

**PASCHIMANCHAL VIDUT VITRAN NIGAM LIMITED (PVVNL)**

Ref No: 3/UPERC/1765

11<sup>th</sup> March 2026

To,  
The Secretary  
U.P Electricity Regulatory Commission,  
Vidyut Niyamak Bhavan Vibhuti Khand Gomti Nagar  
Lucknow 226010

**Subject: Objections on ARR & Tariff Proposals for the year 2026-27 filled by PVVNL.**

Sir,

With reference to the ARR and Tariff Proposals for the year 2025-26 filled by UPPCL and PVVNL. Indian Industries Association most respectfully wish to place the following facts, views, objections and comments before the Honourable Commission: -

1. That Indian Industries Association is an industry association of Micro Small and Medium Enterprises (MSME's) of Uttar Pradesh representing over 16000 MSMEs having its head office at IIA Bhawan, Vibhuti Khand, Gomati Nagar, Lucknow. One of the objectives of the association is to ensure uninterrupted good quality and reasonably priced supply of industrial inputs to Micro Small and Medium Enterprises so that they could contribute to the growth of their business and industry and of course of the Nation.
2. That the Indian industries association has been participating in this exercise of filing its objections to the Honourable Commission since its inception.
3. That the views expressed hereunder on ARR and Tariff proposals for the year 2026 -27 are combined views of the members of the association in general, while its Chapters / Members may also if they so desire are free to place their views before the Honourable Commission.
4. That the views comments on ARR and Tariff proposal for the year 2026-27 are being submitted under the following subheads: -

**(A) COMMON TO ALL DISCOMs INCLUDING PVVNL**

**(B) SPECIFIC OBJECTIONS AND PROPOSALS**

**(A) COMMON TO ALL DISCOMs INCLUDING PVVNL**

1. With proposed hike UPPCL and DISCOM's are working at cross purposes with objectives of State Government. The Government of Uttar Pradesh is working

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IIA Bhawan, Vibhuti Khand, Gomtinagar, Lucknow-226010, Uttar Pradesh, India E : <a href="mailto:iaa@iaonline.in">iaa@iaonline.in</a>	Thakkar Bapa Smarak Sadan, Dr. Ambedkar Marg, Link Road, Jhandewalan, New Delhi- 110055, India E : <a href="mailto:info@iaonline.in">info@iaonline.in</a>	Toll free No.: 1800-309-5455 IIA Virtual MSME Help Centre Zoom ID: 8601855541 Passcode: MYIIA (4PM - 5PM Mon-Sat)

## INDIAN INDUSTRIES ASSOCIATION

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tirelessly for rapid Industrialization of State by offering one of the best incentive and infrastructure to budding Entrepreneurs whereas this proposed hike will lead to major setback to the push of rapid Industrialization and economic growth of State.

2. The objective of any Tariff policy is to ensure reliable and quality power at competitive rates; this proposed hike will lead to exorbitant cost of Energy sans any improvement in quality of power and services to Manufacturing Industries.
3. Analysis of UPPCL-led ARR filings establishes that projected revenue gaps arise predominantly from repeated failure to achieve approved operational targets—particularly AT&C loss reduction and power purchase optimisation. These inefficiencies, admitted in ARR filings themselves, are categorised as controllable under UPERC’s MYT framework and therefore cannot be passed on to consumers.
4. Section 61(c) of the Electricity Act, 2003 mandates that tariff must progressively reflect efficiency. The National Tariff Policy, 2016 explicitly prohibits pass-through of controllable inefficiencies. UPERC’s MYT Regulations classify AT&C losses, power procurement planning, and billing efficiency as controllable parameters. *Accordingly, revenue gaps arising from failure to meet approved targets must be absorbed by utilities.*

### 5. AT&C LOSS PERFORMANCE – UPPCL LED DISCOMS

UPPCL-led ARR filings repeatedly acknowledge that approved AT&C loss trajectories were not achieved. The following table consolidates disclosures made in ARR and true-up statements.

FY	Approved AT&C Target (%)	Actual AT&C Loss (%)	Variance	ARR Reference
FY 2022–23	18–19%	24–26%	+6–7%	ARR FY26–27, Loss Trajectory Chapter
FY 2023–24	17–18%	23–25%	+6–7%	ARR FY26–27, True-up Disclosure
FY 2024–25	16–17%	22–24%	+6–7%	ARR FY26–27, Performance Review

Excerpt (ARR FY 2026–27 – indicative):

“The Corporation could not achieve the approved AT&C loss level due to shortfall in

#### Head Office

IIA Bhawan, Vibhuti Khand, Gomtinagar,  
Lucknow-226010, Uttar Pradesh, India

E : [iaa@iaonline.in](mailto:iaa@iaonline.in)

#### National Office

Thakkar Bapa Smarak Sadan,  
Dr. Ambedkar Marg, Link Road,  
Jhandewalan, New Delhi- 110055, India

E : [info@iaonline.in](mailto:info@iaonline.in)

#### Contact Us

Toll free No.: 1800-309-5455

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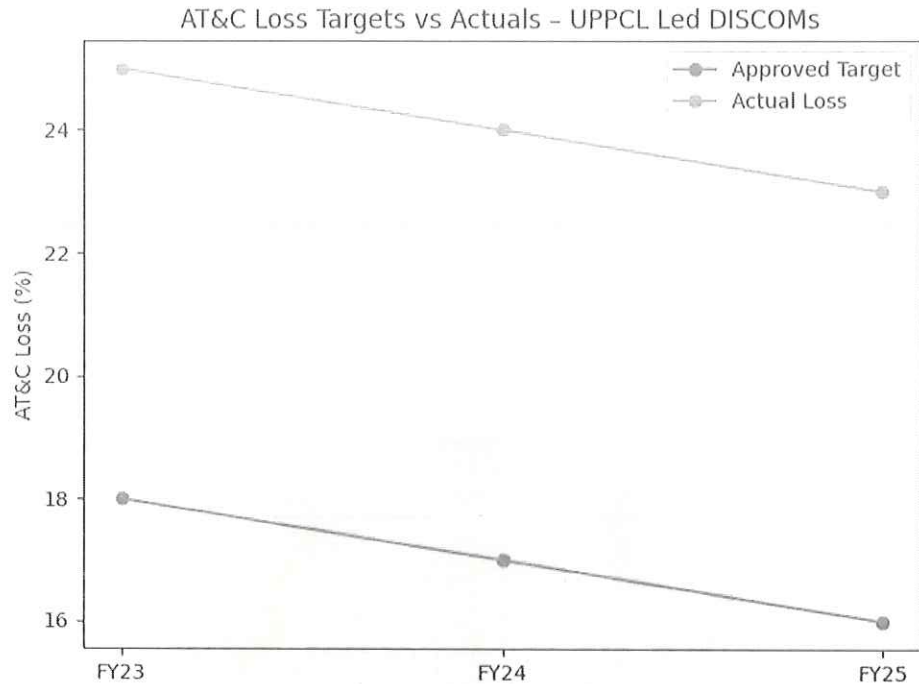
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collection efficiency and system constraints...”

This admission conclusively establishes that losses are operational and controllable.



## 6. DISCOM-WISE PERFORMANCE SNAPSHOT (AS PER ARR FILINGS)

The following indicative snapshot demonstrates that underperformance is systemic across DISCOMs operating under UPPCL.

DISCOM	AT&C Loss Range	Status vs Target
PuVVNL	25–28%	Target Missed
DVVNL	22–25%	Target Missed
MVVNL	23–26%	Target Missed
PVVNL	20–23%	Target Missed
KESCO	18–20%	Marginally Missed

## 7. POWER PURCHASE COST – UPPCL ADMISSIONS

UPPCL ARR FY 2026–27 acknowledges that power purchase cost constitutes over 70% of ARR. ARR explanations cite increased reliance on short-term power and DSM deviations.

Excerpt (ARR FY 2026–27 – indicative):

“Increase in power purchase cost is primarily due to procurement from short-term

### Head Office

IIA Bhawan, Vibhuti Khand, Gomtinagar,  
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E : [iaa@iaonline.in](mailto:iaa@iaonline.in)

### National Office

Thakkar Bapa Smarak Sadan,  
Dr. Ambedkar Marg, Link Road,  
Jhandewalan, New Delhi- 110055, India

E : [info@iaonline.in](mailto:info@iaonline.in)

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sources to meet demand variations...”. *Such costs arise from planning inefficiencies and are controllable.*

## 8. REVENUE GAP ATTRIBUTABLE TO MISSED TARGETS

UPPCL projects a substantial revenue gap even after subsidy support. ARR filings directly attribute this gap to higher AT&C losses and increased power purchase cost.

Therefore, tariff hike proposals represent an attempt to socialise inefficiencies, which is impermissible under tariff principles.

## 9. IMPACT ON MSMEs & STATE INDUSTRIAL COMPETITIVENESS

For MSMEs, electricity accounts for 15–40% of production cost. Tariff hikes will lead to increased cost of production, loss of competitiveness, and industrial migration out of Uttar Pradesh—contrary to stated industrial policy objectives.

