

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

Petition No: 28/2017

CORAM

**S.K.B.S. Negi
CHAIRMAN**

IN THE MATTER OF:

Determination of Additional Surcharge on Short Term Open Access consumers purchasing power from within/outside the State of HP, in accordance with sub-section (4) of Section 42 of the Electricity Act, 2003 & sub-regulation 3 of the Regulation 6 of HPERC (Cross Subsidy Surcharge, Addl. Surcharge and Phasing of Cross Subsidy) Regulations, 2006.

AND

IN THE MATTER OF:

Himachal Pradesh State Electricity Board Limited (hereinafter referred to as "HPSEBL" or "The HPSEBL"), Vidyut Bhawan, Shimla-171004.

Applicant

ORDER

- 1.** This order pertains to determination of Additional Surcharge on the consumers availing Short Term Open Access (STOA Consumers).
- 2.** The Commission earlier approved the rate of additional surcharge as 49 paise per kWh vide its order dated 28.10.2016 in the petition No. 27/2016.
- 3.** The HPSEBL has, vide the present petition, requested the Commission to approve the Additional Surcharge of 65.39 paise per unit for Short Term Open Access Consumers (STOA). But, HPSEBL vide its filing vide letter no. HPSEBL/CE-(Comm.)/SERC-71/2017- 8308 dated 14-09-2017 revised the figure of Additional Surcharge claimed to 66.44 paise per unit based on the data for full year. HPSEBL has further requested in the petition that the Commission may also pass such orders as are deemed fit and proper in the facts and circumstances of the case. The other silent features of the petition are as under:-
 - (i) The petition has been filed for determination of the additional surcharge for the consumers, purchasing power through STOA from within/outside of the

State of Himachal Pradesh in accordance with sub-section (4) of Section 42 of the Electricity Act, 2003 (hereinafter referred as “Act”) and sub-regulation (3) of Regulation 6 of HPERC (Cross Subsidy Surcharge, Additional Surcharge and Phasing of Cross Subsidy) Regulations, 2006 (hereinafter referred to as “Additional Surcharge Regulations, 2006”).

(ii) The Methodology adopted by HPSEBL is stated to be the same as adopted by the Commission in its order dated 28th October, 2016 in Petition No. 27/2016. However, HPSEBL has also worked out the figure of Additional Surcharge based on the methodologies adopted in the states of Gujarat, Punjab and Haryana as well.

(iii) HPSEBL has considered the Fixed Cost for the same power plants as were considered by the Commission in its order dated 28th October, 2016 in respect of in Petition No. 27/2016. The average fixed cost of such projects at generation end has been worked out as 90.78 paise per kWh. But, based on the data of full year sought by the HPERC, HPSEBL has revised this figure of 90.78 to 90.86 as per the details given in Table -1:

Table-1
Fixed Cost relating to Generating Capacity (at injection point)

Name of Plant	Capacity (MW)	Expected Net Annual Generation (MUs) during FY 2016-17 as per 2nd APR	Annual Fixed Cost (Rs Cr.) for FY 2016-17	Annual Fixed Charges (Paise/unit)	Power Purchase (MUs) during FY 2016-17	Total Fixed Cost of Power Purchase (Rs Cr.)
I	II	III	IV	$V = \{(IV \times 1000 / II)\}$	VI	$VII = \{V \times VI / 1000\}$
Rihand-I	1000	6707.82	564.28	84.12	228.88	19.25
Rihand-II	1000	6854.44	595.70	86.91	248.16	21.57
Rihand-III	1000	6707.82	1015.58	151.40	68.60	10.39
Singrauli	2000	13541.00	827.33	61.10	54.76	3.35
Total	5000	33811.08	3002.88		600.39	54.55
Average rate of Fixed Cost at Injection Point (Paise/unit)				90.86		

Load Factor Calculation	
Maximum Generation	43800.00
Load Factor	77.19%

(iv) HPSEBL has calculated applicable average rate of POC charge, reliability charges and HVDC charges of Power Grid and Transmission Charges of HPPTCL as fixed by appropriate Commission. The fixed costs relating to stranded transmission capacity for full year have been worked out as below:

Table-2
Fixed Cost relating to Power Grid & HPPTCL Transmission System (at injection points)

Month	Power Grid System			HPPTCL System	
	POC Rate (Rs/MW/month)	Slab	Reliability Support Charges Rate (Rs/MW/month)	HVDC Charge Rate for NR (Rs/MW/month)	Transmission Charges (Rs/MW/month)
April, 2016	73234		23671	20905	8250
May, 2016	73234		23671	20905	8250
June, 2016	73234		23671	20905	8250
July, 2016	79664		26062	20376	8250
Aug, 2016	79664		26062	20376	8250
Sep, 2016	79664		26062	20376	8250
Oct, 2016	88362		25321	18423	8250
Nov, 2016	88362		25321	18423	8250
Dec, 2016	88362		25321	18423	8250
Jan, 2017	83787		26182	19712	8250
Feb, 2017	83787		26182	19712	8250
Mar, 2017	83787		26182	19712	8250
Average/month	81262		25309	19854	8250
Average Fixed Cost @77.19% load Factor at injection point (paise/kWh)					1.46
			22.43		

(v) HPSEBL has considered Power Grid losses as 3.85% for FY 2016-17.

(vi) The losses for HPPTCL system and for 132KV and 220KV distribution system for FY 2016-17 have been taken as 0.75% and 4% respectively as per the respective tariff orders.

(vii) HPSEBL has considered the net recovery through Demand Charges, eligible for adjustment against total fixed cost as 85.27 paise/unit.

(viii) On this basis, the HPSEBL has worked out the rate of additional surcharge as 66.44 paise per kWh as per details given in Table-3 below:

Table-3
Computation of Additional Surcharge

	Description	Fixed Cost at Injection point in paise/kWh	Fixed Cost at Consumer end in paise/kWh
(A)	Generation Capacity	90.86	99.18
(B)	Transmission Capacity		
	<i>(i) Power Grid system</i>	22.43	24.49
	<i>(ii) HPPTCL system</i>	1.46	1.54
(C)	Total Fixed Cost payable to Generator (A+B)		125.21
(D)	Recovery of Fixed Charge as Demand Charge from EHT Consumers		85.27
(E)	50% of wheeling charges for EHT consumers		26.50
(F)	Net Recovery through Demand charges eligible for adjustment (Paise /kWh)		58.77
(E)	Balance payable in shape of Additional Surcharge in Paise/kWh (C-F)		66.44

4. The salient features of the petition No. 28/2017 were published by the HPSEBL in the newspapers, “The Tribune” and “Divya Himachal” on 24.05.2017 and in “The Hindustan Times” and “Amar Ujala” on 25-05-2017. The Commission then issued a public notice on dated 02.06.2017 in the newspapers namely “The Times of India” and “Dainik Bhaskar”, inviting objections/suggestions on the aforesaid petition from the stakeholders. The complete text of the petition filed by HPSEBL for approval of the Additional Surcharge for Short Term Open Access was also made available to the stakeholders on the HPSEBL’s website.

The last date for submission of objections/suggestions was fixed as 01.07.2017. The Commission, vide letter dated 06.06.2017, also requested the major stakeholders, including the Industries Associations of the State, the Small Hydro Power Associations of the State, State Government, Directorate of Energy and HIMURJA to send their objections/ suggestions as per the aforesaid public notice.

5. The following stakeholders have filed their objections/suggestions:-

- (a) M/s Ambuja Cement Ltd;
- (b) M/s Birla Textile Mills;
- (c) M/s Inox Air Products Ltd;
- (d) Indian Energy Exchange Ltd.

6. The HPSEBL was requested to submit their reply on the suggestions/objections so received, to the Commission and the objectors by 10.07.2017. The objectors were given an option to file rejoinder, if any, by 18.07.2017. Subsequently, the public hearing in the subject matter was fixed on 27.07.2017 at 11.00 AM for which notices were inserted in the newspapers i.e. “The Times of India” and “Dainik Bhaskar” on 02.06.2017. Separate notices were also issued to the above stakeholders who had filed objections. The Directorate of Energy (DoE), GoHP, HPSEBL and the SLDC were also informed regarding public hearing on the above matter.

7. In pursuance of above, the public hearing was held on 27.07.2017 in which the representative(s) of following stakeholders participated:

Table-4

Sr. No.	Name of Stakeholders	Represented by
(i)	M/s Birla Textile Mills, Sai Road, Bhatouli Khurd , Baddi, Distt Solan.	Yashanpreet singh, Parinay Deep Shah, Advocate
(ii)	M/s Ambuja Cements Ltd., Darlaghat	Kishori Lal Sharma, P.C. Dewan, Advocate
(iii)	M/s Mittal Processors Pvt. Ltd., Panchkulla, Haryana.	Sh. Prateek Agarwal.
(iv)	HPSEBL, Vidyut Bhawan, Shimla-171004 (HP).	Er. Suneel Grover, CE (Sys. Op.). Er. S.K. Joshi, CE (Comm.). Er. Kaushalesh Kapoor Dy. CE. Er. Deepak Uppal, Dy CE Er. Gagan, AEE Er. Shashi Kumar, AE

		Er. Anshul Thakur, AE (SERC). Amit Joshi, Consultant
(v)	Consumer Representative	Charanjit Singh

8. Based on the objections/suggestions raised by stakeholders and the response given by HPSEBL, the Commission finds that the submissions made by the stakeholders in writing, oral submissions during the public hearing and the rejoinders submitted by M/s Birla Textile Mills, M/s INOX Air Products Ltd. and M/s Ambuja Cements Ltd. during the public hearing are, by and large, of similar nature. Moreover, most of the objections/suggestions as well as the views expressed in the hearing are just repetition of those submitted earlier by the stakeholders in response to an earlier petition No. 27/2016 which was disposed of vide the Commission's order dated 28.10.2016. As such, the Commission finds it appropriate to discuss the key points, raised by the objectors, instead of discussing each of the submissions separately. The comments furnished by the objectors on the key issues, the response by HPSEBL as well as the Commission's views on such key issues are given in the following sub-paragraphs.

