BEFORE THE HON'BLE UTTAR PRADESH ELECTRICITY REGULATORY COMMISSION, LUCKNOW, UTTAR PRADESH

PETITION NO. 2246 OF 2025

IN THE MATTER OF:

Rosa Power Supply Company Limited ... Petitioner

Versus

Uttar Pradesh Power Corporation Limited ...Respondent

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(Anil Kumar)
Superintending Engineer
Power Purchase Agreement Directorate
Uttar Pradesh Power Corp.Ltd.

RESPONDENT
UTTAR PRADESH POWER CORPORATION LIMITED

THROUGH
HSA ADVOCATES
(COUNSELS FOR THE RESPONDENT)
81/1 ADCHINI,
SRI AUROBINDO MARG,
NEW DELHI-110017

DATE: 31-08-2026
PLACE:LUCKNOW

BEFORE THE HON'BLE UTTAR PRADESH ELECTRICITY REGULATORY COMMISSION, LUCKNOW, UTTAR PRADESH

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REPLY ON BEHALF OF RESPONDENT/UTTAR PRADESH POWER CORPORATION LIMITED (UPPCL)

MOST RESPECTFULLY SHOWETH:

I. PRELIMINARY SUBMISSIONS:

1. The captioned Petition ("**Present Petition**"') has been filed by Rosa Power Supply Company Limited ("**Petitioner / Rosa**") under Regulation 14 of the UPERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2024 ("**Tariff Regulations, 2024**") read with Section 61, Section 62 and Section 86 of the Electricity Act, 2003 ("**Act**"), seeking approval of Multi Year Tariff ("**MYT**") for the Control Period FY 2024-25 to FY 2028-29 ("**Control Period**").

2. Rosa Power has set up a 1200 MW coal based thermal power generating station in District Shahjahanpur (Uttar Pradesh), consisting of four units of 300 MW each, in two stages i.e., Stage-I and Stage-II of 600 MW each **("Project / Rosa TPP").**

3. The present Reply is being filed by the Respondent - Uttar Pradesh Power Corporation Limited **("UPPCL")** in response to the Present Petition. UPPCL is a distribution company within the meaning of Section 14 of the Act and is the sole procurer of power from Rosa. The entire capacity of the Project is tied up with UPPCL through the Long-Term Power Purchase Agreement dated 12.11.2006 **("PPA")** read along with the

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Supplemental PPA dated 11.09.2009 and the Amendment to the Supplemental PPA dated 19.11.2011 (cumulatively, **"SPPA").**

4. At the outset, it is submitted that the opening Capital Cost, Equity, and normative Debt for FY 2024-25 relied upon by Rosa in the Present Petition are merely the figures *claimed* (and not yet approved) by Rosa in its pending True-up Petition No. 2143 of 2024 for the earlier Control Period FY 2019-20 to FY 2023-24, in which UPPCL has already filed a detailed Reply disputing, inter alia, Rosa's claim for additional capitalization on account of Ash Dyke Bund raising for Lagoon-1 (2nd raising) and installation of the Side Stream Filtration System, on grounds including non-compliance with Regulation 17(6)/17(7) of the applicable Tariff Regulations (related-party issue), absence of documentary substantiation, and res judicata. The determination of tariff for the present Control Period is thus contingent upon, and premature pending, the final adjudication of Petition No. 2143 of 2024.

5. At the outset, UPPCL denies the contents of the Present Petition except whatever may be a matter of record or specifically admitted hereunder, and the same may be treated as denied in seriatim. A para-wise response to the Present Petition is currently not being undertaken and, instead, issue-wise submissions relevant to UPPCL's case are being made herein below. It is submitted that the absence of a para-wise reply may not be treated as having admitted any averments, allegations, submissions and contentions made in the Present Petition. The contentions raised under the present Reply are without prejudice to, and in the alternative of, each other.

II. ROSA'S SUBMISSIONS/CONTENTIONS IN THE PRESENT PETITION:

6. Rosa, in the Present Petition, has made, *inter alia*, the following submissions/contentions in support of its claim for approval of MYT for the Control Period FY 2024-25 to FY 2028-29:

i) Additional Capital Expenditure for raising of bund for Ash Dyke Lagoon-2 (2nd Raising): It is the case of Rosa that it proposes to incur an estimated additional capital expenditure of approximately Rs. 34.00 Crore, expected to be completed

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towards the end of FY 2025-26, towards elevating the bund wall of Lagoon-2 by 5.5 metres to attain a volume of around 33 Lakh Cum, by adoption of the "downstream raising" method. Rosa contends that the said expenditure falls within the scope of Regulation 21(B)(2)(d) of the Tariff Regulations, 2024, being deferred works relating to the ash pond/ash disposal system, and places reliance on the orders of the Hon'ble CERC in *NTPC Ltd. v. Andhra Pradesh Eastern Power Distribution Company Ltd.* (Petition No. 270/GT/2014) and *NTPC Ltd. v. West Bengal State Electricity Distribution Company Ltd. & Ors.* (Petition No. 281/GT/2014).

