

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

Petition No: 76/2022
Arguments Heard on: 22.11.2022
Decided on: 28.12.2022

In the matter of:

Approval of Capital Expenditure for Revamped Distribution Sector Scheme of
HPSEBL

AND

The HP State Electricity Board Ltd. through its,
Chief Engineer (Commercial),
Vidyut Bhawan, Shimla-171004

Applicant

CORAM

DEVENDRA KUMAR SHARMA
CHAIRMAN

YASHWANT SINGH CHOGAL
MEMBER (Law)

SHASHI KANT JOSHI
MEMBER

Present:

Sh. Kamlesh Saklani, Authorised Representative alongwith Sh. Lukesh
Thakur, Chief Engineer (System Planning) for the HPSEBL

ORDER

This Order relates to the Application filed by Himachal Pradesh State Electricity Board Ltd. (hereinafter referred to as "HPSEBL" or "the Petitioner") vide Filing No. 135/2022 dated 27.07.2022, seeking investment approval of the Commission for the proposed Capital Expenditure for Revamped Distribution Sector Scheme (RDSS) of HPSEBL amounting to Rupees 4857.76 Crores. The details of capital expenditure and benefits of the Scheme submitted by HPSEBL are as under:

1	Revamped Distribution Sector Scheme (RDSS)	
1.1	Total Amount (in Cr.)	4857.76
1.1.1	Loan (in Cr.)	0
1.1.2	Equity (in Cr.)	1686.26
1.1.3	Grant (in Cr.)	3171.5
1.2	Justification/ Benefits	
1.2.1	Reduction of loss in % age	It has been proposed to reduce AT & C loss from 14.02% to 10.15 %
1.2.2	Increase in reliability of power supply index	The scheme envisages increase in reliability of Average hours per day power supply as follows: Hours of Supply (Rural) : 20.98 to 21.98 Hours of supply (Urban) : 23.68 to 23.72
1.3	Salient Features:	<ul style="list-style-type: none">▪ 28 Lakh meters will be replaced with Smart Meters.▪ Distribution Infrastructure Works.▪ SCADA related activities in 43 towns of Himachal Pradesh.
1.4	Duration for completion of Scheme	FY 2022 to FY 2025

The others details of the Scheme submitted by HPSEBL are as follow:

- 1) Purpose of Investment: Ministry of Power, GOI has launched “Revamped Distribution Sector Scheme- A reforms based and results Linked Scheme” vide Office Memorandum F.No. 20/9/2019-IPDS dated 20th July, 2021. The Scheme aims to reduce the AT&C losses to pan-India level of 12-15% and ACS-ARR gap to zero by 2024-25.
- 2) The Scheme has two parts:

Part A

Component I: Metering

Component II: Distribution Infrastructure Works

Component III: Project management.

Part B

Training, Capacity, Building and other Enabling & Supporting Activities.

Part A

Component-I: Metering

Under this part, Prepaid Smart Metering for Consumers, and System Metering at Feeder and Distribution Transformer level with communicating feature along with associated Advanced Metering Infrastructure (AMI) will be done in TOTEX Mode to facilitate reduction of distribution losses and enable automatic measurement of energy flows and energy accounting as well as auditing. Funding under this Part will be available only if HPSEBL agrees to the operation of smart meters in prepayment mode for consumers, and in accordance with the uniform approach indicated by the Central Government, with implementation in TOTEX mode. Under this mode, a single agency will be contracted for supplying, maintaining and operating the Metering Infrastructure for the purpose of Meter related data and services to HPSEBL. It will make both capital and operational expenditure under DBFOOT (Design, Build, Fund, Own, Operate & Transfer) and will

be paid for a portion of its capital expenditure initially and the remaining payment over the O&M period as decided by HPSEBL.