10. The Government of Uttar Pradesh has set an ambitious target to generate 50 GW of solar power by 2030. However, the progress is slow. To achieve this target industries in Uttar Pradesh can contribute significantly if Net Metering system is restored for Industries. At the same time the power purchase cost can be reduced by setting up mega solar power plants where the purchase cost will be reduced by more than 50%.
11. Higher power purchase cost puts unnecessary burden of fuel surcharge on the industrial consumers. Hence UPPCL should strive for reduced power purchase cost instead of increasing it year to year. There is a need to limit the increase in FPPAS. Recently it was set at 10% which is exorbitantly high. In any case it should not be more than 2.5% and that too should be compensated with the Regulatory charge surplus available with UPPCL.

## 12. Tariff hike in LMV-6 and HV-2 Categories of Consumers

Indian Industries Association strongly oppose the tariff hike for LMV-6 and HV-2 categories of consumers because these consumers have minimum line losses, are making payments to DISCOMs timely and are already bearing the burden of cross subsidies. Any increase in the tariff will make industries in U.P uncompetitive and the target of 1 trillion economy of the state will get the back seat. The higher cost of electricity increases the cost of manufacturing and feeds into higher product costs which adversely impacts the competitiveness of businesses. In fact, cross-subsidy regimes prove counter-productive. it leads to wastage of resources, force the industry to seek energy alternatives resulting the decline in revenue to UPPCL / DISCOM’s.

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IIA Bhawan, Vibhuti Khand, Gomtinagar, Lucknow-226010, Uttar Pradesh, India E : <a href="mailto:iaa@iaonline.in">iaa@iaonline.in</a>	Thakkar Bapa Smarak Sadan, Dr. Ambedkar Marg, Link Road, Jhandewalan, New Delhi- 110055, India E : <a href="mailto:info@iaonline.in">info@iaonline.in</a>	Toll free No.: 1800-309-5455 IIA Virtual MSME Help Centre Zoom ID: 8601855541 Passcode: MYIIA (4PM - 5PM Mon-Sat)

Hon'ble Commission is therefore requested not to consider the proposal for increase in the tariff for LMV-6 & HV-2 categories of consumers rather we humbly request Hon'ble Commission to reduce the tariff based on the facts stated above.

### 13. Uninterrupted Power Supply & Compensation for Outages:

Industrial areas must be ensured 24x7 uninterrupted power supply. Additionally, IIA recommends a system of **compensation for prolonged breakdowns**, as power outages cause significant production losses to industries. In order to minimize the losses to industries and bring efficiency in DISCOM's functioning Hon'ble Commission is requested to order a system of Compensation to the industries for frequent and prolonged breakdowns.

### 14. Reintroduction of Net Metering System for Industries

Allowing Uttar Pradesh Industries, the Net Metering System will facilitate industries to reduce power cost, reduce the need for power purchase by UPPCL and also reduce the burden of FPPAS on the consumers. Therefore, the benefits of net metering should be extended for industrial consumers as is prevalent in many other states in the country. This will encourage investment in renewable energy, reduce dependence on grid power, and contribute to the state's sustainability goals. Hon'ble Commission is therefore requested to introduce the system of Net Metering for Industrial consumes.

### 15. Limit the FPPAS and adjust it with Regulatory Charge Surplus available with UPPCL

It is observed that due to improper planning on the part of UPPCL & its DISCOMs Power purchase cost goes high which puts extra burden on the consumers. Recently FPPAS was levied @ 10% which was too high. Indian Industries Association strongly recommend that Hon'ble Commission may put a cap on the FPPAS to maximum 2.5% and that should also be compensated with the Regulatory Surplus available with UPPCL / DISCOMs.

### 16. Segregate Mixed Feeders into Industrial Feeders

In most of the places in Uttar Pradesh, Industries are supplied power through mixed feeders resulting in frequent interruptions in power supply to the industries. IIA recommends that all Mixed Feeders should be segregated to Industrial Feeders and TPMO may be introduced at all possible points.

#### Head Office

IIA Bhawan, Vibhuti Khand, Gomtinagar,  
Lucknow-226010, Uttar Pradesh, India

E : [iaa@iaonline.in](mailto:iaa@iaonline.in)

#### National Office

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Jhandewalan, New Delhi- 110055, India

E : [info@iaonline.in](mailto:info@iaonline.in)

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Toll free No.: 1800-309-5455

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**17. Open Access up to 50 KW**

In MSME's Open Access should be allowed up to 50-Kilowatt power based on Solar / Alternate Energy.

**(B) SPECIFIC TO PASCHIMANCHAL VIDUT VITRAN NIGAM LIMITED (PVVNL)**

1. Executive Summary

PVVNL's own petition does not make out a compelling case for a consumer tariff hike. The petition records that actual distribution loss for FY 2024-25 was 11.18% against the approved RDSS trajectory of 11.48%, and the Commission-approved distribution loss for FY 2026-27 is 10.72%, which the petitioner has itself adopted in the filing (Petition pp. 12, 61 and 106).

The true-up for FY 2024-25 also shows a claimed surplus after subsidy of Rs. 1,159.26 crore, and even on the petitioner's own 'effective realisation' narrative the effective excess remains Rs. 967.15 crore. In these circumstances, the Commission should not permit a tariff increase merely because the FY 2026-27 petition now projects a shortfall (Petition pp. 58-59).

The claimed FY 2026-27 shortfall is substantially driven by expenditure assumptions, especially power purchase cost of Rs. 30,166.77 crore, gross O&M of Rs. 2,332.10 crore and smart-meter OPEX of Rs. 799.41 crore. These heads must be subject to strict prudence review before any consumer burden is considered (Petition pp. 144-145 and 129).

The petitioner has further admitted that the Commission already determines tariff on the basis of 100% collection efficiency, while simultaneously seeking smart-meter OPEX. This is a material contradiction: consumers cannot be asked to pay again for efficiency gains that are already normatively embedded in tariff determination (Petition p. 129).

The petition also seeks time to submit compliance to the directives of the tariff order dated 22.11.2025 'in due course'. Until directive compliance is placed on record and examined, any tariff enhancement would be premature (Petition p. 158).

2. Snapshot of petition numbers relevant to opposition

Parameter	FY 2024-25 Approved / Actual	FY 2024-25 Claimed	FY 2025-26	FY 2026-27 Projected	Comment
Distribution loss	11.48% approved / 11.18% actual	11.18%	10.90% approved	10.72% adopted	Loss trend has improved; tariff hike cannot be justified as a reward for

**Head Office**

IIA Bhawan, Vibhuti Khand, Gomtinagar, Lucknow-226010, Uttar Pradesh, India

E : [iaa@iaonline.in](mailto:iaa@iaonline.in)

**National Office**

Thakkar Bapa Smarak Sadan, Dr. Ambedkar Marg, Link Road, Jhandewalan, New Delhi- 110055, India

E : [info@iaonline.in](mailto:info@iaonline.in)

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					normative performance.
Power purchase cost	Rs. 24,357.97 cr approved	Rs. 23,556.67 cr	-	Rs. 30,166.77 cr	Large increase must be prudently tested, not automatically passed through.
Gross O&M	Rs. 1,577.78 cr approved	Rs. 2,082.36 cr	-	Rs. 2,332.10 cr	O&M escalation requires granular scrutiny.
Smart-meter OPEX	Not approved in TO	Rs. 60.53 cr claimed	-	Rs. 799.41 cr	Very large pass-through request; should not be loaded on consumers without demonstrated gains.
Net surplus / gap after subsidy	(Approved shortfall) Rs. 1,194.62 cr	Claimed excess Rs. 1,159.26 cr	-	Claimed shortfall Rs. 4,043.36 cr	Sharp swing demands prudence review and verification.
Effective realisation position	-	Effective excess Rs. 967.15 cr	-	Effective shortfall Rs. 4,247.05 cr	Collection narrative cannot by itself justify tariff shock.

### 3. Grounds of opposition

#### A. No tariff hike is warranted when the petition itself shows improved technical performance

PVVNL's actual distribution loss for FY 2024-25 is 11.18% against the approved trajectory of 11.48%. For FY 2025-26 and FY 2026-27, the petitioner has adopted the Commission-approved distribution loss figures of 10.90% and 10.72% respectively. Where the licensee is already being allowed normative losses and has demonstrated improvement, there is no basis to convert the ARR process into an instrument for tariff shock rather than prudence review (Petition pp. 12, 61 and 106).

#### Head Office

IIA Bhawan, Vibhuti Khand, Gomtinagar,  
Lucknow-226010, Uttar Pradesh, India

E : [iaa@iaonline.in](mailto:iaa@iaonline.in)

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B. The FY 2024-25 true-up position is inconsistent with any immediate claim for tariff burdening

The FY 2024-25 true-up table shows a claimed excess after subsidy of Rs. 1,159.26 crore. Even on the petitioner's own alternative presentation based on actual collection, the effective excess is still Rs. 967.15 crore. A utility which has just shown a surplus position for the true-up year must first explain why the FY 2026-27 petition should translate into an upward tariff revision rather than a strict disallowance-based examination of specific cost heads (Petition pp. 58-59).

C. The claimed FY 2026-27 gap is primarily expenditure-driven and must be scrutinised line item by line item

The petition projects cost of power procurement at Rs. 30,166.77 crore, transmission and load dispatch charges at Rs. 1,780.55 crore, gross O&M at Rs. 2,332.10 crore, smart-meter OPEX at Rs. 799.41 crore and total expenditure at Rs. 37,791.99 crore. These assumptions, not any failure of normative loss trajectory, are the principal drivers of the projected shortfall. The Commission should therefore test prudence and disallow inefficiency before even considering any tariff effect (Petition pp. 144-145).