ii) Capital Cost/Gross Fixed Assets (GFA): Rosa has projected Opening GFA of Rs. 6,550.30 Crore for FY 2024-25 (being the closing capital cost claimed, but not yet approved, for FY 2023-24 in the pending True-up Petition No. 2143 of 2024), and after adding the estimated Rs. 34.00 Crore in FY 2025-26 towards the Lagoon-2 bund raising, has projected a Closing GFA of Rs. 6,584.30 Crore for the balance of the Control Period.

iii) Annual Fixed Charges (**"AFC"**): Rosa has computed AFC in accordance with Regulation 24/25 of the Tariff Regulations, 2024, and has claimed Rs. 4,798.38 Crore for the Control Period, comprising Return on Equity of Rs. 1,264.10 Crore, Interest on Loan Capital of Rs. 52.96 Crore, Depreciation of Rs. 514.07 Crore, Operation & Maintenance Expenses (inclusive of water charges, security expenses and ash transportation expenses) of Rs. 2,352.43 Crore, Interest on Working Capital of Rs. 610.01 Crore, and Statutory Charges (inclusive of application fee) of Rs. 4.80 Crore.

III. OBJECTIONS OF UPPCL:

Re: Additional Capital Expenditure of Rs. 34.00 Crore claimed towards raising of bund for Ash Dyke Lagoon-2 (2nd Raising) deserves to be rejected/disallowed

7. It is humbly submitted that the claim of Rosa for approval of the projected/estimated additional capital expenditure of Rs. 34.00 Crore towards the 2nd raising of the bund

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for Ash Dyke Lagoon-2 is wrong, illegal, premature and erroneous, and deserves no consideration by this Hon'ble Commission, for the following reasons:

a) The claimed expenditure is not "actually incurred": Regulation 21(B)(2) of the Tariff Regulations, 2024, permits admission of additional capital expenditure only where it is "*actually incurred*" in respect of the counts specified thereunder, subject to prudence check. Rosa's own averments in the Present Petition record that the bund raising work is only "*expected to be completed towards the end of FY 2025-26 with an estimated cost of around Rs. 34 Crore*". The expenditure being claimed is thus, on Rosa's own showing, a future, projected/estimated liability, and not an actually incurred expenditure capable of being capitalized at the present, tariff-determination stage.

b) It is submitted that this Hon'ble Commission has, in the past, consistently taken the view including vide the MYT Order dated 16.05.2023 and the Order dated 04.02.2020 in Petition No. 1233 of 2017 that additional capitalization claims of this very Project qua ash dyke/ash pond works are to be considered, if at all, only at the truing-up stage, upon actual incurrence of the expenditure and subject to UPPCL's consent and prudence check, and not at the stage of tariff determination/MYT approval. The same approach ought to apply with even greater force to the present claim, which is not even asserted to have been actually incurred.

c) Further, it is submitted that there has been no transparent competitive bidding: Rosa has not furnished any details regarding whether the proposed works are being/will be executed through a transparent competitive bidding process, nor has it placed on record adequate justification (along with supporting documents) for the reasonableness, necessity and prudence of the estimated expenditure of Rs. 34.00 Crore.

d) Non-compliance with Regulation 17(7) Related Party: Regulation 17(7) of the Tariff Regulations, 2024 provides that any capital expenditure incurred through a related party, as defined under the Companies Act, 2013, without the prior

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approval of the procurer, shall be excluded from the capital cost. Rosa has not disclosed the identity of the contractor/vendor engaged or proposed to be engaged for the 2nd raising of Lagoon-2, nor has it placed on record UPPCL's prior approval, if any. It is pertinent to note that this Hon'ble Commission has, on more than one occasion including vide Order dated 04.02.2020 in Petition No. 1233 of 2017, the MYT Order dated 16.05.2023, and the Review Order dated 02.05.2024 held that CLE Private Limited (formerly Crest Logistics and Engineers Private Limited, formerly REL Utility Engineers Private Limited/Reliance Utility Engineers Private Limited), the vendor previously engaged by Rosa for ash dyke/ash pond related works, is a related party to Rosa. UPPCL submits that Rosa be directed to disclose, on affidavit, the identity of the contractor(s) proposed to be engaged for the present works, together with confirmation as to whether such contractor(s) are related parties, and, if so, to place on record UPPCL's prior written consent thereto, failing which the expenditure ought to be excluded from the capital cost in terms of Regulation 17(7) of the Tariff Regulations, 2024.

