

**Order
on
True Up for the Period FY 2020-21 to FY
2022-23,
Provisional True-up for FY 2023-24
&
Business Plan and Multi Year Tariff for
FY 2024-25 to FY 2028-29
For
Himachal Pradesh State Load Despatch
Centre (HPSLDC)**



**Himachal Pradesh Electricity Regulatory
Commission**

15 March 2024

**BEFORE THE HIMACHAL PRADESH ELECTRICITY REGULATORY COMMISSION AT
SHIMLA****PETITION NO: 23 of 2024****Decided on 15 March 2024**

CORAM

Sh. DEVENDRA KUMAR SHARMA**Sh. YASHWANT SINGH CHOGAL****Sh. SHASHI KANT JOSHI**

IN THE MATTER OF:

Approval of True-up for FY 2020-21 to FY 2022-23, Provisional True-up for FY 2023-24, Business Plan and Aggregate Revenue Requirement (ARR) for 5th MYT Control Period FY 2024-25 to FY 2028-29 under sections 62, 64 and 86 of the Electricity Act, 2003

AND

IN THE MATTER OF:

Himachal Pradesh State Load Despatch Centre (HPSLDC)Petitioner

ORDER

Himachal Pradesh State Load Despatch Centre (hereinafter called 'the HPSLDC') has filed the present Petition with the Himachal Pradesh Electricity Regulatory Commission (hereinafter referred to as 'the Commission' or 'HPERC') for approval of its True-up for FY 2020-21 to FY 2022-23, Provisional True-up for FY 2023-24, Business Plan and Aggregate Revenue Requirement (ARR) for the 5th MYT Control Period, from FY 2024-25 to FY 2028-29 under Sections 62, 64 and 86 of the Electricity Act, 2003 (hereinafter referred to as 'the Act'), read with the HPERC (Levy and Collection of Fees and Charges by State Load Despatch Centre) Regulations, 2011 with amendments thereof in 2013 and 2018. The Commission has conducted the public hearing with the Petitioner, interveners, consumers, and consumer representatives of various consumer groups on

13 March 2024 at Shimla. The Commission after formal interactions with the officers of HPSLDC and having considered the documents available on record, herewith accepts the Petition with modifications, conditions and directions as specified in the following Tariff Order.

The Commission has determined the True-up for FY 2020-21 to FY 2022-23, Provisional True-up for FY 2023-24, Business Plan and Aggregate Revenue Requirements (ARR) for 5th MYT Control Period FY 2024-25 to FY 2028-29 duly taking into account the guidelines laid down in Section 61 of the Act, the National Electricity Policy, the National Tariff Policy and the Regulations framed by the Commission.

The Commission, in exercise of the powers vested in it under Section 62 of the Act, orders that the approved Aggregate Revenue Requirements shall come into force w.e.f 1st April 2024.

In terms of Sub-regulation (10) of Regulation 9 of the HPERC (Levy and Collection of Fees and charges by State Load Despatch Centre) Regulations, 2011 as amended along with by the Amendment No. 1, 2013 and Amendment No. 2, 2018, the MYT ARR and the tariff, unless amended or revoked, shall continue to be in force up to 31st March 2029.

The Commission directs the HPSLDC to upload the tariff on its official website.

Ordered accordingly.

-Sd-

(SHASHI KANT JOSHI)
Member

-Sd-

(YASHWANT SINGH CHOGAL)
Member Law

-Sd-

(DEVENDRA KUMAR SHARMA)
Chairman

Place: Shimla

Dated: 15 March 2024

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1 INTRODUCTION

Background

1.1 Himachal Pradesh Electricity Regulatory Commission

- 1.1.1 The Himachal Pradesh Electricity Regulatory Commission (hereinafter referred to as 'HPERC' or 'the Commission') constituted under the Electricity Regulatory Commission Act, 1998 came into being in December 2000 and started functioning with effect from 6 January 2001. After the enactment of the Electricity Act, 2003 on 26 May 2003, the HPERC has been functioning as a statutory body with quasi-judicial and legislative role under Electricity Act, 2003.

Functions of the Commission

- 1.1.2 As per Section 86 of the Electricity Act, 2003, the State Commission shall discharge the following functions, namely
- a) determine the tariff for generation, supply, transmission and wheeling of electricity, wholesale, bulk or retail, as the case may be, within the State:

Provided that where open access has been permitted to a category of consumers under section 42, the State Commission shall determine only the wheeling charges and surcharge thereon, if any, for the said category of consumers;
 - b) regulate electricity purchase and procurement process of distribution licensees including the price at which electricity shall be procured from the generating companies or licensees or from other sources through agreements for purchase of power for distribution and supply within the State;
 - c) facilitate intra-state transmission and wheeling of electricity;
 - d) issue licences to persons seeking to act as transmission licensees, distribution licensees and electricity traders with respect to their operations within the State;
 - e) promote co-generation and generation of electricity from renewable sources of energy by providing suitable measures for connectivity with

the grid and sale of electricity to any person, and also specify, for purchase of electricity from such sources, a percentage of the total consumption of electricity in the area of a distribution licence;

- f) adjudicate upon the disputes between the licensees, and generating companies and to refer any dispute for arbitration;
- g) levy fee for the purposes of this Act;
- h) specify State Grid Code consistent with the Indian Electricity Grid Code specified with regard to grid standards;
- i) specify or enforce standards with respect to quality, continuity and reliability of service by licensees;
- j) fix the trading margin in the intra-state trading of electricity, if considered, necessary; and
- k) discharge such other functions as may be assigned to it under this Act.

1.1.3 The State Commission shall advise the State Government on all or any of the following matters, namely

- a) promotion of competition, efficiency and economy in activities of the electricity industry;
- b) promotion of investment in electricity industry;
- c) reorganization and restructuring of electricity industry in the State;
- d) matters concerning generation, transmission, distribution and trading of electricity or any other matter referred to the State Commission by State Government.

1.2 Himachal Pradesh State Load Despatch Centre

1.2.1 The State Load Despatch Centre (SLDC) was established in Himachal Pradesh in 2002 and Himachal Pradesh State Electricity Board Ltd. (erstwhile HPSEB) has been operated till 2011.

1.2.2 The Government of Himachal Pradesh ordered the establishment of State Load Despatch Centre as an independent entity in the form of "Himachal Pradesh State Load Despatch Centre" vide its order No. MPP-B (13)-2/2010 dated 8 November 2010. HPSEB Ltd. has placed the services of some of its employees on secondment basis with Himachal Pradesh State Load Despatch Centre with effect from 17 June 2012. Himachal Pradesh State Load Despatch Centre has, therefore, deemed to have taken over the functions of State Load Despatch Centre from HPSEB Ltd. with effect from 17th June 2012.

1.2.3 As per Section 32 of the Act, the State Load Despatch Centre is the apex body to ensure integrated operation of the power system in the State. The functions of State Load Despatch Centre as stipulated in the Act are as follows:

- a) be responsible for optimum scheduling and despatch of electricity within the State, in accordance with the contracts entered into within the Licensees or the Generating Companies operating in the State;
- b) monitor grid operations;
- c) keep accounts of the quantity of electricity transmitted through the State grid;
- d) exercise supervision and control over the Intra-State transmission system; and;
- e) be responsible for carrying out real time operations for grid control and despatch of electricity within the State through secure and economic operation of the State grid in accordance with the Grid Standards and the State Grid Code.

1.3 Multi Year Tariff Framework

- 1.3.1 The Commission follows the principles of Multi Year Tariff (MYT) for determination of tariffs, in line with the provision of Section 61 of the Act.
- 1.3.2 The MYT framework is designed to provide predictability and reduce regulatory risk. This can be achieved by approval of a detailed capital investment plan for the Petitioner, considering the expected network expansion and load growth during the Control Period. The longer time span enables the Petitioner to propose its investment plan with details on the possible sources of financing and the corresponding capitalization schedule for each investment.
- 1.3.3 The Commission has notified the HPERC (Levy and Collection of Fees and Charges by the State Load Despatch Centre) Regulations, 2011. The SLDC Regulations notified in the year 2011 were amended by the (First Amendment) Regulations, 2013 on 1 November 2013 and (Second Amendment) Regulations, 2018 on 22 November 2018 (hereinafter referred to as "HPERC MYT SLDC Regulations 2011").
- 1.3.4 The Commission issued the first Multi-Year Tariff (MYT) Order for HPSLDC for the period FY 2011-12 to FY 2013-14 on 5 January 2013 and thereafter for the Period FY 2014-15 to FY 2018-19 on 10 June 2014. Subsequently, the Commission also issued the Tariff Order on True-Up Petition for the Second Control Period FY 2011-12 to FY 2013-14 and Mid Term Review for Third Control Period FY 2014-15 to FY 2018-19 on 10 April 2017.
- 1.3.5 Subsequently, the Commission issued the Order undertaking True-Up for the period FY 2014-15 to FY 2017-18, Provisional True-Up for FY 2018-19 and Business Plan and Multi-Year Tariff for fourth Control Period FY 2019-20 to FY 2023-24 on 29 June 2019. Subsequently, the Commission issued the Tariff Order on True-up for the FY 2018-19 and FY 2019-20, Provisional True-up of FY 2020-21 and Mid Term review for Fourth Control Period from FY 2021-22 to FY 2023-24 on 12 August 2021.

- 1.3.6 The Petitioner has now filed this Multi-Year Tariff Petition for Truing-up for FY 2020-21 to FY 2022-23, Provisional True-up of FY 2023-24, Business Plan and Aggregate Revenue Requirement (ARR) for 5th MYT Control Period for FY 2024-25 to FY 2028-29.

1.4 True-up, Business Plan and MYT Petition

Procedural Background

- 1.4.1 The Petitioner has filed the Petition for approval of True-up for FY 2020-21 to FY 2022-23, Provisional True-up for FY 2023-24, Business Plan and Aggregate Revenue Requirements (ARR) for 5th MYT Control Period FY 2024-25 to FY 2028-29, with the Commission on 07 December 2023 registered as Filing No. 268 of 2023.
- 1.4.2 The Commission admitted the Petition vide the Interim Order dated 5 February 2024. The Interim Order, *inter alia*, includes direction to the Petitioner to publish the application in an abridged form and manner as per the "disclosure format" attached with the Interim Order for information of all the stakeholders in the State. The Petitioner accordingly published the public notice in the following newspapers:

Table 1: List of Newspapers

Sl.	Name of News Paper	Date of Publication
1.	The Indian Express (English)	08 February 2024
2.	Amar Ujala (Hindi)	08 February 2024
3.	The Tribune (English)	10 February 2024
4.	Punjab Kesari (Hindi)	10 February 2024

Interaction with the Petitioner

- 1.4.3 Since the submission of the Petition, there have been a series of interactions between the Petitioner and the Commission, both written and oral, wherein the Commission sought additional information/clarifications and justifications on various issues, which were deemed critical for the analysis of the Petition.
- 1.4.4 Based on the preliminary scrutiny of the petition, the Commission vide letter No. HPERC/ED(T)/D(TE)/ARR-HPSLDC/24-29/2023-24-3278 dated 3 January 2024 directed the Petitioner to submit details regarding first set of deficiencies identified in the petition, which were furnished by the Petitioner vide the submissions dated 20 January 2024. Subsequently, the Commission vide letter No. HPERC/ED(T)/D(TE)/ARR-HPSLDC/24-29/2023-24-3960 dated 23 February 2024 directed the Petitioner to submit details regarding second set of deficiencies identified in the petition, which were furnished by the Petitioner vide the submissions dated 5 March 2024.
- 1.4.5 The Petitioner also furnished the supplementary submissions to the Petition on 20 February 2024. The Technical Validation Session (TVS) was held on

29 February 2024 (11 am onwards) with the officers of the HPSLDC in the office of HPERC, Shimla.

- 1.4.6 Based on the detailed scrutiny of the petition, various clarifications/ information were sought by the Commission from time to time. The submissions made by the Petitioner in response there to, have been taken on record.

Public Hearing

- 1.4.7 The Commission published a public notice inviting suggestions and objections from the public on the tariff petition filed by the Petitioner in accordance with Section 64(3) of the Act, which was published in the newspapers as follows:

Table 2: List of Newspapers for Public Notice

Sl.	Name of News Paper	Date of Publication
1.	The Tribune (Chandigarh and Jalandhar edition) (English)	15 February 2024
2.	Dainik Bhaskar (Chandigarh and Himanchal edition) (Hindi)	15 February 2024

- 1.4.8 The stakeholders were requested to file their objections by 5 March 2024. The HPSLDC was required to submit replies to the suggestions/ objections to the Commission by 8 March 2024 with a copy to the objectors on which the objectors were required to submit their rejoinder by 10 March 2024.
- 1.4.9 The Commission issued a corrigendum to the public notice informing the public about the public hearing scheduled to be held on 13 March 2024 from 4 pm onwards instead of 11:30 am, which was published in the newspapers, viz., Hindustan Times (Chandigarh and Jalandhar edition) and Amar Ujala (Chandigarh and Dharamshala edition) dated 20 February 2024.
- 1.4.10 Additionally, the Commission also issued separate letter number HPERC-F(1-6/2019-3866-81) dated 17 February 2024 to the Chief Secretary to the Government of HP, Additional Chief Secretary, MPP & Power to the Government of HP, MD HPSLDC, HPSEBL, HPPTCL, HPPCL, Director DOE, user entities, etc. notifying that the public hearing shall be held on 13 March 2024 from 4 pm onwards wherein the opportunity shall be given to the stakeholders to present their objections/suggestions in the hearing.
- 1.4.11 The Commission did not receive any written comments from any of the stakeholders. The issues and concerns voiced by various objectors in the hearing were taken on record and have been carefully examined by the Commission. The major issues raised by the objectors during the Public Hearing have been summarized in Chapter 2 of this Order.

2 OBJECTION FILED AND ISSUES RAISED BY STAKEHOLDERS DURING PUBLIC HEARING

2.1 Introduction

- 2.1.1 In response to the public notice inviting objections/suggestions from stakeholders on the petition filed by HPSLDC for True-up for FY 2020-21 to FY 2022-23, Provisional True-up for FY 2023-24, Business Plan and Aggregate Revenue Requirement (ARR) for 5th MYT Control Period FY 2024-25 to FY 2028-29, two stakeholders i.e., the HP State Electricity Board Ltd. (HPSEBL) and the HP Power Transmission Corporation Ltd. (HPPTCL), present in the public hearing held on 13 March 2024 from 4 pm onwards gave their suggestions/ objections on the Petition before the Commission.
- 2.1.2 The salient features of the Petition were briefly presented the by HPSLDC and subsequently, the representatives of the stakeholders presented their key points before the Commission during public hearing.
- 2.1.3 Issues raised by the stakeholders during the public hearing, along with replies given to the objections by the HPSLDC and views of the Commission are summarized in following paras:

2.2 Certificate linked Incentive

Stakeholder's comments

- 2.2.1 Shri. Kamlesh Saklani, Under Secretary (Law), HPSEBL submitted that the Petitioner has made a provision of Rs. 10.00 Lakhs per annum towards the payment of certificate linked incentives to 11 number of Engineering Officers during all the financial years of the 5th MYT Control Period. He requested the Commission that consultancy fee paid to the PGCIL should not be passed on in tariff as SLDC is claiming incentive for its Engineers. Further, he requested a minimum period of service should be rendered by the officers availing such incentives, so that the HPSLDC may utilize the expertise of the certified power system operators for efficient monitoring of the HP State Grid.

Petitioner's reply

2.2.2 A provision for payment of incentive to 11 number of “Basic” level power system operator certified Engineering officers for amounting to Rs. 10.00 Lakhs per annum in all the financial years of the 5th MYT Control Period was made in view of the following:

- a. Recommendations / suggestions mentioned under Clause Nos. 4.5, 4.6 & 10.5.6 of the Capacity Building of Indian Load Despatch Centres (CABIL) Report of the Forum of Regulators.
- b. Regulation No. 33 of the Notification No. L-1/ 153/ 2019/ CERC, dated: 05.04.2019 issued by the Hon’ble Central Electricity Regulatory Commission.

2.2.3 The monthly payment of incentives as specified under above-mentioned CERC Regulations is as under:

Sl.	Certification Level	Retainership amount
1.	Basic	7,500.00
2.	Specialist	10,000.00
3.	Management	12,000.00

2.2.4 The validity of the basic level power system operator certificate is 3 years and with regards to the minimum service to be rendered by the certified system operator, the Commission may appropriately fix the tenure as pointed out by the stakeholder.

Commission’s views

2.2.5 The Commission understands that most of the employees at HPSLDC are deployed by the HPSEBL and HPPTCL on secondment basis, with some of them having shorter tenures at HPSLDC. After the deployment of the employees at HPSLDC, it would take some time for an employee to understand the SLDC’s operations and functions. Therefore, the Commission is of the opinion that the minimum period of service of 3 years from the deployment date at HPSLDC is required to be completed by the officers for availing incentives through basic level power system operator certificate.

2.2.6 It is vital that the State SLDC has manpower with required skill set to manage power scheduling and monitoring in an effective manner. It is also necessary that only required number of employees are recruited with adequate knowledge to carry out work in an efficient manner, which would also limit any unnecessary expenses towards new recruitments.

2.2.7 The Commission is of the opinion that consultancy fee paid to the PGCIL is for specific purpose related to project execution whereas the proposed incentive is linked to proficiency in power system operations.

2.3 Grid Security at Intra-state transmission system

Stakeholder’s comments

2.3.1 The DGM (C&M), HP Power Transmission Corporation Limited, Shimla has requested the Commission to include the following directives to the HPSLDC for compliance in respect of the complete intra-state transmission system in the interest of grid security as well as assessment of various parameters for intra-state network:

1. Computation of monthly transmission losses.
2. Record keeping of major system disturbances (Grid disturbances).
3. Peak Demand (In MW); and
4. Frequency excursion data.

Petitioner's reply

2.3.2 The details regarding Record keeping of major system disturbances (Grid disturbances), Peak Demand (In MW), Frequency excursion data is already available on the website of the HPSLDC <https://hpsldc.com/>.

2.3.3 Sub-regulation (1) (Interface Meters) of Regulation-6(Ownership of meters) of the Central Electricity Authority (Installation and Operation of Meters) Regulations, 2006 stipulates as under:

("1) Interface meters:

- a. All interface meters installed at the points of interconnection with Inter-State Transmission System (ISTS) for the purpose of electricity accounting and billing shall be owned by CTU.*
- b. All interface meters installed at the points of interconnection with Intra-State Transmission System excluding the system covered under sub-clause (a) above for the purpose of electricity accounting and billing shall be owned by STU.***
- c. All interface meters installed at the points of inter connection between the two licensees excluding those covered under sub-clauses (a) and (b) above for the purpose of electricity accounting and billing shall be owned by respective licensee of each end.*
- d. All interface meters installed at the points of inter connection for the purpose of electricity accounting and billing not covered under sub-clauses (a), (b) and (c) above shall be owned by supplier of electricity."*

2.3.4 In view of the above, suitable directions be issued to the HPPTCL by the Commission for installation of Automatic Meter Reading (AMR) compliant ABT Energy meters having the capability of recording energy parameters on 15-Minute time block basis at all the Intra-State interfacing locations within the HP State and provide the seamless meter data up to the Central Data Collection System (CDCS) of the HPSLDC situated at Shimla through appropriate mode of communication viz. OFC / GPRS etc. so that the HPSLDC may compute the monthly transmission losses as per requirement of the HPPTCL.

Commission's views

- 2.3.5 The Commission notes the submission of the stakeholder and SLDC and accordingly directs the Petitioner to continue to maintain Record keeping of major system disturbances (Grid disturbances), Peak Demand (In MW) and Frequency excursion data on regular basis.
- 2.3.6 Based on the analysis of Sub-regulation (1) of Regulation-6 of the Central Electricity Authority (Installation and Operation of Meters) Regulations, 2006, the HPPTCL is directed to install Automatic Meter Reading (AMR) compliant ABT Energy meters having the capability of recording energy parameters on 15-Minute time block basis at all the Intra-State interfacing locations within the HP State and provide the seamless meter data up to the Central Data Collection System (CDCS) of the HPSLDC situated at Shimla through appropriate mode of communication, for the purpose of electricity accounting and billing.

3 TRUE-UP OF AGGREGATE REVENUE REQUIREMENT (ARR) FOR FY 2020-21 TO FY 2022-23 AND PROVISIONAL TRUE-UP FOR FY 2023-24

3.1 Background

3.1.1 The Petitioner has submitted the current Petition for true-up of FY 2020-21 to FY 2022-23 based on audited accounts along with true-up of FY 2023-24 based on provisional figures.

3.1.2 Regulation 14 of the HPERC MYT SLDC Regulations 2011 provides as under:

"14. Mid-term review and True Up at the end of Control Period.

(1) The power system operation company shall file the mid-term review petition and true-up petition in accordance with the timelines specified in Appendix-I to these regulations along with the details of capital expenditure including additional capital expenditure, sources of financing, operation and maintenance expenditure, etc. incurred for the period, duly audited and certified by the auditors. The true up across various controllable parameters shall be done by the Commission for the previous years of the Control Period or for the previous Control Period on the basis of audited accounts made available by the power system operation company during the midterm review or during Control Period true up in accordance with following principles:

(a) any surplus or deficit on account of O&M expenses shall be to the account of the power system operation company and shall not be trued up in ARR;

(b) the Commission shall review actual capital investment vis-à-vis approved capital investment;

(c) depreciation and financing cost, which includes cost of debt including working capital (interest), cost of equity (return) shall be trued up on the basis of actual/audited information and prudence check by the Commission;

(d) After true up the variations as approved by the Commission shall be adjusted in the ARR of the next Control Period or as may be deemed fit by the Commission.

(2) Notwithstanding anything contained in these regulations, the gains or losses in the controllable items of ARR on account of force majeure, change in law and change in taxes and duties shall be passed on as an additional charge or rebate in ARR over such period as may be laid down in the order of the Commission."

3.1.3 For purpose of true-up of FY 2020-21 to FY 2022-23, the Petitioner has submitted the audited accounts and the Commission has reviewed the ARR parameters considering the audited accounts, the HPERC MYT SLDC Regulations 2011, all the information, data submissions and necessary clarifications submitted by the SLDC, and the views expressed by the stakeholders, etc. by applying prudence checks.

3.1.4 So far as true-up of FY 2023-24 is concerned, the Petitioner has submitted estimates for the FY 2023-24 based on provisional accounts for 7 months period and estimates for remaining 5 months period; and the Commission has reviewed the ARR parameters for balance Period of FY 2023-24.

3.1.5 The analysis of the ARR components is as follows:

3.2 Operation & Maintenance (O&M) Expenses

Petitioner's Submissions:

3.2.1 The O&M expenses are considered in accordance with Regulation 14 (1) of the HPERC MYT SLDC Regulations 2011 and its subsequent Amendments and actual expenses booked in the Annual Audited Accounts for the respective years.

3.2.2 For true up, the audited accounts for the period from FY 2020-21 to FY 2022-23; and for true up of FY 2023-24, the provisional accounts containing actual figures upto October 2023 (7 months) and estimates for the remaining five months have been considered.

Commission's Analysis:

3.2.3 The Commission in its MYT Order dated 29th June 2019 for the fourth Control Period (FY20 to FY24) had approved the O&M expenses of HPSLDC considering the fact that HPSLDC shall be initiating complete and independent operations from FY 2019-20 onwards, subsequent to the transfer of SLDC infrastructure from the HPSEBL.