D. Smart-meter OPEX of Rs. 799.41 crore cannot be granted as a second pass-through

At page 129, the petitioner states that improvement in collection efficiency due to smart meters may not accrue in tariff because the Commission already considers 100% collection efficiency. If tariff is already normatively built on full collection, then consumers cannot be asked to separately finance smart-meter OPEX on the premise of future efficiency gains. This contradiction is a complete answer to the request for pass-through of Rs. 799.41 crore. The Commission may at best consider such OPEX only after audited and measurable efficiency gains, feeder-level loss reduction, and billing-realisation improvements are demonstrated.

E. O&M escalation is excessive and requires disallowance of non-essential or unsupported items

PVVNL's claimed gross O&M rises from Rs. 2,082.36 crore in FY 2024-25 to Rs. 2,332.10 crore in FY 2026-27, while smart-meter OPEX separately rises to Rs. 799.41 crore. The combination materially increases the consumer burden. O&M heads must be supported with a clear segregation of normative expense, non-recurring program expense, employee capitalisation adjustments and demonstrable service improvements. Unsupported escalation should be disallowed.

F. Power purchase cost requires independent prudence review

The projected power purchase cost of Rs. 30,166.77 crore is the single largest cost element in the ARR. The Commission should require granular review of source-wise power cost, short-

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IIA Bhawan, Vibhuti Khand, Gomtinagar, Lucknow-226010, Uttar Pradesh, India E : <a href="mailto:iaa@iaonline.in">iaa@iaonline.in</a>	Thakkar Bapa Smarak Sadan, Dr. Ambedkar Marg, Link Road, Jhandewalan, New Delhi- 110055, India E : <a href="mailto:info@iaonline.in">info@iaonline.in</a>	Toll free No.: 1800-309-5455 IIA Virtual MSME Help Centre Zoom ID: 8601855541 Passcode: MYIIA (4PM - 5PM Mon-Sat)

term procurement, deviation settlement impacts, renewable purchase assumptions, scheduling discipline and avoidable power purchase inefficiencies. Consumers, especially industrial and MSME consumers, cannot be made to underwrite avoidable procurement inefficiency through tariff.

**F1. PVVNL's projected average power purchase rate is materially above both UP peers and market benchmarks**

PVVNL has projected power purchase quantum of 47,921.22 MU at an aggregate cost of Rs. 30,166.77 crore, which translates to an average procurement rate of about Rs. 6.30 per kWh. This is materially above the corresponding average rates reflected in the other UP DISCOM ARR filings placed before the Commission, namely approximately Rs. 5.15 per kWh for PuVVNL, Rs. 5.20 per kWh for MVVNL, Rs. 4.94 per kWh for DVVNL and Rs. 4.49 per kWh for KESCO. It is also materially above recent open-market benchmarks available on the Indian Energy Exchange, where the average weighted Day-Ahead Market price for 02.05.2025 to 01.06.2025 was about Rs. 3.76 per kWh and the simple average MCP for the same period was about Rs. 4.06 per kWh. Even the petitioner cannot be permitted to socialise through tariff a procurement mix that is significantly costlier than both peer distribution licensees in Uttar Pradesh and prevailing market benchmarks unless it demonstrates, source by source, that the higher cost was unavoidable, merit-order compliant, and least-cost in the circumstances. The Hon'ble Commission should therefore undertake strict prudence review of the entire power purchase claim, including station-wise scheduling, short-term purchases, exchange optimisation, deviation-related impact and avoidable high-cost procurement.

**Comparative table: proposed average power purchase cost for FY 2026-27**

DISCOM	Power purchase quantum (MU)	Average cost (Rs./kWh)	Total cost (Rs. crore)
PVVNL	47,921.22	6.30	30,166.77
PuVVNL	40,288.18	5.15	20,748.77
MVVNL	35,538.86	5.20	18,488.81
DVVNL	35,710.45	4.94	17,627.03
KESCO	40,642.68	4.49	18,254.43

**Head Office**

IIA Bhawan, Vibhuti Khand, Gomtinagar,  
Lucknow-226010, Uttar Pradesh, India

E : [iaa@iiasonline.in](mailto:iaa@iiasonline.in)

**National Office**

Thakkar Bapa Smarak Sadan,  
Dr. Ambedkar Marg, Link Road,  
Jhandewalan, New Delhi- 110055, India

E : [info@iiasonline.in](mailto:info@iiasonline.in)

**Contact Us**

Toll free No.: 1800-309-5455

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**Open-market benchmark for prudence review**

Benchmark	Rate (Rs./kWh)	Observation
IEX Day-Ahead Market weighted average price (02.05.2025 to 01.06.2025)	3.76	PVVNL is higher by about Rs. 2.54/kWh
IEX Day-Ahead Market simple average MCP (02.05.2025 to 01.06.2025)	4.06	PVVNL is higher by about Rs. 2.24/kWh

*Note: UP DISCOM figures are drawn from the respective FY 2026-27 ARR petitions uploaded in this matter; market benchmark figures are from the IEX Day-Ahead Market public market snapshot for the stated period.*

**G. Revenue-realisation assumptions do not justify tariff increase**

For FY 2026-27 the petition acknowledges that the assessed shortfall of Rs. 4,043.36 crore becomes an 'effective shortfall' of Rs. 4,247.05 crore when viewed through expected collection. This is important: a realisation issue is an operational issue. The Commission should not automatically socialise collection underperformance by increasing tariff for paying consumers. Instead, collection-performance linked regulation and efficiency accountability should be imposed.

**H. Subsidy treatment must remain provisional and cannot be converted into tariff-loading**

The petition itself states that subsidy for FY 2026-27 is provisional and that the actual subsidy details will be communicated separately by the Government under Section 65. Therefore, no final tariff increase should be entertained without first determining the actual subsidy amount and its proper treatment in the ARR (Petition p. 144).

**I. Non-compliance with tariff-order directives bars immediate tariff relief**

At page 158, the petitioner expressly requests permission to submit compliance status of directives 'in due course'. Such a request is itself proof that the Commission does not yet have a completed compliance record before it. In the absence of demonstrated compliance, the Commission ought not to reward the licensee with tariff relief.

**J. Regulatory assets and carrying cost cannot be loaded onto present consumers without strict legal scrutiny**

The petition seeks consideration of cumulative gap along with carrying cost and discusses legacy regulatory assets. Current consumers, particularly industrial and MSME consumers who are already paying high tariffs relative to the quality of supply and economic conditions, should not be burdened with legacy inefficiencies, disputed regulatory asset treatment or carrying cost

**Head Office**

IIA Bhawan, Vibhuti Khand, Gomtinagar,  
Lucknow-226010, Uttar Pradesh, India

E : [iiia@iiionline.in](mailto:iiia@iiionline.in)

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E : [info@iiionline.in](mailto:info@iiionline.in)

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in a routine ARR proceeding without a legally sustainable liquidation roadmap (Petition pp. 145 and 147-148).

4. Comparative table: performance and claim position

Item	FY 2024-25	FY 2025-26	FY 2026-27	Implication for tariff determination
Distribution loss	11.48% approved; 11.18% actual	10.90% approved	10.72% projected / adopted	Loss performance is improving; increase in tariff should not be justified on technical-loss grounds.
Net position after subsidy	Claimed excess Rs. 1,159.26 cr; effective excess Rs. 967.15 cr	APR year not the basis for tariff shock	Claimed shortfall Rs. 4,043.36 cr; effective shortfall Rs. 4,247.05 cr	The swing from surplus to shortfall must be investigated, not accepted at face value.
Power purchase cost	Rs. 23,556.67 cr claimed	-	Rs. 30,166.77 cr projected	Major cost driver; source-wise prudence review essential.
Gross O&M	Rs. 2,082.36 cr claimed	-	Rs. 2,332.10 cr projected	Escalation should be tested against efficiency, capitalisation and service metrics.
Smart-meter OPEX	Rs. 60.53 cr claimed	-	Rs. 799.41 cr projected	No automatic pass-through where tariff already assumes 100% collection efficiency.

**Head Office**

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E : [iiia@iiasonline.in](mailto:iiia@iiasonline.in)

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### 5. Specific reliefs sought from the Hon'ble Commission

- Reject any tariff hike proposal premised merely on the claimed FY 2026-27 gap without prior prudence review of cost heads and operational assumptions.
- Disallow or defer the pass-through of smart-meter OPEX of Rs. 799.41 crore unless audited, measurable and consumer-verifiable efficiency gains are first established.
- Subject power purchase cost and transmission-related charges to detailed source-wise prudence scrutiny and disallow avoidable inefficiency.
- Revisit claimed O&M escalation and permit only such expense as is demonstrably normative, necessary and efficiently incurred.
- Do not allow collection inefficiency or realization shortfall to be socialized through tariff for paying consumers.
- Finalize ARR only after verified directive-compliance status is placed on record by PVVNL.
- Treat subsidy strictly in accordance with actual Section 65 support communicated by Government and not on provisional or assumed basis.
- Do not permit loading of legacy regulatory assets or carrying cost onto present consumers without a separate, lawful and time-bound determination.
- PVVNL's proposed procurement rate of ₹6.30/kWh is unjustifiably higher than both comparable UP DISCOMs and available market benchmarks, and therefore the Commission should subject the entire power purchase claim to a strict prudence check, disallow avoidable inefficiency, and refuse to burden consumers with tariff hike arising from imprudent procurement.