9. **Objections raised by Various Stakeholders.**

The objections raised by various stakeholders are as under:-

9.1 **Data and Information Required for Determining Additional Surcharge**

9.1.1 **Comments:**

It has been emphasized that the data and information in the Petition submitted by HPSEBL for determination of Additional Surcharge is very broad, from which it cannot be established that the capacity has become stranded and will continue to remain stranded due to open access, which is the basic requirement for levying additional surcharge. It is pertinent that HPSEBL is directed to provide the complete data regarding backing down including backing down due to transmission constraints, details of fixed cost, terms and conditions of power purchase agreements with power generators, export of power, etc. The objectors requested from HPSEBL to provide the following information and data:

- a. Hourly availability declared by the generator in MW.
- b. Hourly schedules given by the petitioner in MW.
- c. Hourly schedules of Open Access transactions by the Open Access consumers in MW.

- d. Copy of all the Power Purchase Agreements.
- e. List of Power Purchases under Bilateral contracts, long term contracts, and Medium term contracts with all relevant details such as Price, Quantum and Period for the period considered for calculation of Additional Surcharge.
- f. Details of all the Generators with their average PLF during the period under consideration.
- g. Data regarding backing down due to distribution & transmission constraints.
- h. Details of energy banked and return banked energy received for each 15 minute time block for whole year.
- i. Details of stranded power for each 15 min time block for whole year. This information has not been made available to the Objector even though it forms part of the petition.
- j. Total approved fixed charges paid by the petitioner for each station.
- k. Total transmission charges paid by the petitioner.
- l. Total energy scheduled by the petitioner in MUs.
- m. Total energy consumed by the Open Access consumers from HPSEB in MUs supported by data.
- n. Total demand charges paid by the HT/EHT consumers and total sale of energy to the HT/EHT consumers supported by data.
- o. Total demand charges paid by the Open Access consumers having contracted demand with the licensees supported by data.

9.1.2 **HPSEBL's Response:**

HPSEBL responded to the above queries as under:-

- a. Generators always declare availability in 15 minutes time block. The same is provided in soft copy.
- b. Power Schedule of HPSEBL in 15 minutes time block for FY 2016-17 is provided in soft copy.
- c. Scheduling is always in 15 minutes block. The open access scheduling in 15 minutes time block has already been provided in CD along with petition.
- d. Copy of power purchase agreement is not relevant for determination of additional surcharge as the relevant details of the PPA have been provided in point (e).
- e. List of power purchase agreement is provided in soft copy. The Tariff of the generating stations is already available in MYT tariff Order dt. 12th June 2014.
- f. Petitioner can easily assess PLF for each station from Regional Energy Account (REA) Report which is available in Northern Regional Power Committee website (www.nrpc.gov.in) under commercial activity head.

- g. There was no backing down due to distribution & transmission constraints.
- h. Banking details are provided in soft copy.
- i. Information for the considered period has already been provided in CD along with petition.
- j. Station-wise fixed charges paid by HPSEBL are provided in soft copy.
- k. Transmission charges paid by HPSEBL are provided in soft copy.
- l. Total energy scheduled by HPSEBL is provided in soft copy.
- m. Energy consumed by the open access consumers is provided in soft copy
- n. Total demand charges paid by HT/EHT consumers are provided in soft copy
- o. Demand charges paid by open access consumers are provided in soft copy.

9.1.3 **Commission's View:**

The Commission agrees to the concerns raised by objectors regarding availability of appropriate information/ data. The general information about available capacities and consumption etc. of HPSEBL is available in the Tariff Order which is already in public domain. The Commission considers it appropriate to proceed on the basis of the available facts. The Commission has analyzed the information and details provided by HPSEBL and have also taken additional information required before finalizing this order.

9.2 **Methodology for Considering Fixed Charges for Stranded Capacity:**

9.2.1 **Comments:**

It is pertinent to note that HPSEBL while computing the additional surcharge, has taken into account the fixed charges for the Projects Rihand-I, Rihand-II, Rihand-III and Singrauli during FY 2016-17 (Upto Nov' 2016) as have been submitted by HPSEBL in its Mid Term Review Petition. The fixed costs upto September 2016 are allegedly on actual basis and for September 2016-November 2016 are as approved by this Hon'ble Commission. The said Actual figures are part of the Annual Performance Review Petition No. 45 of 2016 filed by HPSEBL for FY 2016-17 in Mid Term Review Petition for 3rd MYT Control Period (FY 2014-15 to FY 2018-19) u/s 62, 64 and 86 of the EA, 2003. The Public Hearing in the aforesaid matter was held on 01.03.2017 and the same is under process with the Tariff Division of this Hon'ble Commission. It is submitted that the alleged actual fixed charges relied upon by HPSEBL are yet to be fully analyzed by this Hon'ble Commission and hence cannot be relied upon for determination of the present Additional Surcharge. Therefore, this petition is pre-mature and cannot be processed till the actual power purchase cost has been approved by this Hon'ble Commission. It is prayed that the earlier rate of Additional Surcharge as approved on 28.10.2016 may be continued till the power purchase cost is tried-up and approved for 2016-17.

9.2.2 **HPSEBL'S Response:**

HPSEBL states that the Commission has already notified the Tariff Order for FY18 on 17th Apr 2017. Further, the fixed cost of the stations Rihand-I, Rihand-II, Rihand-III and Singrauli considered by HPSEBL is actual normative fixed cost.

9.2.3 **Commission's View:**

The Commission has considered the Annual Fixed Cost of Rihand-I, Rihand-II, Rihand-III and Singrauli Power Stations as approved by the CERC for determining the additional surcharge in this order. Therefore, the contention of the objectors to withhold this petition till the power purchase cost is trued up is not valid.

9.3 **Station wise fixed cost on per unit basis i.e., in Rs/kWh basis:**

9.3.1 **Comments:**

It is important to note that the power stations supplying power to the HPSEBL are Inter-State/ Intra-State power stations governed by the CERC tariff regulations and HPERC tariff regulations respectively. CERC as well as HPERC Tariff Regulations provides for payment of full annual fixed charges at target availability irrespective of quantum of energy drawn from each station. Hence, there is no logic of computing per unit fixed cost as fixed cost payments are not linked to quantum of energy availed from the generating stations. The Fixed Charges payable to Generating Stations are fixed in nature and are payable based on target availability. As the fixed charges are payable towards the capacity tied up for the system, the fixed charges needs to be considered towards the capacity available in terms of Rs/MW of capacity tied up instead of considering fixed charges in Rs/kWh for the energy availed.

The total capacity tied up by the HPSEBL is to meet the demand of the State and due to various reasons as discussed above certain proportion of capacity tied up becomes stranded during certain time blocks. Therefore, it will be more appropriate to consider the total Fixed Charges payable by HPSEBL during the period and total capacity available during the corresponding period to arrive at Fixed Charges of per MW Capacity available to HPSEBL. Accordingly, the cost of stranded capacity needs to be determined on the basis of Fixed Charges per MW of Capacity Available and not in terms of per unit of energy.

Similar principle was adopted by Hon'ble Gujarat Electricity Regulatory Commission in its Order dated 12.3.2014 in Petition No. 1302 of 2013 for arriving at the cost of stranded capacity. However, the Petitioner has not made any attempt to adopt the Gujarat principle in true spirit.

The Fixed Charges of Generating Stations are linked to target availability and in case the target availability is not achieved, the fixed charges payable by HPSEBL gets reduced on pro-rata basis. As HSPEBL has not submitted the actual availability for each Station, reduction in fixed charges on account of availability being lower than the Target availability could not be worked out. However, we request the Hon'ble Commission to consider this while determining the Additional Surcharge.

9.3.2 **HPSEBL's Response:**

The per unit fixed cost of stations considered by HPSEBL has already been clarified in point No. 8.19.3 of Hon'ble Commission Order dt. 28th Oct 2016. The same has been quoted below:

“Since the short term open access consumers avail different quantum in different time slots, the Commission finds it not appropriate to convert all the changes into per kWh rate. This will be much simpler for billing purposes. The Annual fixed charges as well as the energy quantum have been computed on the assumption that target availability shall be available. In case, the average capacity is less than the targeted availability then the energy quantum shall also reduce correspondingly. The net effective rate shall however be the same or may be even higher in case of shortfall in generation capacity.

In this case, it is also worth mentioning that in case the per unit charges were to be computed on the basis of the fixed charges actually payable and the energy actually drawn i.e. excluding the energy surrendered, the per unit rate shall obviously be higher than that as per the methodology adopted by the Commission, keeping in view, the fact that in such cases, the fixed charges shall remain unchanged but energy quantum of energy shall reduce.”

9.3.3 **Commission's View:**

The Commission has already clarified this point in its earlier order dated 28th October, 2016 as reproduced by HPSEBL in the preceding sub-paragraph. The views expressed by the Commission are quite clear and hardly need any further consideration and clarification.

