingly, despite the disclosure under borrowings, the economic substance supports its classification as equity for the purpose of determining promoter contribution and capital structure support.
- 11.1.6 Further, considering the Capitalisation proposed for FY 2024-25 of Rs. 36.93 Cr, the corresponding equity is Rs. 11.08 Cr. against which the amount infused as perpetual equity by Mr. Niranjana Hiranandani is on a higher side .
- 11.1.7 Hence, the whole capex is funded through this quasi equity which carries no interest rate and hence the normative debt:equity ratio of 70:30 is considered for funding purpose. Further, as specified in Table 15, the equity has been computed post deducting the consumer contribution.
- 11.1.8 Further, as per Regulation 22 of the MYT Regulations, 2019, return on equity shall be allowed @15% on the equity base determined in accordance with the MYT Regulations, 2019. Also, the Petitioner submits that since the commencement of the distribution business is from 4 April 2024, the Petitioner has claimed RoE for full year of operation rather than on average basis.
- 11.1.9 The summary of Return on Equity for FY 2024-25 based on the capitalisation plan and equity portion of Assets Capitalised during FY 2024-25 (being first year of operation) is given in the Table herein as under: -

Table 23: Computation of Return on Equity for FY 2024-25 (Rs. Cr)

Particulars	Ref.	Amount
Regulatory Equity Base at the beginning of the year	A	-
Asset Capitalized during the year net of retirement and consumer contribution	B	36.93
Equity portion of Assets Capitalised during the year	C	11.08
Regulatory Equity Base at the end of the year	D = A+C	11.08
Average Equity during the year	E = C	11.08
Return on Regulatory Equity Base @ 15%	F = E*15%	1.66

- 11.1.10 The Hon'ble Commission is requested to kindly approve the above Return on Equity of Rs.

1.66 Cr for FY 2024-25.

12 CONTINGENCY RESERVES

12.1.1 Regulation 27 of MYT Regulations 2019 provides for computation of Contingency Reserves in ARR as follows:

27. Contribution to Contingency Reserves

27.1 Where the Licensee has made a contribution to the Contingency Reserve, a sum not less than 0.25% and not more than 0.5% of the original cost of fixed assets may be allowed annually towards such contribution in the calculation of ARR:

Provided that where the amount of such Contingency Reserves exceeds five (5) per cent of the original cost of fixed assets, no further contribution shall be allowed:

Provided further that such contribution shall be invested in securities authorised under the Indian Trusts Act, 1882 within a period of six months of the close of the Year.

12.1.2 As per the said Regulations, distribution licensee has to contribute to the Contingency Reserves, a sum not less than 0.25% and not more than 0.5% of the original cost of fixed asset whereby such amount is required to be invested within a period of six months of the close of the Year.

12.1.3 However, the Petitioner submits that due to an inadvertent error, the Petitioner have not been able to invest the said fund and hence the amount is not claimed in the ARR.

13 NON-TARIFF INCOME

13.1.1 Regulation 47 of MYT Regulations, 2019 provides for consideration Non-tariff Income in ARR as follows: -

“47. Non-Tariff Income

47.1 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 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.

47.2 The Non-Tariff Income shall include:

- a) Income from rent of land or buildings;*
- b) Income from sale of scrap;*
- c) Income from investments;*
- 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, supervision charges, etc.;*
- j) Supervision charges for capital works;*
- 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:

Provided that the interest earned from investments made out of Return on Equity corresponding to the regulated Business of the Distribution Business shall not be included in Non-Tariff Income.”

13.1.2 Accordingly, total income as per Audited Accounts for FY 2024-25, the Non-Tariff Income incidental to business of electricity supply is summarized in Table below:

Table 24: Non-Tariff Income for FY 2024-25 (Rs. Cr)

Particulars	Amount
Delayed Payment Surcharge	0.18
Registration & Proce	0.01
Service Line Charges	0.05
Total Non-Tariff Income	0.24

13.1.3 Further as per the reconciliation provided in Table 5, the said Non-Tariff income is included in the total Revenue of the Audited account and has been segregated for ARR purpose.

13.1.4 In view of the above, the Petitioner request the Hon’ble Commission to consider Non-Tariff Income for FY 2024-25 of Rs. 0.24 Cr. as claimed by the Petitioner.

14 CARRYING COST OF REGULATORY ASSET

14.1.1 Regulation 28.5 of MYT Regulations, 2019 provides for allowance of carrying cost on regulatory assets as follows:

“28 Rebate, Incentive, Penalties and Miscellaneous

...

28.5 Carrying cost for the gap / surplus 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.”

14.1.2 Based on the above Regulation, the carrying cost of Regulatory Asset /Liability till FY 2024-25 is given in the Table below:

Table 25: Carrying Cost for FY 2024-25 (Rs. Cr)

Particulars	Ref.	Amount
Regulatory Assets at the beginning of Year - Gap / (Surplus)	A	0
Addition of Regulatory Assets during the year - Gap / (Surplus)	B	3.84
Closing Regulatory Assets (before Carrying cost for the year)	C = A+B	3.84
Average Regulatory Asset	D = (A+C)/2	1.92
Applicable Interest Rate	E	11.38%
Carrying Cost of Regulatory Asset - Gap / (Surplus)	F = D*E	0.22

14.1.3 On the basis of the above, the Hon’ble Commission, is requested to kindly consider carrying cost of Regulatory Gap for FY 2024-25 at Rs. 0.22 Cr.

15 TRUE-UP ARR AND REVENUE GAP

15.1.1 Based on above mentioned Revenue, Expenditure and Return on Equity, the Aggregate Revenue Requirement for FY 2024-25 as computed on the basis of the MYT Regulations, 2019 and Hon'ble Commission's Tariff Orders is given in Table below: -

Table 26: Summary of ARR for FY 2024-25 (Rs. Cr.)

Sr. No	Particulars	Actuals	Reference
1	Power Purchase Expenses for the Year	23.97	Table 10
2	Transmission Charges	0.94	Para 4.5
3	Net Employee cost (Incl. Retiral Benefits)	-	Table 13
4	A&G expenses	3.12	Table 13
5	R&M expenses	-	Table 13
6	Interest Charges	2.67	Table 20
7	Depreciation	1.63	Table 22
8	Taxes (Income Tax & MAT)	-	Para 10
9	Provision for Bad & Doubtful Debts	-	Para 9
10	Contingency Reserve	-	Para 12
11	Return on Equity	1.66	Table 23
12	Annual Revenue Requirement (sum of 1 to 12)	33.99	
13	Less: Revenue from Existing Tariff	29.90	Table 4
14	Less: Revenue from Open Access Charges	-	
15	Less: Non-Tariff Income	0.24	Table 24
16	Revenue Gap / (Surplus)	3.84	
17	Revenue Gap / (Surplus) from Previous Year	-	
18	Carrying Cost Rate	11.38%	Para 7.3.3
19	Carrying Cost of Regulatory Asset	0.22	
20	Provision	-	
21	Total Revenue Gap / (Surplus) carried forward	4.06	

15.1.2 Hence, based on above submissions, the Hon'ble Commission is requested to kindly true-up the expenses and revenue for FY 2024-25 as claimed above and approve the ARR of Rs. 33.99 Cr (before Non-Tariff Income) for FY 2024-25.