### 6. Conclusion

For the reasons stated above, the Hon'ble Commission is respectfully urged to protect consumers from unjustified tariff increase in PVVNL's area. The petition itself shows improving distribution-loss performance and a true-up year surplus after subsidy; the projected FY 2026-27 gap is therefore not a sufficient basis for tariff hike unless the Commission first disallows unsupported expenditure, rejects double recovery through smart-meter OPEX,

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IIA Bhawan, Vibhuti Khand, Gomtinagar, Lucknow-226010, Uttar Pradesh, India E : <a href="mailto:iaa@iaonline.in">iaa@iaonline.in</a>	Thakkar Bapa Smarak Sadan, Dr. Ambedkar Marg, Link Road, Jhandewalan, New Delhi- 110055, India E : <a href="mailto:info@iaonline.in">info@iaonline.in</a>	Toll free No.: 1800-309-5455 IIA Virtual MSME Help Centre Zoom ID: 8601855541 Passcode: MYIIA (4PM - 5PM Mon-Sat)

# INDIAN INDUSTRIES ASSOCIATION

AN APEX BODY OF MICRO, SMALL & MEDIUM ENTERPRISES

verifies subsidy and compliance, and prevents operational inefficiency from being passed on to consumers.

## AFFIDAVIT

I **D.S. Verma** aged about 70 years S/O Late Shri S.R. Verma, Designation in IIA- Executive Director do solemnly affirm and say on oath as follows: -

1. That I am the applicant / objectioner in the above matter and am duly authorised to make this affidavit on behalf of the Indian Industries Association.
2. The statements made by me in the application / objections are true to my personal knowledge and belief.

Deponent

  
**(D.S. Verma)**  
D.S. VERMA  
Executive Director  
Indian Industries Association  
Lucknow

## VERIFICATION

I the above deponent do hereby verify that the contents of Para 1 and 2 of this affidavit are true to my personal knowledge no part of it is false. So, help me God.

Deponent

  
**(D.S. Verma)**  
D.S. VERMA  
Executive Director  
Indian Industries Association  
Lucknow

### Head Office

IIA Bhawan, Vibhuti Khand, Gomtinagar,  
Lucknow-226010, Uttar Pradesh, India

E : [iaa@iiainline.in](mailto:iaa@iiainline.in)

### National Office

Thakkar Bapa Smarak Sadan,  
Dr. Ambedkar Marg, Link Road,  
Jhandewalan, New Delhi- 110055, India

E : [info@iiainline.in](mailto:info@iiainline.in)

### Contact Us

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(4PM - 5PM Mon-Sat)

**MADHYANCHAL VIDYUT VITRAN NIGAM LIMITED (MVVNL)**

Ref. No: 3/UPERC/1787

20<sup>th</sup> March 2026

To,  
The Secretary  
U.P Electricity Regulatory Commission,  
Vidyut Niyamak Bhavan Vibhuti Khand Gomti Nagar  
Lucknow 226010

**Subject: Objections on ARR & Tariff Proposals for the year 2026-27 filled by MVVNL.**

Sir,

With reference to the ARR and Tariff Proposals for the year 2025-26 filled by UPPCL and MVVNL. Indian Industries Association most respectfully wish to place the following facts, views, objections and comments before the Honourable Commission: -

1. That Indian Industries Association is an industry association of Micro Small and Medium Enterprises (MSME's) of Uttar Pradesh representing over 16000 MSMEs having its head office at IIA Bhawan, Vibhuti Khand, Gomati Nagar, Lucknow. One of the objectives of the association is to ensure uninterrupted good quality and reasonably priced supply of industrial inputs to Micro Small and Medium Enterprises so that they could contribute to the growth of their business and industry and of course of the Nation.
2. That the Indian industries association has been participating in this exercise of filing its objections to the Honourable Commission since its inception.
3. That the views expressed hereunder on ARR and Tariff proposals for the year 2026 -27 are combined views of the members of the association in general, while its Chapters / Members may also if they so desire are free to place their views before the Honourable Commission.
4. That the views comments on ARR and Tariff proposal for the year 2026-27 are being submitted under the following subheads: - (A) COMMON TO ALL DISCOMs INCLUDING MVVNL (B) SPECIFIC OBJECTIONS AND PROPOSALS

**(A) COMMON TO ALL DISCOMs INCLUDING MVVNL**

1. With proposed hike UPPCL and DISCOM's are working at cross purposes with objectives of State Government. The Government of Uttar Pradesh is working tirelessly for rapid Industrialization of State by offering one of the best incentive and infrastructure to budding Entrepreneurs whereas this proposed hike will lead to major setback to the push of rapid Industrialization and economic growth of

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2. The objective of any Tariff policy is to ensure reliable and quality power at competitive rates; this proposed hike will lead to exorbitant cost of Energy sans any improvement in quality of power and services to Manufacturing Industries.
3. Analysis of UPPCL-led ARR filings establishes that projected revenue gaps arise predominantly from repeated failure to achieve approved operational targets—particularly AT&C loss reduction and power purchase optimisation. These inefficiencies, admitted in ARR filings themselves, are categorised as controllable under UPERC’s MYT framework and therefore cannot be passed on to consumers.
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## 5. AT&C LOSS PERFORMANCE – UPPCL LED DISCOMS

UPPCL-led ARR filings repeatedly acknowledge that approved AT&C loss trajectories were not achieved. The following table consolidates disclosures made in ARR and true-up statements.

FY	Approved AT&C Target (%)	Actual AT&C Loss (%)	Variance	ARR Reference
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Excerpt (ARR FY 2026–27 – indicative):

“The Corporation could not achieve the approved AT&C loss level due to shortfall in collection efficiency and system constraints...”

This admission conclusively establishes that losses are operational and controllable.

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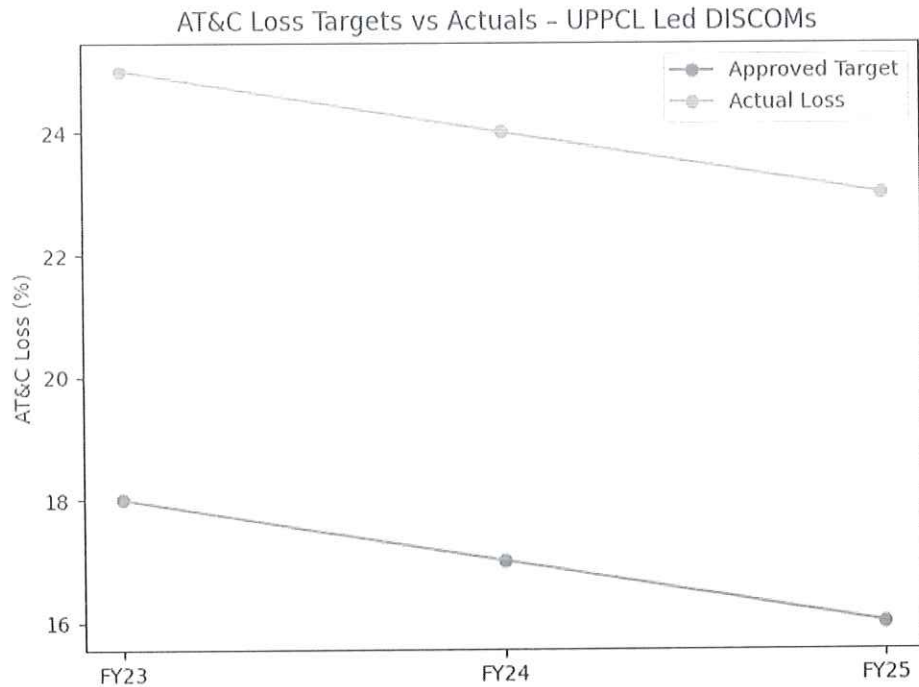
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## 6. DISCOM-WISE PERFORMANCE SNAPSHOT (AS PER ARR FILINGS)

The following indicative snapshot demonstrates that underperformance is systemic across DISCOMs operating under UPPCL.

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## 7. POWER PURCHASE COST – UPPCL ADMISSIONS

UPPCL ARR FY 2026–27 acknowledges that power purchase cost constitutes over 70% of ARR. ARR explanations cite increased reliance on short-term power and DSM deviations.

Excerpt (ARR FY 2026–27 – indicative):

“Increase in power purchase cost is primarily due to procurement from short-term sources to meet demand variations...”. *Such costs arise from planning inefficiencies and are controllable.*

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UPPCL projects a substantial revenue gap even after subsidy support. ARR filings directly attribute this gap to higher AT&C losses and increased power purchase cost. Therefore, tariff hike proposals represent an attempt to socialise inefficiencies, which is impermissible under tariff principles.

**9. IMPACT ON MSMEs & STATE INDUSTRIAL COMPETITIVENESS**

For MSMEs, electricity accounts for 15–40% of production cost. Tariff hikes will lead to increased cost of production, loss of competitiveness, and industrial migration out of Uttar Pradesh—contrary to stated industrial policy objectives.

10. The Government of Uttar Pradesh has set an ambitious target to generate 500 GW of solar power by 2030. However, the progress is slow. To achieve this target industries in Uttar Pradesh can contribute significantly if Net Metering system is restored for Industries. At the same time the power purchase cost can be reduced by setting up mega solar power plants where the purchase cost will be reduced by more than 50%.