9.4 **Sale of surrendered power on power exchanges:**

9.4.1 **Comments:**

Recently, the Central Generating Stations have been allowed to sell their surrendered power on exchange and earn additional revenue. Under such circumstances, the additional revenue earned by Generators in excess of energy charges needs to be reduced from Fixed Charges payable by HPSEBL while computing the average Fixed Cost/MW. While HPSEBL has alleged that

the amount received by HPSEBL by resale of surrendered power, no data is available in this regard at this stage. We request that the data be made available to the consumers before the public hearing so that we may be able to assist this Hon'ble Commission while determining the Additional Surcharge.

9.4.2 **HPSEBL's Response:**

The amount received by HPSEBL from central stations by sale of surrendered power is provided in soft copy. However, the same amount is getting adjusted in ARR.

9.4.3 **Commission's View:**

STOA consumers avail open access in the situations when there is a surplus power in the grid i.e. in situation when the power is available at Power Exchanges at rates lower than that of the local Discom after accounting for all the charges. In fact if the energy is treated as actually generated and sold, there could be situations in which even the full variable cost may not be recovered in the surplus situation. However, in some situations, marginal gains can also be there. The Commission, in order to maintain a balance, intends to consider only the fixed cost for the stranded capacity and does not intend to include such variations for the purpose of determining additional surcharge.

9.5 **Transmission Charges and Losses**

9.5.1 **Comments:**

HPSEBL has also considered the transmission charges and losses as well as distribution losses for computing the stranded fixed costs. In this regard, Regulation 6 of Himachal Pradesh Electricity Regulatory Commission (Cross Subsidy Surcharge, Additional Surcharge and Phasing of Cross Subsidy) Regulations, 2006 stipulates as follows:

"6. Additional surcharge-

(1) An open access consumer shall also pay to the distribution licensee an additional surcharge to meet the fixed cost of such distribution licensee arising out of his obligation to supply as provided under subsection (4) of section 42 of the Act.

(2) Additional surcharge will be payable by any consumer including any consumer who puts up a captive plant for his own use.

(3) The additional surcharge for obligation to supply as per sub-section 4 of section 42 of the Act shall become applicable only if it is conclusively demonstrated that the obligation of a licensee, in terms of existing power purchase commitments, has been and continues to be stranded, or there is an unavoidable obligation and incidence to bear fixed costs consequent to such a

contract. The fixed costs related to network assets would be recovered through wheeling charges.

(4) Each distribution licensee shall submit to the Commission, details of fixed costs, which the licensee is incurring towards his obligation to supply”

As extracted above, the above Regulation clearly provides that additional surcharge for obligation to supply shall become applicable only if it is conclusively demonstrated that the obligation of a licensee in terms of existing power purchase commitments has been and continues to be stranded. The Regulation also clearly provides that the fixed costs related to network assets would be recovered through wheeling charges.

Hence, in accordance with the above provision of Regulation, considering the transmission charges for computing the stranded costs is not at all correct when Regulation explicitly provides that the stranded cost of power purchase commitments is to be considered for additional surcharge. The power purchase commitments mean only the amount payable to Generation Companies based on Power Purchase Agreements with them and by no imagination transmission charges can be considered as part of power purchase commitments.

9.5.2 HPSEBL’s Response:

HPSEBL has shown the continuous surrender of power from power stations due to open access consumer in table 1 of the Petition and fulfilling the criteria of filing the petition as per regulation 6(3) of HPERC (Cross Subsidy Surcharge, Additional Surcharge and Phasing of Cross Subsidy) Regulations, 2006. The same has been quoted below:

“(3) The additional surcharge for obligation to supply as per sub-section 4 of section 42 of the Act shall become applicable only if it is conclusively demonstrated that the obligation of a licensee, in terms of existing power purchase commitments, has been and continues to be stranded, or there is an unavoidable obligation and incidence to bear fixed costs consequent to such a contract. The fixed costs related to network assets would be recovered through wheeling charges.”

Further, HPSEBL is paying PGCIL & transmission network charges as it has entered into long term open access agreement with Power Grid for transfer of its share in power projects outside the State and thus paying charges per MW of booked corridor. The quantum of energy, receivable on this booked corridor gets reduced on surrendering of ISGS shares by HPSEBL. This surrender of power results in increase in per unit transmission cost for import of power. As the surrender of power is also attributed to power purchase by Open Access consumers through Open Access, the Open Access consumers are also liable

for bearing this impact. Hon'ble Commission was also agreed on this view of HPSEBL in point 8.29.3 of Order dt. 28th Oct 2016. The same has been quoted below:

"...the Commission agrees with the view of HPSEBL and finds that since the transmission charges are payable to the Power Grid and also to HPPTCL on per MW per month basis, the amount payable does not get reduced even if some power is stranded. As such, these charges shall have to be accounted for as fixed costs for determining the additional surcharge even if the STOA consumers are otherwise required to pay similar charges to Power Grid and HPPTCL for their open access draws also."

9.5.3 Commission's View:

The Commission reiterates its earlier stand as stipulated and reproduced in the reply of HPSEBL as above.

9.6 Need of fixed cost computation at the consumer end:

9.6.1 Comments:

The Regulations nowhere mention that the Fixed cost needs to be computed at consumer end by grossing up the Fixed Cost applicable at Generator end with transmission and distribution losses. Hence this approach of grossing up the fixed charges with transmission and distribution losses is not a correct approach as per Hon'ble Commission's Regulations. Further, the entire transmission losses and distribution losses are considered by Hon'ble Commission while determining the ARR and Tariff and total energy input requirement of HPSEBL is computed by grossing up the projected energy sales with transmission and distribution losses. Under such circumstances, if transmission and distribution losses are again considered to compute the stranded fixed costs for determining the additional surcharge, it will be double counting of losses and hence part of the losses will be allowed to HPSEBL twice which is logically also not correct at all.

9.6.2 HPSEBL's Response:

HPSEBL submits that Hon'ble Commission has already clarified this objection of M/s Birla Textile in point 8.30.3 of Order dt. 28th Oct 2016. The same has been quoted below:

"The intention is not to claim any compensation for losses (which have otherwise to be charged separately) through the additional surcharge. The adjustment on this account for determining the rate of additional surcharge is to be done only for projecting the rate of additional surcharge at a single consumer point i.e. at

the delivery point to the consumers without altering the effective rate. In case this is not done, the accounting/billing shall become complicated, particularly when the different charges from the generating stations (where the power is stranded) to the consumer end are to be loaded in the cascaded manner. To illustrate the matter further, if 100 units (say) of energy are stranded at the generating station and after meeting the losses of intermediate systems, 90 units (say) are deliverable to the consumer and the per unit rate of fixed costs, projected at the generating station is 54 paise (say), the per unit rate of fixed costs projected at the delivery point to the consumer shall be 60 paise per unit (approximately). This rate of 60 paise is to be charged on the energy deliverable at the delivery point and is effectively equivalent to only 54 paise at the generating station. In fact, in case of inability of STOA consumers to draw the scheduled power due to transmission constraints on power cuts, no additional surcharge is to be charged on such component. Thus, there is no additional burden on this account. As such this method may provide some relief to the STOA consumers in case of situations, involving transmission constraints or power cuts. On the other hand, if compensation for losses were to be recovered through additional surcharge, the cost of losses of 10 units i.e. about Rs. 3.0 per unit (say) i.e. Rs. 30/- would have jacked up the rate of additional surcharge by another about 33 paise per unit. This is however not intended to be done, keeping in view the fact that the STOA consumers have to compensate for losses separately. As such the contention of the objector in this regard is not at all correct and is therefore not agreed.”

9.6.3 Commission’s View:

The viewpoint of the Commission on this issue has explicitly been clarified at length in our earlier order dated 28-10-2016 as highlighted by HPSEBL in its reply and there is no need of any further explanation on this issue.

9.7 Reasons for Backing Down and Demand Supply Situation:

9.7.1 Comments:

The analysis of data submitted by HPSEBL clearly reveals that HPSEBL has merely filed the backing down details of certain generating stations, without any details of the reasons for backing down, the details of load shedding and demand restrictions placed during the said time blocks etc.

The probable reasons for backing down are as follows:

- Variation in the demand of retail consumers
- Short term power purchase
- Return power available through banking
- Over drawl from NR region
- Drawl of power by Consumers under Short Term Open Access

It is very important that the HPSEBL should provide clearly the detailed break up of backing down done due to various reasons as mentioned above. This argument has been advanced previously by the objector and recorded by this Hon'ble Commission. However, HPSEBL has made no attempts to provide concrete reasons for surrendering power. It is prayed that this Hon'ble Commission direct the HPSEBL to provide the reason for stranding of power so that it is established that open access is responsible for surrendering of power by the licensee.

It is submitted that the very concept and legal basis of additional surcharge is inconsistent with the procurement of electricity on short term basis. Additional surcharge can be determined and made applicable only when the distribution licensees have surplus capacity tied up on long term basis, which is left stranded and continues to be stranded with unavoidable obligation to pay fixed charges due to open access consumers.

If HPSEB is required to procure short term electricity or overdraw power from grid to fulfill the demand of the consumers in the State, the question of there being surplus capacity itself needs to be examined in detail.

