

# HIMACHAL PRADESH ELECTRICITY REGULATORY COMMISSION



## **Multi Year Tariff Order**

**For 2<sup>nd</sup> MYT Control Period**

**(FY12-FY14)**

**For**

**H.P. Load Despatch Society  
(HPLDS)**

**January 5, 2013**

**BEFORE THE HIMACHAL PRADESH ELECTRICITY REGULATORY  
COMMISSION AT SHIMLA**

CASE NO.  
125/2011

CORAM

SUBHASH CHANDER NEGI

IN THE MATTER OF:

Filing of Aggregate Revenue Requirement (ARR) of State Load Despatch Centre for the MYT Control Period (FY12 – FY14) under section 32 and 86 of the Electricity Act, 2003.

AND

IN THE MATTER OF:

Himachal Pradesh Load Despatch Society, SLDC Complex, Jutogh, Shimla-171011.

... APPLICANT

The Himachal Pradesh Load Despatch Society (hereinafter called as “HPLDS” or “the HPLDS”) has filed a petition with the Himachal Pradesh Electricity Regulatory Commission (hereinafter referred to as “the Commission” or “HPERC”) for approval of its Aggregate Revenue Requirement (ARR) and determination of SLDC Charges for the Second MYT Control Period (FY12 to FY14) under Sections 32 and 86 of the Electricity Act, 2003 (hereinafter referred to as “the Act”), read with the HPERC (Levy and Collection of Fees and Charges by State Load Despatch Centre) Regulations, 2011.

The Commission having heard the applicant, interveners, consumers, consumer representatives of various consumer groups on October 8, 2012 at Shimla, and having had formal interactions with the officers of HPPTCL and having considered the documents available on record, herewith accepts the applications with modifications, conditions and directions specified in the following Tariff Order.

The Commission has determined the ARR of HPLDS for each year of the Second Control Period (FY12 – FY14) under the Multi Year Tariff (MYT) regime and approved the annual revenue requirement for the Control Period duly taking into account the guidelines laid down in Section 61 of the Act, the National Electricity Policy, the National Tariff Policy and the regulations framed by the Commission.

The Commission, in exercise of the powers vested in it under Section 62 of the Act, orders that the approved annual revenue requirement shall come into force w.e.f. 1 April 2011. However the Petitioner has not entered in to Contacted Capacity Agreements with its users. In the absence of these agreements; the Commission is unable to determine the SLDC

charges for the Control Period. In view of this the ARR shall be recoverable by the Petitioner from HPSEBL and GoHP in proportion to their Total Capacity Allocation in various projects. The arrears (payables/ receivables) for the FY12 and FY13 have been calculated in Table 15 of this order.

In terms of sub-regulation (10) of Regulation 9 of the HPERC (Levy and Collection of Fees and Charges by State Load Despatch Centre) Regulations, 2011, the tariff order shall, unless amended or revoked, continue to be in force up to 31 March, 2014.

Shimla

(Subhash Chander Negi)

Chairman

Dated: 5<sup>th</sup> January, 2013

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# Background and History

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## Overview of HPLDS

- 1.1 The State Load Despatch Centre (SLDC) was established in Himachal Pradesh in 2002 and Himachal Pradesh State Electricity Board Ltd. (erstwhile HPSEB) has been operating it since then. HPSEB Ltd was the sole utility looking after the businesses of generation, transmission and distribution of power in the state. With the enactment of Electricity Act, 2003, which broadly focuses on making the power sector competitive, different utilities have been set up in the state to look after the businesses of generation and transmission of power, whereas HPSEB Ltd. continues to be the only utility in the distribution business in the state. The HV/EHV lines previously classified as intra-state transmission lines to have been owned by the State Transmission Utility are now owned by HPSEBL and have been classified as HV/EHV distribution lines. Therefore, unlike many other states of the region where the SLDC functions were assigned to the State Transmission Utility, in Himachal Pradesh, SLDC functions continued to remain under HPSEB Ltd.
- 1.2 In order to ensure that SLDC discharges the functions and duties entrusted with it in the Electricity Act 2003, in an efficient and effective manner, the Himachal Pradesh Electricity Regulatory Commission imparted directions to HPSEB Ltd. to take steps to ring fence SLDC, and grant it functional autonomy.
- 1.3 In line with this, the Govt. of Himachal Pradesh ordered the establishment of State Load Despatch Centre as an independent entity in the form of “Himachal Pradesh State Load Despatch Society” vide its order No. MPP-B (13)-2/2010 dated 8.11.2010. HPSEB Ltd. has put the services of some of its employees on secondment basis with Himachal Pradesh Load Despatch Society with effect from 17<sup>th</sup> June 2012. Himachal Pradesh Load Despatch Society has therefore deemed to have taken over the functions of State Load Despatch Centre from HPSEB Ltd. with effect from 17<sup>th</sup> June 2012.
- 1.4 However, the two fold reasons of HPSEB Ltd. being the only DISCOM in the state, and for it to have carried out the SLDC functions for so long, have added to the complexities of transferring the functions of SLDC from HPSEB Ltd. to Himachal Pradesh Load Despatch Society. The unique initiative of the integrated functioning of SLDC (with Himachal Pradesh Load Despatch Society) and ALDC (HPSEBL) taken up in HP, adds to the difficulties likely to arise during the transition phase. Since ALDC facility of HPSEB Ltd and SLDC facility of Himachal Pradesh Load Despatch Society are located in the same complex; the necessary assets required for SLDC operation have not been transferred by HPSEB Ltd. to Himachal Pradesh Load Despatch Society till date.
- 1.5 The biggest challenge today is to provide Himachal Pradesh Load Despatch Society the necessary infrastructure and human resources so that it can carry out its functions and duties as per the Act. Simultaneously with the coming up of large number of power projects and proposed open access to consumers having demand more than 1 MW in the

state in future, the role of State Load Despatch Centre becomes more important as it is designated as the apex body for the integrated operation of the power system in the state by the Act.

### **Multi Year Tariff Framework**

- 1.6 The Commission follows the principles of Multi Year Tariff (MYT) for determination of tariffs, in line with the provision of Section 61 of the Act.
- 1.7 The MYT framework is also designed to provide predictability and reduce regulatory risk. This can be achieved by approval of a detailed capital investment plan for the Petitioner, considering the expected network expansion and load growth during the Control Period. The longer time span enables the Petitioner to propose its investment plan with details on the possible sources of financing and the corresponding capitalization schedule for each investment.
- 1.8 The Commission had specified the terms and conditions for the determination of tariff in the year 2004, based on the principles laid down under Section 61 of the Electricity Act 2003. Thereafter, the Commission had notified the HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2007; HPERC (Terms and Conditions for Determination of Hydro Generation Tariff) Regulations, 2007 and HPERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2007 and the previous tariff regulations of 2004 had been repealed.
- 1.9 Subsequently, the Commission notified HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011; HPERC (Terms and Conditions for Determination of Hydro Generation Tariff) Regulations, 2011 and HPERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2011 and the previous tariff regulations of 2007 have been repealed. The Commission also notified the HPERC (Levy and Collection of Fees and Charges by the State Load Despatch Centre) Regulations, 2011 for levy of charges by the SLDC.
- 1.10 The Commission vide notification dated 2nd April 2011, in exercise of the powers conferred by Clause (16) of Regulation 3 of the Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Transmission Tariff) Regulations, 2011 fixed the duration of the Second Control Period as three years starting from 1st April 2011.

### **Filing of Petition by HPSLDS**

- 1.11 In exercise of the powers conferred by clause (g) of sub-section (2) of section 181, read with sub-section (3) of section 32, of the Electricity Act, 2003 (36 of 2003) and all other

powers enabling it in this behalf, the Himachal Pradesh Electricity Regulatory Commission has notified the **Himachal Pradesh Electricity Regulatory Commission (Levy and Collection of Fees and Charges by State Load Despatch Centre) Regulations, 2011** for levy and collection of fees and charges by the State Load Despatch Centre (SLDC) from generating companies and licensees, engaged in Intra-State transmission of electricity.

