HSA ADVOCATES
HEMANT SAHAI ASSOCIATES

MATTER UPDATE

HSA Advocates successfully represented Uttar Pradesh Power Corporation Limited before the Uttar Pradesh Electricity Regulatory Commission in proceedings concerning the true-up of generation tariff for the 4x300 MW Rosa Thermal Power Plant of Rosa Power Supply Company Limited.

One of the key issues before the Ld. Uttar Pradesh Electricity Regulatory Commission ("UPERC") was whether Rosa Power Supply Company Limited ("RPSCL") could recover additional capital expenditure of Rs 30.57 crore for FY 2020-21, towards the second raising of the Lagoon-1 Ash Dyke Bund and the Side Stream Filtration System, when most of the expenditure had been incurred through a related party without the prior approval of UPPCL. RPSCL contended that the contractor was not a related party under the Companies Act, 2013, that the work order and payments pre-dated the UPERC Generation Tariff Regulations, 2019, and that the requirement of prior approval could not be applied retrospectively. UPPCL opposed the claim, inter alia, on the grounds that the related-party status of the contractor had already attained finality in earlier orders and that the expenditure was inadmissible in the absence of prior approval under Regulation 17(6) of the 2019 Regulations.

In a significant order dated 02.09.2026, the Ld. UPERC approved additional capitalisation of only Rs 3.29 crore against the Rs 30.57 crore claimed. The Commission noted that REL Utility Engineers Pvt. Ltd. (formerly CLE) had already been conclusively held to be a related party in its earlier orders dated 04.02.2020, 16.05.2023 and 02.05.2024, none of which had been challenged. UPERC accordingly disallowed Rs 16.73 crore towards the Lagoon-1 claim and Rs 10.54 crore towards Side Stream Filtration System claim, as the relevant expenditure had been incurred through the related party without UPPCL's prior approval.

MATTER UPDATE

Rejecting the plea against retrospective application, UPERC held that since the capitalisation took place in FY 2020-21, the 2019 Regulations governed the prudence check. It further observed that RPSCL, despite being aware that a major part of the expenditure was incurred before 31.03.2019 and that the 2019-24 true-up would be governed by the 2019 Regulations, had chosen not to object at the public hearing on the draft Regulations.

This matter was led by **Hemant Sahai** (Founding Partner), **Nitish Gupta** (Partner), **Nipun Sharma** (Associate Partner) and **Varnika Tyagi** (Associate).