During FY 2016-17, the State of Himachal Pradesh was under energy deficit scenario of 0.6% and the HPSEBL was not able to meet the full energy requirement of in the State. This has been clearly recorded in the Load Generation Balance Report (LGBR) 2017-18 published by the Central Electricity Authority. As provided in LGBR, the month wise energy position for the State of Himachal Pradesh during FY 2016-17 is as given below:

Table.5

Actual power supply position in terms of Energy Requirement vis-à-vis Energy Availability of various States/ Systems during the year 2016-17				
Region / State / System	Requirement	Availability	Surplus(+) / Deficit(-)	
	(MU)	(MU)	(MU)	(%)
Chandigarh	1,645	1,645	0	0.0
Delhi	30,830	30,799	-31	-0.1
Haryana	48,894	48,894	0	0.0
Himachal Pradesh	8,832	8,779	-54	-0.6
Jammu & Kashmir	17,397	14,196	-3,201	-18.4
Punjab	53,098	53,098	0	0.0

As observed from the above Table, there was a situation of energy shortage in the State of Himachal Pradesh despite HPSEBL overdrawing from Northern Region to meet the power requirement of the State. Therefore, on no account can it be said that there was 'stranded power in the state'. On that account alone, there is no case for additional surcharge to be levied upon the OA consumers in the state and this petition is to be dismissed forthwith.

Based on above analysis, it becomes very clear the backing down has not been done by HPSEBL on account of availing power by consumers under open access, but due to several other reasons as pointed out above.

In the absence of complete details of reasons for hourly surplus capacity backed down/surrendered, we are not in a position to compute the additional surcharge by considering the fixed charges in Rs/MW.

The Hon'ble Commission in its Order dated 10.04.2015 passed in the First Annual Performance Review Order for 3rd Control Period (FY 15-FY19) & Determination of Tariff for FY-16 for HPSEBL has stipulated that there is likely to be energy deficit situation in FY 2016-17 which has been proved with the help of data on actual demand supply situation as well as overdrawals by HPSEBL during FY 2016-17. Therefore, this Hon'ble Commission may first analyze whether there is any stranded power due to open access and then revisit if at all there is any requirement for levy of Additional Surcharge.

9.7.2 HPSEBL's Response:

HPSEBL submits that Hon'ble Commission has already clarified this objection of M/s Birla Textile in point 8.12.3 of Order dt. 28th Oct 2016. The same has been quoted below:

“The grid conditions vary every minute i.e. on real time basis and the contention that there should not be any excess energy in certain times slots, if it has faced shortages over a certain period (say month) may not be correct. As also stated in a separate para of this order, the STOA consumers avail open access mostly during the conditions when the power is available in the grid at cheaper rates i.e. when grid is by and large, surplus in power. During the shortage conditions in the grid i.e. when there is no surplus power in grid, the power shall not be available at cheaper rates. The open access consumers obviously shall not prefer to draw power through open access during such conditions, keeping in view option available to them to draw continuously the power from the HPSEBL. The HPSEBL has submitted, as a part of the petition, the quantum of power stranded during 2015-16 (till February, 2016) which is substantially higher than the power drawn through open access. This establishes that power is stranded due to various reasons in addition to STOA. Even otherwise also, the additional surcharge is recoverable only when the energy under STOA is actually scheduled which happens virtually during the surplus conditions only. In such situations power gets stranded due to open access and as such the open access consumers are liable to pay for the fixed cost of the stranded power to the extent of their consumption through open access. The STOA consumers

cannot escape the payment of additional surcharge simply because power may be stranded due to reason other than STOA also.”

Further, HPSEBL would like to highlight that to maintain the load balance and grid discipline, load shedding is required sometimes. However for Additional Surcharge, only that power is considered which got stranded due to OA consumers and to that extent only.

9.7.3 Commission’s View:

The STOA consumers avail open access mostly during the conditions when the power is available in the grid at cheaper rates i.e. when grid is by and large, surplus in power. The grid conditions vary every minute i.e. on real time basis and the contention that there should not be any excess energy in certain times slots, if it has faced shortages over a certain period (say month) may not be correct. During the shortage conditions in the grid i.e. when there is no surplus power in grid, the power shall not be available at cheaper rates. The open access consumers obviously shall not prefer to draw power through open access during such conditions, keeping in view option available to them to draw continuously the power from the HPSEBL. The HPSEBL has submitted, as a part of the petition, the quantum of power stranded during 2016-17 which is substantially higher than the power drawn through open access. This establishes that power is stranded due to various reasons in addition to STOA. Even otherwise also, the additional surcharge is recoverable only when the energy under STOA is actually scheduled which happens virtually during the surplus conditions only. In such situations power gets stranded due to open access and as such the open access consumers are liable to pay for the fixed cost of the stranded power to the extent of their consumption through open access. The STOA consumers cannot escape the payment of additional surcharge simply because power may be stranded due to reason other than STOA also.

The Commission would also like to highlight that the Ministry of Power, Govt. of India has notified a draft “Consultation Paper on issues pertaining to Open Access” in which issue of “frequent switching by open access consumers” has also been discussed. It has been highlighted in this paper that

“2.1 Grid frequency is an important indicator of the health of the grid. Progressive tightening of the frequency band, enforcing limits on volume of deviation along with other deterrents and enforcement of Central Electricity Regulatory Commission (CERC) Deviation Settlement Mechanism (DSM) Regulations have contributed to maintain a stable frequency profile and secure system operation.

2.2 As per the prevailing regulatory framework, the DISCOMs are required to provide their energy drawal schedule at their periphery on the day ahead

basis to the SLDC of its state in order to facilitate latter to maintain secure grid operations.

2.3 Many DISCOMs regularly deviate from their schedule, primarily due to uncertain load forecasts as the scheduling is undertaken on the basis of DISCOMs forecast for energy requirement for the following day. With open access consumers revising / deviating from schedule, it becomes more difficult for the DISCOMs to accurately predict the requirement for the following day.

2.4 Particularly for short term open access consumers who procure energy from collective market or power exchanges, there is high degree of uncertainty in their power procurement from Power Exchange and DISCOMs. Considerable variation in schedule and actual energy drawl is observed on regular basis for short term open access consumers. Also, based on the market clearing price determined in exchanges for each block, the energy drawal of open access consumer fluctuates significantly within a day. Despite of such uneven drawl throughout the day, the Open Access consumers continue to enjoy the freedom of rescheduling their energy drawal on the basis of their daily load requirement and the price at which energy is available in the power exchange markets. Such variations in energy drawal make it difficult for the DISCOM to forecast time block wise energy requirement for the following day.

2.5 DISCOMs incur heavy penalties for deviation from their schedule in the form of applicable DSM charges.

2.6 SERCs also disallow a large share of short term power procurement costs incurred by DISCOMs for meeting demand variation by capping purchase price.

2.7 A part of this deviation is attributed to the variation in energy drawal by open access consumer purchasing power from sources other than DISCOM, which results in underdrawl/over-drawal in particular time blocks.

2.8 Whereas open access consumers are allowed to re-schedule their energy drawal based on the daily energy requirement, DISCOMs irrespective of the drawal pattern of the open access consumers, under universal service obligation is required to keep its entire generation and transmission capacity available for the consumers. In such a scenario forecasting demand for the ensuing day becomes challenging for the DISCOMs.

2.9 Considering the immense growth in number of open access consumers and the fluctuation in the energy drawal from open access, it is now imperative that frequency of switching is modulated in such a way that DISCOMs are not unduly burdened by their obligation to provide supply.”

9.8 **Compliance with directions of the Hon'ble Commission:**

9.8.1 **Comments:**

HBSEBL in its Petition has worked out Additional Surcharge in the states of Gujarat, Haryana and Punjab in pursuance of the directions given by this Hon'ble Commission in the previous Additional Surcharge Order. The following Additional Surcharge has been determined by HPSEBL:

Table 6

S.No.	State Methodology	Additional Surcharge (Rs/kWh)
1.	Gujarat	1.20
2.	Punjab	0.78
3.	Haryana	0.97

HPSEBL while computing the Additional Surcharge based on Gujarat Methodology has pointed out that in Gujarat, open access is allowed for a minimum period of 24 hrs and it is mandatory for STOA consumers to procure power through Open Access in all time blocks of a day while the same is not the case in Himachal Pradesh. It was stated by HPSEBL that the methodology of Gujarat cannot be implemented or compared with that of Himachal Pradesh. It is pertinent to note that despite the difference in the method of availing of Open Access, the detailed data provided by the DISCOM in Gujarat is essential for determination of Additional Surcharge in an accurate manner and the same is thus liable to be provided by HPSEBL as well.

It is requested that the HPSEBL may provide the supporting data for calculations presented at Annexure B. We reserve our right to comment upon and analyze the computation of Additional Surcharge carried out by HPSEBL in terms of the methodology followed in Gujarat, Punjab on receipt of supporting calculations provided by HPSEBL.

9.8.2 **HPSEBL's Response:**

HPSEBL has already provided the data required for determination of additional surcharge along with petition. Further, HPSEBL is also providing the data as desired. Supporting Data of Annexure B of petition is provided in soft copy.

9.8.3 **Commission's View:**

When we compare the rate of additional surcharge with other states, it is still on the lower side in Himachal Pradesh. It is also true that the DISCOMs are facing difficulties in managing their system because of short term power procurement by Open Access Consumer particularly power procurement from day ahead market of power exchanges. Taking into account the difficulties faced by DISCOMs and to ensure that the provision of open access granted under the Electricity Act, 2003 to promote efficiencies and competition does not unduly burden DISCOMs, few SERCs have restricted frequency of switching of consumers from open access to distribution licensee in various ways.

RERC, HERC, MERC, etc. have adopted measures such as:

- * Mandatory to schedule power from open access for the entire duration of 24 hours in a day,
- * Maintain uniform energy drawal for at least a period of continuous 8 hours,
- * Restriction on variation in drawal to maximum of 25% of maximum schedule, penalizing variation in drawal, etc.
- *GERC Regulations provide that Quantum of drawl from DISCOM during any time of the day should not exceed the drawl of electricity from the DISCOM in such time block wherein Open Access drawal is the maximum.