- 1.12 Accordingly HP Load Despatch Society (herein after referred to as HPLDS or the “Petitioner”) filed petition No. 125/2011 on 18<sup>th</sup> November 2011 with the Commission for determination of Aggregate Revenue Requirement (ARR) and for determination of SLDC fees and charges for the 2<sup>nd</sup> MYT Control Period FY12-14.
- 1.13 The Petitioner was informed vide HPERC letter no. HPERC/F3(4)/SLDC MYT Pet125-2011/Vol-I/2011-12/3031 dated 28.12.2011 of the shortcomings/ deficiencies discovered during the preliminary scrutiny of the petition. These observations/ deficiencies were partially addressed by HPLDS vide letter no. HPLDS/ARR/SLDC-15/2011-12-266 dated 28<sup>th</sup> January 2012 but non-submission of complete data/ information still remained a concern before the commission.
- 1.14 The Petitioner was again informed of the pending shortcomings/ deficiencies in the petition vide HPERC letter no. HPERC/F3(4)/SLDC MYT Pet125-2011/Vol-I/2011-12/710 dated 1<sup>st</sup> March 2012. These deficiencies were attended to; though not fully, by the HPLDS vide Miscellaneous Application no. 87/2012 dated 17.05.2012.

#### **Admission of Petition:**

- 1.15 On June 7, 2012 the petition was admitted and HPLDS was directed to take action under Section 64(2) of the Act read with regulation 16(5) of HPERC (Conduct of Business) Regulations, 2005 for publishing the application in the abridged form.

#### **Action by Petitioner HPLDS under Section 64(2) of the Act**

- 1.16 In pursuance to the Directions imparted vide Interim Order dated June 7, 2012, the HPLDS published the salient features of the Petition No. 125/2011 in the following newspapers:-

1. ‘Amar Ujala’ (Chandigarh) dated June 15, 2012.
2. ‘The Tribune’ dated June 16, 2012.

The same were again published in following newspapers

1. ‘Divya Himachal’ dated June 18, 2012.
2. ‘The Indian Express’ dated June 19, 2012.



## **Public Notice by HPERC for Inviting Objections/ Suggestions and for Public Hearing**

- 1.17 In accordance with section 64 (3) of the Act, the Commission through Public Notices in the Newspapers 'The Tribune' and 'Punjab Kesari' dated June 20, 2012; invited suggestions and objections from the public on petition no. 125/2011 filed by HPLDS. The interested parties/ stakeholders were requested to file their objections and suggestions by date July 10, 2012.
- 1.18 The date of filing reply by the Petitioner was fixed for July 17, 2012 and the date for filing rejoinders, if any, was fixed for July 24, 2012.
- 1.19 The HPERC on date September 21, 2012 issued a public notice in the newspapers 'Punjab Kesari' and 'The Tribune' informing the general public about the scheduled date of October 8, 2012 for the Public Hearing. All the parties, who had filed their objections/ suggestions, were also informed about the date, time and venue for presenting their case in the Public Hearing.
- 1.20 In all, The Commission received objections from only Sh. P.N. Bhardwaj (Consumer Representative). The Petitioner filed its reply on October 5, 2012 to which no rejoinder was filed.
- 1.21 Public hearing was held on the Scheduled Date and time i.e. October 8, 2012, 15:00 Hrs in the Commission's Court Room at Shimla. Various issues were raised by the representatives of Directorate of Energy during the Public Meeting.
- 1.22 The Commission in pursuance to the provisions of the Section 94(3) of the Electricity Act 2003, since May 18, 2006, has authorized Shri P.N. Bhardwaj as the 'Consumer Representative' to present the interest of the consumers in all the proceedings before the Commission. Shri P.N. Bhardwaj presented himself in the Public Hearing held on October 8, 2012.
- 1.23 The issues and concerns voiced by various objectors have been carefully examined and accordingly considered by the Commission.

# Summary of HPLDS ARR and Tariff Petition for MYT Control Period FY 2011-12 to FY 2013-14

## Introduction

- 2.1 This chapter summarizes the highlights of the Petition filed by HP Load Despatch Society (HPLDS) including the Aggregate Revenue Requirement (ARR) and the Proposed Tariff for the Second Control Period FY12-FY14 as per the Himachal Pradesh Electricity Regulatory Commission (Levy and Collection of Fees and Charges by State Load Despatch Centre) Regulations, 2011.

## Employee Expenses

### Employee Expenses Up to FY 2010-11

- 2.2 The petitioner has submitted that during FY10 and FY11, the SLDC functions were with HPSEB Ltd. The audited and segregated employee expenses for the base year are not available. These expenses for FY 11 have been provisionally taken same as that of the FY 10. The Employee Expenses incurred by HPSEBL on the SLDC function have been accordingly tabulated as follows:-

**Table 1: Segregated Employee Expenses of SLDC function (provisional) (Rs Lacs)**

EMPLOYEE COSTS	FY 10	FY 11
	Actual	Prov.
<b>Salaries &amp; Allowances</b>		
Salaries (Basic) + Dearness Pay	347.27	347.27
Grade pay	0.00	0.00
DA	173.94	173.94
Other Allowances	24.74	24.74
<b>Salaries – Total</b>	<b>545.95</b>	<b>545.95</b>
Medical expense Reimbursement	5.05	5.05
Earned Leave encashment	6.91	6.91
Staff Welfare expenses	0.05	0.05
<b>Other Staff Costs – Total</b>	<b>12.00</b>	<b>12.00</b>
Provident Fund Contribution	0.00	0.00
Pension	0.00	0.00
Gratuity	0.00	0.00
Any other items	0.05	0.05
<b>Terminal benefits – Total</b>	<b>0.05</b>	<b>0.05</b>
<b>Gross Employee cost</b>	<b>558.01</b>	<b>558.01</b>
Less: capitalisation	24.96	24.96
<b>Net Employee costs</b>	<b>533.05</b>	<b>533.05</b>

### Employee Expenses for FY 2011-12 to FY 2013-14

- 2.3 HPLDS has come in to existence on June 17, 2012 and therefore is responsible for operation of SLDC function from FY 12. The employee Expenses for this period have

been computed on the basis of current sanctioned strength only.

- 2.4 The Petitioner has submitted that the details of Annual Employee Expenses for the Financial Year 2011-12 has been calculated based on the staff deputed from HPSEBL to HPLDS on secondment basis.
- 2.5 The salary detail has been calculated by considering the basic salary at the maximum level of the scale. This has been done to accommodate the employees who join on transfer and are at higher level of basic salary as compared to the existing employees.
- 2.6 The other allowances have been considered at a level of 30% of the basic salary.

**Table 2: Computation of Annual Employee Expenses for FY 12**

S.N.	Name of Post	No. of Posts	Monthly			Yearly		
			Basic	Grade Pay	Other Allowances	Basic	Grade Pay	Other Allowances
1	Superintending Engineer	1	67000	9600	20100	804000	115200	241200
2	Sr. Executive Engineer	1	39100	8500	11730	469200	102000	140760
3	AE/AEE	7	39100	5800	11730	3284400	487200	985320
4	Addl. Private Secretary	1	34800	4650	10440	417600	55800	125280
5	Sr. Assistant	1	34800	4300	10440	417600	51600	125280
6	Sr. Scale Stenographer	1	34800	4300	10440	417600	51600	125280
7	Office Attendant /Peon	2	10860	4300	3258	260640	103200	78192
8	Financial Officer	1	39100	1550	11730	469200	18600	140760
<b>Total</b>			<b>In Rupees</b>			<b>6540240</b>	<b>985200</b>	<b>1962072</b>
			<b>In Lacs</b>			<b>65.40</b>	<b>9.85</b>	<b>19.62</b>
<b>Grand Total (In Lacs)</b>						<b>94.88</b>		

- 2.7 The Petitioner has computed the employee costs based on the following methodology

$$EMP_n = (EMP_{n-1}) * (1+G_n) * (CPI_{inflation})$$

where,

CPI<sub>inflation</sub> has been computed as average of FY 08, FY 09 & FY 10.