11. Higher power purchase cost puts unnecessary burden of fuel surcharge on the industrial consumers. Hence UPPCL should strive for reduced power purchase cost instead of increasing it year to year. There is a need to limit the increase in FPPAS. Recently it was set at 10% which is exorbitantly high. In any case it should not be more than 2.5% and that too should be compensated with the Regulatory charge surplus available with UPPCL.

**12. Tariff hike in LMV-6 and HV-2 Categories of Consumers**

Indian Industries Association strongly oppose the tariff hike for LMV-6 and HV-2 categories of consumers because these consumers have minimum line losses, are making payments to DISCOMs timely and are already bearing the burden of cross subsidies. Any increase in the tariff will make industries in U.P uncompetitive and the target of 1 trillion economy of the state will get the back seat. The higher cost of electricity increases the cost of manufacturing and feeds into higher product costs which adversely impacts the competitiveness of businesses. In fact, cross-subsidy regimes prove counter-productive. it leads to wastage of resources, force the industry to seek energy alternatives resulting the decline in revenue to UPPCL / DISCOM's.

*Hon'ble Commission is therefore requested not to consider the proposal for increase in the tariff for LMV-6 & HV-2 categories of consumers rather we humbly request Hon'ble Commission to reduce the tariff based on the facts stated above.*

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### 13. Uninterrupted Power Supply & Compensation for Outages:

Industrial areas must be ensured 24x7 uninterrupted power supply. Additionally, IIA recommends a system of **compensation for prolonged breakdowns**, as power outages cause significant production losses to industries. In order to minimize the losses to industries and bring efficiency in DISCOM's functioning Hon'ble Commission is requested to order a system of Compensation to the industries for frequent and prolonged breakdowns.

### 14. Reintroduction of Net Metering System for Industries

Allowing Uttar Pradesh Industries, the Net Metering System will facilitate industries to reduce power cost, reduce the need for power purchase by UPPCL and also reduce the burden of FPPAS on the consumers. Therefore, the benefits of net metering should be extended for industrial consumers as is prevalent in many other states in the country. This will encourage investment in renewable energy, reduce dependence on grid power, and contribute to the state's sustainability goals. Hon'ble Commission is therefore requested to introduce the system of Net Metering for Industrial consumes.

### 15. Limit the FPPAS and adjust it with Regulatory Charge Surplus available with UPPCL

It is observed that due to improper planning on the part of UPPCL & its DISCOMs Power purchase cost goes high which puts extra burden on the consumers. Recently FPPAS was levied @ 10% which was too high. Indian Industries Association strongly recommend that Hon'ble Commission may put a cap on the FPPAS to maximum 2.5% and that should also be compensated with the Regulatory Surplus available with UPPCL / DISCOMs.

### 16. Segregate Mixed Feeders into Industrial Feeders

In most of the places in Uttar Pradesh, Industries are supplied power through mixed feeders resulting in frequent interruptions in power supply to the industries. IIA recommends that all Mixed Feeders should be segregated to Industrial Feeders and TPMO may be introduced at all possible points.

### 17. Open Access up to 50 KW

In MSME's Open Access should be allowed up to 50-Kilowatt power based on Solar / Alternate Energy.

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**(B) SPECIFIC TO MADHYANCHAL VIDYUT VITRAN NIGAM LIMITED (MVVNL)**

This representation is being filed by Indian Industries Association on behalf of industrial and MSME consumers affected by the tariff proposal of Madhyanchal Vidyut Vitran Nigam Limited.

The Association respectfully submits that no tariff increase should be permitted unless the Commission is satisfied, on a strict prudence basis, that the claimed ARR is efficient, compliance-backed, and not a consequence of internal inefficiency, collection weakness, avoidable carrying cost, or premature pass-through of new expenditure heads.

Unlike certain other utilities, MVVNL shows improvement on the distribution-loss parameter. However, that does not justify a tariff hike unless the Commission separately verifies whether the claimed revenue gap survives after rigorous prudence check of power purchase, O&M, financing cost, and collection-based realization.

The petition expressly states that the effective revenue shortfall becomes larger when actual realizable revenue is considered. That means the financial stress narrative is materially linked to realization and cash collection, not merely to cost of supply.

MVVNL also seeks smart-metering OPEX while simultaneously stating that improvement in collection efficiency may not affect tariff because the Commission already considers 100% collection efficiency. This undermines any automatic pass-through of additional smart-meter OPEX to consumers.

**Comparative position emerging from the petition**

**Distribution-loss trajectory and actual / projected position**

Year	Description	Value
FY 2024-25	Approved (RDSS trajectory)	14.20%
FY 2024-25	Actual / balance-sheet based	13.59%
FY 2025-26	Approved for APR	13.20%
FY 2026-27	Projected by petitioner	12.96%

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**Revenue realization / effective shortfall indicators relied upon in this representation**

Year	Indicator	Value
FY 2024-25	Revenue collected from sale of power	Rs. 13,766.32 crore
FY 2024-25	Effective shortfall after collection efficiency	Rs. 2,953.86 crore
FY 2026-27	Revenue realizable / collected basis referred by petitioner	Rs. 19,070.00 crore
FY 2026-27	Effective shortfall asserted by petitioner	Rs. 3,230.98 crore

**Grounds of opposition**

**1. Tariff cannot become a substitute for efficiency and realization discipline**

The petition expressly states that the effective revenue shortfall becomes larger when actual realizable revenue is considered. That means the financial stress narrative is materially linked to realization and cash collection, not merely to cost of supply.

**2. Smart-metering OPEX should not be granted as an automatic pass-through**

The petitioner states that tariff is already determined on 100% collection efficiency. If that is so, consumer tariff cannot simultaneously be increased on the assumption that smart meters will improve commercial performance. Any allowance, if at all, should be linked to verified, quantified and net consumer benefit after deducting efficiency gains.

**3. Compliance to earlier directives is incomplete**

The petition seeks liberty to submit compliance status of tariff-order directives later. In such circumstances, tariff increase should not be granted as a matter of course.

**4. Legacy burden and financing cost must be ring-fenced**

Carrying cost, financing cost, and regulatory-asset related burden should not be transferred to paying industrial consumers without first demonstrating that historical inefficiencies have been

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narrowed, recovery mechanisms are time-bound, and current-year operational discipline is being maintained.

### **5. Power purchase, O&M and capital expenditure require strict prudence review**

The largest ARR heads must be scrutinized for avoidable over-projection, absence of benchmarking, delayed cost control, and weak linkage between claimed expenditure and measurable service improvement. The consumer can be asked to bear only prudent and efficiently incurred expenditure.

### **Reliefs sought**

1. Reject any across-the-board tariff increase that is not supported by strict prudence review.
2. Disallow or defer any expenditure linked to efficiency failure, realization shortfall, unverified smart-meter OPEX, avoidable financing cost, or unsupported capital expenditure.
3. Approve only prudent power-purchase cost after examining cost optimization, demand assumption, and procurement methodology.
4. Ring-fence regulatory-asset / carrying-cost recovery so that paying industrial consumers are not made to fund historical inefficiencies without a binding liquidation plan.
5. Direct the petitioner to file a detailed compliance affidavit on prior tariff-order directives before any increase is considered.
6. Grant consumer relief by protecting MSME and industrial competitiveness and by ensuring that tariff reflects only efficient and justified cost.
7. Defective metering and inaccuracies in the existing 8-slot Time-of-Day (TOD) system are resulting in incorrect billing for consumers. It is requested that these issues be promptly addressed by ensuring proper meter functionality, regular audits, and necessary corrections in TOD implementation to prevent undue financial burden on consumers.
8. Although open access is allowed for loads above 100 KVA, the excessively high cost of meter installation (approximately ₹12–15 lakh) makes it financially unviable for MSMEs. This restricts their ability to avail the benefits of open access. It is therefore requested that the meter installation cost be rationalized or subsidized to make the provision accessible and practical for MSMEs.

### **Concluding submission**

For the reasons stated above, the Association respectfully submits that the petition, in its present form, does not merit routine tariff acceptance. The Hon'ble Commission may kindly adopt a strict prudence approach and protect industrial and MSME consumers from avoidable tariff burden.

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# INDIAN INDUSTRIES ASSOCIATION

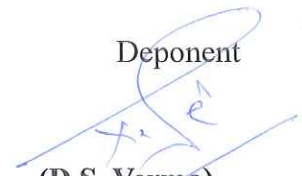
AN APEX BODY OF MICRO, SMALL & MEDIUM ENTERPRISES

## AFFIDAVIT

I **D.S. Verma** aged about 70 years S/O Late Shri S.R. Verma, Designation in IIA- Executive Director do solemnly affirm and say on oath as follows: -

1. That I am the applicant / objector in the above matter and am duly authorised to make this affidavit on behalf of the Indian Industries Association.
2. The statements made by me in the application / objections are true to my personal knowledge and belief.