9.9 **Computation of fixed cost:**

9.9.1 **Comments:**

HPSEBL has also suggested that the computation of fixed cost shall not be limited to Projects given under the Merit Order and all the Projects should be considered as HPSEBL is using them for meeting the base load requirements of the State. It is submitted that doing so will be entirely incorrect, since the maintenance of base load requirements of the State or decreased generation of Hydro power plants is independent of power being stranded due to availing of STOA by Open Access Consumers. Therefore, passing on the entire burden of fixed costs owing to maintenance of base load requirements or the cost of decreased Hydro power generation, exclusively to Open Access Consumers will be incorrect.

Further, it is to be noted that this Hon'ble Commission has noted in the Second APR Order that HPSEBL has consistently failed to provide a comprehensive plan on how the base load for the entire year can be met from hydel power itself or thermal power in return of hydel power, so that HPSEBL avoids buying costly power from thermal stations in future. In this respect, it was noted that that the entire summer surplus of power was being banked by HPSEBL with its return on firm basis which is sufficient to meet the base load demand of winter months. It appears that HPSEBL, in the absence of forward banking for FY 2017 is now trying to pass on the liability of maintaining base

load to the Open Access Users. Thus, the Open Access consumers cannot be saddled with the liability of fixed costs incurred by such generating stations.

9.9.2 HPSEBL's Response:

HPSEBL is using thermal plants for meeting the base load requirements of the State. The Hydro-power is not available for all the slots in a day and there is substantial variation in generation from season to season. The power supply shortage arising out of decreased generation in Hydro power plants is met with these thermal power plants as URS can be booked from only those stations which have been allocated to HPSEBL. HPSEBL had to surrender power from these thermal plants due to OA consumers. As HPSEBL is doing such arrangements to meet the requirement of its consumers, therefore, these thermal projects also need to be considered for determination of additional surcharge. It is further added that this very entitlement from centre sector thermal plants facilitates mitigation of deficits in the events when there is unprecedented decline in hydro against anticipations.

9.9.3 Commission's View:

The Commission has rightly considered only those thermal power projects which are required to meet the demand of the state as finalized under Merit Order for FY17 by this commission for FY 2016-17 in its second annual performance review order dated 25th May, 2016. The power from only these stations are expected to be stranded due to open access consumes. The same is also evident from the details provided by the HPSEBL. The power from the costlier projects from which HPSEBL is not expected to purchase power under normal situations cannot be considered to have been stranded due to short term open access and accordingly, the fixed cost for the shares from such projects cannot be accounted for while computing the additional surcharge rate. The Commission finds that it will be a fair proposition to consider the fixed costs of Rihand-I, Rihand-II, Rihand-III and Singrauli projects for determination of the rate of additional surcharge. Even though the quantum of total power surrendered from these projects is more than the quantum of short term open access, the impact to be considered shall be restricted to the same due to STOA as the Commission shall work out only per kWh rates.

9.10 Reduction in per unit demand charges recovered by HPSEBL from consumer after adjusting the amount against wheeling charges:

9.10.1 Comments:

HPSEBL has further submitted that while computing per unit Additional Surcharge, the per unit demand charges recovered by HPSEBL from consumer after adjusting the amount against wheeling charges recovery are also reduced.

HPSEBL has incorrectly stated that these include other fixed components such as employee cost, O&M expenses, interest and finance charges, etc. which should not be reduced while computing Additional Surcharge. It is submitted that the said issue has already been addressed in the previous Additional Surcharge Orders. The per unit demand charges being reduced from per unit Additional Surcharge are being reduced so as to avoid double charging of fixed costs on the Open Access Consumers. The Open Access Consumers, being an embedded consumer is paying demand charges for full demand even if drawl of part energy is made from open access. Therefore, it is pertinent that the said demand charges are reduced from the computation of Additional Surcharge.

9.10.2 **HPSEBL'S Response:**

The total cost recovered from consumer through tariff is divided into demand charges & energy charges. Both these charges are fixed by Hon'ble Commission to recover the Annual Revenue Requirement (ARR) of HPSEBL. Fixed components of demand charges in addition to fixed cost of power plants consists of other fixed charges also like employee cost, A&G expenses, R&M, interest etc. Therefore, full demand charges should not be reduced for computing the additional surcharge.

9.10.3 **Commission's View:**

The Commission does not agree to the view point of HPSEBL that the fixed components such as employee cost, O&M expenses etc. should not be reduced while computing Additional Surcharge. The open access consumers are paying the wheeling charges which are taking care of the recovery of network related charges including employee cost, O&M expenses etc of HPSEBL. Also, the Commission has time and again requested HPSEBL to conduct a detail study on voltage wise cost of supply but the same is still not being done by HPSEBL till date. Therefore, in the absence of proper detail it is not possible for the Commission to works out the fixed charges accurately.

9.11 **Applicability of Additional Surcharge:**

9.11.1 **Comments:**

As per the regulation no.6 of HPREC (Cross subsidy Surcharge, Additional Surcharge and phasing of Cross Subsidy) Regulation 2006, Additional surcharge is applicable only if it is conclusively demonstrated that the obligation of a licensee in terms of existing power purchase commitments, has been and continues to be stranded, Each distribution licensee shall submit to the Commission, details of fixed costs, which the licensee is incurring towards his obligation to supply. In the petition, the HPSEBL has not anywhere shown conclusively that the surrender of power to various generators was only on account of the consumers buying power from Open access. No correspondence has been annexed to prove the fact. It could be due to non availability of the

system of HPSEBL or FLAWS of the system of the consumers which preventative of usage of power by the consumers even at the times when no open access power was bought by them. Moreover the fixed costs of various plants mentioned in the mid-term performance order(FY15 –FY19) table no.151 is at variance from fixed_costs mentioned in table 2 of the petition. The figures given in the MYT petition and the present petition need to be reconciled.

9.11.2 HPSEBL's Response:

HPSEBL has shown the continuous surrender of power from power stations due to open access consumer in table 1 of the Petition and fulfilling the criteria of filing the petition as per regulation 6(3) of HPERC (Cross Subsidy Surcharge, Additional Surcharge and Phasing of Cross Subsidy) Regulations, 2006. Further, HPSEBL has considered only power surrendered due to open access consumers.

Tariff Order for central projects were passed by CERC after tariff order for 3rd MYT control period FY 2014-15 to FY 2018-19 was passed by the Hon'ble HPERC. Therefore, actual normative fixed cost being paid by HPSEBL for these central sector projects which has been taken for computing additional surcharge.

9.11.3 Commission's View:

HPSEBL is required to meet the power requirements of its consumers on 24x7 basis. To meet this objective it has entered into long term PPAs/arrangements. In view of the peculiar features of short term open access, the obligations of the Discom, in terms of existing power purchase commitments, get stranded whenever a consumer avails short term open access, except for the rare situation of notified energy cuts. In merit order of operation, the power at the margin gets stranded. Moreover, since the short term open access is taken only for limited durations depending upon the market rates in particular time slots and HPSEBL has to meet the requirement of such open access consumers also in all other periods, the power commitments shall continue to get stranded, unlike the situation in case of long term open access where such commitment can be expected to taper down.

In case of short term open access, the power at the margin in merit order operation gets stranded. The power from such sources involves certain fixed costs which have to be essentially paid by the Discom even if such power is stranded for short durations. The Commission has adopted a very reasonable approach while allocating the fixed costs to STOA and has not considered the fixed costs for the capacities which would have got stranded even in absence of short term open access. The HPSEBL, in their petition, has submitted details of the fixed charges paid by them in respect of stranded power. The Commission however has done due diligence while determining the rate of additional surcharge.

In view of above the Commission finds that conditions brought out by the objectors are clearly met and there is a fit case for determination of the rate of additional surcharge for consumers availing short term open access. Also, regarding the observation of the objectors with regard to the fixed cost of various plants, it is to clarify that the Commission has considered Annual Fixed Cost of the respective stations as approved by CERC for determining the Additional Surcharge.

9.12 REASONS FOR BACKING DOWN OF GENERATION:

9.12.1 Comments:

It is not correct that HPSEBL has been facing problems in power management due to STOA consumers. The Act has made a provision for allowing Open Access by the Consumers and it is the inefficiency of the HPSEBL that any difficulties are arising in giving effect to the provisions of the Act. The Consumer is within his rights to buy cheaper power from wherever viability permits and any riders on the same are going to discourage him from buying open access power and would be against of the provision of the Act.

9.12.2 HPSEBL's Response:

HPSEBL submits that at present open access consumers has liberty to purchase varied/nil quantum of power through short term open access in 15 minutes time blocks of the day as per their wish and will. They buy power in only those 15 min. blocks when it is cheaper in comparison to HPSEBL's tariff and shifts back from OA to HPSEBL when it is costly. Anticipating that the consumer would be purchasing power from IEX, HPSEBL surrenders its costly power and as and when consumer shifts back from open access a problem of non-availability of power is faced by HPSEBL. Therefore, the contention of M/s Ambuja Cement that HPSEBL has not been facing power management problem due to open access consumers is incorrect.

Further, HPSEBL is not discouraging consumers buying power from open access as it is regularly approving Open Access application.

It is pertinent to mention here that the STOA consumers should avail this vary opportunity by requesting in advance to HPSEBL as this preposition shall facilitate HPSEBL for further disposal of surplus power in legitimate manners.

9.12.3 Commission's View:

The Commission agreed to the view point of the HPSEBL. The frequent switching of load by the open access consumers especially while procuring the power from Day ahead market of the Power Exchanges has created a lot of uncertainties to HPSEBL in terms of managing the load as well as grid also.