Component-II: Distribution Infrastructure Works

Under this component, works related to loss reduction and system strengthening of 33 kV level and below are eligible. In areas, where 33kV system does not exist, 110 kV/ 66kV shall be permitted. A list of indicative works is given below:

- i. Construction of new substations, augmentation of substations.
- ii. Provision of Armored / Aerial bunched Cables (ABC) or High Voltage Distribution System in high loss areas.
- iii. Segregation / Bifurcation of feeders and other allied works.
- iv. Replacement of conductors, which are old/frayed.
- v. Additional HT lines to improve quality of supply.
- vi. IT/OT works.
- vii. Supervisory Control and Data Acquisition (SCADA) and Distribution Management System (DMS) in urban areas.
- viii. Works like new feeders, capacitors etc. for loss reduction.
- ix. Under-ground cabling works.
- x. Any other works required for system strengthening and loss reduction.

Component-III: Project Management

For project management, one or more Project Management Agency(ies) (PMA) shall be appointed. Existing PMA of Din Dayal Upadhyaya Gram Jyoti Yojna (DDUGJY) or Saubhagya or Integrated Power Development Scheme (IPDS) may be used for preparation of Detailed Project Report (DPR) and Action Plan, and the expenses incurred will be eligible under the Scheme. However, for all other works including bid process, monitoring of

implementation, project completion, result evaluation and related works, a new PMA will have to be appointed as per the Standard Bid Document (SBD) circulated by the Nodal agency.

As per the guidelines of the scheme the Action plan and DPR has been formulated by HPSEBL and submitted to the Ministry of Power, Govt. of India, for strengthening its distribution system and improving its performance by way of various reform measures, which would result in improvement in their operational efficiency and financial viability as well as improve the quality and reliability of power supply to the Consumers.

M/s PFC i.e. Nodal Agency for Himachal Pradesh vide letter dated 17/03/2022, has conveyed that the Ministry of Power, Govt of India has approved the Action Plan and DPRs for Loss Reduction Works and Prepaid Smart Metering Works of HPSEBL. The sanction against Modernization component is awaited.

Part B

Training, Capacity, Building and other Enabling & Supporting Activities

Part B focuses on the softer part – up-gradation of human skills; process improvements; Nodal Agency fee and enabling provisions; awards; incentives, evaluation, PMA charges other than that covered in Part-A, scheme governance; and support for reforms through consultancy. This will include capacity building in frontier technologies such as smart grids and also on institutional capacity building. Training in good corporate governance practices, technical matters, advance technology intervention areas, new business processes, etc. for the personnel involved in execution of scheme at the field level are envisaged under this head. The details of the training programs will be finalized by the Nodal agency with the approval

of the Monitoring Committee. The cost of these activities will be borne out of the MoP component of enabling charges.

- 3) **Capital Structure:** The RDSS submitted by HPSEBL amounts to Rs. 4857.76 Cr. out of which the Ministry of Power, Govt. of India has sanctioned an amount of Rs. 3701.93 Cr. for Smart Metering Works and Loss Reduction Works. The sanctioned against modernization component is still awaited.

The bifurcation of cost between different components is as below:

1. Smart Metering Works = 1788.49 Cr. (Sanctioned)
2. Loss Reduction Works = 1913.08 Cr. (Sanctioned)
3. Modernization Works = 1156.19 Cr. (Sanction awaited)

- 4) **Capitalization Schedule:** The entire schedule will be implemented by FY 2024-25. The release of funds against the Scheme shall be governed by the progress of 24 Results linked parameters fixed by Govt. of India.

- 5) **Financing Plan:** After perusal of the sanction letter received from M/s. PFC i.e. Nodal Agency for Himachal Pradesh, it is intimated that the loss reduction component sanctioned under RDSS Scheme is being funded in 90 (Grant): 10 (Equity) ratio and the Smart Metering Component is being funded on per meter basis or 22.5 % of the bench mark cost fixed by the Ministry of Power (MoP). The details are appended below in the table:

Sr. No.	Component Name	Sub-Component Name	Total Cost Cr.	GoI grant (22.5%)	Equity (77.5%)
1	Metering	Prepaid Smart Metering	1680.57	378.13	1302.44
		DT Metering	89.73	20.19	69.54
		Feeder/Boundary Metering	8.19	1.84	6.35
		Total (A)	1778.49	400.16	1378.33