e) Non-compliance with MoEF&CC Notification dated 31.12.2021: The Ministry of Environment, Forest and Climate Change, vide its Notification dated 31.12.2021, has mandated 100% utilisation of fly ash and bottom ash by coal/lignite based thermal power plants. Rosa has not placed on record any details of its current fly ash/bottom ash management and disposal mechanism, nor demonstrated compliance with the applicable MoEF&CC/MNRE guidelines. It is submitted that had Rosa proactively and adequately implemented effective measures for 100% utilisation of fly ash in accordance with these statutory obligations, the necessity for the 2nd raising of the bund for Lagoon-2 may not have arisen at all, or may have arisen to a lesser extent, and any expenditure attributable to Rosa's own lapse in adhering to legally mandated fly ash utilisation targets cannot be treated as prudent, reasonable, or admissible under the Tariff Regulations, 2024.

f) Reliance on CERC orders misplaced: Rosa's reliance on *NTPC Ltd. v. Andhra Pradesh Eastern Power Distribution Company Ltd.* (Petition No. 270/GT/2014) and *NTPC Ltd. v. West Bengal State Electricity Distribution Company Ltd. & Ors.*

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(Petition No. 281/GT/2014) is wholly misplaced. Those orders concerned expenditure that was actually incurred and completed, under the CERC (Terms and Conditions of Tariff) Regulations, 2014, which do not contain any related-party bar analogous to Regulation 17(7) of the Tariff Regulations, 2024. The facts, expenditure status, and regulatory framework in the cited cases are materially different from the present, wholly prospective/estimated claim, and the reliance placed thereon deserves to be rejected.

g) In view of the above, it is most respectfully submitted that the entire claim of Rs. 34.00 Crore towards the 2nd raising of the bund for Ash Dyke Lagoon-2 ought to be rejected at the present stage. In the alternative, and without prejudice to the foregoing, the said amount be treated as "Nil" for the purposes of determination of tariff for the Control Period FY 2024-25 to FY 2028-29.

h) Without prejudice to the foregoing submissions, it is submitted that the expenditure claimed by Rosa towards the Ash Dyke Lagoon-2 (2nd Raising) falls within the scope of Regulation 21(C)(4) of the Tariff Regulations, 2024, i.e., "Additional Capitalisation beyond the original scope". Accordingly, any claim towards such expenditure can be considered for admission by the Hon'ble Commission only subject to the applicable regulatory requirements and a rigorous prudence check.

i) It is further submitted that, in terms of the proviso to Clause 21, the additional capital expenditure incurred towards the works specified under Clauses 21(1), 21(2) and 21(4) is expressly subject to prudence check by the Hon'ble Commission at the stage of True-up. Rosa is, therefore, required to furnish detailed justification for the expenditure incurred, the applicable regulatory provisions under which the expenditure is sought to be admitted, and a cost-benefit analysis of the scheme. Accordingly, Rosa must be directed to furnish the aforesaid particulars and substantiate the necessity, reasonableness and prudence of the expenditure claimed towards Ash Dyke Lagoon-2 (2nd Raising), failing which the said expenditure ought not to be admitted.

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Re: Gross Fixed Assets (GFA)/Capital Cost for the Control Period FY 2024-25 to FY 2028-29

8. Rosa, in the present Petition, has claimed opening Gross Fixed Assets **("GFA")** of Rs. 6,550.30 Crore for the Control Period 2024-29. In this regard, it is pertinent to note that the Hon'ble Commission, in its MYT Order for the Control Period 2019-24, had approved closing GFA of Rs. 6,519.73 Crore. Accordingly, the opening GFA for the Control Period 2024-29 ought to be considered in accordance with the GFA approved by the Hon'ble Commission in the previous Control Period.

9. Further, the Petitioner has claimed additional capitalization of Rs. 34 Crore in FY 2025-26 towards the second raising of the bund for Lagoon-2. However, as submitted hereinabove, the said expenditure does not merit consideration for additional capitalization in the absence of adequate justification and supporting material demonstrating its admissibility under the applicable Tariff Regulations.

10. In view of the foregoing, no additional capitalization towards the second raising of the bund for Lagoon-2, or any other expenditure not satisfying the requirements for capitalization, may be allowed. Accordingly, the allowable GFA for the Control Period 2024-29 is set out below:

	2024-25		2025-26		2026-27		2027-28		2028-29	
Particulars	Claimed	Allowable	Claimed	Allowable	Claimed	Allowable	Claimed	Allowable	Claimed	Allowable
Opening GFA	6,550.30*	6,519.73**	6,550.30	6,519.73	6,584.30	6,519.73	6,584.30	6,519.73	6,584.30	6,519.73
Addition	-	-	34.00	-	-	-	-	-	-	-
Deletion	-	-	-	-	-	-	-	-	-	-
Closing GFA	6,550.30	6,519.73	6,584.30	6,519.73	6,584.30	6,519.73	6,584.30	6,519.73	6,584.30	6,519.73

**Closing capital cost for FY 2023-24 as claimed by ROSA in 2019-24 True up Petition No. 2143 of 2024 pending adjudication*

*** Closing GFA for FY 2023-24 as approved in MYT Order 2019-24 by Hon'ble Commission (Petition No. 1378 of 2020)*

Re: Return on Equity (ROE)

11. Rosa, in the present Petition, has projected Return on Equity **("RoE")** of Rs. 1,264.10 Crore for the Control Period 2024-29. It is submitted that Rosa has considered addition to equity on a normative basis, i.e., 30% of the additional capitalization claimed by it. However, as submitted hereinabove, the additional capitalization claimed by Rosa does not merit allowance. Accordingly, the corresponding normative addition to equity,

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being 30% of such additional capitalization, ought not to be considered for computation of RoE.