9.13 IMPACT OF ONLY STOA TO BE CONSIDERED:

9.13.1 **Comments:**

That procedure for accounting of STOA power has already been prepared after detailed deliberations with the stake holder and any change there in needs to be carried out through a separate petition limited to that issue. Moreover, non sticking of STOA consumer to the schedule submitted by them calls into pay UI adjustment which are self punitive to the consumer.

1. The deviation from the schedule of the STOA Power is already being settled as per deviation settlement mechanism.
2. That the suggestion of charging 25% of the additional surcharge for 30 days advance schedule and 50% for 50 days advance schedule are just adhoc figures and are not substantiated by any facts and figures, calculation or logic.

9.13.2 **HPSEBL's Response:**

1. Further delay in change in procedure of STOA will affect the power management of HPSEBL. Therefore, HPSEBL requests Hon'ble Commission to accept the suggestion made in point 4.4 of the petition. It is further emphasized that availing power by STOA consumers in intermittent manners does not judiciously qualify proper settlement even under UI mechanism that is in many events even the costly URS booked by HPSEBL in real time operations are not accounted for in the instant methodology of deviation settlement and ultimately the onus remains on HPSEBL.

2. HPSEBL had proposed levy of 25% & 50% of additional surcharge if firm schedule is provided to HPSEBL at least 30 & 15 days respectively. The idea to incentivize the consumers was to encourage the consumers to stick to the schedule provided so as HPSEBL could properly plan power procurement so as not to face the shortage of power as elaborated in point no. 2 above. The percentages on these timelines were decided considering the time requirement for advance power procurement planning.

9.13.3 **Commission's View:**

The commission agrees to the views of HPSEBL. However, any changes to be made in the procedure of STOA will have to be done by way of amendment in the Open Access regulations.

The Commission also agrees to the proposal putforth by the HPSEBL to incentivize the firm power procurement by open access consumers finalized at earlier dates. The Commission hereby approved the proposal of HPSEBL for levy of only 25% & 50% of Additional surcharge in case the firm schedule is provided atleast 30 & 15 days respectively, in advance by the open access consumer.

9.14 **Additional Surcharge calculations of other states:**

9.14.1 **Comments:**

The petitioner has enclosed model of Gujarat, Haryana and Punjab to support his case of 65.39 paise per unit as additional surcharge. The objector submits that instead of following models of other States, the two situations namely

(i) When there is no short-term open access availed by consumers,

The HPSEB does not pay any fixed charge to the generator and also does not earn any amount of account of wheeling charge and other charges.

(ii) The position contained in the present petition be examined.

The HPSEBL has paid 90.78 paise per unit fixed charge to the generators for surrender powered of 510.00 lacs units and has earned @ 53 paise per unit as wheeling charge from 1347.24 lacs units bought via open access by consumers.

So nothing remains chargeable on account of additional surcharge by the above logic as there is no justification of charging the wheeling charge in addition to the demand charges because the HPSEB has not incurred any expenditure on the system to make it suitable for carrying STOA power. The same system remains in place whether the power supplied by HPSEB is wheeled or STOA power is wheeled.

9.14.2 **HPSEBL's Response:**

The contention of the petitioner is wrong that HPSEBL need not to pay any fixed charges when there is no open access. HPSEBL has to pay both fixed & energy charges for buying the power and only fixed charge when it has to surrender power.

The total fixed charges paid by HPSEBL to generator, PGCIL charges to 124.16 paise/unit. Therefore, the total amount paid by HPSEBL for 510 lacs unit is Rs 632.40 lakh while it has earned only Rs 357.01 lakh for 1347.24 lacs units wheeled by OA consumers as the wheeling charges applicable to OA consumer is 50% of @53 paise per unit i.e @26.5 paise per unit only. Therefore, the logic mentioned by M/s Ambuja Cement is incorrect. Further, STOA consumer is an embedded consumer of HPSEBL & is paying demand charges. Therefore wheeling charges to the extent of 50% are charged for STOA, further, while computing additional surcharge based on Hon'ble Commission methodology the per unit demand charges are reduced to the extent of per unit wheeling charges to arrive at final value.

9.14.3 **Commission's View:**

The Commission agrees to the views expressed by HPSEBL in its reply. The fixed charges have to be paid to the generators in case of surrendering of power. Also, it is again to clarify that the open access consumers presently has to pay 50% of the wheeling charges as determined by the Commission.

9.15 **Reliability support charges:**

9.15.1 **Comments:**

The reliability support charge of 22.09 paisa per unit stated to be charged by Power Grid System has never been notified, nor there is any improvement in the reliability of power supply and hence this charge may not be levied until it is fully justified and debated with the stake holders.

9.15.2 **HPSEBL's Response**

The contention in the said para is misconceived by M/s Ambuja as in consonance with the computation mentioned in CERC, the reliability support charges are one of the components of the POC charges. The fixed cost related to power grid system is of POC slab rate, reliability support charge rate & HVDC charge which are quarterly notified by CERC in accordance with Central Electricity Regulatory Commission (Sharing of Inter State Transmission Charges and Losses) Regulations, 2010, which are in public preview and can be downloaded from www.cercind.gov.in. Further, the rate @22.09 per unit has been calculated by considering @77.19% load factor based on methodology of Hon'ble Commission for calculating additional surcharge

9.15.3 **Commission's View:**

The reliability support charge has been one of the components of the Point of Connection charges as notified by the CERC. Therefore, the contention of the objectors that reliability support charges may not be levied cannot be accepted.

9.16 **RESTRICTION OF ADDITIONAL SURCHARGE TO REASONABLE LEVELS:**

9.16.1 **Comments:**

The adjustment of contract demand charge in Punjab model has not been made because there are no demand charges in Punjab.

9.16.2 **HPSEBL's Response:**

The contention of M/s Ambuja Cement is incorrect, there is a fixed demand charges payable by industrial consumers in Punjab and the same can be referred from tariff order of Punjab state.

9.16.3 **Commission's View:**

As conveyed by HPSEBL in its reply, it is to clarify that the demand charges are payable by industrial consumers in Punjab.

9.17 **SUBTRACTIONS FROM THE PER UNIT COST OF STRANDED POWER:**

9.17.1 **Comments:**

As per the tariff order revenue surplus of Rs. 3.17 Crore (Table 191) is coming to HPSEBL which also needs to be adjusted to achieved revenue neutrality.

9.17.2 **HPSEBL's Response:**

HPSEBL has already filed a review petition no. 34/2017 against the mid term review order dt. 17th Apr 2017. The petition has already been admitted by Hon'ble Commission and copies of the same have already been supplied to the stakeholders and the same is also available on the HPSEBL's website. Further, surplus revenue, if any, cannot be used to give benefit to any specific category of consumer and would be passed on to all the consumers of the state.

9.17.3 **Commission's View:**

The revenue surplus of Rs. 3.17 crore has been allowed based on the projections made by the Commission. However, ultimately no surplus will be allowed when True up exercise is carried by the Commission based on the audited figures made available by the HPSEBL.

9.18 **FIXED COST OF STRANDED POWER:**

9.18.1 **Comments:**

The transmission charges of HPPTCL system are already being paid by the consumer. Similarly the line losses of 4% are also being paid on the energy therefore increasing the fixed cost would mean double charges of the losses. The Wheeling charges mentioned as 26.50 paise also needs to be corrected to 30.0 paise.

9.18.2 **HPSEBL's Response:**

The power grid losses, HPPTCL losses & distribution losses are considered to compute the charges at consumer end because HPSEBL is paying all these charges to bring the power at the consumer end. HPSEBL is paying PGCIL & transmission network charges as it has entered into long term open access agreement with Power Grid for transfer of its share in power projects outside the State and thus paying charges per MW per month of booked corridor. The quantum of energy, receivable on this booked corridor gets reduced on surrendering of ISGS shares by HPSEBL. This surrender of power results in increase in per unit transmission cost for import of power. As the surrender of power attributed to power purchase by Open Access consumers through Open Access, the Open Access consumers are also liable for bearing this impact. Hon'ble Commission has also agreed on this view of HPSEBL in point 8.29.3 of Order dt. 28th Oct 2016. The same has been quoted below:

“...the Commission agrees with the view of HPSEBL and finds that since the transmission charges are payable to the Power Grid and also to HPPTCL on per MW per month basis, the amount payable does not get reduced even if some power is stranded. As such, these charges shall have to be accounted for as fixed costs for determining the additional surcharge even if the STOA consumers are otherwise required to pay similar charges to Power Grid and HPPTCL for their open access draws also.”

The calculation for additional surcharge is based on the data of the previous financial year for which the wheeling charges as per commission order were @26.5 paise per unit and the same were considered by HPEBL also. It is further added that these charges are subject to determination by Hon'ble Commission from time to time.

9.18.3 Commission's View:

The Commission agrees to the viewpoint of HPSEBL and reiterates its earlier stand as has been spelled out in our earlier order dated 28th Oct 2016 as highlighted by HPSEBL also in its reply. Also, with regard to wheeling charges rate of 26.5 paise taken by the HPSEBL in the petition, it is to clarify that the Commission has considered wheeling charges at a rate of 30 paise for determining the additional surcharge rate.

9.19 METHODOLOGY FOR CONSIDERING FIXED CHARGES FOR STRANDED CAPACITY:

9.19.1 Comments:

Either the calculations as per view point of the objector given under para 9.14.1 above may be accepted or the additional charge computed in the table 5 of the petition needs to be corrected as follows: Generation, Transmission and fixed costs of 124.16 paise minus demand charges 85.27 paise minus 50% wheeling charges of 26.50 paise minus 22.09 paise= negative say 0.