		PMA Smart Metering	10	9.0	1.0
		Total Metering Component	1788.49	409.16	1379.33
	Component Name	Sub-Component Name	Total Cost Cr.	GoI grant (90% of Total Cost)	Equity (10% of Total Cost)
2	Distribution Infra	Loss Reduction including IT/OT and SCADA /DMS Works	1884.81	1696.33	188.48
		Modernization	1156.19	1040.57	115.62
		Total (B)	3041	2736.9	304.1
		PMA Loss Reduction including SCADA	28.27	25.44	2.83
		Total Distribution Infra Component	3069.27	2762.34	306.93
		G.Total	4857.76	3171.50	1686.26

- 6) **Cost- Benefit Analysis:** The Internal Rate of Return (IRR) of the Scheme for HPSEBL has been 11.9%.
- 7) **Improvement in operational efficiency:**
The following major improvements in operational efficiency have been envisaged in the Scheme:
- It has been proposed to reduce AT&C Loss from 14.02% to 10.15%.
 - The ACS –ARR Gap shall be reduced from 0.11 Rs./Kwh to 0.00 Rs./Kwh.
 - The Scheme envisages increase in reliability of Average hours per day power supply as follows:
 - i. Hours of Supply (Rural); 20.98 to 21.98

ii. Hours of Supply (Urban): 23.68 to 23.72

8) After scrutiny of the petition by the Commission, the information/ shortcomings in the Petition were conveyed to the Petitioner vide letter dated 14.09.2022. The Petitioner replied to the queries of the Commission on dated 17.10.2022. The queries raised by the Commission and the response to such queries are as under:-

Query No. 1. The Complete DPR of the Scheme has not been submitted. The same needs to be submitted.

Reply of the HPSEBL: That Complete DPR is prepared and attached as Annexure-A.

Query No. 2. IRR of the scheme is 11.9% but detailed calculation of the same is not been supplied. The same is required to be furnished.

Reply of the HPSEBL: The detail calculation of IRR for RDSS Scheme has been mentioned in DPR Infra Works-1 at page No. 16. DPR Infra Works attached as Annexure-B.

Query No. 3. The Scheme has been informed to be implemented in TOTEX mode but the details regarding the same has not been explained. Further the Scheme has shown equity portion as well. The source of equity needs to be informed.

Reply of the HPSEBL:

a) Component-I: Metering:-

That Prepaid Smart Metering for consumers and System Metering at Feeder and Distribution Transformer level with communicating feature along with associated Advanced Metering Infrastructure (AMI) will be done in TOTEX

mode to facilitate reduction of distribution losses and enabling automatic measurement of energy flows and energy accounting as well as auditing. Funding under this Part will be available only if HPSEBL agrees to the operation of smart meters in prepayment mode for Consumers, and in accordance with the uniform approach indicated by the Central Government, with implementation in TOTEX mode. Under this mode, a single agency will be contracted for supplying, maintaining and operating the metering infrastructure for the purpose of meter related data and services to HPSEBL. It will make both capital and operational expenditure under DBFOOT (Design, Build, Fund, Own, Operate & Transfer) and will be paid for a portion of its capital expenditure initially for a period of 2.25 years and the remaining payment over the O&M period for 7.75 years.

b) Component-II: Distribution Infrastructure Works

Under this component, the provision of works related to loss reduction and system strengthening at 33kV level and below works has been included in the scheme. The details of works have been supplied in the DPR. Under this component grant is 90% and 10% is equity.

Query No. 4. **HPSEBL has agreed to reduce the ACS-ARR gap to zero by FY-2025. The Commission has desired to know as to how this would be reduced from the present level of 0.11. HPSEBL should also inform details of the gap of 0.11, especially given the fact that the commission is passing through all legitimate cost of HPSEBL in Tariff.**

Reply of the HPSEBL: The quantum of work proposed under RDSS amounts to Rs. 4857.76 Cr. The sanctioned works under RDSS amounts to Rs. 3701.57 Cr., out of which loss Reduction works amounts to Rs. 1884.81 Cr. wherein grant is 90% and equity is 10 %. In order to safeguard grant

for the Himachal Pradesh, a trajectory for reduction of ACS-ARR gap has been proposed which has also been accepted by the Ministry of Power, GoI.