G<sub>n</sub> (Growth Factor) has been assumed as 0% as no new post is proposed to be sanctioned during MYT Control Period.

- 2.8 The escalation factor or inflation factor used for indexing has been calculated using the average of CPI (overall) for Industrial Workers. The projected CPI (overall) for Industrial Workers has been arrived at by averaging the actual growth in CPI indices for the period 2007-08 to 2009-10 as stipulated in the regulations. The actual CPI (overall) for Industrial Workers is summarized below:

**Table 3: Average CPI Index**

Year	CPI Index (for Industrial workers)	Growth in CPI Index
2004-05	520	
2005-06	542	4.23%
2006-07	580	7.01%
2007-08	615	6.03%
2008-09	671	9.11%
2009-10	753.5	12.30%
<b>Average</b>		<b>9.29%</b>

- 2.9 On the basis of escalation factors computed above, the Employee Expenses for FY 2011-12 to FY 2013-14 have been calculated as below.

**Table 4: Employee Cost and Provisions (Rs Lacs)**

Particulars	Control Period		
	FY 12	FY 13	FY 14
<b>Wing Wise Details - FAO, Civil, Head Office, etc</b>			
<b>Salaries &amp; Allowances</b>			
Salaries (Basic) + Dearness Pay	65.40	67.36	69.39
Grade pay	9.85	10.75	11.74
DA	36.12	57.80	99.41
Other Allowances	19.62	21.42	23.37
<b>Total Salaries and Allowances</b>	<b>131.00</b>	<b>157.33</b>	<b>203.90</b>
<b>Other Staff Costs</b>			
Medical expense Reimbursement	2.29	2.36	2.43
Staff Welfare expenses	0.48	0.48	0.48
<b>Total - Other Staff Costs</b>	<b>2.77</b>	<b>2.84</b>	<b>2.91</b>
Cost of Contractual Employees		22.80	30.00
<b>Grand Total</b>	<b>133.77</b>	<b>182.97</b>	<b>236.81</b>
Chargeable To Construction Works	0.00	0.00	0.00
<b>Balance Item 'F' Appropriate For (F)-(G)</b>	<b>133.77</b>	<b>182.97</b>	<b>236.81</b>
<b>Relevant Indices Of Wages Increase (As At The Beginning &amp; End Of The Year)</b>			
WPI			
CPI	9.29%	9.29%	9.29%
D.A Rate			

- 2.10 The Basic Salary component of the employee expense for the MYT Control period (FY12-FY14) has been calculated by escalating the projected FY 12 basic salary by 3% every year. This 3% increase in salaries & allowances has been considered by the Petitioner owing to annual increments. Due to increase in Basic, other allowances like DA, HRA, which are linked to Basic, have also been increased.
- 2.11 The Grade Pay and other allowances have been escalated by CPI as computed above.
- 2.12 DA has been calculated by considering two half yearly increments of 6% each every year for projecting the DA for subsequent years of the control period. This increase in DA has been estimated considering the past trends of increase in DA for the employees of

HPLDS and the same is in line with that of State Government employees.

- 2.13 The Medical Expenses for the Control Period have been considered in proportion to 3.5% of basic salary for every year, while the Staff Welfare Expenses have been kept at the FY12 level of Rs 0.48 Lacs.
- 2.14 As all the employees of HPLDS are on secondment basis from HPSEB Ltd., the Terminal Benefits of these employees have to be borne by the HPSEBL and HPLDS has not considered the same.
- 2.15 The Petitioner has submitted that the Employee Expenses prior to 17.06.2011 incurred by HPSEBL will be reimbursed by HPLDS to HPSEBL on pro rata basis.
- 2.16 The petitioner has proposed to hire contractual staff for smooth functioning of SLDC functions during the FY 13 and FY 14. The Proposed employee expenses for the MYT Control Period are tabled below:-

**Table 5: Employee Expenses (Contractual) for MYT Control Period (FY12-FY14) (Rs. Lacs)**

S.N.	Name of Post	FY 12 Annual Salary	FY 13			FY 14		
			No of Posts	Monthly Salary / Person	Annual Total	No. of Posts	Monthly Salary / Person	Annual Total
1	Technical Staff	0	4	0.35	16.80	5	0.35	21.00
2	Non Technical Staff	0	2	0.25	6.00	3	0.25	9.00
<b>Grand Total</b>		<b>0</b>	<b>6</b>	<b>0.60</b>	<b>22.80</b>	<b>8</b>	<b>0.60</b>	<b>30.00</b>

### **Administrative and General Expenses**

- 2.17 The Petitioner has submitted that as it has no infrastructure of its own, the Administrative and General Expenses for the MYT Control Period (FY12-FY14) have been projected on the basis of provisional expenses incurred in FY 11 and 20% of same has been apportioned as per the current financial arrangement between HPSEB Ltd. and HPLDS for use of the infrastructure by the later. HPLDS has submitted that only the consolidated Main Accounts of HPSEB Limited have been finalized for FY 11 and the same are in the process of statutory audit. However, the separate function wise accounts (i.e. Generation, Transmission, Distribution, Head Office and SLDC) will be prepared once the statutory audit of Main Accounts is over and as such these are not available presently. Further, the provisional figures of FY 12 are also not available as the same are under preparation by HPSEB Ltd.
- 2.18 The petitioner has submitted that since the accounts of FY 11 have not been finalized by the HPSEBL as yet, the A&G Expenses for FY 11 have been considered at the same level as FY 10.

2.19 The petitioner has worked out the A & G Expenses during the Control period on the basis of the methodology as per MYT Regulations notified by the Commission. The A & G expenses for the year n have been calculated as:-

$$A\&G_n = (A\&G_{n-1}) * (WPI_{inflation})$$

where,

$WPI_{inflation}$  has been computed as average of FY 08, FY 09 & FY 10.

2.20 The escalation factor or inflation factor to be used for indexing has been calculated by the petitioner using the average of WPI (overall). The projected WPI (overall) has been arrived at by averaging the actual growth in WPI indices for the period 2007-08 to 2009-10 as stipulated in the regulations. The actual WPI (overall) is as tabled below:

**Table 6: Average WPI Index**

Year	WPI Index (Overall)	Growth in WPI Index
2004-05	187.3	
2005-06	195.6	4.43%
2006-07	206.2	5.42%
2007-08	215.7	4.61%
2008-09	233.9	8.44%
2009-10	242.9	3.85%
<b>Average</b>		<b>5.63%</b>

2.21 Rent, Rates & taxes, Telephone & Postage, Conveyance and Travel, Fees and Subscription, Printing & Stationery, Electricity & Water Charges and Miscellaneous Expenses are presently shared by the Petitioner with HPSEBL and only 20% of these expenses have been considered in the ARR of MYT Control Period (FY12-FY14).

2.22 Consultancy Charges for FY 12 has been proposed on the basis of existing contracts. Further, For FY 13 and FY 14, the consultancy charges have been proposed at Rs 5 Lacs each to take care of consultancy services, if required, in the future.

2.23 As HPLDS is an independent agency, the Regulatory Expenses, Income Tax Updating Charges, Legal Charges and Audit Fee have to be borne by the HPLDS only and hence have been accordingly provisionally projected.

2.24 SLDC has proposed an expenditure of Rs 4 Lacs for (FY 2012) & Rs 5 Lacs each for FY 13 and FY 14 to fulfil the training requirement of the HPLDS officials to independently handle the SLDC.

2.25 A provision of Rs 5.00 Lacs has been kept in FY 12 for initial investment for IT Equipments. Thereafter, a provision of Rs. 2.00 Lacs per year has been considered for FY 13 and FY 14 to take care of IT requirements in future.