Deponent

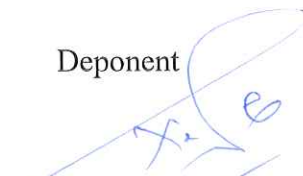


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**PURVANCHAL VIDYUT VITRAN NIGAM LIMITED (PuVVNL)**

Ref No.: 3/UPERC/1787(1)

25<sup>th</sup> March 2026

To,  
The Secretary  
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Vidyut Niyamak Bhavan Vibhuti Khand Gomti Nagar  
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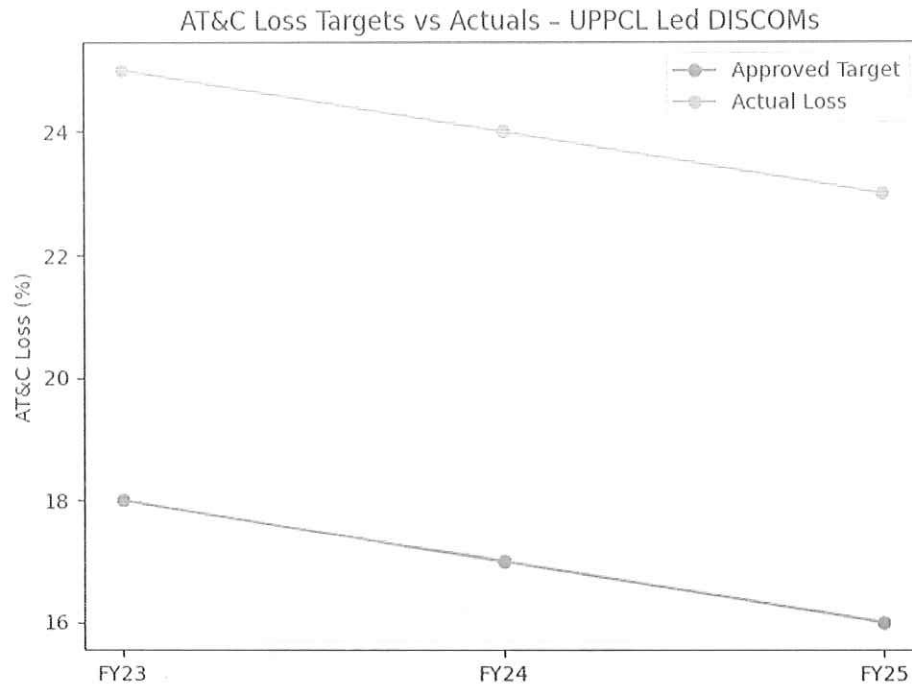
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For MSMEs, electricity accounts for 15–40% of production cost. Tariff hikes will lead to increased cost of production, loss of competitiveness, and industrial migration out of Uttar Pradesh—contrary to stated industrial policy objectives.

10. The Government of Uttar Pradesh has set an ambitious target to generate 500 GW of solar power by 2030. However, the progress is slow. To achieve this target industries in Uttar Pradesh can contribute significantly if Net Metering system is restored for Industries. At the same time the power purchase cost can be reduced by setting up mega solar power plants where the purchase cost will be reduced by more than 50%.

11. Higher power purchase cost puts unnecessary burden of fuel surcharge on the industrial consumers. Hence UPPCL should strive for reduced power purchase cost instead of increasing it year to year. There is a need to limit the increase in FPPAS. Recently it was set at 10% which is exorbitantly high. In any case it should not be more than 2.5% and that too should be compensated with the Regulatory charge surplus available with UPPCL.

**12. Tariff hike in LMV-6 and HV-2 Categories of Consumers**

Indian Industries Association strongly oppose the tariff hike for LMV-6 and HV-2 categories of consumers because these consumers have minimum line losses, are making payments to DISCOMs timely and are already bearing the burden of cross subsidies. Any increase in the tariff will make industries in U.P uncompetitive and the target of 1 trillion economy of the state will get the back seat. The higher cost of electricity increases the cost of manufacturing and feeds into higher product costs which adversely impacts the competitiveness of businesses. In fact, cross-subsidy regimes prove counter-productive. it leads to wastage of resources, force the industry to seek energy alternatives resulting the decline in revenue to UPPCL / DISCOM's.

*Hon'ble Commission is therefore requested not to consider the proposal for increase in the tariff for LMV-6 & HV-2 categories of consumers rather we humbly request Hon'ble Commission to reduce the tariff based on the facts stated above.*

Head Office	National Office	Contact Us
IIA Bhawan, Vibhuti Khand, Gomtinagar, Lucknow-226010, Uttar Pradesh, India E : <a href="mailto:iaa@iaonline.in">iaa@iaonline.in</a>	Thakkar Bapa Smarak Sadan, Dr. Ambedkar Marg, Link Road, Jhandewalan, New Delhi- 110055, India E : <a href="mailto:info@iaonline.in">info@iaonline.in</a>	Toll free No.: 1800-309-5455 IIA Virtual MSME Help Centre Zoom ID: 8601855541 Passcode: MYIIA (4PM - 5PM Mon-Sat)

### 13. Uninterrupted Power Supply & Compensation for Outages:

Industrial areas must be ensured 24x7 uninterrupted power supply. Additionally, IIA recommends a system of compensation for prolonged breakdowns, as power outages cause significant production losses to industries. *In order to minimize the losses to industries and bring efficiency in DISCOM's functioning Hon'ble Commission is requested to order a system of Compensation to the industries for frequent and prolonged breakdowns.*

### 14. Reintroduction of Net Metering System for Industries

Allowing Uttar Pradesh Industries, the Net Metering System will facilitate industries to reduce power cost, reduce the need for power purchase by UPPCL and also reduce the burden of FPPAS on the consumers. Therefore, the benefits of net metering should be extended for industrial consumers as is prevalent in many other states in the country. This will encourage investment in renewable energy, reduce dependence on grid power, and contribute to the state's sustainability goals. *Hon'ble Commission is therefore requested to introduce the system of Net Metering for Industrial consumes.*

### 15. Limit the FPPAS and adjust it with Regulatory Charge Surplus available with UPPCL

It is observed that due to improper planning on the part of UPPCL & its DISCOMs Power purchase cost goes high which puts extra burden on the consumers. Recently FPPAS was levied @ 10% which was too high. *Indian Industries Association strongly recommend that Hon'ble Commission may put a cap on the FPPAS to maximum 2.5% and that should also be compensated with the Regulatory Surplus available with UPPCL / DISCOMs.*

### 16. Segregate Mixed Feeders into Industrial Feeders

In most of the places in Uttar Pradesh, Industries are supplied power through mixed feeders resulting in frequent interruptions in power supply to the industries. IIA recommends that all Mixed Feeders should be segregated to Industrial Feeders and TPMO may be introduced at all possible points.

### 17. Open Access up to 50 KW

In MSME's Open Access should be allowed up to 50-Kilowatt power based on Solar / Alternate Energy.

#### Head Office

IIA Bhawan, Vibhuti Khand, Gomtinagar,  
Lucknow-226010, Uttar Pradesh, India

E : [iaa@iaonline.in](mailto:iaa@iaonline.in)

#### National Office

Thakkar Bapa Smarak Sadan,  
Dr. Ambedkar Marg, Link Road,  
Jhandewalan, New Delhi- 110055, India

E : [info@iaonline.in](mailto:info@iaonline.in)

#### Contact Us

Toll free No.: 1800-309-5455

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**(B) SPECIFIC TO PURVANCHAL VIDYUT VITRAN NIGAM LIMITED (PuVVNL)**

**1. Executive Summary**

Indian Industries Association (IIA), an apex industry body representing a large base of MSMEs and industrial consumers in Uttar Pradesh, respectfully opposes the proposed ARR and tariff relief sought by Purvanchal Vidyut Vitran Nigam Limited (PuVVNL) for FY 2026-27.

This opposition is not based on generalized objections to utility cost recovery. It is based on the petitioner's own disclosed record. The petition shows repeated slippage against approved distribution-loss trajectories, persistent gaps between assessed revenue and actually realizable revenue, a request to socialize smart-meter OPEX despite tariff already being computed on 100% collection efficiency, and a continuing attempt to carry forward large historical burdens while seeking current tariff support.

The petition therefore establishes that a substantial part of the claimed revenue gap arises from operational underperformance, collection failure, and regulatory carry-forward rather than from unavoidable and prudently incurred costs alone. Under settled tariff principles, such controllable inefficiencies cannot be passed through to consumers, especially industrial and MSME consumers who are already paying among the most critical cost components in the production chain.

**2. Scope and Evidentiary Basis**

This representation has been redrafted specifically for PuVVNL and is grounded in the petition titled "True-up for FY 2024-25, APR for FY 2025-26 and ARR for FY 2026-27".

The grounds taken below rely on the petition's own tables, narrative submissions, and prayers, including: distribution-loss tables, energy-balance tables, APR/ARR summaries, smart-meter OPEX claims, the compliance-to-directives section, and the regulatory-assets chapter.

Where the utility's own narrative exposes a contradiction or understatement, this representation highlights that contradiction for the Commission's consideration.

**3. Core Grounds for Opposition**

**A. Missed loss trajectory:** For FY 2024-25, PuVVNL records actual distribution loss of 15.96% against the approved trajectory of 13.98% (Table 2-2 / Table 2-4). The petition itself further shows a projected trajectory of 15.96% for FY 2025-26 and 15.90% for FY 2026-27, whereas the Commission-approved trajectories for those years are 15.56% and 15.16% respectively. The petition thus demonstrates a continuing inability to reach approved efficiency targets.