Query No. 5. *The Commission be informed about the targets set by GOI for different parameters for HPSEBL in result evaluation matrix of the scheme & as to how the HPSEBL has planned to achieve the same.*

Reply of the HPSEBL: *That the Result Evaluation Matrix finalized by the Ministry of Power, Govt. of India can be referred from the Action Plan at page no. 46 of Action Plan-1. Action Plan is attached as Annexure-C.*

Query No. 6. *Is HPSEBL meeting up the pre-qualifying criteria as set in the scheme? If not, how it planned to meet the same within the specified time frame set in the scheme? The detailed reasons to be furnished to the commission.*

Reply of the HPSEBL: *That HPSEBL is meeting up the pre-qualifying criteria as set in the scheme.*

Query No. 7. *The commission be informed as to how HPSEBL has planned to implement the different component of the scheme along with complete time lines.*

Reply of the HPSEBL: *That HPSEBL has prepared the Detailed Project Report based upon the Scheme guidelines. To implement the envisaged works and activities HPSEBL vide its order dated 25th October 2021 has constituted Project Implementation cell at circle and headquarter level for smooth implementation of Revamped Distribution Sector Scheme (RDSS). The copy of order is attached as (Annexure-A). HPSEBL has also engaged two no. Project Management Agency for bid process management,*

implementation and monitoring of the works and result evaluation of infrastructure works envisaged under the scheme. The details of the PMA is as under:-

- | | |
|---------------------------------|--|
| <i>1.) Smart Metering Works</i> | <i>M/s PwC</i> |
| <i>2.) Loss Reduction Works</i> | <i>M/s Medhaj Techno concept Pvt. Ltd.</i> |

The Chief Engineer (Comm.) shall be looking after overall Smart Metering Works. The Smart Metering work has been segregated into 3 packages zone. The installation of Smart Meters shall be completed by March, 2025. The Loss Reduction works envisaged under the detailed project report for the respective Districts shall be implemented on turnkey basis. The infrastructure works has been segregated into 16 no. packages. The works shall be executed at District level by Superintending Engineer and the same shall be monitored by Chief Engineer (SP) at Headquarter level. It is expected that the works shall be completed by Dec, 2024.

Query No. 8. HPERC has already approved CAPEX for different scheme of HPSEBL, a detailed report about the already approved CAPEX for different works along with the CAPEX proposed for REVAMPED DISTRIBUTION SECTOR SCHEME & long term combined impact of CAPEX on the distribution system of Discom be submitted.

Reply of the HPSEBL: *Under the Loss Reduction works, the Grant component is 90% and equity component is 10%. The equity component for the sanctioned loss reduction works amounts to Rs. 188.48 Cr. and proposed/submitted modernization works amounts to Rs. 115.62 Cr. The total equity portion against the scheme amounts to Rs. 304.10 Cr.*

The HPSEB Ltd. proposes to take loan from financial institution/REC to meet up these expenses.

The HPSEBL has received the total approval for expenditure under CAPEX Plan as conveyed by HPERC for New s/s, augmentation, line & R&M head is Rs. 293 crore (Approximately) and submitted the schemes for approval amounting to Rs. 180 crore (Approximately) through petition during October, 2022 against the Rs. 1000 Crores for Control Period FY2019-20 to FY2023-24.

The HPSEBL has approved schemes under Consumer Services and electrification (GSC Schemes) for Rs. 428.29 against the Rs. 625 Crores.

The details of already approved CAPEX for different works shall be submitted at time of filing the True up Petition for Distribution Business.