12. In view of the foregoing, the allowable RoE for the Control Period 2024-29 is Rs. 1,251.87 Crore, as against Rs. 1,264.10 Crore claimed by Rosa. The summary of the RoE claimed by Rosa and the RoE allowable, as submitted hereinabove, is set out below:

Equity	2024-25		2025-26		2026-27		2027-28		2028-29	
Particulars	Claimed	Allowable	Claimed	Allowable	Claimed	Allowable	Claimed	Allowable	Claimed	Allowable
Opening Equity	1,678.33*	1,669.16**	1,678.33	1,669.16	1,688.53	1,669.16	1,688.53	1,669.16	1,688.53	1,669.16
Addition	-	-	10.20	-	-	-	-	-	-	-
Deletion	-	-	-	-	-	-	-	-	-	-
Closing Equity	1,678.33	1,669.16	1,688.53	1,669.16	1,688.53	1,669.16	1,688.53	1,669.16	1,688.53	1,669.16
Average Equity	1,678.33	1,669.16	1,683.43	1,669.16	1,688.53	1,669.16	1,688.53	1,669.16	1,688.53	1,669.16
Rate	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
ROE	251.75	250.37	252.51	250.37	253.28	250.37	253.28	250.37	253.28	250.37

**Closing equity for FY 2023-24 as claimed by ROSA in 2019-24 True up Petition No. 2143 of 2024 pending adjudication*

*** Closing equity for FY 2023-24 as approved in MYT Order 2019-24 by Hon'ble Commission (Petition No. 1578 of 2020)*

Re: Interest on Loan Capital

13. Rosa, in the present Petition, has claimed Interest on Loan amounting to Rs. 52.96 Crore for the Control Period 2024-29.Further, it has submitted that the entire actual loan was repaid in FY 2022-23 and that there was no actual loan outstanding as on FY 2023-24. However, the normative loan continues to remain outstanding. Accordingly, Rosa has considered the last available weighted average rate of interest of 12.07% for FY 2022-23, in terms of Regulation 25(3)(b)(iv) of the Tariff Regulations, 2024, for computation of interest on loan capital for FY 2024-25 to FY 2028-29. Rosa has further submitted that the normative loan is also fully repaid in FY 2027-28 and, accordingly, the projected interest on loan capital for FY 2028-29 has been considered as Nil.

14. In this regard, it is submitted that Rosa has not furnished any supporting documents evidencing the complete repayment of the actual loan in FY 2022-23, such as a No Objection Certificate (**"NOC"**) or Loan Closure Certificate issued by the concerned bank. Further, Rosa has not furnished any Bank Certificate confirming the weighted average rate of interest of 12.07% considered for FY 2022-23. Accordingly, while the interest on loan has been computed based on the weighted average rate of interest claimed by Rosa, the Hon'ble Commission may direct Rosa to furnish the requisite

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supporting documents evidencing the complete repayment of the actual loan and, in case no actual loan is outstanding, a Bank Certificate confirming the last available weighted average rate of interest, along with the NOC/Loan Closure Certificate issued by the concerned bank.

15. Further, Rosa has considered normative addition to loan capital equivalent to 70% of the additional capitalization claimed by it. However, as submitted in the preceding paragraphs above, the additional capitalization claimed by Rosa does not merit allowance. Accordingly, the corresponding normative addition to loan capital ought not to be considered for computation of interest on loan.

16. In view of the foregoing, the allowable Interest on Loan for the Control Period 2024-29 is Rs. 37.69 Crore, as against Rs. 52.96 Crore claimed by Rosa. The summary of the Interest on Loan claimed by Rosa and the amount allowable, as submitted hereinabove, is set out below:

Loan	2024-25		2025-26		2026-27		2027-28		2028-29	
Particulars	Claimed	Allowable	Claimed	Allowable	Claimed	Allowable	Claimed	Allowable	Claimed	Allowable
Gross Opening	4871.96		4871.96		4895.76		4895.76		4895.76	
Cumulative Repayment	4585.21		4685.99		4789.31		4892.63		4895.76	
Net Opening	286.75*	245.28**	185.97	144.98	106.45	44.67	3.13	-	-	-
Addition	-	-	23.80	-	-	-	-	-	-	-
Repayment	100.77	100.30	103.32	100.30	103.32	44.67	3.13			
Net Closing	185.97	144.98	106.45	44.67	3.13	-	0.00	-	-	-
Average Loan	236.36	195.13	146.21	94.82	54.79	22.34	1.57	-	-	-
Interest Rate	12.07%	12.07%	12.07%	12.07%	12.07%	12.07%	12.07%	12.07%	12.07%	12.07%
Interest on Loan	28.52	23.55	17.64	11.45	6.61	2.70	0.19	-	-	-