2.26 The Petitioner has proposed to have 8 No.s of Houses on monthly rental basis (rent Rs 7000 p.m.) as accommodation for Shift Staff from FY 2013 onwards.

2.27 HPLDS has projected an amount of Rs 3.00 Lacs per year as its website development/ updating charges.

## ULDC and Associated Charges

- 2.28 The ULDC Scheme charges, as billed by NRLDC, have been projected for FY 12 on the basis of actual bills received by HPSEBL/HPLDS in the FY 12. These charges have been escalated by 10% for FY 2013 and FY 14. The petitioner has submitted that even though it has been suggested by the HPSEBL that only 20% of these charges have to be shared by HPLDS, the full value of same has been taken in the HPLDS ARR as these charges have to be billed to and paid by SLDC only and subsequently recovered from stakeholders.
- 2.29 AMC Charges for SCADA, RTU, Wideband Communication, OPGW and PLCC have to be taken care of by SLDC only and these have been considered in the ARR accordingly. These charges have been escalated by 10% for FY 2013 and FY 14.
- 2.30 ULDC-II Scheme is envisaged to be effective from mid of FY 14. As the ULDC-II Scheme is inclusive of the annual AMC Charges, these charges will not be applicable once the ULDC-II Scheme becomes effective. As such only 50% of annual AMC charges have been considered for FY 14. The Petitioner has submitted that as order on ULDC-II Scheme is yet to be issued by CERC, an amount Rs 200 Lacs has been considered for FY 14.
- 2.31 The Petitioner has proposed the A&G Expenses and ULDC charges for MYT Control as tabulated below:

**Table 7: Administration & General Expenses and ULDC Charges (Rs Lacs)**

S.No.	Particulars	Control Period		
		FY 12	FY 13	FY 14
<b>A)</b>	<b>Administration Expenses</b>			
1	Rent, Rates & Taxes	0.32	0.34	0.36
2	Telephone, Postage & Telegrams	1.00	1.05	1.11
3	Consultancy Charges	6.00	5.00	5.00
4	Conveyance & Travel	1.79	1.89	2.00
5	Regulatory Expenses	2.00	2.00	2.00
6	Income Tax Updating Charges	1.00	1.00	1.00
	<b>Sub-Total of Administrative Expenses</b>	<b>12.11</b>	<b>11.28</b>	<b>11.47</b>
<b>B)</b>	<b>Other Charges</b>			
1	Fees & Subscriptions, Books & Periodicals	0.05	0.05	0.05
2	Printing & Stationery	0.18	0.20	0.21
3	Advertisement Expenses	2.00	2.00	2.00
4	Electricity Charges	0.93	0.99	1.04
5	Water Charges/ Cold weather expenses	0.15	0.16	0.17
6	Miscellaneous Expenses	2.85	3.01	3.18
7	Legal Charges	6.00	6.00	6.00
8	Audit Fee	5.00	5.00	5.00
9	IT Equipments	5.00	2.00	2.00
10	Website Charges	3.00	3.00	3.00
11	House Rent-Shift Staff		6.72	7.10
12	Training to Staff	4.00	5.00	5.00
	<b>Sub-Total of other charges</b>	<b>29.16</b>	<b>34.12</b>	<b>34.74</b>
<b>C)</b>	<b>ULDC Charges</b>			
1	ULDC Charges	406.40	447.04	491.74
2	ULDC-II Charges			200.00
3	AMC - SCADA EMS - On shore	66.88	73.56	40.46
4	AMC - SCADA EMS - Off shore	20.57	22.62	12.44
5	AMC - RTU - Over Head	0.54	0.59	0.33

S.No.	Particulars	Control Period		
		FY 12	FY 13	FY 14
6	AMC- RTU - Maintenance	3.01	3.31	1.82
7	AMC - Wideband Comm. - Over Head	0.22	0.24	0.13
8	AMC - Wideband Comm. - Maintenance	2.50	2.76	1.52
9	AMC - OPGW - Over Head	2.72	2.99	1.65
10	AMC- OPGW - Maintenance	0.24	0.26	0.15
11	R & M of PLCC System	80.71	88.79	48.83
	<b>Sub-Total of ULDC charges</b>	<b>583.79</b>	<b>642.17</b>	<b>799.06</b>
<b>G)</b>	<b>Total A&amp;G Charges</b>	<b>41.27</b>	<b>45.40</b>	<b>46.21</b>
<b>H)</b>	<b>Total A&amp;G Charges Chargeable To Capital Works</b>	0.00	0.00	0.00
<b>I)</b>	<b>Total A&amp;G Charges Chargeable to Revenue Expenses</b>	<b>41.27</b>	<b>45.40</b>	<b>46.21</b>
<b>J)</b>	<b>Total ULDC Charges</b>	<b>583.79</b>	<b>642.17</b>	<b>799.06</b>

### Repair and Maintenance Expenses

- 2.32 The petitioner has submitted that as the assets transfer from HPSEBL is yet to take place; it is not possible for HPLDS to compute the Repair and Maintenance Expenses on actual basis.
- 2.33 Till the time assets are not transferred, the Annual Maintenance Charges billed by HPSEB Ltd. to HPLDS on 20% pro rata basis has been taken as the basis of projecting the Repair and Maintenance Charges of the HPLDS for the Control Period.
- 2.34 As the AMC Charges increase normally by 10% each year, instead of projecting the AMC by K-Factor as per the regulations, same have be escalated by 10% each year and tabulated below:

**Table 8: R&M Expenses in 1<sup>st</sup> MYT Control Period (In Rupees)**

S.N.	Repair & Maintenance Expenses	Annual Contract Value	20% Billable to HPLDS	FY 12 Prov.	FY 13 Proj.	FY 14 Proj.
1	AMC of AC Plants installed at SLDC Shimla,	116823	23365	23365	25701	28271
2	AMC of AC Plants installed at Sub-SLDC, Hamirpur	84960	16992	16992	18691	20560
3	AMC of Analog fire detection cum alarm system installed at SLDC Shimla	48510	9702	9702	10672	11739
4	AMC of Analog fire detection cum alarm system installed at S/LDC Hamirpur	52700	10540	10540	11594	12753
5	AMC of 75 kVA D.G. Set installed at SLDC Shimla	34500	6900	6900	7590	8349
6	AMC of 45 KVA D.G. Set installed at S/LDC Hamirpur	33500	6700	6700	7370	8107
7	AMC of UPS System installed at SLDC Shimla	196334	39267	39267	43193	47513
8	AMC of UPS System & DCPS installed at S/LDC Hamirpur, Kunihar and ALDC Shimla	300000	60000	60000	66000	72600
9	Insurance Premium	22715	4543	4543	4997	5497
	<b>Grand Total</b>	<b>890042</b>	<b>178008</b>	<b>178008</b>	<b>195809</b>	<b>215390</b>



## **Return on Equity**

- 2.35 HPLDS has submitted that as the assets & liabilities of SLDC have been transferred to HPLDS, the equity contribution has been considered as “NIL”. Accordingly no return on equity has been considered.
- 2.36 The return on equity will be reconsidered once the assets are transferred to HPLDS.

## **Depreciation**

- 2.37 HPLDS has submitted that since the assets have not been transferred to HPLDS; the Opening Gross fixed assets for FY 12 have been considered as “Nil”. Therefore no provision on account of depreciation has been made in the Petition. Depreciation will be reconsidered once the assets are transferred to HPLDS.

## **Interest & Finance Charges**

### **Interest on Loan**

- 2.38 As the assets and liabilities have not been transferred to HPLDS from HPSEBL, loan liabilities, yet to be transferred to HPLDS, have not been considered in the current petition.
- 2.39 Further, as no CAPEX plan has been proposed currently, no interest on loan has been proposed for this petition. Same will be reconsidered in the revised petition once the assets and liabilities have been transferred to HPLDS by HPSEBL.

