

4th September 2019

U.P. Hikes electricity tariff for Domestic and Industrial users upto 12%

First of all, Happy Ganesh Chaturthi to all of you.

We are starting the weekly news clip with the aim to spread some relevant news which will help in improving the environment.

UP Govt. have increased the power tariff for the F.Y. 2019-20 with immediate effect. The impact of the same will be on Urban Domestic consumers (8-12% hike) as well as **Industrial (heavy) consumers**¹(5-10% hike).

The comparison chart of new power tariff rates with old rates is as follow:

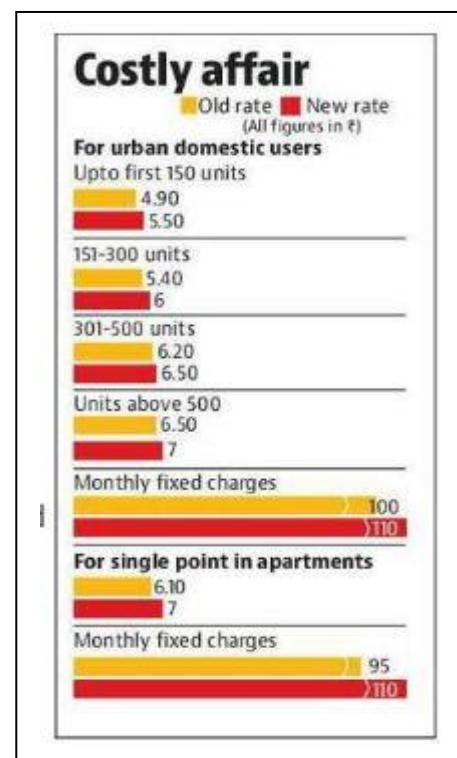


Table-1

Power Consumption	Old Rate (Rs. /unit)	New Rate (Rs. Per unit)	% increase in power tariff
Urban Domestic users			
Upto 150 units	4.90	5.50	12.24%
151-300 units	5.40	6.00	11.11%
301-500	6.20	6.50	4.83%
Above 500 units	6.50	7.00	7.69%
Monthly Fix Charges	Rs. 100 / kw	Rs. 110 / kW	10%
For Single Point Supply System²(SPSS) in apartments (i.e. Multi-storey flat owners)			
Any slab	Rs. 6.10 /unit	Rs. 7.00/unit	14.75%
Monthly Fix Charges	Rs. 95/kW	Rs. 110/kW	15.78%
For Multiple Point Supply System (MPSS) in apartments³			
No Slab system-Flat charging @	Rs. 6.20	R. 6.20	No change

UPERC had last year done away with the Single Point supply. It means all new multi-storey buildings will get permission only for Multi-point supply system. Drive for conversion of "SPSS" to "MPSS" is under way by UPPCL.

¹Having sanction load of 75kW & above.

²Single point supply is one in which there is one centralized meter and the builder collect the electricity charges from individual residents based on the reading in the sub-meter.

³Multi-point supply system each flat has its own independent meter.

Suggestions to neutralize the effect of this increased power tariff:

1. Shift to Solar Power without any further delay, because:

- it will reduce your dependency on Grid Power & electricity bills will be reduced by at-least 50%;
- Initial investment can be made by individual from their own sources, because now a day's Solar power plant is not very expensive. It cost you:

Table -2

Capacity of Solar Power Plant	Cost Net of Subsidy ⁴	Area required	Monthly generation ⁵
5 kW	Rs. 1.90 Lakh	500 Sq. ft.	500 units
10 kW	Rs. 4.10 Lakh	1,000 Sq. ft.	1,000 units
<ul style="list-style-type: none"> • GST @ 8.9% & Net Meter cost of Rs. 15,000/- will be charged extra. 			

- Investment in Solar Power will make sense in the current scenario from Financial as well as environment angles;
- From Financial angle, I can say that residence owners, having Independent bungalows will recover their investment within 5-6 years and the Return on Investment (ROI) is over 12%. Further, there will be no extra cash flow burden on individual as the savings from power will cover the EMI.

Table -3

Assumption:	Scenario as on today	Scenario after installation of Solar Power Plant
10 kW Sanctioned load & Monthly Power Consumptions of say, 2,000 units	Payment to UPPCL Rs.	Payment to UPPCL & Bank Rs.
Energy Charges	14,200	7,100
Fix Charges	1,155	1,155
EMI payable in 6 years	Nil	6,100
Total cash Outflow	15,355	14,355
Monthly Saving during first year		Rs. 1,000 p.m.
Monthly Savings 6th year onward		Rs. 6,800 p.m.
Total Saving during the first 6 years after EMI payment		Rs. 65,000/-
Total Saving during 6th to 25th year		Rs. 16.50 Lakh
Total Saving in 25 years		Rs. 17.15 Lakh

⁴Subsidy @ 24% of the cost will be available directly to the client.

⁵Depend on conducive weather and availability of grid power

- Therefore, even if the residence owners take loan against their FDR or LIC Policy, on which they are not getting a return of not more than 7% p.a. can earn more than 12% p.a. Repayment of the bank loan can easily be made out of the power savings and within 6 years you will be free from EMI and getting free power for the next 20 years.

2. Owners of Apartment at Multi storied residential building should shift to Multiple Point Supply System (MPSS)

Please refer to Table-1, where there is increase of Rs. 0.80 per unit for the Single Point Supply but there is no increase in tariff rate for the Multiple Point Supply System. This will reduce the monthly power bills for the individual apartment owners. UPPCL is also taking up this matter on priority basis. In addition to that builder can take a separate meter to get the power for common area of the Multi-storied building, which can further support by solar power to reduce the Monthly Maintenance charges.

For more detail and any clarification, please contact us:

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