- 9) The Commission heard the Petitioner on 17.11.2022 and the Petitioner was directed to make a detailed presentation on 22.11.2022 before the Commission. The Petitioner through its Chief Engineer (System Planning) presented the details of the scheme before the Commission on 22.11.2022.

Commission's Analysis

- I. The Commission has carefully analysed the submissions of the Petitioner. The Petitioner/HPSEBL has submitted the complete DPR of the Scheme. The Commission has also gone through the Guidelines of the Scheme issued by the GoI. The Revamped Reforms-based and Results-linked, Distribution Sector Scheme (RDSS) seeks to improve the operational efficiencies and financial sustainability, by providing financial assistance to DISCOMs for

strengthening of supply infrastructure based on meeting pre-qualifying criteria and achieving basic minimum benchmarks in reforms.

- II. The Metering Works shall be implemented in TOTEX mode (Total expenditure includes both capital and operational expenditure) with the following options:
- a) Installation and commissioning of meters and cost recoveries in equated monthly installments by PPP or implementation partner (or service provided) with no upfront payment by DISCOM.
 - b) Some initial payment shall be made to the service provider upon installation and commissioning of the meters, with the rest of the payments made on equated monthly/ quarterly installments over the operational period.
- III. Distribution Infrastructure Works shall be implemented normally on turnkey basis. However, certain works may be taken up on partial turnkey basis or departmentally with the approval of Distribution Reform Committee (DRC) and consent of Nodal Agency, subject to, overall guidance of the Monitoring Committee. The reasons for the change shall be recorded by the Petitioner.
- IV. For the purpose of the grant under the Scheme, the States have been divided into two groups: (i) All North Eastern States including Sikkim and States/Union Territories of Jammu & Kashmir, Ladakh, **Himachal Pradesh**, Uttarakhand, Andaman & Nicobar Islands, and Lakshadweep are categorized as Special Category States and will be eligible for **grant of 90%** the approved cost of Distribution Infrastructure Works and approved cost of Project Management Agency(ies) (PMA) and 22.5% of the approved cost of metering including the operational cost, provided that it is not more than Rs. 1350 per meter for consumer metering only.

- V. As per the Scheme, the States/UTs would be incentivised for deployment of Prepaid Smart Meters by December, 2023 under the Scheme. An incentive @ 7.5% of the cost per Consumer Meter worked out for the whole project or Rs. 450/- per Consumer Meter, whichever is lower, would be provided for “Other than Special Category States” for prepaid Smart meters installed within the targeted timeline of first phase mission i.e. by December, 2023. The incentive for Special Category States would be @ 11.25% of the cost per consumer meter worked out for the whole project or Rs. 675/- Per Consumer Meter, whichever is lower. The funds for Prepaid Smart Metering will be made available to the DISCOMs only after installation, commissioning and demonstration of at least one prepaid recharge in the area specified by the DISCOM in the DPR approved by the Monitoring Committee.
- VI. The HPSEBL has informed that Project Management Agency (PMA) work was awarded to M/s Deloitte Tohmatsu India Pvt. Ltd for preparation of Action Plan and DPR on 09.11.2021. Thereafter, Action Plan was prepared and drafted Action Plan and DPR submitted to Distribution Reform Committee (DRC). DRC recommended the scheme for approval of State Cabinet on 30.12.2021. The State Cabinet approved the RDSS scheme of Himachal Pradesh on 05.01.2022. The scheme was submitted for nodal agency i.e. PFC on 03.02.2022. The scheme was approved in the 5th Monitoring Committee Meeting (MCM) held on 10.02.2022. The approval of the MCM with regard to Action Plan and DPRs for Loss Reduction Works and Prepaid Smart Metering was conveyed by Power Finance Corporation (PFC) to HPSEBL vide letter dated 17.03.2022. Subsequently, the tripartite Implementation Agreement was signed on 24.03.2022 among the Power Finance Corporation (PFC) on behalf of GoI, the Govt. of Himachal Pradesh (GoHP) and the HPSEBL.