3.2.4 Thereafter, the Commission had revised the O&M expense in the Mid-Term Review (MTR) Order dated 12th August 2021, for each year of fourth Control Period in view of the division of assets and full operations having taken over by the HPSLDC on 01 April 2019.

- 3.2.5 In accordance with Regulation 14 (1) of the HPERC MYT SLDC Regulations 2011 and its subsequent Amendments, O&M expenses are controllable parameter and is not trued-up based on actuals in this ARR; however, the projections in the O&M expenses as per the Mid-Term Review (MTR) Order dated 12 August 2021 has been adjusted in view of new activities not envisaged at the time of MTR Order accurately by the Petitioner or initiatives not undertaken as envisaged at the time of the MTR Order, etc.
- 3.2.6 Accordingly, the Commission has examined the submissions made by HPSLDC with respect to components of O&M expenses for FY 2020-21 to FY 2022-23 and for FY 2023-24 as discussed below:

A) Employee Expenses

Petitioner's Submissions:

- 3.2.7 For FY 2023-24, the projections of employee expenses for remaining 5 months i.e., from November 2023 to March 2024 are based on salary of existing employees for 5 months along with salary of Managing Director (MD) appointed by the Government of HP vide Order No. MPP-B 001/1/2021, dated 10 November 2023 and 5 Assistant Engineers (AE) are proposed to be added during remaining period of FY 2023-24.
- 3.2.8 Based on the number of employees and with cadre wise monthly salary data, the employee strength and employee expenses are proposed as below:

Table 3: Proposed Employee Strength for FY21 to FY24

Particulars	FY21	FY22	FY23	FY24*
	Actual	Actual	Actual	Estimates
Number of Employees	50	47	42	52

*Projected based on actuals up-to October 2023

Table 4: Proposed Employee Expenses for FY21 to FY24 (Rs. Lakhs)

Particulars	FY21	FY22	FY23	FY24*
	Actual/ Audited	Actual Audited	Actual/ Audited	Estimates
Salaries (Regular)	265.20	230.11	419.24	377.92*
Salaries (Outsourced)	96.49	96.20	107.64	117.75
Liabilities of Leave Salary & Pension Contribution				31.49
Total actual employee expenses	361.69	326.31	526.88	527.16

* Actual for 7 months is ₹194.92 Lakhs & projected for next 5 months is ₹183.00 Lakhs (Considering present employee salary, salary of MD & 5 proposed AEs)

Commission's Analysis:

- 3.2.9 The Commission has examined and analysed the details submitted by the Petitioner based on the Audited Accounts indicating the actual expenses incurred. As the O&M expenses are controllable parameters, ideally these expenses should have been approved without referring to the actuals; however, the detail submitted by the Petitioner indicates that certain amounts have been expended by the Petitioner on account of Government notifications towards the pay revision arrears in FY 2022-23, and certain previous year expenditure incurred, for which the bills are received now, etc.
- 3.2.10 The Commission has observed that the HPSEBL has demanded the Leave Salary and Pension Contribution in respect of its retired employees, deployed in the HPSLDC for the period from FY 2012-13 till date, which has been paid by the HPSLDC in FY 2020-21 to FY 2022-23. Accordingly, the Commission has approved these expenses after certain adjustments in the MTR Order approved values of employee expenses.
- 3.2.11 Based on the salary break-up and provisional accounts provided upto October-2023 on actuals, the Commission has projected the Salary Expenses for Regular and Outsourced Employees and Liability towards Leave Salary & Pension Contribution for the year 2023-24; however, for the arrears of Pay Revision and ADA, for the first seven months, the Commission has allowed the same as per the actuals .
- 3.2.12 The Commission has observed that the present sanctioned strength of HPSLDC is 58 numbers, out of which 43 number employees have been appointed and working till date. The HPSLDC has proposed the addition of employees in the FY 2023-24. The Commission has observed that till date no progress has been achieved in the recruitment process and also, the true-up for FY 2023-24 is presently being done based on the provisional figures; and hence, the Commission has not considered the proposed addition to the employee cost.
- 3.2.13 The Commission would like to highlight that the Employee cost per GFA of HPSLDC is one of the highest, if compared to the States of Uttarakhand, Punjab and Haryana. In fact, it is one of the highest in the country. The same has been analysed in the subsequent Chapter. Accordingly, the Commission is of the opinion that the HPSLDC should optimise the employee cost by way of prudently deploying the officers/staff as per the requirement in an optimal manner.
- 3.2.14 The Petitioner has requested the Commission in the MTR Order to create a provision for HRD incentive for capacity building, however, the same was not undertaken by the Petitioner during the fourth Control period. Accordingly, while allowing the amounts for other new initiatives additionally, the Commission has also adjusted an amount of Rs.7.2 lakhs each in the FY 2021-22 and FY 2022-23 respectively.

3.2.15 The employee cost, thus, approved by the Commission is summarised in the table below:

Table 5: Approved Employee Expenses for FY21 to FY 24 (Rs. Lakhs)

Particulars	FY21	FY22	FY23	FY24
	Actual/ Audited	Actual/ Audited	Actual/ Audited	Estimates
As Approved in MTR order dated: 12.08.2021	368.20	388.43	408.84	430.34
Approved in True-up	368.20	381.23	522.01	442.16
Salaries (Regular)	289.59	300.25	316.32	312.62
Arrear of Pay Revision			45.31	5.00
Arrear of ADA				7.56
Pension Contribution & Leave Salary			75.06	19.70
Salaries (Outsourced)	78.61	80.98	85.32	97.29

B) A&G Expenses

Petitioner's Submissions:

3.2.16 The Petitioner has submitted A&G expenses for FY 2020-21 to FY 2022-23 based on the audited accounts for the respective years and has considered the actual expenses for 7 months i.e., from April 2023 to October 2023 and estimated for the next 5 months i.e., from November 2023 to March 2024, as follows:

Table 6: Proposed A&G Expenses for FY21 to FY24 (Rs. Lakhs)

Particulars	FY21	FY22	FY23	FY24
	Actual/ Audited	Actual/ Audited	Actual/ Audited	Estimates
Total A&G Expenses	76.70	70.53	92.27	97.95

Commission's Analysis:

3.2.17 The Commission had earlier considered an amount of Rs. 37.21 Lakhs towards software maintenance as a part of A&G expenses based on the submissions made by the Petitioner. Now, the Petitioner has submitted that out of an amount of Rs. 37.21 lakhs, Rs. 37.08 lakhs pertains to 15% payment towards LOA issued by the HPSLDC in favour of M/s Kreate Technologies Pvt. Ltd. vide Invoice No. 15432-33, dated 15 March 2019, which is of capital nature and accordingly, the same has been taken out from A&G expenses and considered as part of GFA.

- 3.2.18 The Commission has considered the remaining amount of Rs. 0.13 Lakhs as a part of R&M expenses as this payment is made towards the annual subscription of Tally ERP 2.0 Prime Software for accounting purposes and taken it out from the A&G expenses.
- 3.2.19 The Commission directs the Petitioner to upgrade its accounting software of Tally ERP as per the latest model. The Commission expresses its serious concern over the accounting entries made by the Petitioner which are not in line with the established accounting practices and systems followed as per the Indian Accounting Standards. There is no clear distinction made between the Capital expenditure and Revenue expenditure, which is also affecting the financial health of the HPSLDC.
- 3.2.20 The Commission has also corrected the head of expenditure for "Bank Charges" and "Software Maintenance" in A&G expenses by shifting it to the Interest and finance expenses and R&M expenses respectively. In addition, the Discount on LTOA has been considered as a reduction in the LTOA income rather than as a part of A&G expenses. To this extent, the Petitioner has clarified in the TVS that Income from LTOA consumers is considered net of rebate.
- 3.2.21 The Commission has projected the A&G expenses for the FY 2023-24 on pro-rata basis based on actuals upto October 2023 as submitted by the Petitioner. As per the Tariff formats submitted by the Petitioner for the FY 2023-24, it is observed that the Petitioner has made a provision of Rs. 29.13 Lakhs for AMC SCADA, which is not a part of the Provisional accounts submitted by the Petitioner. This being a discrepancy, admitted by the Petitioner, the Commission has not approved the same.
- 3.2.22 Accordingly, the A&G expenses revised after the above adjustments stands as follows:

Table 7: Revised A&G Expenses after adjustments for FY21 to FY 23 (Rs. Lakhs)

Particulars	FY21	FY22	FY23
	Actual/ Audited	Actual/ Audited	Actual/ Audited
A&G Expenses after adjustments	72.83	69.83	54.08

- 3.2.23 In accordance with Regulation 14 (1) of the HPERC MYT SLDC Regulations 2011 and its subsequent Amendments, A&G expense is a controllable parameter and is not trued-up based on the actuals, however, in view of the accounting errors and submissions of the Petitioner, the Commission has been constrained to make the above adjustments.
- 3.2.24 Based on the above analysis, the A&G expenses are approved by the Commission as follows:

Table 8: Approved A&G Expenses for FY21 to FY 24 (Rs. Lakhs)

Particulars	FY21	FY22	FY23	FY24
	Actual/ Audited	Actual/ Audited	Actual/ Audited	Estimates
As Approved in MTR order dated: 12.08.2021	68.37	72.59	74.67	76.82
Approved in True-up	68.37	72.59	74.67	40.13

C) R&M Expenses**Petitioner's Submission:**

3.2.25 The Petitioner has submitted R&M expenses for FY 2020-21 to FY 2022-23 based on the audited accounts for the respective years.

3.2.26 For the purpose of estimating the R&M expenses for FY 2023-24, the Petitioner has considered the actual expenses for 7 months (₹8.15 Lakhs) i.e., from April 2023 to October 2023 and estimated R&M expenses for the next 5 months (₹4.55 Lakhs) i.e., from November 2023 to March 2024 based on the pending R&M works.

3.2.27 Further, the Petitioner has considered additional R&M requirement of ₹29.60 Lakhs in FY 2023-24, which is due to AMC payment towards IEMs and AMR equipment (Work awarded to M/S Secure Meters Ltd. vide LOA No. 3668-69, dated 11 August 2020) and AMC towards CDCS (Work awarded to M/S Orbit Techsol India Pvt. Ltd. vide LOA No.2192-96, dated 29 June 2021). The Commission provisionally approves the same as per the submissions of the Petitioner, which shall be appropriately dealt with at the time of true-up of FY 2023-24 based on audited accounts.

3.2.28 The R&M expenses submitted by the Petitioner for FY 2020-21 to FY 2023-24 is tabulated below-

Table 9: Proposed R&M Expenses for FY21 to FY24 (Rs. Lakhs)

Particulars	FY21	FY22	FY23	FY24
	Actual/ Audited	Actual/ Audited	Actual/ Audited	Estimates
Repair & Maintenance of Computer	12.72	0.15	0.60	0.40
Repair & Maintenance of Office, Fixture and Maintenance	17.80	1.98	0.49	9.84
Maintenances and Recouping of Fund	91.73	24.72	0.00	0.00
Repair & Maintenance of Vehicle	0.26	0.24	0.00	0.52
Repair & Maintenance of Building	59.50	0.00	1.25	1.95
Additional R&M Expenses				29.60
Total actual R&M expenses	182.01	27.09	2.34	42.30

Commission's Analysis:

3.2.29 The Commission in its MYT Order for fourth Control Period dated 29 June 2019 had approved annual R&M expenditure of Rs. 10 lakhs provisionally for each year of Control Period in the absence of adequate data base. Further, in Mid-Term Review Order dated 12 August 2021, annual R&M expenditure was reviewed based on the actual expenditure during the initial years at the time of Mid-term review.

3.2.30 As per the directions in the MTR Order dated 12 August 2021, the Petitioner was directed to recoup total lump sum amount of Rs. 91.73 Lakhs to the State PSDF in FY 2020-21, which was used for part financing of 70% of the Cap-ex scheme of IT Solutions and Software of Rs. 247.23 Lakhs, executed by the vendor M/s Kreate Technologies Ltd. The Petitioner has submitted that this amount has been recouped to the PSDF account as mentioned in their audited accounts for the FY 2020-21. Similarly, the Petitioner has recouped an amount of Rs. 24.72 lakhs being for part financing of 10% of the cost of same scheme in FY 2021-22. In view of the same, the Commission has considered these amounts as a part of GFA in the respective years.

3.2.31 In MTR Order dated 12 August 2021, the Commission has directed as follows:

"5.2.20 The Commission sought further clarifications for incorrect recording of capital expenditure as revenue expenditure for which the Petitioner was unable to provide adequate justification. It is observed that both expenditures i.e., R&M of Building as well as Expenditure for Software procurement are of capex nature and cannot be considered under revenue expenditure (R&M expense) as proposed by the Petitioner.

*5.2.21 In view of the fact that the amount has already been recorded in audited accounts of FY 2019-20 under revenue expenditure, the Commission approves a one-time allowance under the ARR for recovery of this amount. **However, the Petitioner is directed to consider all future expenditure including recouping of State PSDF fund (expenditure towards IT solution/ software) during FY 2020-21 to be accounted properly in line with the accounting principles."***

The Commission reiterates the direction in view of the failure of the Petitioner to comply with the same.

3.2.32 The Commission is distressed to note that the Petitioner has made the same mistake in booking of the expenditure of R&M of building as well as for software procurement by charging it under the revenue expenditure during the FY 2020-21 to FY 2023-24, whereas these expenditures are of capex nature and should become part of the GFA. As regards the R&M of building, the Petitioner has emphasized that this amount be considered by the Commission as a part of R&M expenses in view of Commission's approval vide letter No. 1467 dated 02 September 2022.

3.2.33 Further, the expenses towards "Software Maintenance" in the A&G expenses for FY 2020-21 to FY 2023-24 have been shifted to the R&M expenses in the respective years. In addition, the AMC towards SCADA and EMS for FY 2020-21 to FY 2023-24, which is claimed by the Petitioner as part of ULDC charges have been shifted to R&M expense for the respective years to synchronise and streamline them as per the prudent accounting practices.

3.2.34 In accordance with Regulation 14 (1) of the HPERC MYT SLDC Regulations 2011 and its subsequent Amendments, R&M expenses are controllable parameter and are not trued-up based on actuals in this ARR. The projections as per the Mid-Term Review (MTR) Order dated 12 August 2021 are adjusted to the realistic values taking into consideration, the addition of new initiatives, the activities proposed and not undertaken and arrears for which the bills have been received by the Petitioner during the fourth Control period, etc.

3.2.35 The Commission has now revised the R&M expenses after making the above stated adjustments. as follows:

Table 10: Revised R&M Expenses after adjustments for FY21 to FY 23 (Rs. Lakhs)

Particulars	FY21	FY22	FY23
	Actual/ Audited	Actual/ Audited	Actual/ Audited
R&M Expenses after adjustments	78.88	7.53	11.01

3.2.36 In view of the request of the Petitioner to allow the R&M of building of Rs. 59.49 Lakhs in the FY 2020-21, the Commission has considered the same, over and above, the approved R&M expenses, as of now, for further verification at the time of MTR Order.

3.2.37 The AMC charges towards SCADA and EMS, which were earlier part of ULDC charges, are now allowed, over and above, the approved R&M expenses of Rs. 10 Lakhs each for FY 2020-21 to FY 2023-24.

3.2.38 The Commission is of the opinion to consider the R&M expenses for FY 2023-24 on provisional basis as claimed by the Petitioner based on pending R&M works, which shall be subject to prudence check and true-up.

3.2.39 The R&M expenses approved by the Commission for FY 2020-21 to FY 2023-24 are as below:

Table 11: Approved R&M Expenses for FY21 to FY24 (Rs. Lakhs)

Particulars	FY21	FY22	FY23	FY24
	Actual/ Audited	Actual/ Audited	Actual/ Audited	Estimates
As Approved in MTR order dated: 12.08.2021	28.91	34.72	84.69	29.82
Approved in True-up	80.65	15.32	18.54	67.63

Particulars	FY21	FY22	FY23	FY24
	Actual/ Audited	Actual/ Audited	Actual/ Audited	Estimates
Normal R&M expense approved in MTR	10.00	10.00	10.00	-
Repair & Maintenance of Computer				0.40
Repair & Maintenance of Office, Fixture and Maintenance				9.84
Repair & Maintenance of Vehicle				0.52
Repair & Maintenance of Building	59.50			1.95
AMC towards IEMs and AMR equipment (M/S Secure Meters Ltd.)				22.52
AMC towards CDCS (M/S Orbit Techsol India PVT Ltd.)				7.08
R&M - ULDC AMC charges	11.15	5.32	8.54	25.33

D) Total O&M Charges

3.2.40 The total O&M expenses approved by the Commission for FY 2020-21 to FY 2022-23 and the provisional figures for FY 2023-24 are as follows:

Table 12: Approved O&M Expenses for FY21 to FY24 (Rs. Lakhs)

Particulars	FY21	FY22	FY23	FY24
	Actual/ Audited	Actual/ Audited	Actual/ Audited	Estimates
Employee Expense	368.20	381.23	522.01	442.16
A&G Expense	68.37	72.59	74.67	40.13
R&M Expense	80.65	15.32	18.54	67.63
Total O&M Expense	517.22	469.14	615.22	549.92

3.2.41 The Commission is constrained to note that the directions given to the HPSLDC are not being followed in letter and spirit; and still the expenditure is being made without consideration of the optimum cost benefit analysis. Similarly, the accounting entries are not being made as per the established accounting policies, which make it difficult for the Commission to arrive at a stable value of the O&M for the Petitioner. Accordingly, the Commission reiterates its direction to the Petitioner to incur the expenditure prudently after following the due process as per notified rules and regulations; and make the corresponding accounting entries strictly in accordance with the Indian Accounting Standards. In view of this, the Commission may, if required, open up the O&M values of previous control period/(s) in future, if found contradictory, based on further submissions/records of the Petitioner.

3.3 ULDC Charges

Petitioner's Submissions:

- 3.3.1 The HPSLDC had started functioning independently w.e.f. 14.11.2018 with further division of assets taken place on 01.04.2019. After the transfer of Assets from HPSEBL to HPSLDC, HPSEBL have to pay the ULDC bill @12.99% of the billed amount and the HPSLDC shall have to pay @ 87.01% of the billed amount w.e.f. 01.04.2019 onwards. Accordingly, the Petitioner has claimed 87.01% of the annual ULDC Charges for FY 2020-21 to FY 2022-23 and have projected ULDC charges for FY 2023-24 based on provisional accounts upto October 2023.
- 3.3.2 Further, the Price Adjustment differential amount for Q1 to Q20 (w.e.f. 01.01.2017 to 31.12.2021) excluding Q18 (w.e.f. 01.04.2021 to 30.06.2021 due to 100% penalty deducted) has been claimed in line with Appendix-2 of "Maintenance Contract Agreement", being claimed by M/s Siemens Ltd. for AMC Service Provider of SCADA & EMS System in parts in current AMC bill.
- 3.3.3 The ULDC charges claimed by the Petitioner for FY 2020-21 to FY 2023-24 are summarized as below:

Table 13: Proposed ULDC charges for FY21 to FY24 (Rs. Lakhs)

Particulars	FY21	FY22	FY23	FY24
	Actual/ Audited	Actual/ Audited	Actual/ Audited	Estimates
ULDC II Charges	48.94	90.23	218.36	54.02

Commission's Analysis:

- 3.3.4 The Commission has considered the ULDC charges for FY 2020-21 to FY 2023-24 after doing the analysis of the bills submitted by the Petitioner and as also reflected in the audited accounts of respective years.
- 3.3.5 Upon analysis of the break-up of the ULDC charges as per provisional accounts provided by the Petitioner up to October-2023 on actuals, the Commission has projected the ULDC charges for FY 2023-24 on pro-rata basis based on actuals upto October-2023.
- 3.3.6 As discussed above, the Commission has considered the ULDC charges as mentioned below, after excluding the AMC charges for SCADA and EMS, which the Commission has considered separately as a part of R&M expenses for FY 2020-21 to FY 2023-24.

Table 14: Approved ULDC charges for FY21 to FY24 (Rs. Lakhs)

Particulars	FY21	FY22	FY23	FY24
	Actual/ Audited	Actual/ Audited	Actual/ Audited	Estimates
As Approved in MTR order	62.56	10.83	10.83	10.83

Particulars	FY21	FY22	FY23	FY24
	Actual/ Audited	Actual/ Audited	Actual/ Audited	Estimates
dated: 12.08.2021				
Approved in True-up (ULDC II Charges)	37.79	84.92	209.82	27.81
ULDC Charges	37.79	84.92	209.82	27.81
AMC Charges	-	-	-	-

3.4 RLDC Fees & Charges

Petitioner's Submissions:

- 3.4.1 As per the CERC (RLDC) Regulations, 2019, SLDCs of the respective States are considered as nodal agency for collection of monthly RLDC charges payable to the concerned Regional Load Despatch Centre.
- 3.4.2 Accordingly, the Petitioner has claimed RLDC fee and charges for FY 2020-21 to FY 2022-23 as per the annual audited accounts for the respective years. Further, in accordance with Regulation 10 (8) of CERC (Fee and Charges of Regional Load Dispatch Centre and other related matters) Regulation, 2019 and considering the actual expenses for first seven months, provisional estimation for FY 2023-24 is derived as shown below:

Table 15: Proposed RLDC Fee and charges for FY21 to FY24 (Rs. Lakhs)

Particulars	FY21	FY22	FY23	FY24
	Actual/ Audited	Actual/ Audited	Actual/ Audited	Estimates
RLDC Fee and Charges	71.93	139.02	125.43	160.98

Commission's Analysis:

- 3.4.3 The payment made by the Petitioner for RLDC charges, has been verified from the bills, and the same has been considered by the Commission for FY 2020-21 to FY 2022-23.
- 3.4.4 The Commission approves the amount in true-up of respective years and for FY 2023-24 as claimed by the Petitioner, to be in line with the accounts of the Petitioner, as below:

Table 16: Approved RLDC Fees and charges for FY21 to FY24 (Rs. Lakhs)

Particulars	FY21	FY22	FY23	FY24
	Actual/ Audited	Actual/ Audited	Actual/ Audited	Estimates
As Approved in MTR order dated: 12.08.2021	69.91	80.50	85.00	85.00
Approved in True-up (RLDC Fees and charges)	71.93	139.02	125.43	160.98

3.5 Capital Expenditure and Capitalisation

Petitioner's Submissions:

- 3.5.1 The Petitioner has submitted the actual cap-ex and capitalisation during the FY 2020-21 to FY 2022-23 and also the estimated cap-ex and capitalization for the FY 2023-24. In the following table current status of Capitalization vs. Approved Capital Expenditure as per the MTR Order dated 12 August 2021 is provided.