### **Interest on Working Capital**

- 2.40 HPLDS has submitted that it has calculated the working capital requirement for the 2<sup>nd</sup> MYT control period as per the HPERC (Levy and Collection of Fees and Charges by State Load Despatch Centre) Regulations, 2011. The working capital shall cover-
- (a) Operation and maintenance expenses for one month;
  - (b) Maintenance spares @ 40% of R&M expenses for 1 month; and
  - (c) Receivables equivalent to two months of the State Load Despatch Centre charges as approved by the Commission.
- 2.41 As per the regulations, rate of interest on working capital shall be equal to the Short Term Prime Lending Rate of the State Bank of India as on the 1st April of the relevant year. A rate of interest of 13.25% for the Petition has been considered on the working capital requirement in line with the consideration of Commission in the MYT Order of HPSEBL for 2<sup>nd</sup> MYT Control Period.
- 2.42 The normative interest on working capital for the 1<sup>st</sup> MYT Control Period considering the

above methodology is summarized below:

**Table 9: Working Capital Requirements (Rs Lacs)**

Sr. No.	Particulars	Control Period		
		FY 12	FY 13	FY 14
1	O&M expenses	760.61	872.50	1084.25
a.	R&M expenses	1.78	1.96	2.15
b.	A&G expenses	41.27	45.40	46.21
c.	Employee expenses	133.77	182.97	236.81
d.	ULDC Charges	583.79	642.17	799.06
<b>e.</b>	<b>1/12th of total</b>	<b>63.38</b>	<b>72.71</b>	<b>90.35</b>
2	Receivables			
a.	Annual revenues from tariffs and charges			
<b>b.</b>	<b>Receivables equivalent to 2 months average billing</b>	<b>131.06</b>	<b>150.34</b>	<b>186.83</b>
3	Maintenance Spares (40% of R&M Expense of 1 Month)	0.06	0.07	0.07
	<b>Total Working Capital</b>	<b>194.51</b>	<b>223.12</b>	<b>277.26</b>
	<b>Interest on WC @ 13.25%</b>	<b>25.77</b>	<b>29.56</b>	<b>36.74</b>

### Annual Revenue Requirement (ARR)

2.43 The Annual Revenue Requirement (ARR) submitted by the Petitioner on the basis of aforementioned details for the 2<sup>nd</sup> MYT Control Period (FY12 to FY14) is tabulated below:-

**Table 10: Annual Revenue Requirement (Rs Lacs)**

S. No.	Particulars	Control Period		
		FY 12	FY 13	FY 14
1	O&M Expenses			
	i) R&M Expense	1.78	1.96	2.15
	ii) Employee Expenses	133.77	182.97	236.81
	iii) A&G Expense	41.27	45.40	46.21
2	Depreciation	0.00	0.00	0.00
3	Interest & Finance Charges	0.00	0.00	0.00
4	Return on Equity	0.00	0.00	0.00
5	Interest on working capital	25.77	29.56	36.74
6	ULDC Charges	583.79	642.17	799.06
7	<b>Annual Revenue Requirement</b>	<b>786.38</b>	<b>902.06</b>	<b>1120.98</b>

### Capacity Allocation for H.P.

2.44 The source wise Projected capacity allocation for all the projects (Central Sector, State Sector, Joint Sector, Shared Generation and IPPs) for the MYT Control Period has been tabulated below:-

**Table 11: Allocation of Power from Central, State, Joint Sector, Shared Generation and IPPs**

Source	Installed Capacity (MW)	HP Share %age	HP Share (MW) 2011-12		HP Share (MW) 2012-13		HP Share (MW) 2013-14		Remarks
			HPSEBL	GoHP	HPSEBL	GoHP	HPSEBL	GoHP	
<b>NTPC</b>									
Anta	419.33	3.58	15.01	0.00	15.01		15.01		
Auraiya	663.36	3.32	22.02	0.00	22.02		22.02		
Dadri	829.78	3.01	24.98	0.00	24.98		24.98		
Rihand I	1000.00	3.50	35.00	0.00	35.00		35.00		
Rihand II	1000.00	3.30	33.00	0.00	33.00		33.00		
Unchahar III	210.00	3.81	8.00	0.00	8.00		8.00		
Unchahar I	420.00	1.67	7.01	0.00	7.00		7.00		
Unchahar II	420.00	2.86	12.01	0.00	12.00		12.00		
Kahalgaoon II	1500.00	1.53	22.95	0.00	22.95		22.95		
Barh I	1980.00	6.58							Exp. COD - 2014-15
Kol Dam	800.00	17.75			142.00		142.00		Exp. COD-Mar'2013
Barh II	1320.00	1.53					20.20		Exp. COD-2013-14
Rihand III	1000.00	3.37			33.70		33.70		Exp. COD-Unit I Jun'12, Unit II Dec'12
<b>Total</b>			<b>179.98</b>	<b>0</b>	<b>355.66</b>		<b>375.86</b>		
<b>NHPC</b>									
Chamera I	540.00	2.90	15.66	0.00	15.66		15.66		
Chamera II	300.00	3.67	11.01	0.00	11.01		11.01		
Salal	690.00	0.99	6.83	0.00	6.83		6.83		
Tanakpur	94.20	3.84	3.62	0.00	3.62		3.62		
Uri	480.00	2.71	13.01	0.00	13.01		13.01		
Dhauliganga	280.00	3.57	10.00	0.00	10.00		10.00		
Chamera III	231.00	17.75			41.00		41.00		Exp. COD-Apr'2012
Parvati III	520.00	17.75			92.30		92.30		Exp. COD-Jan'2013
Parvati II	800.00	17.75					142.00		Exp. COD-Jan'2014
<b>Total</b>			<b>60.13</b>	<b>0</b>	<b>193.43</b>		<b>335.43</b>		
<b>NPCIL</b>									
NAPP	440.00	3.18	14.00		14.00		14.00		
RAPP Unit 5&6	440.00	3.40	15.00		15.00		15.00		
<b>Total</b>			<b>29.00</b>		<b>29.00</b>		<b>29.00</b>		
<b>Shared Generation</b>									
Bhakra Old		(CP) Fixed	10.00		10.00		10.00		
Bhakra-Nangal P/H	1478.73	7.19	84.23		84.23		84.23		Enhanced share from 01 Nov'11
Dehar P/H	990	7.19	56.83		56.83		56.83		Enhanced share from 01 Nov'11
Pong P/H	396	7.19	11.77		11.77		11.77		Enhanced share from 01 Nov'11
Shanan BSS	110	Fixed	1.00		1.00		1.00		
Shanan Ext.		Fixed	8.57		8.57		8.57		
Yamuna (UJVNL)	474.7	25/20	117.17		117.17		117.17		
Khara (UPPCL)	72	20.00	14.4		14.4		14.4		
<b>Total</b>			<b>303.97</b>		<b>303.97</b>		<b>303.97</b>		
<b>Joint Sector</b>									
Nathpa Jhakri	1500.00	2.47	37.05		37.05		37.05		
Rampur	434.00	2.47							
<b>Total</b>			<b>37.05</b>		<b>37.05</b>		<b>37.05</b>		
<b>Private Sector</b>									
Baspa II	300.00	88	240.00		240.00		240.00		
<b>Total</b>			<b>240.00</b>		<b>240.00</b>		<b>240.00</b>		
<b>THDC</b>									
Tehri HEP	1000.00	2.80	28.00		28.00		28.00		