**Closing net normative loan for FY 2023-24 as claimed by ROSA in 2019-24 True up Petition No. 2143 of 2024 pending adjudication*

*** Closing net normative loan for FY 2023-24 as approved in MYT Order 2019-24 by Hon'ble Commission (Petition No. 1578 of 2020)*

Re: Depreciation

17. Rosa has computed depreciation in accordance with Regulation 25(3)(c) of the Tariff Regulations, 2024. In terms of the said Regulation, the rate of depreciation is to be continued at the rates specified in Appendix-III until cumulative depreciation reaches 70% of the original cost of the asset. Thereafter, the remaining depreciable value is required to be spread over the remaining useful life of the asset, subject to the maximum depreciation not exceeding 90% of the original cost of the asset.

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18. Rosa has further submitted that 70% of the depreciation was recovered up to FY 2023-24, as provided in Petition No. 2143 of 2024 for the Control Period FY 2019-20 to FY 2023-24. Accordingly, the balance depreciable value is required to be spread over the remaining useful life of the assets.

19. Further, Rosa while considering opening GFA of Rs. 6,550.30 Crore, has computed the maximum depreciation at 90% thereof, amounting to Rs. 5,895.27 Crore. Thereafter, considering depreciation of Rs. 4,585.21 Crore recovered up to FY 2023-24, Rosa has arrived at a balance depreciable value of Rs. 1,310.06 Crore. The said balance amount, when spread over the remaining useful life of 13 years, results in annual depreciation of Rs. 100.77 Crore.

20. Further, Rosa has considered additional capitalization of Rs. 34 Crore in FY 2025-26 and, accordingly, has computed depreciation of Rs. 103.32 Crore per annum for FY 2025-26 to FY 2028-29. Consequently, the depreciation rate works out to 1.54% for FY 2024-25 and 1.57% for FY 2025-26 to FY 2028-29 on account of the additional capitalization considered by Rosa.

21. In this regard, it is submitted that, as stated hereinabove, the opening GFA for the Control Period 2024-29 ought to be considered at Rs. 6,519.73 Crore, being the closing GFA approved by the Hon'ble Commission for the Control Period 2019-24. Further, the additional capitalization of Rs. 34 Crore claimed by Rosa does not merit allowance for the reasons set out above.

22. Accordingly, based on the opening GFA of Rs. 6,519.73 Crore, the maximum depreciation at 90% works out to Rs. 5,867.76 Crore. After considering depreciation of Rs. 4,563.81 Crore recovered up to FY 2023-24, the balance depreciable value works out to Rs. 1,303.95 Crore. The same, when spread over the remaining useful life of 13 years, results in annual depreciation of Rs. 100.30 Crore.

23. Notably, since 70% of the depreciation had already been recovered up to FY 2023-24, in accordance with the methodology adopted in Petition No. 2143 of 2024 for the

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Control Period FY 2019-20 to FY 2023-24, the revised depreciation rate for the Control Period FY 2024-25 to FY 2028-29 works out to 1.54%.

24. In view of the foregoing, the allowable depreciation for the Control Period 2024-29 works out to Rs. 501.52 Crore, as against Rs. 514.07 Crore claimed by Rosa. Accordingly, the summary of the depreciation claimed by Rosa and the depreciation allowable for the Control Period 2024-29 is set out below:

Depreciation	2024-25		2025-26		2026-27		2027-28		2028-29	
Particulars	Claimed	Allowable	Claimed	Allowable	Claimed	Allowable	Claimed	Allowable	Claimed	Allowable
Opening GFA	6,550.30	6,519.73	6,550.30	6,519.73	6,584.30	6,519.73	6,584.30	6,519.73	6,584.30	6,519.73
Addition	-	-	34.00	-	-	-	-	-	-	-
Deletion	-	-	-	-	-	-	-	-	-	-
Closing GFA	6,550.30	6,519.73	6,584.30	6,519.73	6,584.30	6,519.73	6,584.30	6,519.73	6,584.30	6,519.73
Average GFA	6,550.30	6,519.73	6,567.30	6,519.73	6,584.30	6,519.73	6,584.30	6,519.73	6,584.30	6,519.73
Rate	1.54%	1.54%	1.57%	1.54%	1.57%	1.54%	1.57%	1.54%	1.57%	1.54%
Depreciation	**100.77**	**100.30**	**103.32**	**100.30**	**103.32**	**100.30**	**103.32**	**100.30**	**103.32**	**100.30**

Re: Operation & Maintenance (O&M) Expenses

25. Rosa, in the present Petition, has claimed O&M expenses of Rs. 2,352.43 Crore for the Control Period 2024-29, based on the O&M norms applicable to a 300 MW generating unit. Rosa has submitted that actual water charges of Rs. 2.41 Crore were incurred during FY 2024-25 and has projected water charges for FY 2025-26 to FY 2028-29 by applying an escalation rate of 4% per annum, as provided under the Water Use Agreement. Similarly, Rosa has submitted that actual security expenses of Rs. 5.57 Crore were incurred during FY 2024-25 and has projected security expenses for FY 2025-26 to FY 2028-29 by applying an escalation rate of 5% per annum.