Table 17: Approved Capital Expenditure (in MTR Order) Vs. Actual Capitalization from FY 2020-21 to 2023-24

Approved Capital Expenditure (in MTR Order) Vs. Actual Capitalization												
S. No.	Particulars	FY 2020-21		FY 2021-22		FY 2022-23		FY 2023-24		Total		Present Status of Project / Comments
		Actual						Proposed				
		Approved Capital Expenditure (₹ in Lakhs)	Actual Capitalization (₹ in Lakhs)	Approved Capital Expenditure (₹ in Lakhs)	Actual Capitalization (₹ in Lakhs)	Approved Capital Expenditure (₹ in Lakhs)	Actual Capitalization (₹ in Lakhs)	Approved Capital Expenditure (₹ in Lakhs)	Proposed Capitalization (₹ in Lakhs)	Total Approved Capital Expenditure (₹ in Lakhs)	Total Actual Capitalization (₹ in Lakhs)	
A	Enhancement of Real Time Data Acquisition System	0.00	0.00	0.00	0.00	25.00	0.00	25.00	0.00	0.00	0.00	
1	URTDSM (Unified Real time dynamic state measurement system)											The work proposed in this project will now be handled by the PGCIL, and therefore, this project has been dropped.
B	Scheme proposed under State PSDF (Power Sector Development Fund)	0.00	0.00	40.00	0.00	205.00	0.00	250.00	124.85	495.00	0.00	

Approved Capital Expenditure (in MTR Order) Vs. Actual Capitalization												
S. No.	Particulars	FY 2020-21		FY 2021-22		FY 2022-23		FY 2023-24		Total		Present Status of Project / Comments
		Actual						Proposed		Total Approved Capital Expenditure (₹ in Lakhs)	Total Actual Capitalization (₹ in Lakhs)	
		Approved Capital Expenditure (₹ in Lakhs)	Actual Capitalization (₹ in Lakhs)	Approved Capital Expenditure (₹ in Lakhs)	Actual Capitalization (₹ in Lakhs)	Approved Capital Expenditure (₹ in Lakhs)	Actual Capitalization (₹ in Lakhs)	Approved Capital Expenditure (₹ in Lakhs)	Proposed Capitalization (₹ in Lakhs)			
1	Cyber security and Data security											The Hon'ble Commission vide order No. 1996, dated: 05.11.2022 had accorded the approval for execution of the proposed work through State PSDF (Sanctioned amount ₹ 124.88 Lakhs). The HPSLDC vide LOA No. 7405-10, dated: 10.11.2023 has awarded the work to M/s Takyon Pvt. Ltd. New Delhi for ₹ 124.85 Lakhs, which is likely to be completed by Feb-2024.

Approved Capital Expenditure (in MTR Order) Vs. Actual Capitalization												
S. No.	Particulars	FY 2020-21		FY 2021-22		FY 2022-23		FY 2023-24		Total		Present Status of Project / Comments
		Actual						Proposed		Total Approved Capital Expenditure (₹ in Lakhs)	Total Actual Capitalization (₹ in Lakhs)	
		Approved Capital Expenditure (₹ in Lakhs)	Actual Capitalization (₹ in Lakhs)	Approved Capital Expenditure (₹ in Lakhs)	Actual Capitalization (₹ in Lakhs)	Approved Capital Expenditure (₹ in Lakhs)	Actual Capitalization (₹ in Lakhs)	Approved Capital Expenditure (₹ in Lakhs)	Proposed Capitalization (₹ in Lakhs)			
2	Backup Control Centre/Sub-LDC											The work under this head could not able to commence during 4 th control period. Aforesaid work has now been shifted to the 5 th MYT Control period under head "A" as "Replacement / up-gradation of existing SCADA & EMS under ULDC-III Scheme)." The project will be funded through World Bank Grant-in - Aid.
3	Implementation of ADMS (Automatic Demand Management System) in HP as per mandate of IEGC											As above

Approved Capital Expenditure (in MTR Order) Vs. Actual Capitalization												
S. No.	Particulars	FY 2020-21		FY 2021-22		FY 2022-23		FY 2023-24		Total		Present Status of Project / Comments
		Actual						Proposed		Total Approved Capital Expenditure (₹ in Lakhs)	Total Actual Capitalization (₹ in Lakhs)	
		Approved Capital Expenditure (₹ in Lakhs)	Actual Capitalization (₹ in Lakhs)	Approved Capital Expenditure (₹ in Lakhs)	Actual Capitalization (₹ in Lakhs)	Approved Capital Expenditure (₹ in Lakhs)	Actual Capitalization (₹ in Lakhs)	Approved Capital Expenditure (₹ in Lakhs)	Proposed Capitalization (₹ in Lakhs)			
4	Development of Software for demand Forecasting											The work under this head could not able to commence during 4 th control period. So, the aforesaid work has been shifted in the 5th control period, considering the mandate given to LDCs in the (IEGC-2023).
5	Replacement and upgradation of existing SCADA & EMS system.											The work under this head could not able to commence during 4 th control period. Aforesaid work has now been shifted to the 5 th MYT Control period under head "A" as "Replacement / up-gradation of existing SCADA & EMS under ULDC-III Scheme)." The project will be funded through World Bank Grant-in - Aid.

Approved Capital Expenditure (in MTR Order) Vs. Actual Capitalization												
S. No.	Particulars	FY 2020-21		FY 2021-22		FY 2022-23		FY 2023-24		Total		Present Status of Project / Comments
		Actual						Proposed		Total Approved Capital Expenditure (₹ in Lakhs)	Total Actual Capitalization (₹ in Lakhs)	
		Approved Capital Expenditure (₹ in Lakhs)	Actual Capitalization (₹ in Lakhs)	Approved Capital Expenditure (₹ in Lakhs)	Actual Capitalization (₹ in Lakhs)	Approved Capital Expenditure (₹ in Lakhs)	Actual Capitalization (₹ in Lakhs)	Approved Capital Expenditure (₹ in Lakhs)	Proposed Capitalization (₹ in Lakhs)			
6	Data warehousing and mining facility											The work has now been dropped, as the same has been covered in the Disaster Recovery (DR) Scheme proposed by the HPSLDC.
C	Implementation of SAMAST Framework in the HP State. (Following Works had been capitalized under this head)	530.63	0.00	100.00	0.00	0.00	472.85	0.00	55.70	630.63	504.66	
1	Various works under SAMAST Scheme (Centrally funded) for which LOA/ LOI have been placed.											

Approved Capital Expenditure (in MTR Order) Vs. Actual Capitalization												
S. No.	Particulars	FY 2020-21		FY 2021-22		FY 2022-23		FY 2023-24		Total		Present Status of Project / Comments
		Actual						Proposed		Total Approved Capital Expenditure (₹ in Lakhs)	Total Actual Capitalization (₹ in Lakhs)	
		Approved Capital Expenditure (₹ in Lakhs)	Actual Capitalization (₹ in Lakhs)	Approved Capital Expenditure (₹ in Lakhs)	Actual Capitalization (₹ in Lakhs)	Approved Capital Expenditure (₹ in Lakhs)	Actual Capitalization (₹ in Lakhs)	Approved Capital Expenditure (₹ in Lakhs)	Proposed Capitalization (₹ in Lakhs)			
a	LOA for Supply, Installation and Commissioning of IEMs (Interface Energy Meters) along with associated AMR (Automatic Meter Reading) equipment at all the interfacing points of the Open Access Generators & Consumers, Generators of DISCOM including Supply, Installation and Commissioning of Software & Hardware equipment for CDCS at HPSLDC Control Centre, Totu, Shimla (HP).		0		0		236.12		24.02		260.14	Work Completed
b	LOA for Supply, Erection, Testing and Commissioning of Central Data Collection System (CDCS) under SAMAST Framework in HP at HPSLDC Control Centre, Totu, Shimla		0		0		172.95		7.79		180.74	Work Completed

Approved Capital Expenditure (in MTR Order) Vs. Actual Capitalization												
S. No.	Particulars	FY 2020-21		FY 2021-22		FY 2022-23		FY 2023-24		Total		Present Status of Project / Comments
		Actual						Proposed		Total Approved Capital Expenditure (₹ in Lakhs)	Total Actual Capitalization (₹ in Lakhs)	
		Approved Capital Expenditure (₹ in Lakhs)	Actual Capitalization (₹ in Lakhs)	Approved Capital Expenditure (₹ in Lakhs)	Actual Capitalization (₹ in Lakhs)	Approved Capital Expenditure (₹ in Lakhs)	Actual Capitalization (₹ in Lakhs)	Approved Capital Expenditure (₹ in Lakhs)	Proposed Capitalization (₹ in Lakhs)			
	(HP)											
c	LOA for Expansion of existing Video Projection System (VPS) /Tower type Video Wall by “Providing, installation, testing, and Commissioning of (4X1) LED lit DLP 70” base display System” in the HPSLDC Control Room in Totu Shimla (HP) under SAMAST frame work in HP		0		0		46.31		0		46.31	Work Completed
d	LOA for Supply, Installation and Commissioning of Interactive Flat Panels/ Monitoring screens under SAMAST framework in HP at Himachal Pradesh State Load Despatch Centre, Shimla		0		0		17.47		0		17.47	Work Completed
e	Procurement of 20 KVA UPS								8.52			Work Completed
f	Procurement of Server and Network Switches								15.37			Under Progress

Approved Capital Expenditure (in MTR Order) Vs. Actual Capitalization												
S. No.	Particulars	FY 2020-21		FY 2021-22		FY 2022-23		FY 2023-24		Total		Present Status of Project / Comments
		Actual						Proposed				
		Approved Capital Expenditure (₹ in Lakhs)	Actual Capitalization (₹ in Lakhs)	Approved Capital Expenditure (₹ in Lakhs)	Actual Capitalization (₹ in Lakhs)	Approved Capital Expenditure (₹ in Lakhs)	Actual Capitalization (₹ in Lakhs)	Approved Capital Expenditure (₹ in Lakhs)	Proposed Capitalization (₹ in Lakhs)	Total Approved Capital Expenditure (₹ in Lakhs)	Total Actual Capitalization (₹ in Lakhs)	
2	Balance Proposed works											No Balance work required
D	Offline Systems	0.00	0.00	0.00	0.00	5.00	0.00	0.00	0.00	5.00	0.00	
1	Data warehousing and mining facility		0		0		0		0		0	This project has been dropped.
2	Scheduling application Software		0		0		0		0		0	In the 4th MYT control period envisaged work had not been undertaken. So, aforesaid work has been shifted in 5th MYT control period, considering the latest requirements as per latest IEGC-2003.
E	Infrastructure Development	2.50	9.45	50.00	0.48	50.00	16.65	50.00	4.58	152.50	31.16	
1	Additional & Alteration of Office Building		0		0		0		0		0	In 4th control period envisaged work had not been undertaken due to un avoidable reasons like COVID-19 Pandemic and scarcity of funds with the

Approved Capital Expenditure (in MTR Order) Vs. Actual Capitalization												
S. No.	Particulars	FY 2020-21		FY 2021-22		FY 2022-23		FY 2023-24		Total		Present Status of Project / Comments
		Actual						Proposed		Total Approved Capital Expenditure (₹ in Lakhs)	Total Actual Capitalization (₹ in Lakhs)	
		Approved Capital Expenditure (₹ in Lakhs)	Actual Capitalization (₹ in Lakhs)	Approved Capital Expenditure (₹ in Lakhs)	Actual Capitalization (₹ in Lakhs)	Approved Capital Expenditure (₹ in Lakhs)	Actual Capitalization (₹ in Lakhs)	Approved Capital Expenditure (₹ in Lakhs)	Proposed Capitalization (₹ in Lakhs)			
												HPSLDC. The work has now been shifted in 5th control period, considering price escalation.
2	Construction of rain water harvesting storage tank		0		0		0		0		0	The work has now been dropped due to land constraints.
3	Installation and Commissioning of 20 Kwp grid connected solar roof top plant		0		0		0		0		0	In 4th control period envisaged work had not been commenced due to non-availability of sufficient funds. So, the aforesaid work has been shifted in 5th control period, considering price escalation.
4	Office Equipment (PCs, Printers, Laptop, Photocopier, Routers, LAN components, cables, switches, etc.)											

Approved Capital Expenditure (in MTR Order) Vs. Actual Capitalization												
S. No.	Particulars	FY 2020-21		FY 2021-22		FY 2022-23		FY 2023-24		Total		Present Status of Project / Comments
		Actual						Proposed				
		Approved Capital Expenditure (₹ in Lakhs)	Actual Capitalization (₹ in Lakhs)	Approved Capital Expenditure (₹ in Lakhs)	Actual Capitalization (₹ in Lakhs)	Approved Capital Expenditure (₹ in Lakhs)	Actual Capitalization (₹ in Lakhs)	Approved Capital Expenditure (₹ in Lakhs)	Proposed Capitalization (₹ in Lakhs)	Total Approved Capital Expenditure (₹ in Lakhs)	Total Actual Capitalization (₹ in Lakhs)	
4A	GEM Portal [Purchase of Web Camera (1), QLED 55 inch (1), Scanner (1), Air Conditioner (2)		0		0		8.22		0		8.22	Work Completed
4B	M/s Godrej Boyce Mfg. Co. Ltd. (Bio-Metric Access Control system)		2.04		0		0				2.04	Work Completed
4C	M/s Satluj Document Company (01 Tab, 02 HP all in One desktop, 01 Kiosk machine ,02 Tab)		4.05		0		0				4.05	Work Completed
4D	M/s Excel Marketing Corporation (01 Canon Printer)		0.19		0		0				0.19	Work Completed
4E	M/s OST Electronics Private Ltd. (Cannon Printer 02 Units)		0.45		0		0				0.45	Work Completed
4F	M/s LT Enterprise (Colour A3 Machine)		2.72		0		0				2.72	Work Completed

Approved Capital Expenditure (in MTR Order) Vs. Actual Capitalization												
S. No.	Particulars	FY 2020-21		FY 2021-22		FY 2022-23		FY 2023-24		Total		Present Status of Project / Comments
		Actual						Proposed		Total Approved Capital Expenditure (₹ in Lakhs)	Total Actual Capitalization (₹ in Lakhs)	
		Approved Capital Expenditure (₹ in Lakhs)	Actual Capitalization (₹ in Lakhs)	Approved Capital Expenditure (₹ in Lakhs)	Actual Capitalization (₹ in Lakhs)	Approved Capital Expenditure (₹ in Lakhs)	Actual Capitalization (₹ in Lakhs)	Approved Capital Expenditure (₹ in Lakhs)	Proposed Capitalization (₹ in Lakhs)			
5	SLDC's Website Upgradation		0		0		0		0		0	SLDC Website needs regular updates and this work has been shifted to 5 th MYT control period.
6	Procurement of Software solution for E-Office		0								0	The work is under execution stage
7	Construction of Compound Wall		0								0	The work has now been dropped in the 5 th MYT Control Period.
8	Conference Room in the proposed additional building		0								0	In 4 th control period envisaged work had not been undertaken. So, aforesaid work has been shifted in 5th control period and considered under point entitled " Staff Recreation & Rejuvenation Facilities ", considering the recommendation of CABIL REPORT.

Approved Capital Expenditure (in MTR Order) Vs. Actual Capitalization												
S. No.	Particulars	FY 2020-21		FY 2021-22		FY 2022-23		FY 2023-24		Total		Present Status of Project / Comments
		Actual						Proposed		Total Approved Capital Expenditure (₹ in Lakhs)	Total Actual Capitalization (₹ in Lakhs)	
		Approved Capital Expenditure (₹ in Lakhs)	Actual Capitalization (₹ in Lakhs)	Approved Capital Expenditure (₹ in Lakhs)	Actual Capitalization (₹ in Lakhs)	Approved Capital Expenditure (₹ in Lakhs)	Actual Capitalization (₹ in Lakhs)	Approved Capital Expenditure (₹ in Lakhs)	Proposed Capitalization (₹ in Lakhs)			
9	CCTV, Security System, Audio Recording in the proposed additional building		0								0	Extension of building as envisaged had not undertaken in the 4th MYT controlled period. Now it is being shifted in the 5 th MYT controlled period.
10	Furniture for Office (For proposed additional building)		0								0	Extension of building had not commenced in 4th MYT controlled period. The proposed work is being shifted in 5th MYT controlled period.
11	Staff Recreation & Rejuvenation Facilities											In 4th control period envisaged work had not been commenced. So aforesaid work has been shifted in 5 th control period, considering the recommendation of CABIL

Approved Capital Expenditure (in MTR Order) Vs. Actual Capitalization												
S. No.	Particulars	FY 2020-21		FY 2021-22		FY 2022-23		FY 2023-24		Total		Present Status of Project / Comments
		Actual						Proposed				
		Approved Capital Expenditure (₹ in Lakhs)	Actual Capitalization (₹ in Lakhs)	Approved Capital Expenditure (₹ in Lakhs)	Actual Capitalization (₹ in Lakhs)	Approved Capital Expenditure (₹ in Lakhs)	Actual Capitalization (₹ in Lakhs)	Approved Capital Expenditure (₹ in Lakhs)	Proposed Capitalization (₹ in Lakhs)	Total Approved Capital Expenditure (₹ in Lakhs)	Total Actual Capitalization (₹ in Lakhs)	
												REPORT.
11A	-Cafeteria/Pantry		0								0	Work could not be undertaken in the 4 th MYT Control Period due to non-execution of work mentioned under head E-1 of this table. The work has now been shifted to the 5 th MYT Control Period.
11B	-Gymnasium		0								0	As above
12	Disaster Recovery System / Back Up		0								0	Disaster Recovery centre for SCADA has been Covered in Head "A" point-1 and for IT System in Head "B" point of Capex plan for 5th control period.

Approved Capital Expenditure (in MTR Order) Vs. Actual Capitalization												
S. No.	Particulars	FY 2020-21		FY 2021-22		FY 2022-23		FY 2023-24		Total		Present Status of Project / Comments
		Actual						Proposed		Total Approved Capital Expenditure (₹ in Lakhs)	Total Actual Capitalization (₹ in Lakhs)	
		Approved Capital Expenditure (₹ in Lakhs)	Actual Capitalization (₹ in Lakhs)	Approved Capital Expenditure (₹ in Lakhs)	Actual Capitalization (₹ in Lakhs)	Approved Capital Expenditure (₹ in Lakhs)	Actual Capitalization (₹ in Lakhs)	Approved Capital Expenditure (₹ in Lakhs)	Proposed Capitalization (₹ in Lakhs)			
13	Staff Quarters for HPSLDC staff		0								0	In 4th control period envisaged work had not been undertaken. So, the aforesaid work has been shifted in 5th control period, considering the price escalation.
14	Fire Alarm/Fire Fighting System for proposed additional building		0								0	<p>The existing firefighting system at HPSLDC Control centre needs upgradation and extension in new proposed altered part of the control centre building.</p> <p>As this Extension of building had not undertaken in the 4th controlled period, therefore, the proposed work is being shifted in 5th controlled period.</p>

Approved Capital Expenditure (in MTR Order) Vs. Actual Capitalization												
S. No.	Particulars	FY 2020-21		FY 2021-22		FY 2022-23		FY 2023-24		Total		Present Status of Project / Comments
		Actual						Proposed		Total Approved Capital Expenditure (₹ in Lakhs)	Total Actual Capitalization (₹ in Lakhs)	
		Approved Capital Expenditure (₹ in Lakhs)	Actual Capitalization (₹ in Lakhs)	Approved Capital Expenditure (₹ in Lakhs)	Actual Capitalization (₹ in Lakhs)	Approved Capital Expenditure (₹ in Lakhs)	Actual Capitalization (₹ in Lakhs)	Approved Capital Expenditure (₹ in Lakhs)	Proposed Capitalization (₹ in Lakhs)			
15	3-Phase, 400 Volt, 75 KV A Diesel Generator Set		0								0	Subjected work has been dropped during 5th control period, as the same has been covered in the ULDC-III Scheme.
16	Air Conditioning Systems		0								0	Air conditioning system is required for the backup control centre Hamirpur. Which have been shifted to new head in 5th control period.
17A	Scrapping of Old Vehicle		0		0.47		0		0		0.47	Old vehicle has been scrapped during the FY: 2022-23.
17B	Purchase of new vehicle through GEM Portal of Government of India		0		0		8.43		0		8.43	01 new Vehicle had been purchased after scrapping the vehicle mentioned under Item 17 (A)
18	LOA of Renewal & replacement of 3 Nos. defective Tower type split Air Conditioner provided in the server		0		0		0		4.58		4.58	Work Completed

Approved Capital Expenditure (in MTR Order) Vs. Actual Capitalization												
S. No.	Particulars	FY 2020-21		FY 2021-22		FY 2022-23		FY 2023-24		Total		Present Status of Project / Comments
		Actual						Proposed		Total Approved Capital Expenditure (₹ in Lakhs)	Total Actual Capitalization (₹ in Lakhs)	
		Approved Capital Expenditure (₹ in Lakhs)	Actual Capitalization (₹ in Lakhs)	Approved Capital Expenditure (₹ in Lakhs)	Actual Capitalization (₹ in Lakhs)	Approved Capital Expenditure (₹ in Lakhs)	Actual Capitalization (₹ in Lakhs)	Approved Capital Expenditure (₹ in Lakhs)	Proposed Capitalization (₹ in Lakhs)			
	room of HPSLDC & providing of additional 1 No. Split type Air Conditioner in the Server room of HPSLDC Control Centre, Shimla.											
F	Integrated IT Solution (Recouping of State PSDF)	91.73								91.73	0	Fund had been Recouped to State PSDF as per Commission's direction.
Total		624.86	9.45	190.00	0.47	285.00	489.50	325.00	36.38	1374.86	535.82	

Commission's Analysis:

- 3.5.2 The Commission has corrected the accounting entry towards Maintenances and Recouping of Fund for implementation of Integrated IT Solutions under the R&M Expenses during FY 2020-21 to FY 2023-24 by shifting and considering the same as a part of GFA addition during the respective years. In addition, Payment done towards implementation of IT Solution of Rs. 24.72 lakhs has been shifted from A&G expense to the GFA for FY 2022-23.
- 3.5.3 In FY 2021-22, the Commission has also taken note of the amount received from scrapping of the old vehicle by the Petitioner and has appropriately adjusted the same. Also, the purchase of Office equipment proposed for FY 2023-24 is not considered, as no prior approval has been taken by the Petitioner from the Commission.
- 3.5.4 Similarly, there are many expenses such as, Purchase of MS SQL Server, Procurement of Origin Pro-2020 govt graphics and analysis software, Purchase of Office & Fixtures and Procurement of Electrical Machines, which have been adjusted from R&M expenses to the GFA in FY 2020-21 and FY 2021-22.
- 3.5.5 The GFA additions funded through loan and equity only, and not through grants have been considered for the purposes of Return, Depreciation, etc. Accordingly, the capitalisation approved by the Commission for FY 2020-21 to FY 2023-24 is as below:

Table 18: Approved Actual Capitalization (Rs. in lakhs) from FY 2020-21 to FY 2023-24

Sr. No.	Schemes	Capitalisation											
		FY 2020-21			FY 2021-22			FY 2022-23			FY 2023-24		
		Approved in MTR Order	Submitted by Petitioner (Actual)	Approved in True-Up	Approved in MTR Order	Submitted by Petitioner (Actual)	Approved in True-Up	Approved in MTR Order	Submitted by Petitioner (Actual)	Approved in True-Up	Approved in MTR Order	Submitted by Petitioner (Proposed)	Approved in Provisional True-Up (Proposed)
A	Offline Systems	-	6.09	6.09	-			5.00			25.00	-	
1	Scheduling application Software		6.09	6.09		-							
B	SAMAST	91.73			530.63			100.00	472.85*	472.85*			
C	Infrastructure Development	-	3.36	3.36	50.00	0.47	-	50.00	16.65	16.65	50.00	36.38	-
1	Office Equipment (PCs, Printers, Laptop,		3.36	3.36					8.22	8.22		36.38	-