Source	Installed Capacity (MW)	HP Share %age	HP Share (MW)		HP Share (MW)		HP Share (MW)		Remarks
			2011-12		2012-13		2013-14		
			HPSEBL	GoHP	HPSEBL	GoHP	HPSEBL	GoHP	
Koteshwar HEP	400.00	2.01	8.04		8.04		8.04		
Vishnugarh HEP	444.00	2.47					10.97		Expected in -2013-14
<b>Total</b>			<b>36.04</b>		<b>36.04</b>		<b>36.04</b>		
<b>Total HPSEBL Share</b>			<b>886.17</b>		<b>1195.15</b>		<b>1357.35</b>		
<b>GoHP Equity Power</b>									
Nathpa Jhakri	1500.00	22.00		<b>330.00</b>		<b>330.00</b>		<b>330.00</b>	
<b>GoHP Free Power Entitlement</b>									
Malana	86.00	15.00		12.90		12.90		12.90	
Shanan	110.00	Fixed		0.50		0.50		0.50	
Thien (RSD)	600.00	4.60		27.60		27.60		27.60	
Baspa II	300.00	12.00		36.00		36.00		36.00	
<b>Total</b>				<b>77.00</b>		<b>77.00</b>		<b>77.00</b>	
<b>GoHP Free Power Entitlement</b>									
Bairasuil	180.00	12.00		21.60		21.60		21.60	
Chamera I	540.00	12.00		64.80		64.80		64.80	
Chamera II	300.00	12.00		36.00		36.00		36.00	
Nathpa Jhakri	1500.00	12.00		180.00		180.00		180.00	
ADHEP	192.00	12.00		23.04		23.04		23.04	
Karcham Wangto	1000.00	12.00		120.00		120.00		120.00	
Chamera III	231.00	12.00				27.72		27.72	Exp. COD-Apr'2012
Parvati III	520.00	12.00				62.40		62.40	Exp. COD-Jan'2013
Parvati II	800.00	12.00						96.00	Exp. COD-Jan'2014
Koldam	800.00	12.00				96.00		96.00	Exp. COD-Mar'2013
Malana II	100.00	12.00				12.00		12.00	Exp. COD-Jan'2013
<b>Total</b>				<b>445.44</b>		<b>643.56</b>		<b>739.56</b>	
<b>GOHP Entitlement</b>				<b>852.44</b>		<b>1050.56</b>		<b>1146.56</b>	
<b>Add:</b>									
HPSEBL Own Stations	467.45	100	445.49	21.96	445.49	21.96	445.49	21.96	
Ghanvi II	10	100			9.88	0.12	9.88	0.12	Exp. COD-Jul'2012
Uhl III	100	100					88	12	Exp. COD-Jul'2013
Private SHPs upto 5 MW	180.65	100	180.65		231.00		286.00		
Private SHPs > 5 MW	31.4	100	31.40		31.40		31.40		
<b>Grand Total</b>			<b>1543.71</b>	<b>874.40</b>	<b>1912.92</b>	<b>1072.64</b>	<b>2218.12</b>	<b>1180.64</b>	

2.45 The Tariff as proposed by the HPLDS for the 2<sup>nd</sup> MYT Control Period (FY12-FY14) based on the ARR requirements and the capacity allocations is tabulated below:

**Table 12: SLDC Charges Proposed**

Description	FY 2011-12	FY 2012-13	FY 2013-14
Proposed ARR (In Lacs)	786.38	902.06	1120.98
Capacity (MW)	2418.11	2985.56	3398.76
<b>SLDC Charges (Rs/MW/Year)</b>	<b>32520.60</b>	<b>30214.11</b>	<b>32982.07</b>

## Objections Filed and Issues Raised by the Stakeholders during Public Hearing

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- 3.1 Only one objector; Sh. P.N. Bhardwaj, Consumer Representative, filed written objections to the Multi-Year Tariff petition filed by HPLDS for the 2<sup>nd</sup> Control Period of FY12-FY 14.
- 3.2 Public hearing was held on October 8, 2012, 15:00 Hrs in the Commission. Names of the objectors and the stakeholders present in the meeting are given in the table as follows:

**Table 13**

Sr. No.	Objector/ Organization	Represented by
1.	Consumer Representative	Sh. P.N. Bhardwaj
2.	Directorate of Energy, H.P. Government	Sh. Manish Mahajan
3.	Himachal Pradesh State Load Despatch Society	Sh. N.P.Sharma

- 3.3 Various Issues raised by the stake holders along with Petitioner's response and views of the Commission are mentioned in the succeeding paragraphs:-

### a) Non Availability of Audited Accounts

HPLDS should file the audited figures of accounts for the FY 10-11 and FY11-12 (till the date 16<sup>th</sup> June 2011), before HPERC issues the order pertaining to the ARR for HPLDS.

#### **Petitioner's Response:**

The Petitioner has submitted that the availability of segregated accounts of HPSEBL will not have substantial impact on the ARR of HPLDS due to the following reasons:-

1. No assets and liabilities have been transferred to the Petitioner by the HPSEBL.
2. HPLDS is currently sharing the notional expenditure of 20% with HPSEBL.
3. The employee base has been bifurcated in to SLDC (HPLDS) and ALDC (HPSEBL).

#### **Commission's Observation:**

As per the Himachal Pradesh Electricity Regulatory Commission (Levy and collection of Fees and Charges by State Load Despatch Centre) Regulations, 2012, the petitioner has to submit the audited accounts for the base year along with the Petition. These audited accounts form the bases for projecting various components of the Annual Revenue Requirement (ARR) for the Control Period. The Commission in its communication dated December 28, 2011 and March 1, 2012 directed the Petitioner to submit the audited accounts for the base year.

The Petitioner, however, showed its inability to provide the audited accounts as the segregated and audited accounts of HPSEB Ltd.; carrying out the functions of SLDC; for the FY 11 had not been prepared. The Commission has therefore approved the Annual Revenue Requirement of the Petitioner for the Control Period, as submitted by it, without any changes.

**b) Non Submission of CAPEX Plan and Business Plan**

HPSEB Ltd has not transferred the present SLDC complex to HPLDS due to which the CAPEX plan has not been submitted by HPLDS. The plant and equipment of SLDC have very short life span and high rate of depreciation. The CAPEX can be planned only after the transfer of assets. It is therefore essential that the ARR is approved by the Commission only after the assets are transferred in the name of HPLDS.

**Petitioner's Response**

The petitioner has agreed to above observation. The Petitioner submitted that in order to carry out its statutory mandate as per the Act and the Regulations effectively; the availability of assets and adequate manpower will be critical and has requested the Commission to issue appropriate advisories/ directives

**Commission's Response**

The Commission is of the view that without the transfer of assets, the CAPEX plan cannot be prepared by the Petitioner. Through CAPEX Plan, the continuous up gradation of hardware and software installed in SLDC needs to be planned by the Petitioner so as to keep pace with the new technologies. **The Commission therefore directs the Petitioner to take up the matter with HPSEB Ltd for immediate transfer of the assets of SLDC.**

**c) Non Inclusion of IPPs and Shortcomings in the Petition**

The Directorate of Energy, GoHP has objected that the private sector projects such as Malana who are using Intra-state/ HPSEB Ltd. system and selling power outside H.P. have not been considered in the ARR by the HPLDS. Similarly the Transmission licensee and other open access consumers have not been considered in the ARR. Income from scheduling & operation charges, application processing fee from open access consumers and connectivity charges have not been considered in the ARR.

**Petitioner's Response**

The Petitioner has not submitted any response to the above objection raised by the Directorate of Energy.

**Commission's Response**

The Commission has observed these deficiencies pointed out by the Directorate of Energy. **The Commission directs the Petitioner to consider all the Projects such as Malana also while entering in to Contracted Capacity**

**Agreements.** The Commission is of the view that since the Annual Revenue Requirement (ARR) of the Petitioner is being determined for the first time after its creation, there are certain shortcomings in the Petition. The petitioner is neither having the detail of Open Access consumers/IPPs nor have they been registered with the Petitioner. Therefore the income from above activities; not included in the Annual Revenue Requirement (ARR) of the Petitioner, will be taken up at the stage of True Up for the Control Period.