In view of the above submission the petition may be out rightly rejected and HPSEBL may be directed to re-workout additional surcharge if it is a must levy on the STOA consumers.

It is also prayed that objector may also given opportunity of being heard in person and make additional submissions at appropriate times. The petitioner may also be directed to supply the copies of PPA's to the objectors.

9.19.2 HPSEBL's Response:

HPSEBL has already cleared the view point of objector in point no. 9.15.2 above.

9.19.3 **Commission's View:**

The methodology of determination of Additional Surcharge has been finalized by the Commission after detailed deliberation and we find no valid reason/justification to review it now.

9.20 **FLAW IN METHDOLOLGY:**

9.20.1 **Comments:**

Table7. Fixed Cost relating to Generation Capacity (at injection point)

Name of Plant	Capacity	Expected Net Annual Generation (MUs) during FY 2016-17 as per and APR Order	Annual Fixed Cost (Rs Cr.) for FY 2016-17	Annual Fixed Charges (Paise/Unit)	Power Purchase (MUs) during FY 2016-17*	Total Fixed Cost of Power Purchase Rs Cr.)
I	II	III	IV	$V=(IV \times 1000)/III$	VI	$VII=V \times VI / 1000$
Rihand -I	1000	6707.82	564.28	84.12	234.39	19.72
Rihand -II	1000	6854.44	595.70	86.91	246.05	21.38
Rihand -III	1000	6707.82	1015.58	151.40	71.74	10.86
Singrauli	2000	13541.00	827.33	61.10	61.81	3.78
Total	5000	33811.08	3002.88		613.99	55.74
Average rate of Fixed Cost at Injection Point(Paise/unit)				90.78		

Power Purchase (MUs) during FY 2016-17 in the table above is same as submitted by HPSEBL in Mid Term Review Petition in which power purchase upto Sep'16 is on actual basis and for remaining months quantum approved by Hon'ble Commission has been taken.

It can be inferred from the above table 7 that the Average rate of Fixed Cost at Injection Point has been calculated based on the power purchase by Distribution Licensee and total fixed cost obligation toward each of the power plant which is stranded during FY 2016-17.

However, it may be noted that Licensee has the fixed cost obligation towards total generation (actual generation+ expected generation not being used due to open access). The Average fixed cost should be calculated as shown below:

Table 8

Calculation of Average Fixed Cost		
A	Power Purchase (MUs) during FY 2016-17*	613.99
B	Total Surrendered due to STOA Consumer (MU) (for 8 months)	51.03
C=A+B	Total Generation (MU)	665.02
D	Total Fixed Cost of Power Purchase (Rs Cr.)	55.74
E=D/C	Average Fixed Cost (paise/Unit)	83.817

The Generation surrendered by Licensee due to open access should also be considered while calculating average fixed cost on per unit basis from each of the stranded power plants otherwise the basic contention of the licensee that was a stranded capacity would not exist.

- a) It is further submitted that the Licensee has provided data of energy surrendered only for 8 months, however, while calculating average fixed cost licensee has considered data of 12 months. It would therefore be irrational to compare data of 8 months with 12 months which may draw some other picture.

9.20.2 HPSEBL's Response:

Fixed Cost calculation relating to generation capacity (injection point)

a. As per methodology adopted by Hon'ble Commission for computing additional surcharge the actual per unit fixed cost paid by HPSEBL has been taken. Since, the total fixed cost to be paid to the generator by HPSEBL is on actual power purchase, therefore, HPSEBL has rightly considered the per unit fixed cost. Further, as submitted by M/ s IEX that surrendered power should be added to the total purchase for calculating per unit cost cannot be justified as corresponding fixed power purchase cost for this quantum has not being considered. Further, Hon'ble Commission has clarified in point 8.28.3 of Order dt. 28th Oct 2016. The same has been quoted below:

"In this connection, the Commission also finds it appropriate to mention here that the rate of 81.71 paise per unit is less than the rate of 95.30 paise per unit, considered by the petitioner-HPSEBL which incidentally has also been endorsed by most of the objectors by way of adopting the said rate of 95.30 paise per unit in the calculations made by them, as incorporated in a separate paragraph. The Commission has thus adopted a methodology which, according to it, is not only fair and prudent but also serves the interest of the open access consumers in a better way."

b. Based on the present methodology of the Hon'ble Commission the per unit fixed cost for the plants does not depend on open access. As per regulation utility requires to demonstrate the power has been continuously stranded due to consumer opting for short term open access which has already been substantiated in the petition.

9.20.3 **Commission's View:**

The per unit fixed cost of the generator does not depends upon the quantum of open access. The Commission has worked out the per unit rate based on the AFC approved by CERC for the respective stations and expected ex-bus energy from the station. Therefore the concerns/ issues raised by M/s IEX are not justified. Also, the Commission has considered the data of full FY 2016-17 for determining the fixed cost.

9.21 **METHODOLOGY AND RELIABILITY OF DATA FURNISHED BY THE LICENSEE:**

9.21.1 **Comments:**

Recovery of Transmission Charges through Additional Surcharge:

a) While calculating Additional Surcharge, HPSEBL has also considered Transmission charges. It is submitted that Additional surcharge is applicable only if capacity is stranded due to Open Access availed by consumers. In case of Transmission System as far as utilization of the system concerned, there is no difference between consumers procuring power through Open Access or Discom as in both case same transmission system is used.

b) Further, in case of ISTS (POC) charges, HPSEBL is a beneficiary of ISTS and short term transmission charges paid by Open Access consumers have been refunded to HPSEBL as per CERC Regulations. Hon'ble Commission has considered this argument and held that this refund of charges have been considered in APR of the licensee therefore no adjustment should be provided in calculation of Additional Surcharge. In this regard, it is submitted that the benefit of refund of Short term Transmission Charges should be given to the Open Access Consumers as they are paying these charges and these charges should not be socialize through APR which is inequitable and irrational.

c) While calculating Additional Surcharge STU charges have also been considered which is not correct as per reasons mentioned in para (a) above. It is submitted that as per Regulation 33(4) of HPERC (Terms and Conditions for Determination of Transmission Tariff) Regulation, 2011 75% of Short term transmission charges of STU have to be adjusted in transmission charges of long term/medium term customers and in HP only HPSEBL is the beneficiary of this charges. Therefore, Licensee have no losses towards State Transmission charges due to Open Access availed by consumers. Regulation 33 is extracted for ready reference:

"33. Allocation of Transmission Service Charges and Losses

.....

(4) 25% of the charges collected from the short open access customer shall be retained by the transmission licensee and the balance 75% shall be considered as non-tariff income and adjustment towards reduction in the transmission service charges payable by the long and medium term users."

d) It is further submitted that while considering transmission charges, losses have been applied which is erroneous as losses are applied on the energy charges and not on transmission charges since transmission charge are applied on input energy to ISTS/STU System. Consideration of transmission cost as stranded cost for determination of Additional Surcharge is faulty and should thus be excluded.

9.21.2 HPSEBL's Response:

Recovery of transmission charges through additional surcharge

a) HPSEBL is paying PGCIL & transmission network charges (STU) as it has entered into long term open access agreement with Power Grid for power projects outside the State as well as availing SOR shares from central sector projects and thus paying charges per MW per month of booked corridor. The quantum of energy, receivable on this booked corridor gets reduced on surrendering of ISGS shares by HPSEBL. This surrender of power results in

increase in per unit transmission cost for import of power. As the surrender of power is also attributed to power purchase by Open Access consumers through Open Access, the Open Access consumers are also liable for bearing this impact. Hon'ble Commission is also agreed on this view of HPSEBL in point 8.29.3 of Order dt. 28th Oct 2016. The same has been quoted below:

“...the Commission agrees with the view of HPSEBL and finds that since the transmission charges are payable to the Power Grid and also to HPPTCL on per MW per month basis, the amount payable does not get reduced even if some power is stranded. As such, these charges shall have to be accounted for as fixed costs for determining the additional surcharge even if the STOA consumers are otherwise required to pay similar charges to Power Grid and HPPTCL for their open access draws also.”

b) M/s IEX has rightly mentioned that HPSEBL receives the refund from PGCIL on account of CERC Regulations. Further, this amount is also considered by HPSEBL in its ARR as the benefits from the refund cannot be used to give preferential treatment to any specific category of consumer and is being passed on to all the consumers of the state.

c) Same as point 'b' above.

d) HPSEBL submits that additional surcharge shall be charged on the energy deliverable at the delivery point in the distribution system (i.e. at the consumer end) based on the energy scheduled for each time block. The charges considered by HPSEBL in table 3 of petition are at injection point and to project them at the consumer end transmission and distribution losses for respective systems need to be considered. Hon'ble Commission has also clarified this in point no. 8.30.3 of Order dt. 28th Oct 2016. The same being quoted below:

“The intention is not to claim any compensation for losses (which have otherwise to be charged separately) through the additional surcharge. The adjustment on this account for determining the rate of additional surcharge is to be done only for projecting the rate of additional surcharge at a single consumer point i.e. at the delivery point to the consumers without altering the effective rate. In case this is not done, the accounting/billing shall become complicated, particularly when the different charges from the generating stations (where the power is stranded) to the consumer end are to be loaded in the cascaded manner. To illustrate the matter further, if 100 units (say) of energy are stranded at the generating station and after meeting the losses of intermediate systems, 90 units (say) are deliverable to the consumer and the per unit rate of fixed costs, projected at the generating station is 54 paise (say), the per unit rate of fixed costs projected at the delivery point to the consumer shall to 60 paise per unit (approximately). This rate of 60 paise is to be charged on the energy deliverable at the delivery point and is effectively equivalent to only 54 paise at the generating station. In fact, in

case of inability of STOA consumers to draw the scheduled power due to transmission constraints on power cuts, no additional surcharge is to be charged on such component. Thus, there is no additional burden on this account. As such this method may provide some relief to the STOA consumers in case of situations, involving transmission constraints or power cuts. On the other hand, if compensation for losses were to be recovered through additional surcharge, the cost of losses of 10 units i.e. about Rs. 3.0 per unit (say) i.e. Rs. 30/- would have jacked up the rate of additional surcharge by another about 33 paise per unit. This is however not intended to be done, keeping in view the fact that the STOA consumers have to compensate for losses separately. As such the contention of the objector in this regard is not at all correct and is therefore not agreed.”