Sr. No.	Schemes	Capitalisation											
		FY 2020-21			FY 2021-22			FY 2022-23			FY 2023-24		
		Approved in MTR Order	Submitted by Petitioner (Actual)	Approved in True-Up	Approved in MTR Order	Submitted by Petitioner (Actual)	Approved in True-Up	Approved in MTR Order	Submitted by Petitioner (Actual)	Approved in True-Up	Approved in MTR Order	Submitted by Petitioner (Proposed)	Approved in Provisional True-Up (Proposed)
	Photocopier, Routers, LAN Components, Cables, switches etc.)												
2	Purchase of new vehicle after condemnation of old and outlived vehicle					0.47	-		8.43	8.43			
D	Enhancement of Real Time Data Acquisition System							25.00					
E	State PSDF				40.00			205.00			250.00		
F	Miscellaneous	32.96											
G	Recouping of State PSDF			91.73			24.72						
H	Payment done towards implementation of IT Solution									24.72			
I	Purchase MS SQL Server			8.18									
J	Procurement of Origin Pro-2020 govt graphics and analysis software			2.11									
K	Purchase of Office & Fixtures			12.87									
M	Procurement of Electrical Machines						0.25						

Sr. No.	Schemes	Capitalisation											
		FY 2020-21			FY 2021-22			FY 2022-23			FY 2023-24		
		Approved in MTR Order	Submitted by Petitioner (Actual)	Approved in True-Up	Approved in MTR Order	Submitted by Petitioner (Actual)	Approved in True-Up	Approved in MTR Order	Submitted by Petitioner (Actual)	Approved in True-Up	Approved in MTR Order	Submitted by Petitioner (Proposed)	Approved in Provisional True-Up (Proposed)
	Total Capitalisation	124.69	9.45	124.34	620.63	0.47	24.97	385.00	489.5	514.22	325.00	36.38	-

* 472.85 = (236.12+172.95+17.47+46.31), refer table below

3.5.6 The year-wise and project-wise funding details approved by the Commission is provided in the table below:

Table 19: Source of the fund (Loan + Equity) from FY 2020-21 to FY 2023-24

FY	Name of the equipment	Amount (₹ in Lakhs)	Source of the fund
2020-21	Office Equipment and Furniture	3.36	Loan+ Equity
	IT Equipment	6.09	Loan+ Equity
	Recouping of State PSDF	91.73	Loan+ Equity
	Purchase MS SQL Server	8.18	Loan+ Equity
	Procurement of Origin Pro-2020 govt graphics and analysis software	2.11	Loan+ Equity
	Purchase of Office & Fixtures	12.87	Loan+ Equity
	Total	124.34	
	Recouping of State PSDF	24.72	Loan+ Equity
	Procurement of Electrical Machines	0.25	Loan+ Equity
	Total	24.97	
2022-23	SAMAST	472.85	Details given in the next table
	Office Equipment and Furniture	8.22	Loan+ Equity
	Maruti Gypsy	8.43	Loan+ Equity
	Implementation of IT Solution	24.72	Loan+ Equity
	Total	514.22	

Table 20: Vendor wise Source of Fund (FY 2022-23)

Sl. No	Name of the firm	Amount (₹ lakhs)	Funding source
1	M/s Secure Meters Ltd.	94.93	Central PSDF Grant
		69.52	Loan+ equity
		71.67	State PSDF Grant
	Total	236.12	
2	M/s Orbit Techsol India Pvt Ltd	77.67	Central PSDF Grant
		70.40	Loan+ equity
		24.88	Central PSDF Grant
	Total	172.95	
3	M/s Satluj Document	17.47	Central PSDF Grant
4	M/s e-Venture Softsol Pvt. Ltd.	41.37	Central PSDF Grant
		4.94	Loan+ equity

Sl. No	Name of the firm	Amount (₹ lakhs)	Funding source
	Total	46.31	
	Grand Total	472.85	

3.5.7 The brief of approved capitalisation for FY 2020-21 to FY 2023-24 along with funding details is provided in the table below:

Table 21: Approved Capitalization for FY21 to FY24 (Rs. Lakhs)

Particulars	FY21	FY22	FY23	FY24
	Actual/ Audited	Actual/ Audited	Actual/ Audited	Estimates
As Approved in MTR order dated: 12.08.2021	124.69	620.63	385.00	325.00
As submitted by Petitioner	9.45	0.47	489.50	36.38
Approved Capitalisation	124.34	24.97	514.22	-
<i>Grant</i>	-	-	327.99	-
<i>Debt (70%)</i>	87.04	17.48	130.36	-
<i>Equity (30%)</i>	37.30	7.49	55.87	-

3.6 Depreciation

Petitioner's Submission:

3.6.1 The depreciation claimed by the Petitioner for FY 2020-21 to FY 2023-24 vis-à-vis depreciation approved in MTR Order of fourth Control Period of SLDC is summarised in the table below:

Table 22: Depreciation proposed for FY21 to FY24 (Rs. Lakhs)

Particulars	FY21	FY22	FY23	FY24
	Actual/ Audited	Actual/ Audited	Actual/ Audited	Estimates
As Approved in MTR order dated: 12.08.2021	21.80	31.61	42.41	47.18
As submitted by Petitioner	4.37	4.97	10.68	17.51

Commission's Analysis:

3.6.2 The Commission has considered the closing balance of GFA of FY 2019-20 as ₹ 69.56 Lakhs as approved in the last MTR Order for Fourth Control Period.

3.6.3 The depreciation rates for the FY 2023-24 are considered as per the MYT SLDC Regulations 2011. The depreciation is calculated for GFA addition which is funded through loan and equity.

- 3.6.4 The Commission has considered the depreciation rates and asset category as per the regulations for arriving at the approved depreciation for FY 2020-21 to FY 2023-24 as summarized below:

Table 23: Approved Depreciation for FY21 to FY24 (Rs. Lakhs)

Particulars	FY21	FY22	FY23	FY24
	Actual/ Audited	Actual/ Audited	Actual/ Audited	Estimates
Opening GFA	69.56	193.90	218.87	405.10
Addition during the year	124.34	24.97	186.23	-
Closing GFA	193.90	218.87	405.10	405.10
Depreciation	15.33	26.58	38.23	48.01

3.7 Interest and Finance Charges

Petitioner's Submissions:

- 3.7.1 The interest on loan has been worked out on a normative basis in accordance with the prevailing provisions under Regulation 17 of the HPERC MYT SLDC Regulations 2011.
- 3.7.2 The Petitioner has considered the effective Interest rate at the rate of 9.75%, 9.00%, 9.10% and 10.50% (1 Year SBI MCLR + 200 Basis Points) for FY 2020-21, FY 2021-22, FY 2022-23 and FY 2023-24 respectively. The interest and finance charges submitted by the Petitioner for FY 2020-21 to FY 2023-24 are as follows:

Table 24: Interest and Finance charges proposed for FY21 to FY24 (Rs. Lakhs)

Particulars	FY21	FY22	FY23	FY24
	Actual/ Audited	Actual/ Audited	Actual/ Audited	Estimates
As Approved in MTR order dated: 12.08.2021	0.65	5.00	9.17	8.44
As submitted by Petitioner	0.70	0.54	4.84	11.19

Commission's Analysis:

- 3.7.3 The Commission has considered a Loan amount of Rs. 6.07 lakhs at the beginning of FY 2020-21, which is the closing loan of FY 2019-20 as per the MTR Order dated 12 August 2021. In the absence of any loan undertaken by HPSLDC in FY 2020-21 and FY 2021-22, the Commission has considered the normative debt-equity of 70:30 as per the proposal of HPSLDC and provisions under HPERC MYT SLDC Regulations 2011.

- 3.7.4 For the purpose of the approving interest on normative loans for FY 2020-21 and FY 2021-22, the Commission has considered the average of opening and closing normative loans after providing for repayment equivalent to the depreciation for the respective years.
- 3.7.5 In the absence of any loans availed by HPSLDC for FY 2020-21 and FY 2021-22, the Commission has considered interest rate of 9.75% and 9.00% for FY 2020-21 and FY 2021-22 respectively based on the 1 Year SBI MCLR + 200 Basis Points for the respective years in line with the HPERC MYT SLDC Regulations 2011.
- 3.7.6 The Petitioner has availed two Loans in FY 2022-23 from Himachal Pradesh State Co-operative Bank Ltd. (Rs. 109.64 Lakhs @ 6.75%) and UCO Bank (Rs. 5.90 Lakhs @ 8.05%) for Capex works and Purchase of Car respectively. The Commission has approved these loans vide its letter no. HPERC-F(I)-32/2021-22-659 dated 28.06.2022. The tenure of both the loans is 3 years with 36 equal repayments through EMIs. Accordingly, the Commission has approved the actual interest paid on loan availed for FY 2022-23 and FY 2023-24 excluding penal interest.
- 3.7.7 Based on the above, the Commission approves the Interest & Finance charges for FY 2020-21 to FY 2022-23 and provisional figures for FY 2023-24 as tabulated below:

Table 25: Approved Interest and Finance charges for FY21 to FY24 (Rs. Lakhs)

Particulars	FY21	FY22	FY23	FY24
	Actual/ Audited	Actual/ Audited	Actual/ Audited	Estimates
Debt at the beginning of the year	6.07	77.78		
Debt portion for Capitalisation during the FY	87.04	17.48	115.54	82.79
Repayment of Loan	15.33	26.58	32.75	43.74
Closing Loan	77.78	68.67	82.79	39.05
Average Loan	41.92	73.22	99.17	60.92
Rate of Interest	9.75%	9.00%	6.82%	6.82%
Interest on Loan	4.09	6.59	4.96	4.76

3.8 Return on Equity

Petitioner's Submissions:

- 3.8.1 The Return on Equity (RoE) is considered at the base rate of 15.50% and actual Income Tax is claimed separately as per actual for the respective years for FY 2020-21 to FY 2022-23 as booked under the annual audited accounts. For FY 2023-24, the base rate for Return on Equity (RoE) has been worked at the rate of 19.61% after considering the base rate as 15.50% and Income Tax rate as MAT Rate at 20.96% for FY 2023-24.

3.8.2 The details of Return on Equity approved in the last MTR order vis-a-vis the amount claimed by the Petitioner for FY 2020-21 to FY 2023-24 is provided in the table below:

Table 26: Proposed Return on Equity for FY21 to FY24 (Rs. Lakhs)

Particulars	FY21	FY22	FY23	FY24
	Actual/ Audited	Actual/ Audited	Actual/ Audited	Estimates
As Approved in MTR order dated: 12.08.2021	1.94	6.96	12.49	14.93
As submitted by Petitioner	1.39	1.62	5.27	12.35

Commission's Analysis:

3.8.3 The Commission has considered the closing equity of FY 2019-20 at Rs. 7.57 Lakhs as approved by the Commission in MTR Order dated 12 August 2021, as the opening equity for FY 2020-21 and has considered 30% of addition to fixed assets, i.e., approved capitalisation (not created out of grants) during the respective years (FY 2020-21 to FY 2023-24) as the equity portion in accordance with the Regulation 17 of the HPERC MYT SLDC Regulations 2011 as summarised below:

Table 27: Approved Return on Equity for FY21 to FY24 (Rs. Lakhs)

Particulars	FY21	FY22	FY23	FY24
	Actual/ Audited	Actual/ Audited	Actual/ Audited	Estimates
Opening Equity	7.57	44.87	52.36	108.23
Equity Portion during the year	37.30	7.49	55.87	-
Closing Equity	44.87	52.36	108.23	108.23
Average Equity	26.22	48.62	80.30	108.23
Rate of Return on Equity	15.50%	15.50%	15.50%	15.50%
Return on Equity (RoE)	4.06	7.54	12.45	16.78

3.9 Interest on Working Capital

Petitioner's Submissions:

3.9.1 The Interest on Working Capital (IoWC) for the FY 2020-21 to FY 2023-24 has been worked out in accordance with the Regulation-23 of the HPERC MYT SLDC Regulations 2011 along with its subsequent amendments in 2013 and 2018, which is as summarized below:

Table 28: Proposed Interest on Working Capital for FY21 to FY24 (Rs. Lakhs)

Particulars	FY21	FY22	FY23	FY24
	Actual/ Audited	Actual/ Audited	Actual/ Audited	Estimates

Particulars	FY21	FY22	FY23	FY24
	Actual/ Audited	Actual/ Audited	Actual/ Audited	Estimates
As Approved in MTR order dated: 12.08.2021	1.94	6.96	12.49	14.93
As submitted by Petitioner	18.57	17.03	23.45	25.54
O&M Expenses for 1 Month	35.33	51.79	55.62	55.62
2 Months Receivables	132.10	110.74	168.25	158.17
Maintenance Spares @ 15% of O&M Expenses for 1 month	5.30	7.77	8.34	8.34
<i>Total Working Capital Requirement</i>	<i>172.73</i>	<i>170.30</i>	<i>232.21</i>	<i>222.13</i>
Rate of IoWC (%)	10.75%	10.00%	10.10%	11.50%
<i>Interest on Working Capital</i>	<i>18.57</i>	<i>17.03</i>	<i>23.45</i>	<i>25.54</i>

Commission's Analysis:

3.9.2 The Commission has examined the submissions made by the Petitioner and has computed the working capital requirements for the FY 2020-21 to FY 2023-24 in accordance with Regulations 23 of the HPERC MYT SLDC Regulations 2011.

3.9.3 Rate of interest on working capital has been considered as SBI MCLR as applicable on 1st April of relevant year plus 300 basis points in line with the provisions of second amendment to HPERC MYT SLDC Regulations 2011 for approving interest on working capital. The approved working capital requirement and interest on working capital towards truing-up for FY 2020-21 to FY 2022-23 and towards provisional truing-up for FY 2023-24 is summarised in the table below:

Table 29: Approved Interest on Working Capital for FY21 to FY24 (Rs. Lakhs)

Particulars	FY21	FY22	FY23	FY24
	Actual/ Audited	Actual/ Audited	Actual/ Audited	Estimates
O&M expenses for 1 month	43.10	39.10	51.27	45.83
Maintenance spares (@15% of O&M for 1 month)	6.47	5.86	7.69	6.87
Receivable for 2 months	65.84	66.65	103.06	88.28
Total Working Capital Requirement	115.40	111.61	162.02	140.98
Rate of IoWC (%)	10.75%	10.00%	10.10%	11.50%
Interest on Working Capital	12.41	11.16	16.36	16.21

3.10 Income Tax Charges

Petitioner's Submissions:

3.10.1 The Income tax has been paid of Rs.26.31 Lakhs in FY 2020-21 as per the accounts; and Income tax refund of Rs. 12.88 Lakhs has been received for FY 2021-22.

Commission's Analysis:

3.10.2 The Commission has analysed the Income Tax Return (ITR) copy for FY 2020-21 to FY 2022-23 and observed that the tax liability for FY 2021-22 and FY 2022-23 is Nil while the tax liability for FY 2020-21 is Rs 26.58 lakhs, which does not match with audited accounts. Therefore, the Commission approves the tax liability of Rs 26.58 lakhs for FY 2020-21 and nil tax liability for FY 2021-22 and FY 2022-23 subject to adjustments of refunds based on actual assessments in the subsequent Orders.

Table 30: Approved Income Tax for FY21 to FY24 (Rs. Lakhs)

Particulars	FY21	FY22	FY23	FY24
	Actual/ Audited	Actual/ Audited	Actual/ Audited	Estimates
As Approved in MTR order dated: 12.08.2021	-	-	-	-
As submitted by Petitioner	26.31	(12.88)	-	-
Approved by the Commission	26.58	-	-	-

3.11 Other Income

Petitioner's Submissions:

3.11.1 The income from SLDC Operations for FY 2020-21 to FY 2022-23 is based on the audited accounts for the respective years.

3.11.2 For FY 2023-24, the actual income as per first 7 months of FY 2023-24 and projected income from SLDC Operations for the next five months based on the actual incomes received by the Petitioner after the implementation of the CERC (GNA) Regulations-2022 during the months of Nov-23 to Jan-24, is considered as per the additional submissions.

3.11.3 The income from investments for respective years is considered under the income from SLDC charges as summarized below:

Table 31: Proposed Income from SLDC charges for FY21 to FY24 (Rs. Lakhs)

Particulars	FY21	FY22	FY23	FY24
	Actual/ Audited	Actual/ Audited	Actual/ Audited	Estimates
Income collected from LTOA/ MTOA customers on account of monthly SLDC	545.89	309.70	474.96	387.54

Particulars	FY21	FY22	FY23	FY24
	Actual/ Audited	Actual/ Audited	Actual/ Audited	Estimates
charges.				
Income collected on account of SLDC operations collected through POSOCO, Registration and NOC charges	282.90	336.18	384.72	262.62
Other Income (Bank Int. etc.)	11.46	8.83	19.38	1.26
Total SLDC Income	840.25	654.71	879.06	651.42

Commission's Analysis:

3.11.4 Other income for HPSLDC consists of SLDC Charges paid by the Short-Term Open Access (STOA) consumers towards the SLDC Operating fees, one time registration fee, other charges and Receipts from IEX. The Petitioner has also claimed non-tariff income from interest earned on investments and bank interest which have been deducted from the ARR of the respective year to arrive at the net ARR.

3.11.5 The Commission has considered the actual income from registration charges, STOA charges, NOC charges, interest from bank deposits, etc. based on the audited annual accounts of FY 2020-21 to FY 2022-23; as submitted by the Petitioner.

3.11.6 For the FY 2023-24, the Commission has considered the actual income as per first 7 months of FY 2023-24 as per the Provisional accounts and projected income from SLDC Operations for the next five months based on the average of actual income received by the Petitioner after the implementation of the CERC (GNA) Regulations-2022 during the months of Oct-23 to Jan-24.

3.11.7 The Income approved by the Commission for the FY 2020-21 to FY 2022-23 and the provisional figures of FY 2023-24 are as detailed below:

Table 32: Approved Other Income for FY21 to FY24 (Rs. Lakhs)

Particulars	FY21	FY22	FY23	FY24
	Actual/ Audited	Actual/ Audited	Actual/ Audited	Estimates
A) SLDC Related Income				
<i>Income from POSOCO</i>	154.32	166.24	197.84	86.84
<i>Income SLDC Operating Charges</i>	101.78	94.50	85.52	62.90
<i>Income SLDC winsome (Captive)</i>	7.30	7.00	7.66	9.97
<i>Income NOC Fees</i>	17.50	64.45	90.70	54.65
<i>Income from Registration Fees</i>	2.00	4.00	3.00	3.00
<i>Income after implementation of GNA</i>				76.18

Particulars	FY21	FY22	FY23	FY24
	Actual/ Audited	Actual/ Audited	Actual/ Audited	Estimates
<i>Regulations</i>				
Sub-Total	282.90	336.19	384.72	293.54
B) Other Incomes				
<i>Bank Interest</i>	8.87	5.76	6.25	0.85
<i>Interest on FD</i>	-	-	-	-
<i>Income From Recovery</i>	0.17	0.73	0.19	-
<i>Sale of Tender Form</i>	0.44	0.06	0.15	0.40
<i>Interest on Income Tax refund</i>	0.97	-	-	-
<i>Others</i>	1.04	2.14	3.24	0.01
<i>LD Charges</i>	-	0.15	9.58	-
Sub-Total	11.49	8.85	19.41	1.26
Total Other Income- (A+B)	294.39	345.04	404.13	294.80

3.12 ARR Summary from FY 2020-21 to FY 2023-24

3.12.1 The summary of the ARR approved by the Commission for truing-up of FY 2020-21 to FY 2022-23 and for provisional figures of FY 2023-24 are summarised in the table as below:

Table 33: Approved ARR for FY21 and FY22 (Rs. Lakhs)

Particulars	FY21			FY22		
	MTR approved	MYT Petition	Approved (True-up)	MTR approved	MYT Petition	Approved (True-up)
O&M Cost	465.48	620.40	517.22	495.74	423.93	469.14
<i>Employee Cost</i>	368.20	361.69	368.20	388.43	326.31	381.23
<i>A&G Cost</i>	68.37	76.70	68.37	72.59	70.53	72.59
<i>R&M Cost</i>	28.91	182.01	80.65	34.72	27.09	15.32
ULDC Charges	62.56	48.94	37.79	10.83	90.23	84.92
RLDC Fee and charges	69.91	71.93	71.93	80.50	139.02	139.02
Depreciation	21.80	4.37	15.33	31.61	4.97	26.58
Interest & Finance Charges	0.65	0.70	4.09	5.00	0.54	6.59
Interest on Working Capital Requirement	14.30	18.57	12.41	10.56	17.03	11.16
Return on Equity	1.94	1.39	4.06	6.96	1.62	7.54
Income Tax		26.31	26.58		-12.88	-
Aggregate Revenue Requirement	636.65	792.61	689.41	641.20	664.46	744.95
Other Income	292.67	294.36	294.39	292.48	345.01	345.04
Net ARR	343.98	498.25	395.02	348.73	319.45	399.91

Table 34: Approved ARR for FY23 and FY24 (Rs. Lakh)

Particulars	FY23			FY24		
	MTR approved	MYT Petition	Approved (True-up)	MTR approved	MYT Petition	Approved (Provisional)
O&M Cost	568.20	621.49	615.22	536.98	667.41	549.92
Employee Cost	408.84	526.88	522.01	430.34	527.16	442.16
A&G Cost	74.67	92.27	74.67	76.82	97.95	40.13
R&M Cost	84.69	2.34	18.54	29.82	42.30	67.63
ULDC Charges	10.83	218.36	209.82	10.83	54.02	27.81
RLDC Fee and charges	85.00	125.43	125.43	85.00	160.98	160.98
Depreciation	42.41	10.68	38.21	47.18	17.51	48.01
Interest & Finance Charges	9.17	4.84	4.96	8.44	11.19	4.76
Interest on Working Capital Requirement	12.92	23.45	16.36	12.20	25.54	16.21
Return on Equity	12.49	5.27	12.45	14.93	12.35	16.78
Income Tax						
Aggregate Revenue Requirement	741.02	1,009.52	1,022.47	715.56	949.00	824.47
Other Income	292.48	404.1	404.13	292.48	263.881	294.80
Net ARR	448.55	605.42	618.32	423.08	685.12	529.67

3.13 Revenue from LTOA

3.13.1 In reply to the query, the Petitioner has submitted the details of the Invoices raised and the amounts recovered towards SLDC charges from LTOA during the period FY 2020-21 to FY 2023-24 and also provided reconciliation with the Annual Accounts.