26. Rosa has further submitted that no expenditure towards ash transportation was incurred during FY 2024-25. However, Rosa has projected ash transportation expenses of Rs. 10 Crore per annum for FY 2025-26 to FY 2028-29, considering an estimated transportation cost of Rs. 50 per tonne of ash, to meet the requirement of 100% ash utilisation in terms of the notifications issued by the Ministry of Environment, Forest and Climate Change (**"MoEF&CC"**) from time to time.

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27. In this regard, it is submitted that Regulation 25(3)(d)(v) of the Tariff Regulations, 2024 permits water charges, security expenses, ash transportation expenses and capital spares for thermal generating stations to be allowed separately, subject to prudence check. However, the amounts claimed by Rosa towards water charges, security expenses and ash transportation expenses for the future years are projected amounts and do not represent actual expenditure incurred by Rosa.

28. Accordingly, UPPCL respectfully submits that the aforesaid expenses ought to be considered for reimbursement only on actual basis, subject to prudence check and submission of relevant supporting documents by Rosa at the stage of Truing-up. The Hon'ble Commission may accordingly direct Rosa to furnish documentary evidence and supporting invoices/records substantiating the actual expenditure incurred towards water charges, security expenses and ash transportation expenses at the time of Truing-up.

29. In view of the foregoing, the allowable O&M expenses for the Control Period 2024-29 work out to Rs. 2,268.60 Crore, as against Rs. 2,352.43 Crore claimed by Rosa. Accordingly, the summary of the O&M expenses claimed by Rosa and the amount allowable is set out below:

O&M Expenses	2024-25		2025-26		2026-27		2027-28		2028-29	
Particulars	Claimed	Allowable	Claimed	Allowable	Claimed	Allowable	Claimed	Allowable	Claimed	Allowable
O&M (Rs.Lakh/MW)	34.04	34.04	35.83	35.83	37.71	37.71	39.69	39.69	41.78	41.78
O&M Expenses	408.48	408.48	429.96	429.96	452.52	452.52	476.28	476.28	501.36	501.36
Water Charges	2.41	-	2.51	-	2.61	-	2.71	-	2.82	-
Security Expenses	5.57	-	5.85	-	6.14	-	6.45	-	6.77	-
Ash Transportation Expenses	-	-	10.00	-	10.00	-	10.00	-	10.00	-
Total	**416.46**	**408.48**	**448.31**	**429.96**	**471.27**	**452.52**	**495.44**	**476.28**	**520.95**	**501.36**

Re: Interest on Working Capital (IoWC)

30. Rosa, in the present Petition, has claimed Interest on Working Capital **("IoWC")** amounting to Rs. 610.01 Crore for the Control Period 2024-29. It is observed that Rosa has considered maintenance spares equivalent to 20% of the O&M expenses, including water charges, security expenses and ash transportation expenses. However, Regulation 25(3)(e), read with Regulation 25(3)(d)(v), of the Tariff Regulations, 2024 provides that

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Power Purchase Agreement Directorate
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water charges, security expenses, ash transportation expenses and capital spares for thermal generating stations are to be allowed separately, subject to prudence check. Accordingly, the water charges, security expenses and ash transportation expenses considered by Rosa ought not to be included while determining maintenance spares for the purpose of computation of IoWC.

31. Further, as submitted in the preceding paragraphs, the amounts towards water charges, security expenses and ash transportation expenses projected by Rosa are not based on actual expenditure. Accordingly, UPPCL respectfully submits that such expenses may be considered for reimbursement only on actual basis, subject to prudence check and upon submission of relevant supporting documents by Rosa at the stage of Truing-up. The Hon'ble Commission may accordingly direct Rosa to furnish the requisite supporting documents substantiating the actual expenditure incurred towards the aforesaid expenses at the time of Truing-up.

32. Rosa has submitted that, in accordance with Regulation 25(3)(e) of the Tariff Regulations, 2024, the interest rate considered for FY 2024-25 and FY 2025-26 is the Bank Rate, i.e., 1-year SBI MCLR plus 350 basis points, prevailing as on 1 April of the respective financial year. For the subsequent years, Rosa has considered the interest rate applicable for FY 2025-26. Rosa has also furnished documentary evidence in support of the 1-year SBI MCLR considered for FY 2024-25 and FY 2025-26.