VII. The most critical issue in this Scheme from the HPSEBL's point of view shall be availing of the grant of the GoI. The same is linked with achievement of Results Evaluation Framework. The Results Evaluation Framework has two components (1) Pre-qualifying Criteria; and (2) Evaluation Matrix.

VIII. (a) The Petitioner has informed that it is meeting up with the pre-qualifying criteria as set in the Scheme. The Pre-Qualification Criteria as given in the guidelines of RDSS by the GoI, inter-alia, specifies the following:-

- (i) The DISCOMs would publish quarterly un-audited accounts within 60 days of the end of each quarter during first two years of operation of the Scheme (i.e. for FY 2021-22 and FY 2022-23) and thereafter audited quarterly accounts within 45 days from 3rd year onwards.
- (ii) The DISCOMs would publish audited annual accounts by end of December of the following year during first two years of operation of the Scheme (i.e. for FY 2021-22 and FY 2022-23) and thereafter audited annual accounts by end of September of the following year from 3rd year onwards.
- (iii) The DISCOMs will have to ensure that no new Regulatory Assets have been created in the latest tariff determination cycle.
- (iv) The State Government has to ensure 100% payment of subsidy for the previous year and advance payment of subsidy up to current period in line with section 65 of Electricity Act, 2003 and wipe out the remaining subsidy amount by the end of the project period.
- (v) All the Government Departments/ Attached Offices/ Local Bodies/ Autonomous Bodies/ Boards/Corporations have made 100% payment of current electricity dues for the year under evaluation.

- (vi) The progress commensurate by DISCOMs to commitment made in Result Evaluation Matrix in putting Govt. Offices on prepaid meters.
- (vii) No. of days Payables to Creditors including Generating Companies for the year under evaluation is equal to or less than the projected trajectory as per results evaluation framework.
- (viii) Tariff order for the current year in which evaluation is being done and true up of penultimate year has been issued and implemented w.e.f. 1st April of current Financial Year.
- (b) DISCOMs meeting the prequalification criteria shall be assessed on an Evaluation Matrix, agreed as part of Action Plan, comprising of four basic categories as below:

Sr. No.	Category	Weightage for Evaluation
1.	Financial Sustainability	60
2.	Operational	20
3.	Infrastructure Works	10
4.	Policy & Structural Reforms Capacity Building and IT/OT Enablement	10
	Total	100

For qualifying in the Evaluation Matrix, a DISCOM needs to score a minimum of 60 marks.

- (c) Result Evaluation Framework (REF) approved for HPSEBL, as informed by the Petitioner, in the Monitoring Committee Meeting (MCM) has been as follows:-

REF Finalised in MCM (1/4)

Sr. No	Result Parameter	Units	Max. Marks	(FY20) Audited	(FY2021) -Audited (Base Year)	Targets			
						FY 22	FY 23	FY 24	FY 25
A	Financial Stability (1st Year 65% and subsequent years)								

60% weightage)									
1	ACS-ARR Gap	Rs./ kWh	25	-0.03	0.11	0.10	0.08	0.05	0.00
	ACS-ARR Gap (Cash Basis)	Rs./ kWh			0.11	0.14	0.11	0.08	0.00
2	AT&C loss	%	25	13.33%	14.02%	13.52%	12.70%	11.53%	10.15%
	Billing Efficiency	%		87.89%	85.98%	87.35%	88.00%	89.00%	90.30%
	Collection Efficiency	%		98.61%	100.00%	99.00%	99.20%	99.40%	99.50%
3	Outstanding/ Overdue Subsidy Payment by State Government	Rs. Crore	15	110.08	52.19	26.09	0	0	0
4	Outstanding/ Overdue Government Dues	Rs. Crore	10	247.92	93.00	46.5	0	0	0
5	Progress in putting Govt. Offices on prepaid meters*	%	5			0%	20,600 (68%)	29,579 (100%)	30,183 (100%)
6	No. of creditor days (for supply of power)	Days Payable	10	63	63	60	50	As per industry benchmark (< 45 days)	
7	No. of debtor days	Days Receivable	10	28	27	as per industry benchmark (<45 days)			
			100						