Head Office	National Office	Contact Us
IIA Bhawan, Vibhuti Khand, Gomtinagar, Lucknow-226010, Uttar Pradesh, India E : <a href="mailto:iaa@iaaonline.in">iaa@iaaonline.in</a>	Thakkar Bapa Smarak Sadan, Dr. Ambedkar Marg, Link Road, Jhandewalan, New Delhi- 110055, India E : <a href="mailto:info@iaaonline.in">info@iaaonline.in</a>	Toll free No.: <b>1800-309-5455</b> <b>IIA Virtual MSME Help Centre</b> Zoom ID: <b>8601855541</b> Passcode: MYIIA (4PM - 5PM Mon-Sat)

**B. Revenue assessed is not revenue realized:** For FY 2024-25, assessed revenue from sale of power is Rs 16,048.30 crore, whereas revenue actually collected / realizable is only Rs 13,417.98 crore. For FY 2025-26, assessed revenue is Rs 19,314.56 crore while realizable revenue is Rs 16,148.90 crore. For FY 2026-27, assessed revenue is Rs 20,670.70 crore while realizable revenue is only Rs 17,689.99 crore. Tariff cannot lawfully become a substitute for collection failure.

**C. Claimed gap is materially understated:** The petitioner expressly admits that the 'effective shortfall' is larger than the claimed gap once actual realizable revenue is considered. The understatement is approximately Rs 2,630.32 crore in FY 2024-25, Rs 3,165.66 crore in FY 2025-26, and Rs 2,980.72 crore in FY 2026-27.

**D. Smart-meter OPEX is sought despite 100% collection assumption:** The petition argues that smart-meter OPEX should be allowed because tariff is already determined on 100% collection efficiency, leaving no room for efficiency gains to offset the expense. This is a decisive contradiction. If tariff already assumes ideal collection, consumers cannot be asked to pay again for costs said to arise because actual collection is deficient.

**E. Compliance is incomplete:** In the section dealing with compliance to directives under the tariff order dated 22 November 2025, the petitioner asks that compliance status be permitted to be filed 'in due course'. A utility that seeks fresh tariff support without placing directive-compliance status on record does not establish prudence.

**F. Legacy burdens cannot justify fresh consumer loading:** The petition carries forward substantial historical regulatory assets and carrying cost, placing the total regulatory-asset burden at Rs 28,435.76 crore up to FY 2024-25. Industrial and MSME consumers should not be made the balancing item for historic slippages and deferred recovery.

#### 4. Comparative Record: Promise vs Petition Record

The most important comparative question before the Commission is whether PuVVNL has matched its approved or proposed efficiency path with actual performance. The petition's own record shows that it has not.

Year	Metric	Approved / promised	Petition record	Variance	Petition source
FY 2024-25	Distribution loss	13.98%	15.96% actual	+1.98 ppt	Table 2-2 / 2-4
FY 2025-26	Distribution loss	15.56% approved	15.96% in petition trajectory	+0.40 ppt	Section 3.2.2-3.2.3

#### Head Office

IIA Bhawan, Vibhuti Khand, Gomtinagar,  
Lucknow-226010, Uttar Pradesh, India

E : [iaa@iaonline.in](mailto:iaa@iaonline.in)

#### National Office

Thakkar Bapa Smarak Sadan,  
Dr. Ambedkar Marg, Link Road,  
Jhandewalan, New Delhi- 110055, India

E : [info@iaonline.in](mailto:info@iaonline.in)

#### Contact Us

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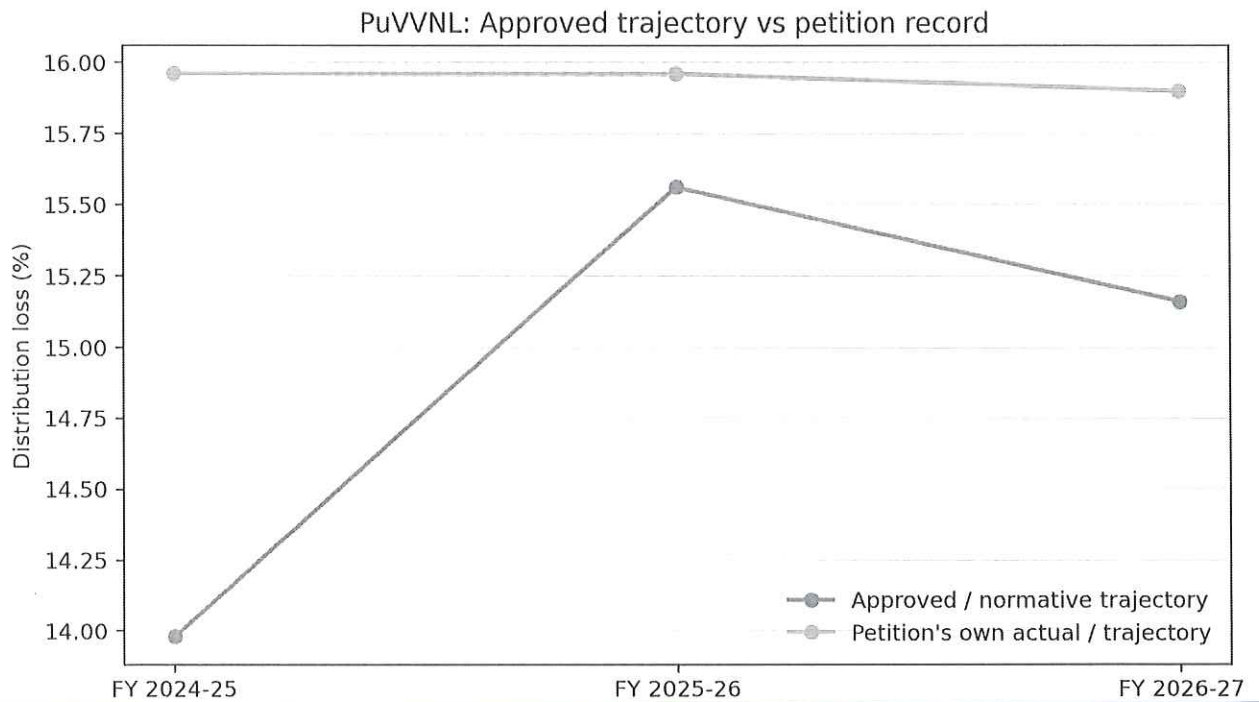
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Year	Metric	Approved / promised	Petition record	Variance	Petition source
FY 2026-27	Distribution loss	15.16% approved	15.90% in petition trajectory	+0.74 ppt	Section 3.2.2-3.2.3
FY 2024-25	Revenue gap	Rs 751.47 cr claimed gap	Rs 3,381.79 cr effective shortfall	Understated by Rs 2,630.32 cr	Clauses 2.13.1-2.13.2 and summary
FY 2025-26	Revenue gap	Rs 1,913.24 cr claimed gap	Rs 5,078.90 cr effective shortfall	Understated by Rs 3,165.66 cr	Clauses 3.16.1-3.16.3
FY 2026-27	Revenue gap	Rs 3,004.78 cr claimed gap	Rs 5,985.50 cr effective shortfall	Understated by Rs 2,980.72 cr	Clauses 4.15.1-4.15.2

Note: the FY 2025-26 and FY 2026-27 'petition trajectory' figures are drawn from the petition's own distribution-loss trajectory table, while the approved figures are from the Commission-approved trajectory reproduced in the petition.



### Head Office

IIA Bhawan, Vibhuti Khand, Gomtinagar, Lucknow-226010, Uttar Pradesh, India

E : [iaa@iaonline.in](mailto:iaa@iaonline.in)

### National Office

Thakkar Bapa Smarak Sadan, Dr. Ambedkar Marg, Link Road, Jhandewalan, New Delhi- 110055, India

E : [info@iaonline.in](mailto:info@iaonline.in)

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*Chart 1 - PuVVNL distribution-loss trajectory: approved path vs petition record*

### 5. Collection Failure Cannot Be Shifted Through Tariff

The petition itself acknowledges that realizable revenue is materially below assessed revenue. This is not a minor accounting issue; it goes to the heart of tariff design. A tariff order determines what may be recovered through lawful tariff, not what may be retrospectively loaded on paying consumers because collection from billed consumers is weak.

Once the petition admits that the effective shortfall is much higher after considering collection efficiency, the proper regulatory response is not to increase burden on compliant consumers. The correct response is to ring-fence collection inefficiency, tighten accountability, and prevent socialization of non-realization.

Industrial and MSME consumers, who generally exhibit better payment discipline and are already exposed to cross-subsidizing tariff structures, should not be made to compensate for shortfalls arising in other segments because the utility has failed to bill, collect, and recover in line with approved assumptions.