33. Rosa has further submitted that, for computation of the cost of coal and secondary fuel oil, the landed cost incurred, taking into account normative transit and handling losses, and the GCV of the fuel on an "as received basis" have been considered for the three months of January 2024, February 2024 and March 2024. The relevant monthly energy invoices have been furnished by Rosa in support thereof.

34. It is submitted that, consequent to the reduction in the additional capitalization considered for computation of GFA and the corresponding revision in other components of Annual Fixed Charges **("AFC")**, the amount of working capital corresponding to 45 days of capacity charges and energy charges also undergoes a corresponding reduction. Accordingly, the IoWC claimed by Rosa requires consequential revision.

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Uttar Pradesh Power Corp Ltd

35. In view of the foregoing, the allowable IoWC for the Control Period 2024-29 works out to Rs. 589.44 Crore, as against Rs. 610.01 Crore claimed by Rosa. Accordingly, the summary of the Interest on Working Capital claimed by Rosa and the amount allowable is set out below:

Interest on WC	2024-25		2025-26		2026-27		2027-28		2028-29	
Particulars	Claimed	Allowable	Claimed	Allowable	Claimed	Allowable	Claimed	Allowable	Claimed	Allowable
Cost of Coal 50 days	362.50	362.50	362.50	362.50	362.50	362.50	362.50	362.50	362.50	362.50
Cost of Secondary fuel 2 months	6.00	6.00	6.00	6.00	6.00	6.00	6.02	6.02	6.00	6.00
O&M expenses for 1 month	34.70	34.04	37.36	35.83	39.27	37.71	41.29	39.69	43.41	41.78
Maintenance Spares for 20% of O&M Expenses	83.29	81.70	89.66	85.99	94.25	90.50	99.09	95.26	104.19	100.27
Receivables 45 days	474.14	447.14	478.06	448.81	479.44	450.64	481.43	453.06	485.05	456.64
Total Working Capital	**960.60**	**931.38**	**973.55**	**939.14**	**981.43**	**947.36**	**990.29**	**956.53**	**1,001.12**	**967.19**
Rate	12.15%	12.15%	12.50%	12.50%	12.50%	12.50%	12.50%	12.50%	12.50%	12.50%
Interest on WC	**116.71**	**113.16**	**121.69**	**117.39**	**122.68**	**118.42**	**123.79**	**119.57**	**125.14**	**120.90**

Re: Statutory Charges

36. Rosa, in the present Petition, has projected Statutory Charges amounting to Rs. 4.80 Crore for the Control Period FY 2024-25 to FY 2028-29, based on the actual expenditure incurred during FY 2024-25. The said amount also includes application fees of Rs. 2.50 Crore towards the present Petition, which has been considered by Rosa in FY 2025-26.

37. It is observed that Rosa has not furnished any supporting documents substantiating the Statutory Charges projected for the aforesaid Control Period. Accordingly, the Hon'ble Commission may kindly direct Rosa to furnish the relevant supporting documents and documentary evidence in respect of the Statutory Charges claimed by it.

38. Further, Regulation 36 of the Tariff Regulations, 2024 permits Rosa to claim Application Fees and Statutory Charges separately, on an actual basis. However, Rosa has included the Statutory Charges within the Total Annual Fixed Charges, which is not in accordance with the provisions of the Tariff Regulations, 2024.

39. In view of the foregoing, it is respectfully submitted that Statutory Charges may be allowed strictly on an actual basis and subject to prudence check, upon Rosa furnishing appropriate supporting documents substantiating the expenditure incurred. Further, such

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(Anil Kumar)
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Uttar Pradesh Power Corp Ltd

Statutory Charges ought to be considered separately from the Total Annual Fixed Charges, in accordance with Regulation 36 of the Tariff Regulations, 2024. Accordingly, the summary of the Statutory charges claimed by Rosa and the amount allowable is set out below:

Statutory Charges	2024-25		2025-26		2026-27		2027-28		2028-29	
Particulars	Claimed	Allowable	Claimed	Allowable	Claimed	Allowable	Claimed	Allowable	Claimed	Allowable
Statutory Charges	0.46	-	2.96	-	0.46	-	0.46	-	0.46	-

Re: Annual Fixed Charges (AFC)

40. Rosa, in the present Petition, has projected Annual Fixed Charges **("AFC")** amounting to Rs. 4,798.38 Crore for the Control Period 2024-29. However, based on the aforesaid submissions, the allowable AFC for the Control Period 2024-29 works out to Rs. 4,649.12 Crore, as against Rs. 4,798.38 Crore claimed by Rosa. Accordingly, the AFC claimed by Rosa may be restricted to Rs. 4,649.12 Crore. Accordingly, the summary of the AFC claimed by Rosa and the amount allowable is set out below:

Particulars	2024-25		2025-26		2026-27		2027-28		2028-29	
	Claimed	Allowable	Claimed	Allowable	Claimed	Allowable	Claimed	Allowable	Claimed	Allowable
Depreciation	100.77	100.30	103.32	100.30	103.32	100.30	103.32	100.30	103.32	100.30
Interest on Loan	28.52	23.55	17.64	11.45	6.61	2.70	0.19	-	-	-
Return on Equity	251.75	250.37	252.51	250.37	253.28	250.37	253.28	250.37	253.28	250.37
Interest on WC	116.71	113.16	121.69	117.39	122.68	118.42	123.79	119.57	125.14	120.90
O&M Expenses	416.46	408.48	448.31	429.96	471.27	452.52	495.44	476.28	520.95	501.36
Statutory Charges	0.46	-	2.96	-	0.46	-	0.46	-	0.46	-
Total	**914.68**	**895.87**	**946.45**	**909.48**	**957.62**	**924.31**	**976.48**	**946.52**	**1,003.15**	**972.94**

41. It is submitted that UPPCL reserves its right to place on record any further submissions/replies as and when necessitated during the course of the present proceedings before this Hon'ble Commission.

42. In view of the detailed submissions, objections and analysis presented hereinabove, it is respectfully submitted that the claims made by Rosa, particularly with respect to the additional capital expenditure for the 2nd raising of the bund for Ash Dyke Lagoon-2, along with the consequential impact on GFA, Return on Equity, Interest on Loan Capital, Depreciation, O&M Expenses, Interest on Working Capital, and Statutory

NOTARY R.C. VERMA Adv. & NOTARY U.P. India Regd. No. 31/04/2000 GOVT. OF UTTAR PRADESH

(Anil Kumar)
Superintending Engineer
Power Purchase Agreement Directorate
Uttar Pradesh Power Corp Ltd

Charges, are not tenable and deserve to be rejected by this Hon'ble Commission. Rosa has not demonstrated the prudence, necessity, or regulatory compliance required to justify the claims made in the Present Petition.

43. Pass such other order(s)/direction(s) as this Hon'ble Commission may deem just and proper in the facts and circumstances of the present case.

(Anil Kumar)
Superintending Engin...
Power Purchase Agreement D...
Uttar Pradesh Power Co...

RESPONDENT
UTTAR PRADESH POWER CORPORATION LIMITED

THROUGH
HSA ADVOCATES
(COUNSELS FOR THE RESPONDENT)
81/1 ADCHINI,
SRI AUROBINDO MARG,
NEW DELHI-110017

DATE: 31.08.2026
PLACE: LUCKNOW

NOTARY
R.C. VERMA
ADV & NOTARY
LUCKNOW U.P. India
Regd. No. 31/64/2000
STATE OF UTTAR PRADESH

BEFORE THE HON'BLE UTTAR PRADESH ELECTRICITY REGULATORY COMMISSION, LUCKNOW, UTTAR PRADESH

PETITION NO. 2246 OF 2025

IN THE MATTER OF:

Rosa Power Supply Company Limited ... Petitioner

Versus

Uttar Pradesh Power Corporation Limited ...Respondent

AFFIDAVIT

I, Anil Kumar, S/o Shri Om Prakash, aged about 37 years, being the authorized signatory of the Respondent - Uttar Pradesh Power Corporation Limited (UPPCL), having office at Shakti Bhawan, 14 Ashok Marg, Lucknow, being the authorized representative of the Respondent company, do hereby solemnly affirm and state as under:

1. That I am the authorized signatory/authorized representative of the Respondent Company. I am fully conversant with the facts and circumstances of the case, and I have been duly authorized and I am, therefore, competent to affirm this affidavit.

2. That the present Reply has been drafted on my instructions and I affirm that the facts stated therein are true to my knowledge based on the records which I believe to be true and correct. The contents of all paragraphs of the present Reply and parts thereof are true to the knowledge of the deponent.

3. That the documents/Annexures relied upon and referred to in the accompanying Reply are true copies of their respective originals.

(Anil Kumar)
DEPONENT
Superintending Engineer
Power Purchase Agreement Directorate
Uttar Pradesh Power Corp Ltd

Sworn and Verified before me.

31/01/2026

R. C. VERMA
Adv. & NOTARY
Collectorate Court
Lucknow U.P. India
Regd. 31/64/2000

VERIFICATION

I, the above-named deponent, do hereby verify that the contents of this affidavit are true and correct to my knowledge, no part of it is false and nothing material has been concealed therefrom.

Verified by me on ____ day of _____, 2026 at _____

(Anil Kuma
DEPONENT
Superintending Er
Power Purchase Agreem orate
Uttar Pradesh Powe Ltd.

NOTARY
R.C. VERMA
ADV. & NOTARY
Lucknow U.P. India
Regd. No. 31/64/2000
GOVT. OF U.P. PRADESH

Sworn and Verified
before me.
31/10/2026
R. C. VERMA
Adv. & NOTARY
Collectorate Court
Lucknow U.P. India
Regd. 31/64/2000