* Target to achieve 100% by Dec'23

REF Finalised in MCM (2/4)

S.No	Result Parameter	Units	Max Marks	(FY2020) Audited	(FY2021) - Audited (Base Year)	Targets			
						FY 22	FY 23	FY 24	FY 25
B	Outcomes of Infra works i.e. Operational (1st Year 25% and subsequent years 20% weightage)								
1	Hours of supply (Rural)	Avg. Hours/ Day	15	NA	20.98	21.15	21.38	21.65	21.98

2	Hours of supply (Urban)	Avg. Hours/Day	15	NA	23.68	23.69	23.70	23.71	23.72
3	Publishing of Energy Accounts as per BEE regulations	%	20	NA	90%	95%	100%	100%	100%
4a	Reliability of power supply - SAIFI (Rural)	Nos/Year	15	NA	138	132	125	115	105
4b	Reliability of power supply - SAIFI (Urban)	Nos/Year	10	NA	35	33	31	28	25
5	DT Failure Rate	%	5	NA	3.03%	2.93%	2.83%	2.73%	2.63%
6	Data availability in the National Feeder Monitoring System / NPP	%	20	NA	14%	21%	100%	100%	100%
			100						

REF Finalised in MCM (3/4)

Sr. No	Result Parameter	Units	Max Marks	(FY20) Audited	(FY2021) -Audited (Base Year)	Targets			
						FY 22	FY 23	FY 24	FY 25
C	Infrastructure Works (10% weightage)								
1	Metering								
a	% of Consumers with Prepaid Smart Meters (other than Govt. Deptt.)	Nos. (%)	20		0%	41,257 (1%)	4,21,803 (15%)	9,84,207 (35%)	28,12,019 (100%)
b	DT Metering*	Nos. (%)	20			Nil	16979 (50%)	33958 (100%)	39012 (100%)
c	Feeder Metering**	Nos. (%)	20			Nil	1896 (100%)	1923 (100%)	1951 (100%)

2	Feeder Separation - % of total Agriculture feeders separated (Feeders with Agricultural load of >= 30% of total load of feeder)	%	10		6.8%	6.8%	34%	50%	100%
3	Replacement of existing LT overhead bare conductor lines with AB/UG cable	Ckm	10		725	725	1237	1991	2852
4	Availability of Feeders in NFMS	%	20		31%	40%	100%	100%	100%
			100						

* DT Metering - Target to achieve 100% feeder by Dec '23

** Feeder Metering - Target to achieve 100% by Dec '22

REF Finalised in MCM (4/4)

Sr. No	Result Parameter	Units	Max Marks	(FY2020) Audited	(FY2021) - Audited (Base Year)	Targets			
						FY 22	FY 23	FY 24	FY 25
D	Policy and Structural Reforms (1st Year 0% and subsequent years 10% weightage)								
1	SCADA	No. of Towns	25		0	0	0	0	43 (by Nov25)
2	ERP Implementation/ Upgradation	Yes/ No	5		SAP ISU/ ERP already implemented			Upgradation of DC/DR Center HW/SW	Shift to SAP HANA
3	Training of Discom Officials	Mandays	25		7870 (FY2019-20)	7500	8000	8000	8000
4	Corporate Governance (Recommendations Complied)	%	10		2 Independent Directors and 1 women director			Will comply (Revised qualification norms for selection)	

5	Tariff Reforms (Continuation of MYT/ ToD for HT consumers/ Rationalization of Cross Subsidy)	-	5		Yes	Yes	Yes	Yes	Yes
6	Subsidy Delivery Mechanism/ DBT	-	15		Implemented for Agriculture consumers			To implement for Domestic Consumers	
7	Consumer Rights and Grievance Redressal	-	15		Yes	Yes	Yes	Yes	Yes
			100						

IX. The Commission after analyzing all the facts and figures submitted by the Petitioner is satisfied that the RDSS Scheme would help in reducing the losses of the Petitioner/HPSEBL and ultimately make it financially sustainable and operationally efficient. The Commission gives its approval to the RDSS scheme of the HPSEBL submitted as per the Scheme approved by the GoI, subject to the following:-