#### **d) Human Resource Planning**

Keeping in view the round the clock functioning of SLDC with suitably skilled manpower for system operation; it is doubted that the present level of staff deployment is adequate. The future HR needs of HPLDS may be considered liberally by the Commission.

##### **Petitioner's Response**

The Petitioner has agreed that the availability of adequate manpower will be critical and has requested the Commission to issue appropriate advisories/directives.

##### **Commission's Response**

The Commission is of the view that the Human Resource Planning also needs to be done by the Petitioner immediately keeping in view its future requirements. Since the operations of SLDC require high level of technical skills, therefore HPLDS may plan to recruit (or take employees on secondment basis) with minimum essential educational qualification. At the same time the knowledge base of existing employees needs to be continuously updated through regular trainings.

#### **e) Definition of Intra/ Inter State Transmission Lines**

The Petitioner has sought to clarify the definition of inter-state and Intra state lines in the State of H.P. The HV/EHV lines previously classified as intra-state transmission lines to have been owned by the State Transmission Utility are now owned by HPSEBL and have now been classified as HV/EHV distribution lines. The definition of intra-state transmission lines needs to be modified so as to include only HV/EHV distribution lines owned by HPSEBL and as such transmission lines owned by STU will be the inter-state transmission lines.

##### **Commission's Response**

In accordance with Section 131(2), 132, 133 of the Electricity Act, 2003, the GoHP; vide its order dated June 10, 2010; notified the transfer scheme for providing and giving effect to the transfer of functions, undertakings, assets, properties, rights, liabilities, obligations, proceedings and personnel of erstwhile 'Himachal Pradesh State Electricity Board', which were vested in the Government of Himachal Pradesh under section 131 (1) of the Electricity Act,

2003 vide notifications dated 15.6.2009 and 3.10.2009. As per this transfer scheme, the inter-state EHV/ HV lines were vested with HP Transmission Corporation Limited (HPTCL) and all other EHV/HV lines (intra-state lines) were vested with HPSEB Ltd. Since HPSEB Ltd is a distribution licensee having its own generating stations; all these HV/ EHV lines are to be considered EHV/ HV distribution lines also. Therefore in today's context the intra-state EHV/HV lines are the distribution licensee's (HPSEB Ltd's) EHV/ HV lines and the Inter-State lines are the EHV/ HV lines vested with the HPTCL.

**f) Agreements for Usage of GoHP Free Power by HPSEB Ltd.**

The Petitioner has submitted that there are no bilateral agreements in place between the concerned utilities (HPSEBL, HPPTCL, Directorate of Energy etc.) for scheduling and drawl of power. The long term open access for the power generated by central sector is being scheduled to HPSEBL. This power includes the GoHP power also. Similarly when PTC applies for Short Term Open Access to NRLDC; NRLDC seeks consent from SLDC for use of intra-state transmission system which is HPSEBL's EHV/HV distribution state. Only if the period for which the GoHP power is being used by HPSEBL and its quantum is known; it will be possible to recover charges from HPSEBL. The Directorate of Energy (DoE), GoHP will have to recover these charges from HPSEBL on actual basis. Even for the GoHP power sold outside the state, the SLDC charges need to be recovered by the DoE from the ultimate beneficiaries of this power.

**Directorate of Energy's Response**

The small IPPs and HIMURJA projects have been considered as part of the HPSEBL system due to their Long/ Short Term Agreements with HPSEBL. However Government of H.P. share power has been considered to GoHP account whereas HPSEB Ltd. is using/consuming it. Since HPSEBL is using GoHP share of power in these projects through Intra-state transmission system; HPSEBL should pay SLDC charges. Otherwise GoHP may be allowed to recover the charges from HPSEBL as and when SLDC raises the invoices to GoHP

**Commission's Response**

There are no bilateral Agreements between HPSEBL and GoHP for usage of GoHP power by HPSEBL. In the absence of a firm Agreement between HPSEBL and GoHP, it will be difficult for SLDC to recover fee for handling this power. During a part of the year, when HPSEB Ltd. is deficient of power, it is using the GoHP power. During this period the SLDC charges should be paid by HPSEB Ltd. to the extent such power is used. However for the rest of the year, when GoHP is selling its power outside the state, it will be unfair for HPSEB Ltd. to pay the SLDC charges in respect of this power. Therefore till HPSEBL and GoHP come out with a bilateral Agreement for the treatment of GoHP power, SLDC shall recover SLDC Charges on the bases of power allocation



between HPSEBL and GoHP as discussed in Chapter 4.

**g) Account of Small HEP**

The Directorate of Energy has submitted that no account of small projects exists with HPLDS and these projects are being considered part of the HPSEB Ltd. system.

**Petitioner's Response**

The Petitioner has not submitted any response to the above objection raised by the Directorate of Energy.

**Commission's Response**

The State Load Despatch Center is responsible for the supervision and control of the intra-state system in addition to the function of scheduling and despatch of electricity. Therefore the Petitioner (HPLDS) needs to register all the Generating Companies (including captive generating plants and IPPs), Open Access Consumers, distribution licensee (HPSEBL), GoHP and the State Transmission Utility (HPPTCL) immediately.

**h) SLDC Charges for Periods Less than One Year**

The Directorate of Energy has opined that proportionate fee should be recovered from any user/ generating station coming up as a long/ medium term open access user for six months or part thereof. In case if any generating company/ beneficiary come up for a part of a month, the same should be considered equivalent to one month for the purpose of recovery of SLDC fees.

**Petitioner's Response**

The Petitioner has not submitted any response to the above objection raised by the Directorate of Energy.

**Commission's Response**

As per the Himachal Pradesh Electricity Regulatory Commission (Levy and Collection of Fees and Charges by State Load Despatch Centre) Regulations, 2011, the SLDC charges are to be paid monthly by the licensees, generating companies, distribution licensees and trading licensees. The SLDC charges; therefore will be worked out on per MW per Year as well per MW/ per Month basis. The users therefore shall have to pay SLDC charges based on the no. of months they are using SLDC facilities. However for using SLDC facilities for part of a month; the user shall have to pay SLDC charges for the complete month. In the current petition, however these charges have not been worked out due to the non submission of Contracted Capacities by the HPLDS.

## Analysis of Aggregate Revenue Requirement (ARR) and SLDC Charges of HPLDS

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- 4.1 The Petitioner has not submitted the audited and segregated accounts for the base year FY11. HPLDS has informed that the SLDC accounts segregated from the HPSEBL accounts for FY10 have been considered as base line data for FY11. However, HPLDS has also not supported the petition with these FY10 segregated accounts. HPLDS has shown its inability to provide these accounts to the Commission.
- 4.2 In the absence of base line data, it is not possible to determine the Annual Revenue Requirement of the Petitioner for the three years of the control period viz. FY12-FY14 and therefore the Annual Revenue Requirement as submitted by the petitioner is approved as such, without any changes.
- 4.3 The Commission is aware that the ARR proposed by the petitioner is slightly on the higher side. The Commission is also aware that the SLDC institution is in its nascent stages of existence and in order to sustain its growth, SLDC shall be requiring surpluses for meeting exigencies, for meeting enhanced employee requirements, for incorporating better engineering /technological facilities, for servicing their assets etc. The Commission shall therefore, during the True Up stages, when Audited Accounts shall also become available, revisit the ARR in accordance with the SLDC Regulations, 2011.
- 4.4 As no Open Access Consumers / Generators / Other constituents have been registered with the Petitioner as on date, the income to the Petitioner from scheduling & operation charges, application processing fee from open access consumers and connectivity charges have not been considered in the ARR. Any such income to the Petitioner for the Control Period will be Trued up at the end of the Control Period.
- 4.5 The Commission has observed these deficiencies pointed out by the Directorate of Energy. However the Commission is of the view that since the Annual Revenue Requirement (ARR) of the Petitioner is being determined for the first time after its creation, there are certain shortcomings in the Petition. The petitioner is neither having the detail of Open Access consumers/IPPs nor have they been registered with the Petitioner. Therefore the income from above activities; not included in the Annual Revenue Requirement (ARR) of the Petitioner will be taken up at the stage of True Up for the Control Period.
- 4.6 The Approved Annual Requirement for the Control Period is as follows:-