3.13.2 The revenue generated by the Petitioner through levy of LTOA in FY 2020-21 to FY 2022-23 as per audited account is approved by the Commission and for FY 2023-24, Revenue from LTOA consumers based on actuals upto October 2023 and pro-rated for 12 months is approved and tabulated below:

Table 35: Revenue considered from LTOA Consumers for FY21 to FY24 (Rs. Lakhs)

Particulars	FY21	FY22	FY23	FY24
	Actual/ Audited	Actual/ Audited	Actual/ Audited	Estimates
As submitted by the Petitioner	545.89	309.70	474.96	387.54
Revenue from LTOA approved by the Commission	545.90	309.72	474.96	407.16

3.14 Revenue Surplus/ Gap

3.14.1 Based on the trued-up ARR and revenue approved for the HPSLDC for the period FY 2020-21 to FY 2023-24, the approved revenue surplus/ gap is summarized below:

Table 36: Approved Revenue Gap for FY21 and FY22 (Rs. Lakhs)

Particulars	FY21			FY22		
	MTR approved	MYT Petition	Approved (True-up)	MTR approved	MYT Petition	Approved (True-up)
Net ARR	343.98	498.25	395.02	348.73	319.45	399.91
Revenue from SLDC Operation						
Revenue from LTOA	343.98	545.90	545.90	348.73	309.70	309.72
Surplus/ (Gap)	-	47.64	150.88	-	(9.75)	(90.19)

Table 37: Approved Revenue Gap for FY23 and FY24 (Rs. Lakhs)

Particulars	FY23			FY24		
	MTR approved	MYT Petition	Approved (True-up)	MTR approved	MYT Petition	Approved (Provisional True-up)
Net ARR	448.55	605.42	618.32	423.08	685.12	528.77
Revenue from SLDC Operation						
Revenue from LTOA	448.55	474.96	474.96	423.08	387.54	407.16
Surplus/ (Gap)	-	(130.46)	(143.36)	-	(297.58)	(122.51)

3.14.2 As per the above table, it is observed that HPSLDC has a cumulative revenue gap of Rs. 205.21 lakhs for the period from FY 2020-21 to FY 2023-24.

3.15 Carrying Cost

3.15.1 As per Regulation 14(5) of HPERC MYT SLDC Regulations 2011, in case approved true-up of any year for SLDC is over and above that approved in the Tariff Order for that year, the SLDC shall be entitled to a carrying cost at one (1) Year weighted average State Bank of India (SBI) MCLR plus 300 basis points and for any true-up resulting in less than that approved in the Tariff Order for that year, the carrying cost shall be recovered at the same rate.

3.15.2 Accordingly, the Carrying Cost on Revenue Surplus/Gap has been calculated as below:

Table 38: Carrying Cost for True-up Years (Rs. Lakhs)

Particulars	FY 21	FY 22	FY23
Opening Surplus/(Gap)	-	158.99	80.19
Annual Surplus/(Gap) Generated	150.88	(90.19)	(143.38)
Closing Surplus/(Gap)	150.88	68.80	(63.20)
Average Surplus/(Gap)	75.44	113.89	8.49
Rate of Carrying Cost	10.75%	10.00%	10.10%
Carrying Cost on Opening Surplus/(Gap)	8.11	11.39	0.86
Closing Surplus/(Gap) including carrying cost	158.99	80.19	(62.34)

3.16 LDCD Fund

3.16.1 The Commission in its MYT Order dated 29 June 2019 directed the Petitioner to create and maintain a separate fund called Load Despatch Center Development Fund (LDCD Fund). The Commission also ordered that the approved charges on account of return on equity, interest on loan, depreciation shall be deposited into the LDCD fund for the respective years.

3.16.2 In the latest MTR Order dated 12 August 2021, the Commission based on the true-up of FY 2018-19 and FY 2019-20, has approved ₹110.74 lakhs as closing value of LDCD funds till FY 2019-20. Accordingly, the closing value of LDCD fund of ₹110.74 lakhs till FY 2019-20 is considered as the opening value for FY 2020-21.

3.16.3 The Petitioner has submitted that it has deposited the requisite past period surplus as well as yearly recovered expenses as per the directions of the Commission. The Commission has revisited the calculation of LDCD fund based on true-up approved for FY 2020-21 to FY 2022-23 and Provisional figures for FY 2023-24.

3.16.4 Based on the true-up of FY 2020-21 to FY 2022-23, provisional figures of FY 2023-24 and submissions of the Petitioner, the Commission has arrived at the LDCD funds as below after reduction of equity utilised for further cap-ex and other utilisation/recoupment etc.:

Table 39: LDC Development Fund Approved till FY 2023-24 (Rs Lakhs)

Particulars	FY21	FY22	FY23	FY24
	Actual	Actual	Actual	Estimates
Opening of LDC Development Fund	110.74	137.86	63.05	70.29
Addition during the year				
<i>Surplus on account of True-up (FY21-FY23)</i>				(62.34)
<i>Depreciation</i>	15.33	26.58	38.23	48.01
<i>Interest on Loan</i>	4.09	6.59	4.96	4.76
<i>Return on Equity</i>	4.06	7.54	12.45	16.78

Particulars	FY21	FY22	FY23	FY24
	Actual	Actual	Actual	Estimates
<i>Interest earned on LDCD Fund</i>	<i>3.64</i>	<i>4.48</i>	<i>1.13</i>	<i>0.43</i>
Less: Utilisation for further cap-ex			49.53	
Less: Utilisation other than for Cap-ex		120.00*		190.00**
Recouped Amount				149.54#
Closing of LDC Development Fund	137.86	63.05	70.29	37.47

* Transferred to FDR

** Utilized for ULDC-II Arrear payment and MYT Petition Fee payment

FDR encashed (Rs. 127.20 Lakhs) + Recoupment done (Rs. 22.34 Lakhs)

3.16.5 The Petitioner has done the recoupment to LDCD fund of Rs. 22.34 Lakhs in FY 2023-24, the details of which has not been provided. In addition, the Interest earned on LDCD Fund as per the Petitioner's submissions and bank statement provided does not reconcile with the Audited Accounts of FY 2021-22 and FY 2022-23. In view of these issues, the Commission shall review and reassess the LDCD fund statement for the True-up years at the time of MTR of 5th control period.

4 ANALYSIS OF THE BUSINESS PLAN FOR 5TH MYT CONTROL PERIOD

4.1 Background

- 4.1.1 HPSLDC has submitted a petition for Business Plan for 5th Control Period (FY 2024-25 to FY 2028-29) in line with the provisions of the HPERC MYT SLDC Regulations 2011 and subsequent amendments thereof.
- 4.1.2 As per Regulation 12 of the HPERC MYT SLDC Regulations 2011, business plan shall contain the following:

"12. Business Plan

The Power System Operation Company shall file for the Commission's approval, a business plan approved by its Management as per the timelines specified in Appendix-I to these regulations. The business plan shall be for the entire Control Period and shall, inter-alia, contain. -

(a) Capital expenditure (CAPEX) plan: This should be commensurate with load growth and quality improvement proposed in the business plan. The capital expenditure plan should also include corresponding capitalisation schedule and financing plan;

(b) The appropriate capital structure and cost of financing (interest on debt) and return on equity, terms of the existing loan agreements, etc;

(c) Operation and Maintenance (O&M) Expenses: This shall include the costs estimated for the base year, the actual expenses incurred in the previous years and the projected values for each year of the Control Period based on the proposed norms for O&M cost, including indexation and other appropriate mechanisms;

(d) Depreciation: This shall include the depreciation schedule based on the useful life of the asset and capitalisation schedules for each year of the Control Period;

(e) Other Information: This shall include any other details considered appropriate by the Power System Operation Company for consideration during determination of fees and charges."

- 4.1.3 The Commission has examined and analysed the proposed Business Plan comprising of the capital expenditure plan, funding of capex schemes, capitalization plan and HR plan for the 5th Control Period, detailed as below:

4.2 Capital Expenditure Plan and Capitalisation

Petitioner's Submissions:

4.2.1 The Petitioner initially projected total Capital Expenditure and Capitalisation of Rs. 11,468.69 lakhs as part of the Business Plan for the 5th Control Period of FY 2024-25 to FY 2028-29. The phasing of the Capital Expenditure and Capitalisation is also kept similar. For the proposed Capital Expenditure, the Petitioner has taken into consideration the recommendations of Satnam Singh Committee Report and FOR working Group Report.

4.2.2 The summary of projections of CAPEX requirements and Capitalisation plan for HPSLDC over the 5th MYT Control Period from FY 2024-25 to FY 2028-29 is as below:

Table 40: Summary of proposed CAPEX and Capitalisation Plan for FY25 to FY29 (Rs. Lakhs)

Sr. No.	Schemes	Estimated Budget	Phasing (Capital Expenditure & Capitalisation)				
			FY25	FY26	FY27	FY28	FY29
A	Enhancement of Real Time Data Acquisition System	6,397.00	5,437.00	960.00	-	-	-
B	Scheme proposed under State PSDF (Power Sector Development Fund)	1671.82	882.81	629.01	160.00	-	-
C	Schemes Funded through PSDF, Govt. of India	1,870.00	718.20	677.05	158.25	158.25	158.25
D	Offline Systems	14.00	4.00	4.00	2.00	2.00	2.00
E	Infrastructure Development	1,515.87	227.87	441.00	436.00	406.00	5.00
Total Capex Proposed and Capitalisation for 5th Control Period		11,468.69	7,269.88	2,711.06	756.25	566.25	165.25

4.2.3 Subsequent to the discussions in Technical Validation Session (TVS) held on 29 February 2024, the Petitioner submitted a revised proposed business plan for Cap-ex and Capitalisation for an amount of Rs. 10,355.29 lakhs as follows:

Table 41: Proposed revised CAPEX Plan for FY25 to FY29 (Rs. Lakhs)

Sr. No.	Capital Expenditure	Estimated Budget	Phasing (Capital Expenditure)				
			FY25	FY26	FY27	FY28	FY29
A	Enhancement of Real Time Data Acquisition System (World Bank funded)	6,397.00	-	3,198.50	3,198.50	-	-

Sr. No.	Capital Expenditure	Estimated Budget	Phasing (Capital Expenditure)				
			FY25	FY26	FY27	FY28	FY29
1	Replacement/ up-gradation of existing SCADA & EMS system installed at HPSLDC Control Centre and establishment of new Backup control centre of HPSLDC at Hamirpur Under ULDC Phase-III Scheme.	6,397.00		3,198.50	3,198.50		
B	Scheme Proposed Under State PSDF	1,786.42	151.42	940.00	695.00	-	-
1	Cyber security and Data security	120.00		120.00			
2	Development of Software for demand Forecasting (As per mandate given to LDCs in the IEGC-2023)	550.00		300.00	250.00		
3	Disaster Recovery (DR) for IT system	640.00		320.00	320.00		
4	Installation & Commissioning of Interface Energy Meters (IEM) along with AMR equipment at the new intra-state interfacing locations (HPPTCL-HPSEBL, HPPTCL-HPPCL, HPSEBL-OAC, HPSEBL-OAG etc.) within the HP State, proposed to be funded through State PSDF.	325.00		200.00	125.00		
5	Procurement of 2 Internal firewalls & subscription of 1 existing external firewall and antivirus for existing SCADA/EMS system.	36.82	36.82				
6	Provisioning of CERC (GNA) Regulations-2022 in scheduling, Billing and Reporting software modules of the existing integrated IT Solution/ Software Applications, upgradation of the website of the HPSLDC and provision of HPX and PXIL in the software modules.	100.00	100.00				
7	Scheme for implementation of Information Security Management System (ISMS) and ISO: 27001 certification.	14.60	14.60				
C	Schemes funded through PSDF, Govt. of India	1,870.00	-	1,395.00	160.00	160.00	155.00
1	Establishment of Cyber Security Operations Centre (Cyber-SOC)	1,870.00		1,395.00	160.00	160.00	155.00
D	Infrastructure Development	301.87	152.87	-	110.00	35.00	4.00
1	Additional & Alteration of Office Building	70.00			50.00	20.00	-
2	Installation and commissioning of 20 kWp grid connected solar roof top plant	12.00	12.00	-	-	-	-
3	Office Equipment (PCs, Printers, Laptop, Xerox m/c, Routers, LAN Components, cables, switches etc.)	19.00			10.00	5.00	4.00
4	CCTV, Security System, Audio Recording, Biometric system in the proposed additional building	10.00			10.00	-	-
5	Furniture for Office (for proposed additional building)	8.00			8.00		-
6	Staff Recreation & Rejuvenation Facilities						
	<i>Cafeteria/Pantry</i>	6.00	-	-		6.00	-
	<i>Gymnasium</i>	4.00	-	-		4.00	-
7	Fire Alarm/Fire Fighting System for proposed additional building	16.00	4.00		12.00		
8	Purchase of new vehicle	40.00	20.00	-	20.00	-	-

Sr. No.	Capital Expenditure	Estimated Budget	Phasing (Capital Expenditure)				
			FY25	FY26	FY27	FY28	FY29
9	Renewal & Replacement of obsolete/defective 4x15 Ton Centralized AC System by providing 12 Nos. Split type Air Conditioning (AC) units of different capacity in the HPSLDC Control Centre Shimla.	24.47	24.47	-	-	-	-
10	Refurbishment & Renovation of existing portion of Sub-LDC HPSEBL building at Hamirpur transferred to HPSLDC for setting up Back-up control centre (BCC) at Mattansindh, Hamirpur.	9.39	9.39	-	-	-	-
11	Basic Infrastructure Development at existing portion of Sub-LDC HPSEBL building transferred to HPSLDC for setting-up Backup Control Centre (BCC) at Mattansindh, Hamirpur (H.P.)						
(a)	Supply, Installation, Testing and Commissioning of intelligent Fire Alarm System and Fire Extinguisher:	4.98	4.98	-	-	-	-
(b)	Installation of Bio-metric Access Control System; CCTV Cameras	2.70	2.70	-	-	-	-
(c)	Fixing of Network cable (CAT-6) & Telephonic Cable	1.71	1.71	-	-	-	-
(d)	Fixing of Electrical installations and Earthing	8.47	8.47	-	-	-	-
(e)	Supply, Installation, Commissioning and Testing of Air Conditioning Units	16.91	16.91	-	-	-	-
12	Renewal & Replacement of obsolete/defective 3 Phase Voltage Regulator rated 50 kVA, with 120 kVA rated 3 phase voltage stabilizers for meeting full load requirement of HPSLDC Control Centre, Shimla	3.24	3.24	-	-	-	-
13	Procurement and Installation of Microsoft SQL database licenses (Standard Edition) and Microsoft OS 2019 (Standard Edition) for various servers installed in the HPSLDC	45.00	45.00	-	-	-	-
	Total Capital Expenditure	10,355.29	304.29	5,533.50	4,163.50	195.00	159.00

Table 42: Proposed revised Capitalisation Plan for FY25 to FY29 (Rs. Lakhs)

Sr. No.	Capitalisation	Estimated Budget	Capitalisation Plan				
			FY25	FY26	FY27	FY28	FY29
A	Enhancement of Real Time Data Acquisition System (World Bank funded)	6,397.00	-	-	6,397.00	-	-
1	Replacement/ up-gradation of existing SCADA & EMS system installed at HPSLDC Control Centre and establishment of new Backup control centre of HPSLDC at Hamirpur Under ULDC Phase-III Scheme.	6,397.00			6,397.00		
B	Scheme Proposed Under State PSDF	1,786.42	151.42	570.00	990.00	75.00	-
1	Cyber security and Data security	120.00		120.00			

Sr. No.	Capitalisation	Estimated Budget	Capitalisation Plan				
			FY25	FY26	FY27	FY28	FY29
2	Development of Software for demand Forecasting (As per mandate given to LDCs in the IEGC-2023)	550.00		300.00	250.00		
3	Disaster Recovery (DR) for IT system	640.00			640.00		
4	Installation & Commissioning of Interface Energy Meters (IEM) along with AMR equipment at the new intra-state interfacing locations (HPPTCL-HPSEBL, HPPTCL-HPPCL, HPSEBL-OAC, HPSEBL-OAG etc.) within the HP State, proposed to be funded through State PSDF.	325.00		150.00	100.00	75.00	
5	Procurement of 2 Internal firewalls & subscription of 1 existing external firewall and antivirus for existing SCADA/EMS system.	36.82	36.82				
6	Provisioning of CERC (GNA) Regulations-2022 in scheduling, Billing and Reporting software modules of the existing integrated IT Solution/ Software Applications, upgradation of the website of the HPSLDC and provision of HPX and PXIL in the software modules.	100.00	100.00				
7	Scheme for implementation of Information Security Management System (ISMS) and ISO: 27001 certification.	14.60	14.60				
C	Schemes funded through PSDF, Govt. of India	1,870.00	-	-	1,555.00	-	315.00
1	Establishment of Cyber Security Operations Centre (Cyber-SOC)	1,870.00			1,555.00		315.00
D	Infrastructure Development	301.87	152.87	-	60.00	85.00	4.00
1	Additional & Alteration of Office Building	70.00				70.00	-
2	Installation and commissioning of 20 kWp grid connected solar roof top plant	12.00	12.00	-	-	-	-
3	Office Equipment (PCs, Printers, Laptop, Xerox m/c, Routers, LAN Components, cables, switches etc.)	19.00			10.00	5.00	4.00
4	CCTV, Security System, Audio Recording, Biometric system in the proposed additional building	10.00			10.00	-	-
5	Furniture for Office (for proposed additional building)	8.00			8.00		-
6	Staff Recreation & Rejuvenation Facilities						
	<i>Cafeteria/Pantry</i>	6.00	-	-		6.00	-
	<i>Gymnasium</i>	4.00	-	-		4.00	-
7	Fire Alarm/Fire Fighting System for proposed additional building	16.00	4.00		12.00		
8	Purchase of new vehicle	40.00	20.00	-	20.00	-	-
9	Renewal & Replacement of obsolete/defective 4x15 Ton Centralized AC System by providing 12 Nos. Split type Air Conditioning (AC) units of different capacity in the HPSLDC Control Centre Shimla.	24.47	24.47	-	-	-	-

Sr. No.	Capitalisation	Estimated Budget	Capitalisation Plan				
			FY25	FY26	FY27	FY28	FY29
10	Refurbishment & Renovation of existing portion of Sub-LDC HPSEBL building at Hamirpur transferred to HPSLDC for setting up Back-up control centre (BCC) at Mattansindh, Hamirpur.	9.39	9.39	-	-	-	-
11	Basic Infrastructure Development at existing portion of Sub-LDC HPSEBL building transferred to HPSLDC for setting-up Backup Control Centre (BCC) at Mattansindh, Hamirpur (H.P.)						
(a)	<i>Supply, Installation, Testing and Commissioning of intelligent Fire Alarm System and Fire Extinguisher:</i>	4.98	4.98	-	-	-	-
(b)	<i>Installation of Bio-metric Access Control System; CCTV Cameras</i>	2.70	2.70	-	-	-	-
(c)	<i>Fixing of Network cable (CAT-6) & Telephonic Cable</i>	1.71	1.71	-	-	-	-
(d)	<i>Fixing of Electrical installations and Earthing</i>	8.47	8.47	-	-	-	-
(e)	<i>Supply, Installation, Commissioning and Testing of Air Conditioning Units</i>	16.91	16.91	-	-	-	-
12	Renewal & Replacement of obsolete/defective 3 Phase Voltage Regulator rated 50 kVA, with 120 kVA rated 3 phase voltage stabilizers for meeting full load requirement of HPSLDC Control Centre, Shimla	3.24	3.24	-	-	-	-
13	Procurement and Installation of Microsoft SQL database licenses (Standard Edition) and Microsoft OS 2019 (Standard Edition) for various servers installed in the HPSLDC	45.00	45.00	-	-	-	-
	Total Capitalisation	10,355.29	304.29	570.00	9,002.00	160.00	319.00

Commission's Analysis:

- 4.2.4 The Commission has scrutinized the capital expenditure plan submitted by the Petitioner for the 5th Control Period in detail. The details of the works supported by DPRs, Approvals from General Body of HPSLDC, LoAs and preparedness for execution of the schemes were sought from the Petitioner.
- 4.2.5 The Petitioner, in response, has submitted the approval from General Body of HPSLDC for each of the schemes, Scheme wise DPRs, cost estimates in case DPRs are not prepared; and the LoAs of the schemes for which the works have been awarded. Further, the process of preparation of DPRs for few schemes is under progress and the same may be provisionally approved by the Commission.

4.2.6 Considering the evolving state of power sector both within the country and the State, the Commission is of the opinion that adequate capital expenditure would be required to strengthen the operations of HPSLDC for effective discharge of the functions of load despatch. The Commission has accordingly considered the works under the Business Plan for the 5th Control Period as detailed below. The Petitioner is directed to submit appropriate details including DPR, other supporting documents for each pending works and take approval of the Commission prior to implementation as discussed here in below. In absence of prior approval, the Commission shall disallow the capitalisation towards the respective scheme at the time of truing-up.

4.2.7 The scheme-wise analysis of the Cap-ex and Capitalisation as mentioned in above para is discussed below:

I. **Enhancement of Real Time Data Acquisition System:** This scheme covers replacement/ up-gradation of existing SCADA & EMS system installed at HPSLDC Control Centre and establishment of new Backup control centre of HPSLDC at Hamirpur Under ULDC Phase-III Scheme funded through the World bank and provisioning of Automatic Demand Management System (ADMS) to enable the SLDC to operate effectively. The General Body of the HPLDS in its 14th meeting held on 24 February 2023 accorded its approval to execute the above works through consultancy from POWERGRID on chargeable basis at 10% of total project cost. The Commission has analysed the DPR submitted by the Petitioner. The Petitioner has informed that the financial bids are likely to be opened by end of April 2024. As the work is likely to be awarded shortly, the Commission is of the opinion that appropriate to allow this scheme to be funded through 100% grant from the World Bank in the interest of the sector.

II. **Scheme Proposed under State PSDF:** The Petitioner has proposed 7 schemes to be taken up under the State PSDF. Out of the 7 schemes proposed, only 2 schemes have the approval from the State PSDF Monitoring Committee, namely, (i) Installation and commissioning of Interface Energy Meters (IEMs) along with Automatic Meter Reading (AMR) equipment at the new intra-state interfacing locations within the HP State; and (ii) Procurement of 2 number of Internal Firewalls & subscription of 1 number of existing external firewall and Antivirus for existing SCADA/ EMS system.

For the scheme related to IEMs and AMR equipment at the new intra-state interfacing locations, the Commission has allowed the Capital Expenditure and Capitalisation as proposed by the Petitioner.

For the scheme related to Firewall procurement, the Commission has shifted the amount towards subscription of existing Firewall (2 years) as part of R&M expenses and, allowed the remaining amount for procurement of 2 internal firewalls and anti-virus for existing SCADA EMS system in 2 equal tranche in FY 2024-25 and FY 2025-26, as per the details submitted.

As regards the other proposed scheme for implementation of Information Security Management System (ISMS) and ISO:27001 certification under the State PSDF, the Commission would like to make it clear that this scheme has already been approved separately to be taken up under the O&M expenses. Accordingly, the Commission has considered this expenditure as part of the A&G expenses.

Of the remaining 4 schemes, namely, (i) Cyber security and Data security; (ii) Development of Software for Demand Forecasting; (iii) Disaster Recovery (DR) for IT System; and (iv) Provisioning of CERC (GNA) Regulations-2022 in scheduling, Billing and Reporting software modules of the existing integrated IT Solution/ Software Applications, upgradation of the website of the HPSLDC and provisioning of HPX and PXIL in the software modules, there is no approval from the State PSDF Monitoring Committee. The Commission has taken note of these above mentioned 4 schemes and directs the Petitioner to take approval of these above said 4 schemes from the State PSDF Monitoring Committee before the Mid Term Review (MTR). Accordingly, the Commission has allowed the expenditure proposed by the Petitioner as part of Capital Expenditure. The Commission shall again review these schemes at the time of Mid Term Review for further consideration. The Capitalisation of these schemes has not been considered at this stage in the 5th Control Period, which shall also be reviewed at the time of MTR of 5th Control Period.