- a) The capital expenditure against these works shall be within the overall amount approved by the GoI.
- b) The HPSEBL must avail the grant made available by the GoI to the maximum possible extent. In case it was found that the grant could not be availed due to inefficiency on the part of the HPSEBL and the grant gets converted into the loan, any such loan shall not be passed through in the tariff.
- c) The HPSEBL in its reply to the queries of the Commission has made it clear that metering works to be executed under RDSS will be implemented under TOTEX mode wherein agency contracted shall be

incurring all the capital and operational expenditure and HPSEBL will not have to arrange for any equity. But, in case of Distribution Infrastructure works HPSEBL would have to arrange 10% equity. The source of the same must be informed to the Commission within a month of issuance of this Order.

- d) In respect of Metering Works, it must be ensured that the Petitioner must execute these works in such a manner that all the existing Meters in a particular area are replaced with Smart Meters and any new connections in that area are given with Smart Meters only.
- e) As conveyed earlier through various letters and advisories and orders, the HPSEBL must undertake all Engineering, Procurement & Construction works of value more than one (1) crore rupees through e-reverse bidding mode only and, those works which are having value less than one (1) crore rupees but more than fifty thousand rupees (Rs. 50,000), must be carried out through e-tendering mode only. Otherwise, the Commission will be constrained not to allow such cost as pass through in the tariff after prudence check.
- f) The above Schemes/works shall be restructured in respect of technological intervention and constructed in such a manner that full utilization of latest technology is taken care of so that material cost and manpower requirement during construction as well as during operation and maintenance of the asset is minimized. The complete detail of likely reduction in the staff for metering and billing after implementation of RDSS be shared with the Commission within a month of issuance of this Order so that the Commission is in a position to work out the implication on account of installation of Smart Meters in TOTEX mode. Such reduction has to balance additional cost

implications to the Consumers on account of Smart Meters and also additional revenue likely to be accrued to DISCOM on account of implementations of this Scheme. Details for the same be submitted within a month of issuance of this Order.

- g) It has been noted by the Commission that the cost of civil works in some of the Schemes submitted has been exorbitant. The HPSEBL must strive to reduce such cost of civil works so as to improve the IRR of the Scheme and has minimum implications on the tariff. For qualifying these costs for pass through, Cost of Civil works of all these Schemes be got scrutinized and verified from qualified Civil Engineer.
- h) The directive of the Commission as given in its tariff order dated 29.03.2022 for reduction in employee cost of the HPSEBL shall be taken into consideration while restructuring the upcoming Schemes with technological intervention. The HPSEBL must ensure the minimum O&M cost against the upcoming Schemes. Employee cost of HPSEBL is one of the highest in the country.
- i) HPSEBL must strive to complete these works within stipulated time so as to minimize the implications of time and cost overruns.
- j) The Commission shall get the implementation of Scheme monitored by carrying out the third party audit to ascertain that the works have been carried out as per the submissions made to the Commission.
- k) The Commission shall also undertake detailed prudence check at the time of truing up of all the CAPEX works approved. And in case any inefficiency on part of the HPSEBL is found, the Commission shall be constrained to disallow such cost(s).

- 1) The Commission has already approved the trajectory for T&D losses of the Petitioner for the Fourth Control Period i.e. FY20 to FY 24. The fixation of different targets under RDSS by GoI for T&D losses will not have any bearings on the trajectory fixed by this Commission. HPSEBL has to achieve the T&D losses as per the approved trajectory.

X. The Petitioner is directed to submit the impact of this Scheme on the ARR of the HPSEBL to be approved by the Commission for FY 2022-23.

Announced on this 28th day of December, 2022 at Shimla.

-Sd-
(Shashi Kant Joshi)
Member

-Sd-
(Yashwant Singh Chogal)
Member (Law)

-Sd-
(Devender Kumar Sharma)
Chairman