**Table 14: Annual Revenue Requirement (Rs Lacs)**

S. No.	Particulars	Control Period		
		FY 12	FY 13	FY 14
1	O&M Expenses			
	i) R&M Expense	1.78	1.96	2.15
	ii) Employee Expenses	133.77	182.97	236.81
	iii) A&G Expense	41.27	45.40	46.21
2	Depreciation	0.00	0.00	0.00
3	Interest & Finance Charges	0.00	0.00	0.00
4	Return on Equity	0.00	0.00	0.00
5	Interest on working capital	25.77	29.56	36.74
6	ULDC Charges	583.79	642.17	799.06

S. No.	Particulars	Control Period		
		FY 12	FY 13	FY 14
7	Annual Revenue Requirement	786.38	902.06	1120.98

- 4.7 In accordance with the Regulation 29(5) of the HPERC (Levy and Collection of Fees and Charges by State Load Despatch Centre) Regulations, 2011, the SLDC charges are to be determined on the basis of the Contracted Capacity of SLDC. As the Petitioner has not entered in to agreements with any of its users for long term and medium term open access, the Commission is therefore unable to determine the SLDC charges. These charges will be determined as and when HPLDS registers its users and enters in to agreements with them for long/ medium term open access. The Petitioner is directed to expedite the process of registration of users and signing of requisite agreements.
- 4.8 The Commission directs that till such time the HPLDS enters in to agreements with its users, the ARR for the Control Period (FY12 to FY14) shall be recovered from HPSEBL and GoHP on the basis of their proportionate share in the Total Capacity Allocation in various projects as shown in the table below:-

**Table 15: ARR Allocation between HPSEBL and GoHP**

	HPSEBL			GoHP		
	FY12	FY13	FY14	FY12	FY13	FY14
<b>Capacity Allocation (MW)</b>	1543.71	1912.92	2218.12	874.40	1072.64	1180.64
<b>ARR Allocation (Rs in lacs)</b>	502.02	577.97	731.58	284.36	324.09	389.40
<b>HPSEBL facility usage &amp; AMC charges</b>	200	200				
<b>GoHP funds (Rs in lacs)</b>				90		
<b>(Receivable by SLDC) / Payable by SLDC [Col A]</b>	(302.02)	(377.97)		(194.36)	(324.09)	(389.40)
<b>ULDC &amp; Asso Charges paid by HPSEBL to be adjusted from ARR (Rs in lacs) [Col B]</b>	583.79	642.17				
<b>A+B</b>	281.77	264.2	(731.58)	(194.36)	(324.09)	(389.40)
<b>Total (Receivable by SLDC) / Payable by SLDC (Rs in lacs)</b>	281.77	264.2	(731.58)	(194.36)	(324.09)	(389.40)

- 4.9 The Total receivables/ payables by HPLDS in the above table have been calculated by allocating ARR in proportion to the share of HPSEBL and GoHP in the Total Capacity Allocation. In addition the following submission made by HPLDS in its Petition have been considered by the Commission in the above table:
- The initial assistance of Rs 90 Lacs provided by the Directorate of Energy, GoHP to the Petitioner.
  - The charges payable by HPLDS to HPSEBL for the use of HPSEBL's facilities by the petitioner as per the initial arrangement made between the petitioner and the HPSEBL amounting to Rs 2 crores per annum.
  - The ULDC and associated charges paid by the HPSEBL for the FY12 and FY13, as it was carrying out the SLDC functions during this period, have been considered as

per the detail given in the petition. However no payment on account of ULDC and associated charges for FY14 has been considered on account of the HPSEBL and these charges will have to be borne by the Petitioner.

# Directions and Advisories

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## Transfer of Assets

- 5.1 For independent and smooth functioning of the State Load Despatch Centre (HPLDS), the transfer of assets from HPSEBL to HPLDS is the first and foremost requirement. In the absence of independent infrastructure; the Petitioner may not be able to carry out the duties assigned to it in the Act in an efficient manner. Therefore the Petitioner is directed to take up the matter with HPSEBL and GoHP for immediate transfer of assets.

## Capex Plan and Business Plan

- 5.2 The Capex Plan should be prepared by the Petitioner keeping in view the future requirements to cater to the technological up gradations, increased user base, enhanced electricity to be handled and growth plans of SLDC users. A large number of power projects are coming up in the state of Himachal Pradesh. Also open access is being implemented for consumers having load more than 1 MW. The infrastructural requirements of future such as installation of ABT meters etc. need to be incorporated in the Business plan of the SLDC.

## Registration of Users

- 5.3 The State Load Despatch Center is responsible for the supervision and control of the intra-state system in addition to the function of scheduling and despatch of electricity. Therefore the Petitioner (HPLDS) needs to register all the Generating Companies (including captive generating plants and IPPs), Open Access Consumers, distribution licensee (HPSEBL), GoHP, State Transmission Utility immediately. The Commission directs the Petitioner **that all the prospective consumers may be registered with three months of issue of these orders.**

## Agreements with Users

- 5.4 The Petitioner needs to enter in to agreements with all the users for the Long Term and Medium Term access. In the current petition also the Commission could not determine the SLDC charges due to non availability of the Contracted Capacity. **The Commission therefore directs the Petitioner to enter in to capacity agreements with its users within three months of the issue of this order.**

## Human Resource Planning

- 5.5 The Human Resource planning needs to be done on priority keeping in view the staff strength and skill levels required for round the clock operations by the State Load Despatch Centre (HPLDS).

## Agreement for GoHP Power Usage by HPSEBL

- 5.6 HPSEBL and GoHP are directed to enter to an agreement for the usage of GoHP power by HPSEBL at the earliest. Till such an agreement is executed by GoHP and HPSEBL; the current mechanism of charging SLDC fee, worked out in this order on the basis of

Power allocation between GoHP and HPSEBL, will continue to be the basis for recovery of SLDC Charged by SLDC.

### **Abbreviations Used**

The abbreviations and acronyms used in this tariff order shall have the following respective meanings unless the context requires otherwise

No	Abbreviation	Description
1	A&G	Administrative and General
2	Act	The Electricity Act, 2003
3	ARR	Aggregate Revenue Requirement
4	BBMB	Bhakra Beas Management Board
5	CPI	Consumer Price Index
6	CSGS	Central Sector Generating Stations
7	DA	Dearness Allowance
8	FY XX	Financial Year beginning 1 April of the year (XX-1) and ending on 31 March of the following year (XX)
9	GFA	Gross Fixed Assets
10	GoHP	Government of Himachal Pradesh
11	GP	Grade Pay
12	HEP	Hydro Electric Project
13	HPSEB	Himachal Pradesh State Electricity Board
14	HPLDS	Himachal Pradesh State Load Despatch Society
15	HPTCL	HP Transmission Corporation Ltd.
16	IPP	Independent Power Producers
17	MW	Mega Watt
18	MYT	Multiyear tariff
19	NAPS	Narora Atomic Power Station
20	NHPC	National Hydro-electric Power Corporation
21	NPCIL	Nuclear Power Corporation of India Limited
22	NTPC	National Thermal Power Corporation
23	R&M	Repair and Maintenance
24	REA	Regional Energy Accounts
25	REC	Renewable Energy Certificate
26	ROE	Return on equity
27	SHP	Small Hydro Projects
28	SJVNL	Satluj Jal Vidyut Nigam Limited
29	State Govt.	Government of Himachal Pradesh
30	STU	State Transmission Utility
31	THDC	Tehri Hydro Development Corporation Limited
32	SLDC	State Load Despatch Center
33	ToD	Time of Day
34	UJVNL	Uttaranchal Jal Vidyut Nigam Limited
35	WPI	Wholesale Price Index