9.21.3 **Commission’s View:**

The Commission has already expressed its views in our earlier orders on the applicability of transmission charges as fixed cost to be recovered through additional surcharge as highlighted by M/s IEX. Our views remain the same as has already been given in the reply of HPSEBL as above.

9.22 **AVAILABILITY OF DATA FOR FULL YEAR:**

9.22.1 **Comments:**

Applicability of losses on Average fixed cost:

While calculating Additional Surcharge, HPSEBL has applied transmission and distribution losses on the average fixed cost as per methodology adopted by the Hon’ble Commission. In this regard, it is submitted that the phenomenon of T&D losses are occurred when power is wheeled or transmitted through T&D System. The Whole premise of the Additional Surcharge is stranded capacity which means power has not wheeled or transmitted to the Distribution System. When power has not been wheeled or transmitted than application of T&D losses is neither nor practical. The average fixed charge in per unit terms has been determined for simple calculation of charges and does not envisage that fixed charges are based on the energy generated from the generating plant. T&D losses

should not be applied to average fixed cost

9.22.2 **HPSEBL’S Response:**

Applicability of losses on average fixed cost

The Commission has already clarified this objection in point no. 8.30.3 of Order dt. 28th Oct 2016. The same being quoted in point 'd' of 9.21.2 above.

9.22.3 **Commission's View:**

The intention of the Commission is not to claim any compensation for losses (which have otherwise to be charged separately) through the additional surcharge. The adjustment on this account for determining the rate of additional surcharge is to be done only for projecting the rate of additional surcharge at a single consumer point i.e. at the delivery point to the consumers without altering the effective rate. In case this is not done, the accounting/billing shall become complicated, particularly when the different charges from the generating stations (where the power is stranded) to the consumer end are to be loaded in the cascaded manner. To illustrate the matter further, if 100 units (say) of energy are stranded at the generating station and after meeting the losses of intermediate systems, 90 units (say) are deliverable to the consumer and the per unit rate of fixed costs, projected at the generating station is 54 paise (say), the per unit rate of fixed costs projected at the delivery point to the consumer shall to 60 paise per unit (approximately). This rate of 60 paise is to be charged on the energy deliverable at the delivery point and is effectively equivalent to only 54 paise at the generating station. In fact, in case of inability of STOA consumers to draw the scheduled power due to transmission constraints on power cuts, no additional surcharge is to be charged on such component. Thus, there is no additional burden on this account. As such this method may provide some relief to the STOA consumers in case of situations, involving transmission constraints or power cuts. On the other hand, if compensation for losses were to be recovered through additional surcharge, the cost of losses of 10 units i.e. about Rs. 3.0 per unit (say) i.e. Rs. 30/- would have jacked up the rate of additional surcharge by another about 33 paise per unit. This is however not intended to be done, keeping in view the fact that the STOA consumers have to compensate for losses separately. As such the contention of the objector in this regard is not at all correct and is therefore not agreed.

10. **DETERMINATION OF ADDITIONAL SURCHARGE RATE :**

The Commission in its order dated 28-10-2016 for determination of the rate of additional surcharge has suggested HPSEBL to submit the proposal based on alternative methodologies used in other states in addition to the same based on the present methodology. HPSEBL in this petition has worked out the rates of additional surcharges based on the methodologies adopted in the states of Gujarat, Punjab and Haryana. These rates of additional surcharges as worked out by HPSEBL has been 0.91/- Rs./kWh, 5.26/- Rs./kWh and 1.17 Rs./kWh based upon Gujarat, Punjab and Haryana methodologies respectively. So, these rates are coming out to be very much on higher sides in comparison to the rates presently prevailing in H.P. The Commission, therefore, feels appropriate in the interest of all stakeholders involved to adopt the same methodology in

this order as well which has been adopted in our earlier orders for determination of the rate of additional surcharge. The Commission has thus adopted a methodology which, according to it, is not only fair and prudent but also serves the interest of the open access consumers in a better way.

Based on the above and discussion in earlier paras, the overall annual fixed charges to be considered for the determination of additional surcharge at the injection point to be worked out as 86.97 paise per unit in the following table:

Table-9
Fixed cost relating to Generating Capacity (at Generating Stations)

Name of Plant	Capacity in MW	Expected Annual Generation (Net) (MUs)	Annual Fixed Cost (Rs. Crore) for FY 2016-17	Annual fixed charges (Paise/k Wh)	Power Purchase (MUs) during FY2016-17	Total Fixed cost of power purchase (Rs. Crores) (7=5*6)
1	2	3	4	5	6	8
Rihand-I	1000	7020	565.22	80.52	228.88	18.43
Rihand-II	1000	7020	592.94	84.46	248.16	20.96
Rihand-III	1000	7020	1020.76	145.41	68.60	9.97
Singrauli	2000	15770	822.24	52.14	54.76	2.86
Total	5000	36830	3001.16		600.39	52.22
Average of fixed cost rate (Paise/kWh) = (7/6)					(52.22/600.39) =86.97	

The Commission has worked out the per unit rate of the transmission charges of power grid and HPPTCL in the following Table:

Table-10

Fixed cost relating to Power Grid & HPPTCL Transmission System (at injection points)

Month	Power Grid System			HPPTCL System
	POC Rate (Rs/MW/month)	Slab Reliability Support Charges Rate (Rs/MW/month)	HVDC Charge Rate for NR	Transmission Charges (Rs/MW/month)

			(Rs/MW/ month)	
April, 2016	73234	23671	20905	8250
May, 2016	73234	23671	20905	8250
June, 2016	73234	23671	20905	8250
July, 2016	79664	26062	20376	8250
Aug, 2016	79664	26062	20376	8250
Sep, 2016	79664	26062	20376	8250
Oct, 2016	88362	25321	18423	8250
Nov, 2016	88362	25321	18423	8250
Dec, 2016	88362	25321	18423	8250
Jan, 2017	83787	26182	19712	8250
Feb, 2017	83787	26182	19712	8250
Mar, 2017	83787	26182	19712	8250
Average/ month	81262	25309	19854	8250
Average Fixed Cost @84.09% load Factor at injection point (paise/kWh)	20.60			1.34

The Commission has worked out the per unit basic rate of the Power Grid charges and HPPTCL Transmission charges as 20.60 paise per unit and 1.34 paise per unit respectively.

BALANCE PAYABLE IN THE SHAPE OF ADDITIONAL SURCHARGE:

Based on above discussion, the Commission has computed the rate of additional surcharge as 51 paise/kWh as per details given in the Table-11, which also depicts the comparison of the proposal given by the HPSEBL and computation made by the objector.

Table -11

Sr. No.	Description	Computation of Addl Surcharge by HPSEB Ltd		Computation of Addl Surcharge by Objectors	Computation of Addl. Surcharge by HPERC	
		3	4	5	6	7
A)	Fixed cost of Stranded Capacity (Paise/kWh)	Fixed cost at injection point	Fixed cost projected at consumer end	Fixed cost considered by Objectors on HPSEB Ltd Methodology	Fixed cost at injection point	Fixed cost projected at consumer end
		90.86	99.18	90.78	86.97	94.94
B)	Transmission Capacity: (i) Power Grid System (Paise/KWh) (ii) HPPTCL System (Paise/KWh)	22.43 1.46	24.49 1.54	0.00 0.00	20.60 1.34	22.48 1.41
C)	Total Fixed Cost payable to Generator (A+B) (Paise/kWh)	-	125.21	90.78	-	118.83
D)	Recovery of Fixed Charges as demand charges from EHT Consumers		85.27	85.27	-	97.96
E)	50% of wheeling charges for EHT Consumers (Paise/kWh)	-	26.50	26.50	-	30

F)	Net Recovery through Demand charges, Eligible for adjustment (Paise/kWh)	-	58.77	58.77	-	67.96
G)	Balance Payable in shape of Additional Surcharge (Paise/kWh) (C-F)	-	66.44	32.01	-	50.87 (say 51 paise per kWh)

HPSEBL has proposed a levy of 25% & 50% of additional surcharge if firm schedule is provided to HPSEBL at least 30 & 15 days respectively. The idea is to encourage the consumers to stick to the schedule provided so as HPSEBL could properly plan power procurement.

The Commission agrees to the above proposal putforth by the HPSEBL and accordingly approves the proposal of HPSEBL for levy of only 25% & 50% of Additional surcharge in case the firm schedule is provided atleast 30 & 15 days respectively, in advance by the open access consumer.

11. **APPLICABILITY PERIOD:**

The Commission decides to make the rate of additional surcharge, being determined in this order applicable w.e.f. 01.11.2017. This rate shall remain applicable till 31.03.2018 or till any other date as the Commission may, by order, revise.

It is so ordered.

Place: Shimla.
Date: 30-10-2017

Sd/-
(S.K.B.S. Negi)
Chairman