- III. **Schemes funded through Central PSDF, through Govt. of India:** The Petitioner has proposed establishment of Cyber Security Operation Centre (Cyber-SOC) at the HPSLDC premises and be manned by skilled IT security professionals, who would continuously monitor the traffic passing through the devices using the SIEM (Security Information and Event Management) tools and take proactive actions to mitigate any threat as per the generated alerts and advisories from authentic sources.

As on date, the Petitioner has no records of actual scheme cost to be borne. Thus, the Petitioner has proposed a total estimated budget of an amount of Rs. 1,870 Lakhs, out of which Rs. 1,237 Lakhs are proposed for "Supply, Information Commissioning, and completeness charges Cost of the Software & Hardware and Capacity Building", and Rs. 633.00 Lakhs for "Operation & Maintenance for 5 years".

As there is no approval from the Central PSDF Monitoring Committee, the Commission takes note of this scheme and directs the Petitioner to prepare the DPR and take approval of this scheme from Central PSDF Monitoring Committee expeditiously, preferably, before the MTR. The Commission shall review this scheme at the time of MTR. Accordingly, the Commission has considered the expenditure of Rs. 1,237 Lakhs as part of Capital Expenditure and the expenditure of Rs. 633 Lakhs towards the O&M for a period of 5 years to be considered under O&M expenses once the capitalisation is done ; however, the Capitalisation of this scheme is not considered in the 5th Control Period, which is subject to review at the time of MTR of 5th Control Period.

- IV. **Infrastructure Development:** For all the schemes proposed by the Petitioner under Infrastructure Development, it is observed that the proposed schemes pertain to renovation and modernisation of existing building, addition and alteration of existing building, office equipment, furniture & fixtures etc. for existing renovated and additionally extended building, Gym, Cafeteria, staff recreational facilities, purchase of new vehicle etc. during the period FY 2025-26 to FY 2028-29; and none of the schemes have been awarded as yet. The Commission is of the view that the HPSLDC should strengthen itself technically by expeditious establishing of the systems proposed for technical up-gradation under the State and Central funded schemes, and financially by settling all the pending payables and maintain the records as per the Indian Accounting standards. Therefore, the Commission considers it appropriate not to consider these schemes towards Cap-ex as mentioned above at this stage. The Commission may consider reviewing these schemes based on the progress made by the petitioner on other schemes at the time of MTR for 5th control period. Further the Commission has also not considered the purchase of new vehicle in the FY 2024-25.

In addition, the petitioner has proposed two Renewal and Replacement schemes namely, (i) Renewal and Replacement of obsolete/defective 4x15 Ton Centralized AC System by providing 12 number of split type Air Conditioning (AC) units of different capacity in the HPSLDC Control Centre Shimla; and (ii) Renewal & Replacement of obsolete/ defective 3 Phase Voltage Regulator rated 50 kVA with 120 kVA rated 3 phase voltage stabilizers for meeting full load requirement of HPSLDC Control Centre.

With respect to the commissioning of SCADA Back-up Control Centre (BCC) at Hamirpur, the Commission directs the Petitioner to explore the possibilities of considering the location in view of National Disaster Management Authority Guidelines.

Accordingly, the Commission directs the petitioner to undertake the works for these schemes under the Cap-ex, for review at the time of MTR. The petitioner is directed to provide the details of the funding, considering available depreciation, the depreciated values of the assets and depreciation amount to be taken out from the GFA and accumulated depreciation, etc. The Capitalisation of these schemes shall be considered by the Commission at the time of MTR of 5th Control Period based on the details submitted by the petitioner at that time.

V. **Payment done towards implementation of IT Solutions:** The booking entry for an amount of Rs. 12.36 lakhs for this element has been shifted from R&M expenses to the GFA in the FY 2024-25, as these works are of Capex nature. The Commission approves this expense as Cap-ex and capitalises the same in FY 2024-25.

VI. **Liability towards cost of Building:** The booking entry for an amount of Rs. 165.49 lakhs towards transfer of depreciated value of the building of the HPSEBL, conveyed by the HPSEBL as per its letter dated 22 November 2023 has been considered by the Commission as Cap-ex towards the addition to the GFA, as building asset is of Capex nature. In the absence of any details regarding the transferred assets, the Commission has considered this liability towards cost of Building to be funded through grant. The Commission in its MYT Order dated 29 June 2019, had approved the cost of building asset as Rs. 121 lakhs, as a part of grant, which the Commission in this Order has reviewed the said approval, as new details have been submitted by the HPSLDC in supersession to the earlier one. Now, in this Order, the Cost of the Building has been reinstated as Rs. 165.49 lakhs w.e.f 2024-25, which is considered as grant. The Commission shall review the same at the time of MTR for 5th control period duly considering the accounting entries and other factors as per the HPSLDC submissions.

4.2.8 Based on the above observations and considerations, the Cap-ex and capitalisation approved by the Commission for the 5th Control Period is as below:

Table 43: Approved Capital Expenditure for FY25 to FY29 (Rs. Lakhs)

Sr. No.	Capital Expenditure	Total	Phasing (Capital Expenditure)				
			FY25	FY26	FY27	FY28	FY29
A	Enhancement of Real Time Data Acquisition System (World Bank funded)	6,397.00	-	3,198.50	3,198.50	-	-
1	Replacement/ up-gradation of existing SCADA & EMS system installed at HPSLDC Control Centre and establishment of new Backup control centre of HPSLDC at Hamirpur Under ULDC Phase-III Scheme.	6,397.00		3,198.50	3,198.50		
B	Scheme Proposed Under State PSDF	1,768.09	116.54	956.54	695.00	-	-
1	Cyber security and Data security	120.00		120.00			

Sr. No.	Capital Expenditure	Total	Phasing (Capital Expenditure)				
			FY25	FY26	FY27	FY28	FY29
2	Development of Software for demand Forecasting (As per mandate given to LDCs in the IEGC-2023)	550.00		300.00	250.00		
3	Disaster Recovery (DR) for IT system	640.00		320.00	320.00		
4	Installation & Commissioning of Interface Energy Meters (IEM) along with AMR equipment at the new intra-state interfacing locations (HPPTCL-HPSEBL, HPPTCL-HPPCL, HPSEBL-OAC, HPSEBL-OAG etc.) within the HP State, proposed to be funded through State PSDF.	325.00		200.00	125.00		
5	Procurement of 2 Internal firewalls & subscription of 1 existing external firewall and antivirus for existing SCADA/EMS system.	33.09	16.54	16.54			
6	Provisioning of CERC (GNA) Regulations-2022 in scheduling, Billing and Reporting software modules of the existing integrated IT Solution/ Software Applications, upgradation of the website of the HPSLDC and provision of HPX and PXIL in the software modules.	100.00	100.00				
7	Scheme for implementation of Information Security Management System (ISMS) and ISO: 27001 certification.	-	-				
C	Schemes funded through PSDF, Govt. of India	1,237.00	-	922.79	105.84	105.84	102.53
1	Establishment of Cyber Security Operations Centre (Cyber-SOC)	1,237.00		922.79	105.84	105.84	102.53
D	Infrastructure Development	128.87	128.87	-	-	-	-
1	Additional & Alteration of Office Building						
2	Installation and commissioning of 20 kWp grid connected solar roof top plant	12.00	12.00				
3	Office Equipment (PCs, Printers, Laptop, Xerox m/c, Routers, LAN Components, cables, switches etc.)						
4	CCTV, Security System, Audio Recording, Biometric system in the proposed additional building						
5	Furniture for Office (for proposed additional building)						
6	Staff Recreation & Rejuvenation Facilities						
	Cafeteria/Pantry						
	Gymnasium						
7	Fire Alarm/Fire Fighting System for proposed additional building						
8	Purchase of new vehicle						
9	Renewal & Replacement of obsolete/defective 4x15 Ton Centralized AC System by providing 12 Nos. Split type Air Conditioning (AC) units of different capacity in the HPSLDC Control Centre Shimla.	24.47	24.47				

Sr. No.	Capital Expenditure	Total	Phasing (Capital Expenditure)				
			FY25	FY26	FY27	FY28	FY29
10	Refurbishment & Renovation of existing portion of Sub-LDC HPSEBL building at Hamirpur transferred to HPSLDC for setting up Back-up control centre (BCC) at Mattansindh, Hamirpur.	9.39	9.39				
11	Basic Infrastructure Development at existing portion of Sub-LDC HPSEBL building transferred to HPSLDC for setting-up Backup Control Centre (BCC) at Mattansindh, Hamirpur (H.P.)						
(a)	Supply, Installation, Testing and Commissioning of intelligent Fire Alarm System and Fire Extinguisher:	4.98	4.98	-	-	-	-
(b)	Installation of Bio-metric Access Control System; CCTV Cameras	2.70	2.70	-	-	-	-
(c)	Fixing of Network cable (CAT-6) & Telephonic Cable	1.71	1.71	-	-	-	-
(d)	Fixing of Electrical installations and Earthing	8.47	8.47	-	-	-	-
(e)	Supply, Installation, Commissioning and Testing of Air Conditioning Units	16.91	16.91	-	-	-	-
12	Renewal & Replacement of obsolete/defective 3 Phase Voltage Regulator rated 50 kVA, with 120 kVA rated 3 phase voltage stabilizers for meeting full load requirement of HPSLDC Control Centre, Shimla	3.24	3.24	-	-	-	-
13	Procurement and Installation of Microsoft SQL database licenses (Standard Edition) and Microsoft OS 2019 (Standard Edition) for various servers installed in the HPSLDC	45.00	45.00	-	-	-	-
14	Payment done towards implementation of IT Solution	12.36	12.36				
15	Liability towards cost of building assets	165.49	165.49				
	Total Capital Expenditure	9,708.81	423.26	5,077.83	3,999.34	105.84	102.53

Table 44: Approved Capitalisation for FY25 to FY29 (Rs. Lakhs)

Sr. No.	Capitalisation	Total	Capitalisation Plan				
			FY25	FY26	FY27	FY28	FY29
A	Enhancement of Real Time Data Acquisition System (World Bank funded)	6,397.00	-	-	6,397.00	-	-
1	Replacement/ up-gradation of existing SCADA & EMS system installed at HPSLDC Control Centre and establishment of new Backup control centre of HPSLDC at Hamirpur Under ULDC Phase-III Scheme.	6,397.00			6,397.00		
B	Scheme Proposed Under State PSDF	358.09	16.54	166.54	100.00	75.00	-
1	Cyber security and Data security						
2	Development of Software for demand Forecasting (As per mandate given to LDCs in the IEGC-2023)						

Sr. No.	Capitalisation	Total	Capitalisation Plan				
			FY25	FY26	FY27	FY28	FY29
3	Disaster Recovery (DR) for IT system						
4	Installation & Commissioning of Interface Energy Meters (IEM) along with AMR equipment at the new intra-state interfacing locations (HPPTCL-HPSEBL, HPPTCL-HPPCL, HPSEBL-OAC, HPSEBL-OAG etc.) within the HP State, proposed to be funded through State PSDF.	325.00		150.00	100.00	75.00	
5	Procurement of 2 Internal firewalls & subscription of 1 existing external firewall and antivirus for existing SCADA/EMS system.	33.09	16.54	16.54			
6	Provisioning of CERC (GNA) Regulations-2022 in scheduling, Billing and Reporting software modules of the existing integrated IT Solution/ Software Applications, upgradation of the website of the HPSLDC and provision of HPX and PXIL in the software modules.						
7	Scheme for implementation of Information Security Management System (ISMS) and ISO: 27001 certification.	-	-				
C	Schemes funded through PSDF, Govt. of India	-	-	-	-	-	-
1	Establishment of Cyber Security Operations Centre (Cyber-SOC)	-	-	-	-	-	-
D	Infrastructure Development	101.16	101.16	-	-	-	-
1	Additional & Alteration of Office Building						
2	Installation and commissioning of 20 kWp grid connected solar roof top plant	12.00	12.00				
3	Office Equipment (PCs, Printers, Laptop, Xerox m/c, Routers, LAN Components, cables, switches etc.)						
4	CCTV, Security System, Audio Recording, Biometric system in the proposed additional building						
5	Furniture for Office (for proposed additional building)						
6	Staff Recreation & Rejuvenation Facilities						
	<i>Cafeteria/Pantry</i>						
	<i>Gymnasium</i>						
7	Fire Alarm/Fire Fighting System for proposed additional building						
8	Purchase of new vehicle						
9	Renewal & Replacement of obsolete/defective 4x15 Ton Centralized AC System by providing 12 Nos. Split type Air Conditioning (AC) units of different capacity in the HPSLDC Control Centre Shimla.						
10	Refurbishment & Renovation of existing portion of Sub-LDC HPSEBL building at Hamirpur transferred to HPSLDC for setting up Back-up control centre (BCC) at Mattansindh, Hamirpur.	9.39	9.39				

Sr. No.	Capitalisation	Total	Capitalisation Plan				
			FY25	FY26	FY27	FY28	FY29
11	Basic Infrastructure Development at existing portion of Sub-LDC HPSEBL building transferred to HPSLDC for setting-up Backup Control Centre (BCC) at Mattansindh, Hamirpur (H.P.)						
(a)	Supply, Installation, Testing and Commissioning of intelligent Fire Alarm System and Fire Extinguisher:	4.98	4.98	-	-	-	-
(b)	Installation of Bio-metric Access Control System; CCTV Cameras	2.70	2.70	-	-	-	-
(c)	Fixing of Network cable (CAT-6) & Telephonic Cable	1.71	1.71	-	-	-	-
(d)	Fixing of Electrical installations and Earthing	8.47	8.47	-	-	-	-
(e)	Supply, Installation, Commissioning and Testing of Air Conditioning Units	16.91	16.91	-	-	-	-
12	Renewal & Replacement of obsolete/defective 3 Phase Voltage Regulator rated 50 kVA, with 120 kVA rated 3 phase voltage stabilizers for meeting full load requirement of HPSLDC Control Centre, Shimla			-	-	-	-
13	Procurement and Installation of Microsoft SQL database licenses (Standard Edition) and Microsoft OS 2019 (Standard Edition) for various servers installed in the HPSLDC	45.00	45.00	-	-	-	-
14	Payment done towards implementation of IT Solutions	12.36	12.36				
15	Liability towards cost of building assets	165.49	165.49				
	Total Capitalisation	7,034.10	295.55	166.54	6,497.00	75.00	-

4.2.9 The mode of financing for the approved capitalisation for the 5th Control Period is as summarised below:

Table 45: Approved Funding for FY25 to FY29

Sr. No.	Schemes	Amount (Rs. Lakhs)	Approved Funding
1	Replacement/ up-gradation of existing SCADA & EMS system installed at HPSLDC Control Centre and establishment of new Backup control centre of HPSLDC at Hamirpur Under ULDC Phase-III Scheme.	6,397.00	Grant- 100%
2	Installation & Commissioning of Interface Energy Meters (IEM) along with AMR equipment at the new intra-state interfacing locations (HPPTCL-HPSEBL, HPPTCL-HPPCL, HPSEBL-OAC, HPSEBL-OAG etc.) within the HP State, proposed to be funded through State PSDF.	325.00	Grant- 100%
3	Procurement of 2 Internal firewalls & subscription of 1 existing external firewall and antivirus for existing SCADA/EMS system.	33.09	Grant- 100%
4	Infrastructure Development	101.16	Debt-70%;

Sr. No.	Schemes	Amount (Rs. Lakhs)	Approved Funding
			Equity- 30%
5	Integrated IT Solution	12.36	Debt-70%; Equity- 30%
6	Liability towards cost of Building	165.49	Grant- 100%
	Total	7,034.10	

4.2.10 **The Petitioner is required to take prior approval of the Commission before implementation of the approved capital expenditure as discussed in above paras.**

4.2.11 Based on the approved capitalisation, the financing plan approved by the Commission for the 5th Control Period is summarised in the table below:

Table 46: Approved Year wise Funding for FY25 to FY29 (Rs. Lakhs)

Particulars	FY25	FY26	FY27	FY28	FY29
Debt	79.46	-	-	-	-
Equity	34.06	-	-	-	-
Grant	182.03	166.54	6,497.00	75.00	-
Total	295.55	166.54	6497.00	75.00	

4.3 Human Resource (HR) Plan

4.3.1 As part of the Business Plan, the Petitioner has submitted an HR plan for 5th Control Period consisting of manpower addition, capacity building of the employees and applicability of certificate linked incentives. Based on the Petition and subsequent clarifications / submissions, the Commission has approved the HR plan for the Control Period as detailed in the Sections below:

I. **Employee Addition:**

Petitioner's Submissions:

4.3.2 The Petitioner after considering the recommendation of FOR Working Group, has kept the strength at the present level of 42 employees by end of FY 2023-24. The Petitioner has also submitted the deployment of additional 73 employees in HPSLDC making the total strength of employees to 115 by the end of the 5th control period. The year-on-year employee strength proposed by the Petitioner for Regular Employees and Outsourced Employees is provided in the table below:

Table 47: Proposed Employee strength for FY20 to FY24 (Numbers)

Particulars	Existing	FY25	FY26	FY27	FY28	FY29
Regular Employees	24	41	15	10	-	-
Outsourced Employees	18	7	-	-	-	-
Annual Addition	-	48	15	10	-	-
Cumulative Addition	42	90	105	115	115	115

4.3.3 The Petitioner has proposed the additional manpower during the 5th MYT Control Period, as there is a proposal for establishment of new infrastructure during the said control period as per detail given below:

- a. Back-Up control Centre of SCADA & EMS system at Mattansidh, Hamirpur under ULDC Phase-III Scheme and Data Recovery Centre of existing IT Systems of the HPSLDC.
- b. Cyber-Security Operation Centre (C-SOC) as per Notification dated 22 May 2018 issued by the Ministry of Electronics and Information Technology and Information Security Division (ISD on 24x7x365 basis) at Main Control Centre, Shimla as per Cyber Security guidelines-2021 issued by the Central Electricity Authority.

Commission's Analysis:

4.3.4 The Commission directed HPSLDC to submit the preparedness for the proposed employee plan including approval from State Government/ Board of HPSLDC on the proposed organisation structure and employee addition, process of recruitment and details of outsourcing employees. In response, the Petitioner submitted minutes of 15th General Body meeting (GBM) dated 27 October 2023, where In-Principal approval for enhancement of the sanctioned manpower during the 5th MYT Control period from existing sanctioned strength of 58 to 90 has been given.

4.3.5 The Commission has observed that out of present sanction strength of 58 numbers, only 42 number of employees have been appointed and working till date. Even out of 42 number of employees, 18 number of employees are on outsourced basis. Based on the analysis of employee cost per GFA of HPSLDC, the Commission is of the opinion that there is no requirement of any additional employees to be deployed at this stage, rather, the existing technical and IT systems are to be improved which would reduce the requirement of the employees. The Commission has also observed that the HPSLDC has taken comprehensive AMCs in respect of Capex under execution, which also include the technical support staff, for which the Commission has allowed the entire amount of AMCs under the R&M expenses. Also, as the cost and other details of most of the proposed Capex are not firmed up as yet, accordingly, the Commission has not considered any proposed addition to the employees at this stage and has kept the existing strength of 42 number employees for the 5th control period.

- 4.3.6 The Commission would also like to highlight that the Employee cost per GFA of HPSLDC is one of the highest, if compared to the States of Uttarakhand, Punjab and Haryana. The same has been analysed in the table as given below. Accordingly, the Commission is of the opinion that the HPSLDC should optimise the employee cost by way of prudently deploying the officers/staff as per the requirements and by reducing the outsourced technical staff.

Table 48: Analysis of Employee Cost per GFA across neighboring States

Particulars	HPSLDC	Uttarakhand	Punjab	Haryana
Existing Gross Fixed Assets (Rs. Lakhs)	69.56	3,455	724	2,666.8
Existing Employee Cost (Rs. Lakhs)	526.88	516	913	627
Employee cost per GFA ratio	7.57	0.15	1.26	0.24

II. **Capacity Building:**

Petitioner's Submissions:

- 4.3.7 The Petitioner has proposed the training of employees of all levels for a minimum number of days in a year and has proposed annual training expenses of Rs. 10 Lakhs per annum for 5th control period.

Commission's Analysis:

- 4.3.8 The Commission has scrutinised the submissions of Petitioner on the details of training calendar and the cost estimation. The Commission appreciates the intent of the petitioner for providing adequate training to the employees of HPSLDC for discharge of their responsibilities in an efficient manner.
- 4.3.9 To upgrade the technical strength of the employees, the Commission finds it appropriate to provisionally approve an amount on training of the regular employees by considering Rs. 25,000 per employee per annum for all the years of the 5th control period and by considering 60% of the employees to avail the training in FY 2024-25 and gradually reducing over the 5th control period. The Commission directs the petitioner to consider the training schedule in such a manner so as not to disturb the HPSLDC operations. Also, in the interest of the HPSLDC and the employees, the Commission directs that the HPSLDC should have permanent regular employees on its payroll rather than on deputation to have an institutional memory and benefit of trainings. Accordingly, the training expense approved by the Commission for 5th control period is as below:

Table 49: Approved Training Expenses for FY25 to FY29 (Rs. Lakhs)

Training Expense	FY25	FY26	FY27	FY28	FY29
Submitted by Petitioner	10.00	10.00	10.00	10.00	10.00
Approved by the Commission	5.88	5.98	5.98	5.52	5.06

III. **Certification linked Incentive:**

Petitioner's Submissions:

4.3.10 The Petitioner has proposed the expenses towards the "Scheme for payment of certificate linked fixed monthly incentive to the Basic level Power System Operator Certified Executives (11 numbers as on date) working in the HPSLDC office" during the 5th MYT Control period, in compliance to the recommendations mentioned under Clause Nos. 4.5, 4.6 & 10.5.6 of the Capacity Building of Indian Load Despatch Centres (CABIL) Report of the Forum of Regulators and the Central Electricity Regulatory Commission (Fees and Charges of Regional Load Despatch Centre and other related matters) Regulations, 2019.

Table 50: Proposed Monthly Incentive as per CERC Regulations

Sr. No.	Certification Level	Retainer-ship amount (In Rs./Month)
1	Basic	7,500.00
2	Specialist	10,000.00
3	Management	12,000.00

4.3.11 On the basis of above mentioned monthly incentive rates for different certification level, the Petitioner has proposed certification linked incentive of Rs. 10 Lakhs per Annum for 5th control period.

4.3.12 The 13th General Body Meeting (GBM) of HPLDS has also approved for payment of fixed monthly incentive @ Rs. 7,500/- per month to the officers/ executive working under HPSLDC office, during the entire validity of the 8th PSO certification i.e., from 1 April 2022 to 31 March 2025.

Commission's Analysis:

4.3.13 The Commission understands that most of the employees at HPSLDC are deployed by the HPSEBL and HPPTCL on secondment basis, with some of them having shorter tenures at HPSLDC. After the deployment of the employees at HPSLDC, it would take some time for an employee to understand the SLDC's operations and functions. Therefore, the Commission is of the opinion that the minimum period of service of 3 years from the deployment date at HPSLDC is required to be completed by the officers to be eligible for availing incentives through basic level power system operator certificate. The Commission approves an amount of Rs. 9 Lakhs/annum for certification linked Incentive w.e.f FY 2024-25 till the validity of the certification of the employees of HPSLDC, which is subject to true-up.