Year	Assessed revenue (Rs cr)	Collected / realizable revenue (Rs cr)	Gap due to non-realization (Rs cr)	Petition position
FY 2024-25	16,048.30	13,417.98	2,630.32	Petition says claimed gap is understated; effective shortfall Rs 3,381.79 cr
FY 2025-26	19,314.56	16,148.90	3,165.66	Petition says effective shortfall Rs 5,078.90 cr
FY 2026-27	20,670.70	17,689.99	2,980.71	Petition says effective shortfall Rs 5,985.50 cr

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IIA Bhawan, Vibhuti Khand, Gomtinagar,  
Lucknow-226010, Uttar Pradesh, India

E : [iaa@iaonline.in](mailto:iaa@iaonline.in)

#### National Office

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Jhandewalan, New Delhi- 110055, India

E : [info@iaonline.in](mailto:info@iaonline.in)

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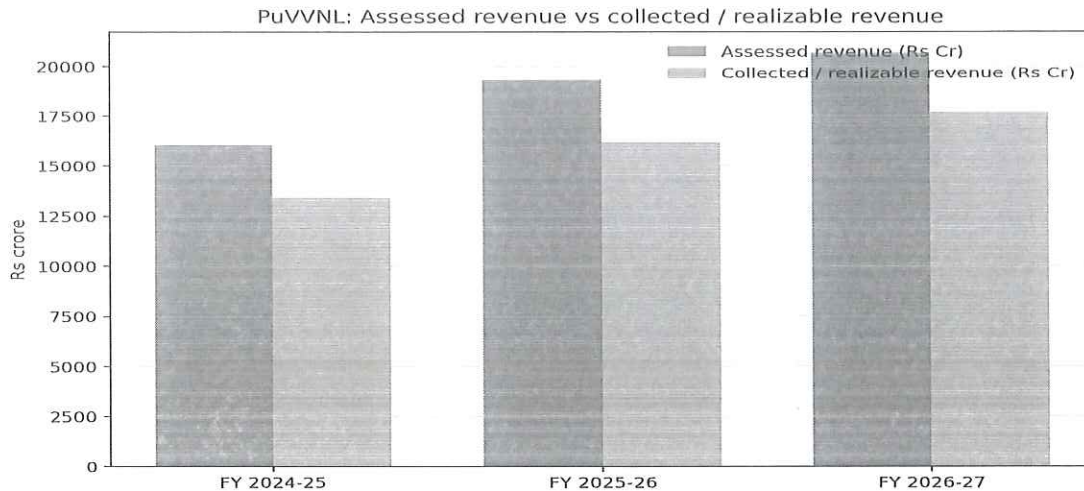


Chart 2 - PuVVNL assessed revenue versus collected / realizable revenue

## 6. Smart-Meter OPEX Claim Is Internally Contradictory

In the FY 2024-25 true-up section, the petitioner submits that billing and collection improvements from smart meters cannot offset smart-meter OPEX because tariff is already being determined on 100% collection efficiency. The same argument is repeated in substance while seeking smart-meter OPEX in later years as well.

This submission undermines the tariff claim rather than supporting it. If the tariff model already gives the utility the benefit of 100% collection for revenue determination, then the utility is already enjoying a normative assumption more favorable than actual recovery. In such a framework, consumers cannot be asked to bear an additional layer of cost on the plea that actual collection remains below the normative benchmark.

The Commission had earlier observed that improved billing and collection efficiency should compensate OPEX-model smart-meter charges. Unless and until measurable commercial-loss reduction and verifiable collection gains are first demonstrated, smart-meter OPEX should not be loaded onto paying consumers as a routine pass-through.

## 7. Power Purchase Cost Requires Prudence Review, Not Automatic Pass-through

For FY 2026-27, the petition places PuVVNL's allocated power-purchase cost at Rs 20,748.77 crore out of total expenditure of Rs 29,595.23 crore. This means power procurement remains the single largest cost block in the ARR and therefore demands the highest standard of prudence review.

### Head Office

IIA Bhawan, Vibhuti Khand, Gomtinagar,  
Lucknow-226010, Uttar Pradesh, India

E : [iia@iiainline.in](mailto:iia@iiainline.in)

### National Office

Thakkar Bapa Smarak Sadan,  
Dr. Ambedkar Marg, Link Road,  
Jhandewalan, New Delhi- 110055, India

E : [info@iiainline.in](mailto:info@iiainline.in)

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Toll free No.: 1800-309-5455

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Where the utility simultaneously shows loss slippage, persistent realization shortfall, and requests permission to rely on additional procurement flexibility, the Commission should not grant a broad tariff pass-through without first testing the prudence, optimization, and avoidability of those costs.

At a minimum, any allowed power-purchase recovery should be restricted to prudent, unavoidable, and efficiently planned costs; all avoidable inefficiencies, mismatch costs, and consequences of operational underperformance must be excluded.

### **8. Incomplete Directive Compliance Weighs Against Tariff Relief**

The petition states that because the tariff order for FY 2025-26 was issued on 22 November 2025 and limited time was available thereafter, the petitioner requests permission to submit compliance status of directives 'in due course'.

This is a serious procedural weakness. A utility that seeks revisionary tariff relief must come to the Commission with a complete and transparent compliance record. Absent such record, the Commission cannot reliably determine whether the present tariff requirement reflects prudence, efficiency, and adherence to earlier directions.

IIA therefore submits that no adverse tariff revision should be considered until directive-wise compliance status is formally placed on record and tested in public process.

### **9. Historical Regulatory Assets Cannot Become a Perpetual Consumer Burden**

The petition's own regulatory-assets chapter places PuVVNL's total net regulatory-asset burden, including carrying cost up to FY 2024-25, at Rs 28,435.76 crore. It also seeks further revenue-gap recognition and carrying cost for subsequent years.

Regulatory assets are, by their nature, an exceptional mechanism. They cannot become a standing method to postpone reform while continuing to load compliant consumers. In the present case, the utility's inability to meet loss and realization benchmarks makes any further recovery through tariff especially inequitable.

The Commission should therefore refuse to use current industrial and MSME consumers as the default financing source for legacy under-recovery, especially when the petition itself shows continuing operational inefficiency.

#### Head Office

IIA Bhawan, Vibhuti Khand, Gomtinagar,  
Lucknow-226010, Uttar Pradesh, India

E : [iaa@iaonline.in](mailto:iaa@iaonline.in)

#### National Office

Thakkar Bapa Smarak Sadan,  
Dr. Ambedkar Marg, Link Road,  
Jhandewalan, New Delhi- 110055, India

E : [info@iaonline.in](mailto:info@iaonline.in)

#### Contact Us

Toll free No.: 1800-309-5455

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## **10. Specific Reliefs Sought**

- 1) Reject any general tariff increase sought by PuVVNL for FY 2026-27 insofar as it arises from controllable inefficiencies, collection failure, or unverified prudence claims.
- 2) Disallow pass-through of distribution-loss slippage beyond the approved trajectory and treat such slippage as utility-borne unless the petitioner demonstrates force majeure or other non-controllable causes with evidence.
- 3) Ring-fence the gap between assessed revenue and realizable revenue. No portion of this gap should be socialized through tariff on paying consumers.
- 4) Disallow or defer smart-meter OPEX as an automatic pass-through unless the petitioner first demonstrates verified gains in billing, collection, and commercial-loss reduction attributable to the rollout.
- 5) Undertake a strict prudence review of the power-purchase cost block before allowing any recovery, with exclusion of avoidable or inefficient procurement-related costs.
- 6) Direct PuVVNL to file directive-wise compliance status in full before any tariff relief is considered.
- 7) Decline to burden industrial and MSME consumers with legacy regulatory-asset recovery or carrying cost in the absence of demonstrated improvement on efficiency and realization metrics.
- 8) In the alternative, if any tariff revision is at all considered, protect industrial and MSME categories from incremental burden through targeted mitigation and phased treatment.

## **11. Conclusion**

The petition before the Commission does not justify a fresh tariff burden on consumers. On the contrary, it demonstrates that PuVVNL has not aligned actual performance with approved efficiency expectations, has not converted assessed revenue into realizable revenue, and continues to seek recovery of costs and carry-forwards that should not automatically fall on consumers.

IIA therefore respectfully submits that the ARR and tariff proposals of PuVVNL for FY 2026-27 deserve to be rejected or substantially pruned in accordance with the principles set out above.

### **Head Office**

IIA Bhawan, Vibhuti Khand, Gomtinagar,  
Lucknow-226010, Uttar Pradesh, India

E : [iiia@iiasonline.in](mailto:iiia@iiasonline.in)

### **National Office**

Thakkar Bapa Smarak Sadan,  
Dr. Ambedkar Marg, Link Road,  
Jhandewalan, New Delhi- 110055, India

E : [info@iiasonline.in](mailto:info@iiasonline.in)

### **Contact Us**

Toll free No.: 1800-309-5455

**IIA Virtual MSME Help Centre**

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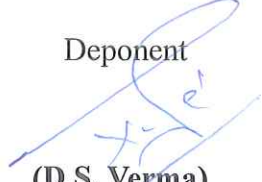
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## AFFIDAVIT

I **D.S. Verma** aged about 70 years S/O Late Shri S.R. Verma, Designation in IIA- Executive Director do solemnly affirm and say on oath as follows: -

1. That I am the applicant / objectioner in the above matter and am duly authorised to make this affidavit on behalf of the Indian Industries Association.
2. The statements made by me in the application / objections are true to my personal knowledge and belief.

Deponent

  
**(D.S. Verma)**  
D.S. VERMA  
Executive Director  
Indian Industries Association  
Lucknow

## VERIFICATION

I the above deponent do hereby verify that the contents of Pera 1 and 2 of this affidavit are true to my personal knowledge no part of it is false. So, help me God.

Deponent

  
**(D.S. Verma)**  
D.S. VERMA  
Executive Director  
Indian Industries Association  
Lucknow

### Head Office

IIA Bhawan, Vibhuti Khand, Gomtinagar,  
Lucknow-226010, Uttar Pradesh, India

E : [iiia@iiasonline.in](mailto:iiia@iiasonline.in)

### National Office

Thakkar Bapa Smarak Sadan,  
Dr. Ambedkar Marg, Link Road,  
Jhandewalan, New Delhi- 110055, India

E : [info@iiasonline.in](mailto:info@iiasonline.in)

### Contact Us

Toll free No.: **1800-309-5455**

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