5 ANALYSIS OF THE MYT TARIFF PETITION FOR THE 5TH CONTROL PERIOD

5.1 Background

- 5.1.1 HPSLDC has submitted a petition for Business Plan and Aggregate Revenue Requirement (ARR) for 5th Control Period (FY 2024-25 to FY 2028-29) in line with the provisions of the HPERC MYT SLDC Regulations, 2011 as amended from time to time.
- 5.1.2 The Commission while approving the ARR has considered the provisions of HPERC MYT SLDC Regulations, 2011 and the audited Annual Accounts of FY 2020-21 to FY 2022-23 for the purpose of ARR projections for each year of the 5th Control Period and approved capital expenditure, capitalization and funding plan for the 5th Control Period as part of the Business Plan.
- 5.1.3 In this Chapter, the Commission has computed each component of the ARR including O&M expenses, interest and finance charges, depreciation, return on equity, working capital requirement, etc. for approval of the Commission for each year of the 5th Control Period i.e., FY 2024-25 to FY 2028-29. The methodology followed and approved values for each parameter of the ARR is detailed in subsequent sections.

5.2 O&M Expenses

- 5.2.1 The Commission has approved the O&M expenses comprising of employee expenses, Administrative and General (A&G) expenses and Repairs and Maintenance (R&M expenses), as per Regulation 19 of the HPERC MYT SLDC Regulations 2011 and subsequent amendments.
- 5.2.2 For purpose of approving the O&M expenses for 5th control period, the claim of the Petitioner has been analysed based on the O&M expenses of the past years and other factors considered appropriate by the Commission.

A) Employee Expense

Petitioner's Submissions:

5.2.3 The Petitioner had proposed employee cost for the 5th Control Period considering the addition of employees from existing 42 (end of FY 2022-23) to 115 by the end of Control Period.

5.2.4 In addition, the Petitioner has provisioned training expenses, certificate linked incentives liability of pay revision due to implementation of 6th pay commission, Liabilities of Leave Salary & Pension Contribution and Salary of 4 number of AE's to be paid to the HPSEBL. The employee expense submitted by the Petitioner is as below:

Table 51: Proposed Employee Expenses for FY25 to FY29 (Rs. Lakhs)

Particulars	FY25	FY26	FY27	FY28	FY29
Salaries (Regular + Outsourced)	873.47	1,115.00	1,382.59	1,588.10	1,764.83
Training Expenses	10.00	10.00	10.00	10.00	10.00
Certificate linked incentives	10.00	10.00	10.00	10.00	10.00
Liabilities of Leave Salary & Pension Contribution	70.43	17.00	20.00	23.00	26.00
Liabilities of Pay Revision due to implementation of 6 th pay commission	30.00	30.00	30.00	0.00	0.00
Salary of 4 number of AE's to be paid to the HPSEBL	132.89	0.00	0.00	0.00	0.00
Total Employee Expenses	1,126.79	1,182.00	1,452.59	1,631.10	1,810.83

Commission's Analysis:

5.2.5 The Commission has computed the employee expenses for regular and outsourced employees separately for each year and has not considered any employee addition in 5th control period as discussed above in the Business plan. For approving the employee cost for the Control Period, the Commission has applied the formula provided in the HPERC MYT SLDC Regulations, 2011 as mentioned below:

$$"EMP_n = [(EMP_{n-1}) \times (1+G_n) \times (CPI \text{ inflation})] + Provision (Emp) + HRD_n"$$

5.2.6 In order to compute 'EMP_{n-1}', the Petitioner has considered the employee expenses of regular and outsourced employees for FY 2023-24 as the base and has escalated the same with the CPI inflation and with no employee growth rate as approved in the Business Plan.

5.2.7 The Commission has considered the CPI inflation of 5.84% for projection of employee expenses which has been arrived as the highest of the 5 years and 3 years inflation in line with the HPERC MYT SLDC Regulations, 2011 as under:

Table 52: Details of Historical CPI as considered by the Commission

Year	CPI	% Increase
FY 2022-23	377.62	6.05%
FY 2021-22	356.06	5.13%
FY 2020-21	338.69	5.02%
FY 2019-20	322.50	7.53%
FY 2018-19	299.92	5.45%
FY 2017-18	284.42	-
5 Year Average Inflation		5.84%
3 Year Average Inflation		5.40%

5.2.8 The training expenses and certificate linked incentives have been approved as dealt with in the Business Plan above.

5.2.9 In addition, the HPSEBL has raised a bill to HPSLDC for making a payment towards Salary of 4 number of AEs and the Leave Salary & Pension Contribution of the employees deployed by HPSEBL at HPSLDC on secondment basis. Accordingly, the Commission has approved Rs. 55.43 Lakhs and Rs. 132.89 Lakhs towards Leave Salary & Pension Contribution and Salary of 4 number of AEs respectively, in two equal tranches in FY 2024-25 and FY 2025-26 to smoothen out its impact on the ARR. Further, the Commission has provisioned an amount of Rs. 10 Lakhs per year for 5th control period for impact due to Pay Revision due to implementation of 6th pay commission.

5.2.10 The Petitioner has claimed an amount of Rs. 221.86 lakhs towards liabilities on account of ULDC charges and has clarified in the TVS that the ULDC charges recovered through SLDC charges in the past have been used to make a payment of R&M of building of Rs. 59.50 Lakhs in FY 2020-21 and allowed by the Commission in the R&M expense of the FY 2020-21. The petitioner could not provide the bifurcation of the expenses of Rs. 221.86 lakhs as to where they have been diverted. The Commission is of the view that consideration of the allowed amount towards other expenses again may tantamount to double counting of the expenditure, therefore, the Commission is making an adjustments against it in the amount payable to the HPSEBL towards salary of 4 AEs and LSPC amount as claimed by the HPSLDC towards the employee expenses in FY 2024-25. The Commission directs the petitioner to submit the break-up of Rs.221.86 lakhs and other diverted amount in the MTR so that double counting expenses may be checked, if any, and appropriate adjustments can be made including the R&M expenses so adjusted here. Thus, the total approved employee expenses of HPSLDC for 5th Control Period is as below:

Table 53: Approved Employee Expenses for FY25 to FY29 (Rs. Lakhs)

Particulars	FY25	FY26	FY27	FY28	FY29
Salaries (Regular)	338.22	357.96	378.85	400.96	424.36
Salaries (Outsourced)	100.33	106.18	112.38	118.94	125.88
Training Expenses	5.88	5.98	5.98	5.52	5.06
Certificate linked incentives	9.00	9.00	9.00	9.00	9.00
Liabilities of Leave Salary & Pension Contribution	27.72	27.72			
Liabilities of Pay Revision due to implementation of 6 th pay commission	10.00	10.00	10.00	10.00	10.00
Salary of 4 number of AE's to be paid to the HPSEBL	66.00	66.89			
Expenditure made from allowed ULDC arrears and utilised for R&M of the Building allowed in FY 2019-20	(59.50)				
Total Employee Expenses	497.64	583.72	516.20	544.41	574.30

B) A&G Expenses**Petitioner's Submissions:**

5.2.11 The Petitioner had proposed A&G expenses for the 5th Control Period based on the methodology provided in HPERC (Levy and Collection of Fees and Charges by State Load Despatch Centre) Regulations, 2011 along with its subsequent amendments, as mentioned below:

Table 54: Proposed A&G Expenses for FY25 to FY29 (Rs. Lakh)

Particulars	FY25	FY26	FY27	FY28	FY29
A&G expenses	116.66	129.15	154.53	171.08	189.40

Commission's Analysis:

5.2.12 For the purpose of projection of A&G expense, the Commission has considered the formula provided in the HPERC MYT SLDC Regulations, 2011 as given below:

$$A\&G_n = [(A\&G_{n-1}) \times (WPI \text{ inflation})] + Provision (A\&G)$$

5.2.13 The actual A&G expense for base year i.e., FY 2023-24 has been escalated with the WPI inflation of 7.90%, being the higher of 5 years and 3 years average WPI inflation rate, for projecting the A&G expense for the 5th Control Period. The WPI inflation considered is provided in table below:

Table 55: Details of Historical WPI as considered by the Commission

Year	WPI	% Increase
FY 2022-23	152.53	9.41%
FY 2021-22	139.41	13.00%

Year	WPI	% Increase
FY 2020-21	123.38	1.29%
FY 2019-20	121.80	1.68%
FY 2018-19	119.79	4.28%
FY 2017-18	114.88	-
5 Year Average Inflation		5.93%
3 Year Average Inflation		7.90%

5.2.14 In addition, the Commission has adjusted an amount which was earlier part of GFA to the A&G expenses, towards a scheme for implementation of Information Security Management System (ISMS) and ISO: 27001 certification.

5.2.15 Based on the discussions above, the approved A&G expenses for the 5th Control Period is summarized below:

Table 56: Approved A&G Expenses for FY25 to FY29 (Rs. Lakh)

Particulars	FY25	FY26	FY27	FY28	FY29
A&G expenses	43.29	46.71	50.40	54.39	58.68
Add: Scheme for implementation of Information Security Management System (ISMS) and ISO: 27001 certification.	5.15	4.72	4.72		
Total A&G expenses	48.44	51.44	55.13	54.39	58.68

C) R&M Expense

Petitioner's Submissions:

5.2.16 The Petitioner had proposed R&M expenses for the 5th Control Period based on the methodology provided in HPERC (Levy and Collection of Fees and Charges by State Load Despatch Centre) Regulations, 2011 along with its subsequent amendments.

5.2.17 Further, the Petitioner has assumed the K-factor of 2% on ad hoc basis & accordingly Normal R&M expenses have been projected. Further, the Petitioner has provisioned Liability towards cost of building asset of Rs. 165.49 lakhs in FY 2024-15.

5.2.18 Further, the Petitioner has provisioned for AMC for Integrated Information Technology Solution/ Software Application for SAMAST in Electricity, Cost of domain of website, license of EDR, AMC of API and user license for PSS/E module, AMC towards IEMs and AMR equipment, AMC towards IT solution & Software towards existing LOA, AMC towards CDCS, Manpower support for operation of proposed security operation centre solution (SOC) in HPSLDC, Extended FortiGate (firewalls, etc.) support and license for existing Firewall, Technical Support for proposed IPS, Email & AD Security Solution and Cyber Security Audit/VAPT of IT system from CERT-In empanelled agencies, as part of additional R&M expenses.

5.2.19 Based on the above, R&M expenditure proposed by the Petitioner is as tabulated below:

Table 57: Proposed R&M Expenses for FY25 to FY29 (Rs. Lakhs)

Particulars	FY25	FY26	FY27	FY28	FY29
Liability towards cost of building assets	165.49	-	-	-	-
Normal R&M expenses	12.70	12.80	18.23	26.99	35.15
AMC for Integrated Information Technology Solution/ Software Application for SAMAST in Electricity	10.00	22.00	22.00	22.00	22.00
Additional R&M Maintenance	90.22	167.43	170.13	224.14	161.89
a. AMC towards IEMs and AMR equipment (M/S Secure Meters Ltd.)	26.52	6.00	6.00	6.00	6.00
b. AMC towards IT solution & Software (M/S Kreate Technologies Ltd.)	12.36				
c. AMC towards CDCS (M/S Orbit Techsol India PVT Ltd.)	7.08	7.08	7.08	8.00	8.00
d. Manpower support for operation of proposed security operation centre solution (SOC) in HPSLDC		108.00	108.00	108.00	42.00
e. Extended FortiGate support and license for existing Firewall	9.60	10.60	11.60	12.80	14.50
f. Technical Support for proposed IPS, Email & AD Security Solution	19.40	19.40	19.40	19.40	19.40
g. Cyber Security Audit/VAPT of IT system from CERT-In empanelled agencies	6.00	6.60	7.30	8.00	8.80
h. Renewal of Domain, Sub domain, SSL and Webhosting C-panel of HPSLDC IT system	0.20	0.25	0.30	0.35	0.40
i. Renewal of license and Technical Support for End point detection response (EDR), Centralized Antivirus, APT system.	-	-	-	50.00	50.00
j. AMC of existing API including addition of new schedule points.	3.54	3.98	4.45	4.99	5.59
k. User license for PSS/E base module, Short circuit, Dynamics, Transmission Lines, Optimal Power Flow to be used at HPSLDC (for 5 years).	5.52	5.52	6.00	6.60	7.20
Total R&M Expenses	278.41	202.23	210.36	273.13	219.04

Commission's Analysis:

5.2.20 For the purpose of projection of Normal R&M expense, the Commission has considered the formula provided in the HPERC MYT SLDC Regulations, 2011 as given below:

$$R\&M_n = K \times GFA_{n-1}$$

- 5.2.21 For calculating the K-factor for 5th control period, the Commission has considered the average of last 5 Years of approved R&M expenses excluding AMC charges and dividing it by the closing GFA (net of grants) of FY 2023-24. Accordingly, the K-factor considered for projecting the normal R&M charges is 6.25%.
- 5.2.22 The HPSEBL has raised a letter to the Petitioner for making a payment of RS. 165.49 lakhs towards final depreciated value of the building assets that was transferred to HPSLDC in the past. The Commission has accordingly considered this amount as part of GFA in FY 2024-25.
- 5.2.23 Based on the analysis of LOA awarded to M/S Kreate Technologies Ltd. (LOA No. 11432-33) dated 15 March 2019, the payment towards 5% of the awarded cost (Rs. 247.23) is to be paid in FY 2024-25. Accordingly, the Commission has considered Rs. 12.36 lakhs as part of GFA because the amount corresponding to AMC (Rs. 24.72 lakhs) charges has already been allowed as part of one-time allowance in FY 2019-20 in MTR Order dated 12 August 2021 under R&M expense. This above said LOA was towards commissioning of Integrated Information Technology Solution/ Software Application for SAMAST. As this AMC is getting expired in FY 2024-25, the Commission is of the opinion to allow an amount of Rs. 8.23 lakhs (Rs. 24.72 lakhs of AMC charges with 3 years AMC period as per existing LOA) from FY 2025-26 onwards, considering the Petitioner would award this AMC work for Information Technology Solution/ Software to some vendor based on bidding.
- 5.2.24 Further, based on the analysis of LOA awarded to M/S Secure Meters Ltd. vide LOA No. 3668-69 dated 11 August 2020, the AMC payment towards IEMs and AMR equipment is Rs. 45.06 lakhs for 1 year AMC period. As this AMC period starts from mid of FY 2023-24 to mid of FY 2024-25, accordingly, the Commission has considered Rs. 22.52 lakhs $45.06/2$) in FY 2024-25. For the future period onwards, the Commission has considered AMC against only Meter Data Acquisition System (MDAS), which, as claimed by Petitioner, is 6 lakhs per annum from mid of FY 2024-25.
- 5.2.25 Further, the Commission has allowed the amount for 5th control period as claimed by the Petitioner for LOA awarded towards CDCS, based on the analysis of LOA document.
- 5.2.26 Further, the Commission has allowed an amount towards User license for PSS/E base module, Short circuit, Dynamics, Transmission Lines, Optimal Power Flow as this work has been awarded.
- 5.2.27 Apart from the above-mentioned works, the commission has not allowed any amount towards other works as these works have not been awarded. However, the works which are not allowed would be taken care by the increased K-factor allowed by the Commission while calculating Normal R&M expenses. Accordingly, these AMC amounts would be reviewed at the time of MTR Order for 5th control period.

5.2.28 Further, as discussed in the Business Plan above, the existing firewall subscription for 2 years have been shifted from GFA to R&M expense. In addition, the AMC Charges towards SCADA and EMS are considered as a part of R&M expenses instead of considering as part of ULDC charges as claimed by the Petitioner.

5.2.29 Based on the discussions above, the approved R&M expenses for the 5th Control Period are summarized as below:

Table 58: Approved R&M Expenses for FY25 to FY29 (Rs. Lakhs)

Particulars	FY25	FY26	FY27	FY28	FY29
Liability towards cost of building assets	-	-	-	-	-
Normal R&M expenses	25.33	32.43	32.43	32.43	32.43
AMC for Integrated Information Technology Solution/ Software Application for SAMAST in Electricity	-	8.23	8.23	8.23	8.23
Additional R&M Maintenance	75.76	41.36	206.01	207.53	205.13
<i>l. AMC towards IEMs and AMR equipment (M/S Secure Meters Ltd.)</i>	26.52	6.00	6.00	6.00	3.00
<i>m. AMC towards IT solution & Software (M/S Kreate Technologies Ltd.)</i>					
<i>n. AMC towards CDCS (M/S Orbit Techsol India PVT Ltd.)</i>	7.08	7.08	7.08	8.00	8.00
<i>o. Manpower support for operation of proposed security operation centre solution (SOC) in HPSLDC</i>					
<i>p. Extended FortiGate support and license for existing Firewall</i>					
<i>q. Technical Support for proposed IPS, Email & AD Security Solution</i>					
<i>r. Cyber Security Audit/VAPT of IT system from CERT-In empanelled agencies</i>					
<i>s. Renewal of Domain, Sub domain, SSL and Webhosting C-panel of HPSLDC IT system</i>					
<i>t. Renewal of license and Technical Support for End point detection response (EDR), Centralized Antivirus, APT system.</i>					
<i>u. AMC of existing API including addition of new schedule points.</i>					
<i>v. User license for PSS/E base module, Short circuit, Dynamics, Transmission Lines, Optimal Power Flow to be used at HPSLDC (for 5 years).</i>	5.52	5.52	6.00	6.60	7.20
<i>w. Existing Firewall subscription for 2 years</i>	1.88	1.88			
<i>x. R&M - ULDC AMC charges</i>	34.76	20.88	186.93	186.93	186.93
Total R&M Expenses	101.08	82.01	246.67	248.19	245.79

O&M Expenses

5.2.30 The O&M expenses approved by the Commission for the 5th Control Period from FY 2024-25 to FY 2028-29 are as shown in the table below, which shall be subject to verifications and checks as discussed in above paras:

Table 59: Approved O&M Expenses for FY25 to FY29 (Rs. Lakhs)

Particulars	FY25	FY26	FY27	FY28	FY29
Employee Expenses	497.64	583.72	516.20	544.41	574.30
A&G expenses	48.44	51.44	55.13	54.39	58.68
R&M Expenses	101.08	82.01	246.67	248.19	245.79
Total O&M Expenses	647.67	717.17	818.00	846.99	878.77

5.3 ULDC Charges

Petitioner's Submissions:

5.3.1 The ULDC charges for 5th control period as claimed by the Petitioner are as below:

Table 60: Proposed ULDC charges for FY25 to FY29 (Rs. Lakhs)

Particulars	FY25	FY26	FY27	FY28	FY29
ULDC Charges-II Charges	28.28	28.28	28.28	28.28	28.28
AMC Charges as per contract	18.74				
Price adjustment 1.7.18 to 31.12.21	16.02				
Insurance	0.50				
Total ULDC II Charges – (A)	63.54	28.28	28.28	28.28	28.28
AMC Charges		181.43	181.43	181.43	181.43
Insurance		5.5	5.5	5.5	5.5
Total ULDC -II Charges – (B)		186.93	186.93	186.93	186.93
Previous liabilities towards HPSEBL– (C)		221.86			
Total ULDC Charges (A+B+C)	285.40	215.21	215.21	215.21	215.21

Commission's Analysis:

5.3.2 The Commission has approved ULDC charges as claimed by the Petitioner for ULDC-II Charges. The values projected are on the basis of the latest bill available.

5.3.3 As the Commission has done the capitalisation of "Replacement/ up-gradation of existing SCADA & EMS system installed at HPSLDC Control Centre and establishment of new Backup control centre of HPSLDC at Hamirpur" in FY 2026-27, accordingly, the ULDC-III-AMC charges are not allowed in FY 2025-26. However, the AMC of ULDC-II have been projected in FY 2025-26 of Rs. 20.88 based on actual quarterly latest bill of Rs. 5.22 lakhs.

5.3.4 In addition, the Commission has not allowed an amount of Rs. 221.86 Lakhs as claimed by the Petitioner. This amount is towards ULDC charges and AMC charges billed by the HPSEBL to HPSLDC. As these charges were already allowed as a part of past ARRs, therefore, the Commission is of the opinion to disallow the same.

5.3.5 The Commission has calculated the AMC charges separately for 5th control period and has been considered as a part of R&M expenses as shown below. Accordingly, the ULDC and AMC charges approved by the Commission for 5th control period are as below:

Table 61: Approved ULDC charges for FY25 to FY29 (Rs. Lakhs)

Particulars	FY25	FY26	FY27	FY28	FY29
ULDC Charges-II Charges	28.28	28.28	28.28	28.28	28.28
ULDC Charges-III Charges	-	-	-	-	-
Total ULDC Charges	28.28	28.28	28.28	28.28	28.28

Table 62: Approved AMC charges for SCADA/EMS for FY25 to FY29 (Rs. Lakhs)

Particulars	FY25	FY26	FY27	FY28	FY29
AMC Charges as per contract	18.74	20.88			
Price adjustment 1.7.18 to 31.12.21	16.02				
Insurance	0.50				
Total AMC Charges (ULDC II) – (A)	35.26	20.88			
AMC Charges			181.43	181.43	181.43
Insurance			5.5	5.5	5.5
Total AMC Charges (ULDC III) – (B)			186.93	186.93	186.93
Total AMC Charges (A+B)	35.26	20.88	186.93	186.93	186.93

5.4 RLDC fees and Charges

Petitioner's Submissions:

5.4.1 The Petitioner has proposed RLDC Fee and Charges in accordance with Regulation 10(8) of CERC (Fee and Charges of Regional Load Dispatch Centre and other related matters) Regulation, 2019, which are shown as below:

Table 63: Proposed RLDC fees and charges for FY25 to FY29 (Rs. Lakhs)

Particulars	FY25	FY26	FY27	FY28	FY29
RLDC fees and charges	160.98	160.98	160.98	160.98	160.98

Commission's Analysis:

5.4.2 As per the CERC (RLDC) Regulations, 2019, SLDCs are considered as nodal agency for collection of monthly LDC charges payable to the concerned Regional Load Despatch Centre.

5.4.3 The Commission has noted the submissions of the Petitioner and has accordingly approved RLDC fees and charges as per the submission of the Petitioner for 5th Control Period which are tabulated below:

Table 64: Approved RLDC fees and charges for FY25 to FY29 (Rs. Lakhs)

Particulars	FY25	FY26	FY27	FY28	FY29
RLDC fees and charges	160.98	160.98	160.98	160.98	160.98

5.5 Depreciation**Petitioner's Submissions:**

5.5.1 The Petitioner has proposed depreciation considering the proposed GFA for each year for the 5th Control Period and asset class-wise depreciation rates.

Table 65: Proposed Depreciation for FY25 to FY29 (Rs. Lakhs)

Particulars	FY25	FY26	FY27	FY28	FY29
Depreciation	32.45	54.76	72.63	89.16	96.68

Commission's Analysis:

5.5.2 Based on the approved capitalization for each year as part of Business Plan, the Commission has arrived on GFA for each year for the purpose of computation of depreciation. Further, the Commission has considered weighted average depreciation rate of 12.25% based on depreciation rate for various components.

5.5.3 In line with the provisions of HPERC MYT SLDC Regulations 2011, assets funded through consumer contribution and capital subsidies/grants have been excluded for the purpose of computing depreciation.

5.5.4 The depreciation approved by the Commission for the 5th Control Period is summarised in the table below.

Table 66: Approved Depreciation for FY25 to FY29 (Rs. Lakhs)

Particulars	FY25	FY26	FY27	FY28	FY29
Opening Assets (net of grant)	405.10	518.62	518.62	518.62	518.62
Asset addition (excluding assets funded through grants)	113.52	-	-	-	-
Closing Asset	518.62	518.62	518.62	518.62	518.62
Weighted Average Depreciation rate	12.25%	12.25%	12.25%	12.25%	12.25%

Particulars	FY25	FY26	FY27	FY28	FY29
Total Depreciation	56.59	63.55	63.55	63.55	63.55

5.6 Interest and Finance Charges

Petitioner's Submissions:

5.6.1 The Petitioner has proposed Interest expenses for 5th control period in accordance with HPERC (Levy and Collection of Fees and Charges by State Load Despatch Centre) Regulations, 2011 along with its subsequent amendments in 2013 and 2018, which are as shown below:

Table 67: Proposed Interest and Finance Charges for FY25 to FY29 (Rs. Lakhs)

Particulars	FY25	FY26	FY27	FY28	FY29
Interest and Finance Charges	18.43	38.72	64.49	87.08	92.58

Commission's Analysis:

5.6.2 Based on the loan repayment schedule and EMIs of the existing loans, the interest to be paid on existing loans is calculated and is approved by the Commission for FY 2024-25 and FY 2025-26.

5.6.3 From FY 2026-27 onwards, in the absence of any existing loan balances and no Capitalisation from Loan and Equity portion, there is nil amount corresponding to Interest and Finance charges. Accordingly, the Interest on Loan approved by the Commission is as below:

Table 68: Approved Interest and Finance charges for FY25 to FY29 (Rs. Lakh)

Particulars	FY25	FY26	FY27	FY28	FY29
Interest and Finance Charges	2.70	0.13	-	-	-

5.7 Return on Equity

Petitioner's Submissions:

5.7.1 The Petitioner has considered the closing normative equity of FY 2023-24 as the opening normative equity for FY 2024-25 and similar approach is followed for consequent years.

5.7.2 Further, the Petitioner has considered rate of return @19.61% after considering the base rate as 15.50% and MAT rate as 20.96%. Accordingly, the Return on Equity proposed by the Petitioner is as below:

Table 69: Proposed Return on Equity for FY25 to FY29 (Rs. Lakhs)

Particulars	FY25	FY26	FY27	FY28	FY29
Return on Equity (RoE)	20.24	40.15	66.12	91.01	103.22

Commission's Analysis:

- 5.7.3 The Commission has considered the estimated closing equity of Rs. 108.23 lakhs for FY 2023-24, as approved and equity addition each year corresponding to the approved funding plan in the Business Plan for determination of return on equity for each year of the 5th Control Period.
- 5.7.4 The Commission has considered rate of return on equity @15.50% as per the HPERC MYT SLDC Regulations 2011, and any tax liability arising on the Petitioner during the 5th Control Period shall be trued-up during the mid-term review or at the end of Control Period.
- 5.7.5 The return on equity approved by the Commission for 5th Control Period is summarised in the table below:

Table 70: Approved Return on Equity for FY25 to FY29 (Rs. Lakhs)

Particulars	FY25	FY26	FY27	FY28	FY29
Regulatory Equity at the beginning of FY	108.23	142.29	142.29	142.29	142.29
Equity Portion addition during the year	34.06	0.00	0.00	0.00	0.00
Regulatory Equity at the end of FY	142.29	142.29	142.29	142.29	142.29
Average Equity	125.26	142.29	142.29	142.29	142.29
Rate of Return on Equity	15.50%	15.50%	15.50%	15.50%	15.50%
Return on Equity (RoE)	19.42	22.05	22.05	22.05	22.05

5.8 Interest on Working Capital**Petitioner's Submissions:**

- 5.8.1 The Interest on Working capital as proposed by the Petitioner in accordance with the Regulation 23 of the HPERC (Levy and Collection of Fees and Charges by State Load Despatch Centre) Regulations 2011, (2nd Amendment), 2018 is as below:

Table 71: Proposed Interest on Working Capital for FY25 to FY29 (Rs. Lakhs)

Particulars	FY25	FY26	FY27	FY28	FY29
Interest on Working Capital	56.95	56.54	67.26	76.45	81.37

Commission's Analysis:

- 5.8.2 The Commission has computed the working capital requirement based on the provisions of HPERC MYT SLDC Regulations, 2011, which comprises of one month's O&M expenses, maintenance spares at 15% of O&M expenses and receivables for 2 months of expected revenue from SLDC fees and charges.

5.8.3 The Commission has considered the rate of interest on working capital at the rate of 11.50 % based on SBI MCLR as on 1 April 2023 (i.e., 8.50%) plus 300 basis points as per the provisions of the HPERC MYT SLDC Regulations, 2011. Accordingly, the working capital requirement and interest on working capital approved by the Commission for the 5th Control Period is summarised in the table below:

Table 72: Approved Interest on Working Capital for FY25 to FY29 (Rs. Lakhs)

Particulars	FY25	FY26	FY27	FY28	FY29
O&M Expenses for 1 Month	53.97	59.76	68.17	70.58	73.23
2 Months Receivables	8.10	8.96	10.23	10.59	10.98
Maintenance Spares @ 15% of O&M Expenses for 1 month	132.97	146.10	164.08	168.38	181.15
Total Working Capital Requirement	195.04	214.83	242.47	249.55	265.36
Rate of IoWC (%)	11.50%	11.50%	11.50%	11.50%	11.50%
Interest on Working Capital	22.43	24.71	27.88	28.70	30.52

5.9 Income from STOA and other charges

Petitioner's Submissions:

5.9.1 The Petitioner has submitted that after implementation of the CERC (GNA) Regulations, 2022 with effect from 1 October 2022, the average per month Non-Tariff Income of the Petitioner at the present applicable rates (NOC charges: Rs. 5,000.00 per application, Operating charges: Rs. 2,000.00 per transaction per day, Registration fee: Rs. 1.00 Lakh), which is just Rs. 12.00 Lakhs per month.

5.9.2 Accordingly, the Income from STOA and other charges as proposed by the Petitioner is as below:

Table 73: Proposed Income from STOA and other charges for FY25 to FY29 (Rs. Lakhs)

Particulars	FY25	FY26	FY27	FY28	FY29
Income from SLDC Operations (STOA)	144.00	144.00	144.00	144.00	144.00
Income from Investments (Bank & Others)	1.26	1.26	1.26	1.26	1.26
Total STOA Charges	145.26	145.26	145.26	145.26	145.26

Commission's Analysis:

5.9.3 The Commission has considered an amount of Rs. 139 lakhs each year during 5th Control Period towards Income from SLDC Operations based on the present applicable rates. Further, the Commission has considered Income from Investments as claimed by the Petitioner.

- 5.9.4 The above approved amount shall be deducted from the total ARR for the purpose of determining the SLDC charges applicable on long-term open access consumers. The approved income from STOA SLDC charges and other income for remaining years of the fourth Control Period is as below:

Table 74: Approved Income from STOA and other charges for FY25 to FY29 (Rs. Lakhs)

Particulars	FY25	FY26	FY27	FY28	FY29
Income from SLDC Operations (STOA)	139.00	139.00	139.00	139.00	139.00
Income from Investments (Bank & Others)	1.26	1.26	1.26	1.26	1.26
Total STOA Charges	140.26	140.26	140.26	140.26	140.26

5.10 Other Miscellaneous Charges

Petitioner's Submissions:

- 5.10.1 The Petitioner has claimed an amount of Rs. 100 Lakhs in FY 2024-25 against Recouping of amount to be drawn from DSM Pool Account. In addition, the Petitioner has proposed an amount of Rs. 4 Lakhs in FY 2026-27 towards Regulatory fee for MTR Petition of 5th control period and an amount of Rs. 43 Lakhs in FY 2028-29 towards Regulatory fee for MYT Petition of 6th control period.

Commission's Analysis:

- 5.10.2 The Commission has not allowed claimed amount of Rs. 100 Lakhs in FY 2024-25 for Recouping the DSM Pool Account, as the recouping amount is to be arranged from surplus amount by the Petitioner.
- 5.10.3 On being enquired, the petitioner has not submitted and clarified the amount of regulatory fee paid by it in the earlier years and also the head of account in which this payment was booked. Ideally, this should be a part of the A&G expenses, which have already been allowed by the Commission along with inflationary impact. The Commission, however, allows an amount of Rs. 4 Lakhs in FY 2026-27 and Rs. 43 Lakhs in FY 2028-29, as proposed by the Petitioner, subject to its verification and adjustments at the time of MTR.

5.11 ARR Summary for 5th Control Period (FY 2024-25 to FY 2028-29)

Petitioner's Submissions:

- 5.11.1 The summary of the revised ARR submitted by the Petitioner, as part of supplementary submissions, is summarized below:

Table 75: Proposed ARR for FY25 to FY29 (Rs. Lakhs)

Particulars	FY25	FY26	FY27	FY28	FY29
O&M Cost	1,521.86	1,513.38	1,817.48	2,075.30	2,219.26
Employee Cost	1,126.79	1,182.00	1,452.59	1,631.10	1,810.83
A&G Cost	116.66	129.15	154.53	171.08	189.40
R&M Cost	278.41	202.23	210.36	273.13	219.04
ULDC Charges	285.40	215.21	215.21	215.21	215.21
RLDC Fee and charges	160.98	160.98	160.98	160.98	160.98
Depreciation	32.45	54.76	72.63	89.16	96.68
Interest & Finance Charges	18.43	38.72	64.49	87.08	92.58
Interest on Working Capital	58.91	56.54	67.34	76.45	82.21
Return on Equity	20.24	40.15	66.12	91.01	103.22
Recouping of amount drawn from DSM Pool Account	100.00				
Regulatory fee for MTR Petition of 5 th control period and MYT Petition of 6 th control period			4.00		43.00
Aggregate Revenue Requirement	2,198.26	2,079.74	2,468.24	2,795.19	3,013.13
Income from SLDC	145.26	145.26	145.26	145.26	145.26
Net ARR	2,053.00	1,934.48	2,322.98	2,649.93	2,867.87

Commission's Analysis:

5.11.2 Based on the discussions in the sections above and applying prudence check, the summary of the Aggregate Revenue Requirement (ARR) approved by the Commission for 5th Control Period is summarised in the table below:

Table 76: Approved ARR for FY25 to FY29 (Rs. Lakhs)

Particulars	FY25	FY26	FY27	FY28	FY29
O&M Cost	647.67	717.17	818.00	846.99	878.77
Employee Cost	497.64	583.72	516.20	544.41	574.30
A&G Cost	48.44	51.44	55.13	54.39	58.68
R&M Cost	101.58	82.01	246.67	248.19	245.79
ULDC Charges	28.28	28.28	28.28	28.28	28.28
RLDC Fee and charges	160.98	160.98	160.98	160.98	160.98
Depreciation	56.59	63.55	63.55	63.55	63.55
Interest & Finance Charges	2.70	0.13	-	-	-
Interest on Working Capital	22.43	24.71	27.88	28.70	30.52
Return on Equity	19.42	22.05	22.05	22.05	22.05
Recouping of amount drawn from DSM Pool Account					

Particulars	FY25	FY26	FY27	FY28	FY29
Regulatory fee for MTR Petition of 5 th control period and MYT Petition of 6 th control period			4.00		43.00
Aggregate Revenue Requirement	938.1	1,016.9	1,124.7	1,150.5	1,227.1
Other Income- SLDC & Bank charges	140.26	140.26	140.26	140.26	140.26
Net ARR	797.81	876.61	984.48	1,010.29	1,086.88

5.12 SLDC Charges for 5th Control Period

Petitioner's Submissions:

5.12.1 The Petitioner has proposed the SLDC charges for 5th Control Period as tabulated below:

Table 77: SLDC Charges as proposed by the Petitioner

Particulars	FY25	FY26	FY27	FY28	FY29
Total ARR (Rs. Lakh)	2,053.00	1,934.48	2,322.98	2,649.93	2,867.87
Power handled by SLDC (MW)	3,792.37	3,925.11	4,062.49	4,204.67	4,351.84
SLDC Charges (Rs/MW/Month)	4,511.25	4,107.06	4,765.10	5,251.95	5,491.69

Commission's Analysis:

5.12.2 The Petitioner has considered the growth factor of the Contracted Capacity (MW) for the state at 3.5% year over year basis for the ensuing years for projecting power to be handled by it and for determination of SLDC charges.

5.12.3 With regard to power handled, the Commission sought information from the Petitioner regarding break-up of total capacities of HPSEBL, GoHP power, other generators. The Petitioner has submitted that it handled a total of 3,664.13 MW power during the month of October-2023.

5.12.4 Accordingly, the Commission has considered the power handled as submitted by the Petitioner. Therefore, on the basis of the approved ARR and estimated contracted capacity, the SLDC charges to be recovered from long-term/ medium-term open access customers have been worked out by the Commission as summarised below:

Table 78: SLDC Charges as Approved by the Commission

Particulars	FY25	FY26	FY27	FY28	FY29
Total ARR (Rs. Lakh)	797.81	876.61	984.48	1,010.29	1,086.88
Power handled by SLDC (MW)	3,792.37	3,925.11	4,062.49	4,204.67	4,351.84
SLDC Charges (Rs/MW/Month)	1,753	1,861	2,019	2,002	2,081

5.12.5 Approved SLDC charges for long-term and medium-term open access customers shall be applicable from 1 April 2024. Even though the SLDC charges have been determined by the Commission for 5th control period, but the Petitioner is allowed to recover the monthly ARR (= determined ARR /12) based on actual power handled for that particular month, with the maximum deviation of 10% in SLDC charges as determined by the Commission.

5.13 SLDC Fees and Charges

Petitioner's Submissions:

5.13.1 The Petitioner has submitted that to meet the proposed ARR, higher revenue would be required over the 5th Control Period. To meet the same, HPSLDC has proposed an increase in SLDC charges (fee of Rs. 2,000 per transaction per day to be increased to Rs. 5,000 per transaction per day), increase in NOC charges (from existing Rs. 5,000 per NoC to 15,000 per NoC) and increase in Registration fee (from existing Rs. 1 Lakh per Registration to Rs. 3 Lakhs per Registration). charges proposed by the Petitioner are summarised in the table below:

Table 79: Proposed SLDC Fess for the 5th Control Period (Rs.)

SLDC fees	Existing	Proposed
Registration Fees	1,00,000	3,00,000
Operating Charges (STOA) (Per Day/Per Transaction)	2,000	5,000
NoC Charges	5,000	15,000

Commission's Analysis:

5.13.2 The Commission has observed that the proposed changes claimed by the Petitioner are necessary for the overall functioning of the HPSLDC. However, such increase and proposed changes are not in the purview of this Tariff Order. The Petitioner is, therefore, directed to take up this matter separately with the Commission at appropriate time.

5.14 LDC Development Fund

5.14.1 In MYT Order dated 29 June 2019, the Commission has directed the Petitioner to create and maintain a separate fund called Load Despatch Center Development Fund (LDCD Fund). The Commission further ordered that approved charges on account of return on equity, interest on loan, depreciation shall be deposited into the LDCD fund. HPSLDC is required to submit the amount accumulated in LDCD Fund along with break-up of amount received and utilization of the fund. The Commission shall review the LDC development fund every year and may issue directions to HPSLDC for effective utilization of the funds, if required.

5.14.2 Based on the truing-up of FY 2020-21 to FY 2022-23 and provisional truing-up for FY 2023-24 conducted in this Order, the Commission has approved Rs. 37.47 lakhs as closing value of LDCD funds till FY 2023-24.

5.14.3 The LDCD fund approved for 5th Control Period is summarized in table below:

Table 80: LDC Development Fund Approved for FY25 to FY29 (Rs Lakhs)

Particulars	FY25	FY26	FY27	FY28	FY29
Opening of LDC Development Fund	37.47	116.18	201.91	287.51	373.12
Addition during the year:					
<i>Depreciation</i>	56.59	63.55	63.55	63.55	63.55
<i>Interest on Loan</i>	2.70	0.13	-	-	-
<i>Return on Equity</i>	19.42	22.05	22.05	22.05	22.05
Closing of LDC Development Fund	116.18	201.91	287.51	373.12	458.72

6 DIRECTIVES

6.1 Background

6.1.1 The Commission had issued directions and advisories to the HPSLDC in the MYT Order and MTR Order for the fourth Control Period against which the Petitioner has submitted a compliance report as a part of the MYT Petition for the 5th control period as follows:

Table 81: Compliance to Directives

Sl.	Title	Directive	Petitioner submission	Commission's view
1.	Re-Consideration of Staff Quarter for HPSLDC employees	The Petitioner proposed staff quarter for its employees at a cost of Rs. 1000 lakh, which would put undue pressure on the consumers of the state in form of additional tariff. Further, the same is in preliminary stages as no land has been identified for the same. Hence, the Petitioner is directed to consider alternate options for the same which should be in consonance with applicable policy of GoHP regarding employee benefits.	The Petitioner had earlier proposed Rs. 1200.00 Lakhs for the construction of staff quarters, considering that the subjected staff quarters would be made for bare minimum requirements. However, after the TVS, the Petitioner revised their submission by not considering any amount against construction of staff quarters and had agreed to continue with the existing lease-arrangement facility for their employees.	Compliance noted.
2.	Law Officer	The Petitioner was directed to move a proposal to utilize services of legal counsel appointed by state government or outsource legal services on case-to-case basis. The Commission should be apprised on final decision taken on the proposal before 3 months from date of issue of this Order.	The Petitioner has submitted that they are availing the services of an advocate of the Hon'ble High Court of the HP State as Standing Counsel-Cum-Legal Advisor on case-to-case basis. However, the Petitioner has requested the Commission to allow regular law officer /	The Petitioner is directed to continue availing the services of an advocate of the Hon'ble High Court of the HP State as Standing Counsel-Cum-Legal Advisor for future as well.

Sl.	Title	Directive	Petitioner submission	Commission's view
			legal expert to the HPSLDC in the 5 th MYT Control Period (<i>From FY 2025-26 onwards</i>).	
3.	Manpower	The Petitioner is directed to evaluate adoption of technology to limit and reduce the manpower. Proposal for such technological implementation can be submitted to Commission for approval. In case of exigency, the Petitioner may undertake separate approval from the Commission by providing adequate justification.	<p>HPSLDC is continuously trying for exploring new technologies, so that system can be automated, and manpower can be reduced.</p> <p>However, due to implementation of CERC connectivity and General Network Access Regulations 2023, Indian Electricity Grid Code 2023, Establishment of Cyber-Security Operation Centre at HPSLDC Control Centre, Shimla, and setting up of back up control centre at Mattansidh (Hamirpur) i.e., Disaster Recovery / Management for IT and OT system, the Petitioner has proposed the additional manpower for performing the required duties and responsibilities.</p>	<p>The Commission has observed that no specific scheme against exploring of new technology has been submitted by the Petitioner for consideration of the Commission.</p> <p>The Petitioner is directed to carry out technological intervention and adopt latest technology to limit and reduce the manpower. Proposal for such technological implementation can be submitted to Commission for approval.</p>
4.	Strengthening of book-keeping functions	The Commission appreciates submission of audited accounts for FY 2018-19 and FY 2019-20 on commercial basis for true-up, it is also observed that the Petitioner has considered expenditure of capex nature under revenue expenditure. The Petitioner is directed to rectify such incorrect bookings in future.	The Petitioner has submitted no incorrect booking in accounts are now being made by the petitioner and the standard accounting practices have been adopted by the petitioner.	The Commission has observed that the Petitioner is still making the incorrect booking entries for different heads of accounts ignoring the correct accounting treatment of capital and revenue expenditure. The Commission has attempted to address and rectify some of the issues in the regulatory accounts. The Petitioner is directed to undertake proper Accounting in future and rectify the

Sl.	Title	Directive	Petitioner submission	Commission's view
				issues of past period accounting entries in future accounts.
5	Incentive Policy	The Petitioner did not submit the incentive scheme for approval of the Commission. The Petitioner is directed to submit the same within three months of issuance of MTR Order 2021 and seek approval of the Commission.	<p>The Petitioner has submitted that the requisite scheme for payment of basic level power system operation certificate linked fixed monthly incentives to the Executives was submitted to the Commission, to which the Commission had raised some observations towards the scheme.</p> <p>The Petitioner further submitted that Maharashtra State Electricity Transmission Co. Ltd (MAHA TRANSCO) has allowed the payment of certificate linked incentives on monthly basis to the Executives Working at Maharashtra SLDC vide Administrative circular No. 498, dated 07 November 2016.</p>	<p>Compliance noted.</p> <p>This issue has been dealt with in chapter 2 being Stakeholder Comments/ Objections.</p>
6	Creation of LDCD Development Fund	The Petitioner created separate account for the Load Dispatch Centre Development Fund on 06.09.2019 in the State Bank of India, Totu Branch, Shimla. The petitioner was directed to deposit additional amounts.	<p>The Petitioner submitted that they have deposited the surplus funds to the LDCD Fund account from time to time.</p> <p>Further, the statement showing funds deposited by the petitioner and utilization thereof after obtaining prior approval from the Commission is also submitted.</p>	<p>Compliance noted.</p> <p>The Petitioner is directed to submit the LDCD fund statement duly indicating the amount utilised and recouped, if any, to the Commission on quarterly basis.</p>
7	Approval of Grant under SAMAST Scheme	Petitioner had to carry out work towards installation of integrated software from its own fund, and CEA has disapproved funding for	The Petitioner has submitted that, compliance submitted by them has been duly acknowledged by the Commission in the MTR	Compliance noted.

Sl.	Title	Directive	Petitioner submission	Commission's view
		the works towards installation of integrated software.	Order dated: 12 August 2021 under Chapter-8 (Directives) at Page-91.	
8	Open Access related details	The Commission noted the submission of the Petitioner and further directed the Petitioner to submit quarterly details of energy drawn/ injected by open access consumers/ generators within one month of close of the corresponding quarter.	The Petitioner has submitted that they are regularly submitting the requisite quarterly details of energy drawn/ injected by open access consumers/ generators within one month of close of the corresponding quarter.	The Commission notes the compliance of the Petitioner and further directs the Petitioner to continue with the existing directive to improve the scheduling of green energy and non-green energy on quarterly basis, and to provide information of Open Access entities procuring green power.

6.2 New Directives

Record of System Disturbances:

- 6.2.1 The Petitioner is directed to maintain Record keeping of major system disturbances (Grid disturbances), Peak Demand (in MW) and Frequency excursion data on regular basis in future and share the data with Commission and HPPTCL on monthly basis.

Upgrading Accounting Software:

- 6.2.1 The Commission expresses its serious concern over the accounting entries made by the Petitioner which are not in line with the established accounting practices and systems followed as per the Indian Accounting Standards. There is no clear distinction made between the Capital expenditure and Revenue expenditure, which is affecting the financial health of the HPSLDC.

Therefore, the Petitioner is directed to upgrade its accounting software of Tally ERP as per the latest model.

The Petitioner is also directed to comply with all the other directives contained in this MYT Order at different sections.