Mid-Term Performance Review Order
For 4^{th} MYT Control Period (FY20-FY24)
&
Determination of Tariff for FY23
&
True-up of FY19 of 3^{rd} MYT Control Period
&
True-up of FY20 of 4^{th} MYT Control Period
&
True-up of FY21 of 4^{th} MYT Control Period
&
True-up of Controllable Parameters of 3^{rd} MYT Control Period
for
Himachal Pradesh State Electricity Board Limited (HPSEBL)

March 29, 2022

BEFORE THE HIMACHAL PRADESH ELECTRICITY REGULATORY COMMISSION AT SHIMLA
PETITION NO: 02/2022

CORAM
Sh. DEVENDRAKUMAR SHARMA
Sh. BHANU PRATAP SINGH
Sh. YASHWANT SINGH CHOGAL

IN THE MATTER OF:

Approval of the Mid-Term Review for Fourth MYT Control Period (FY20-FY24), determination of tariff for FY 2023, True up of uncontrollable parameters of FY 2018-19, FY 2019-20 and FY 2020-21 and True-up of controllable parameters of Third MYT Control Period for HPSEBL under sections 62, 64 and 86 of the Electricity Act, 2003.

AND

IN THE MATTER OF:

Himachal Pradesh State Electricity Board Limited (HPSEBL)..…………..……………Petitioner

ORDER

The Himachal Pradesh State Electricity Board Limited (hereinafter called the 'HPSEBL' or 'Petitioner') has filed a petition with the Himachal Pradesh Electricity Regulatory Commission (hereinafter referred to as 'the Commission' or 'HPERC') for Mid-Term Review under fourth Control Period (FY2019-20 to FY2023-24) and determination of Wheeling and Retail Supply Tariff for FY 2022-23 under Sections 62, 64 and 86 of the Electricity Act, 2003 (hereinafter referred to as "the Act"), read with the HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011 and its amendments (hereinafter referred to as "MYT Regulations, 2011"). In the Petition, HPSEBL has also submitted True-Up of uncontrollable parameters of FY 2018-19, FY 2019-20 and FY 2020-21. In addition to this the Petitioner has submitted final truing-up of Controllable parameters of third Control Period (FY 2014-15 to FY 2018-19).

The Commission having heard the applicant, interveners, Consumers and Consumer representatives of various Consumer groups and having had formal interactions with the officers of the HPSEBL and having considered the documents available on record, herewith accepts the application with modifications, conditions and directions specified in the following Tariff Order.

The Commission has determined the ARR of the distribution business of HPSEBL for FY 2022-23 under fourth MYT Control Period (FY20-FY24) and approved the Wheeling and Retail Supply Tariff for FY 2022-23 in accordance with the guidelines laid down in Section 61 of the Electricity Act, 2003, the National Electricity Policy, the National Tariff Policy and the regulations framed by the Commission that stipulate that the Wheeling and Retail Supply Tariff shall be decided every year taking into account adjustments on account of allowed variations in uncontrollable parameters.

The Commission, in exercise of the powers vested in it under Section 62 of the Electricity Act, 2003, orders that the approved Tariffs together with "Schedule of General and Service Charges" shall come into force w.e.f. 1st April, 2022.

The tariff determined by the Commission shall, within the period specified by it, be subject to compliance of the directions-cum-orders to the satisfaction of the Commission and non-compliance shall lead to such amendment, revocation, variation and alteration of the tariff as may be ordered by the Commission.

In terms of sub-regulation (6) of Regulation 3 of the Regulations, 2011, the Wheeling and Retail Supply Tariff shall, unless amended or revoked, continue to be in force up to March 31, 2023. In the event of failure on the part of the licensee to file application for approval of Wheeling and Retail Supply Tariff for the ensuing financial year, in terms of Regulation 37 of the Regulations, 2011 on or before November 30, 2022, the tariff determined by the Commission shall cease to operate after March 31, 2023, unless allowed to be continued for further period with such variations or modifications as may be ordered by the Commission.

In terms of sub-regulation (5) of Regulation 42 of the Regulations, 2011, the consequential orders which the Commission may issue to give effect to the subsidy that the State Government may provide, shall not be construed as amendment of the notified tariff. The licensee shall, however, make appropriate adjustments in the bills to be raised on Consumers for the subsidy amount in the manner as the Commission may direct.

The Commission further directs the licensee to publish the tariff in two leading newspapers, one in Hindi and the other in English, having wide circulation in the State within 7 days of the issue of the Tariff Order. The publication shall include a general description of the tariff changes and its effect on the various classes of Consumers.

HPSEBL is directed to make available the copies of the Tariff Order to all concerned officers up to AE level, and sub-divisions within two weeks of issue of this Order. HPSEBL may file clarificatory petition in case of any doubt in the provisions of the Tariff Order, within 30 days of issue of the Tariff Order.

-Sd-	-Sd-	-Sd-
(YASHWANT SINGH CHOGAL)	**(BHANU PRATAP SINGH)**	**(DEVENDRA KUMAR SHARMA)**
Member	**Member**	**Chairman**

Shimla

Dated: March 29, 2022

TABLE OF CONTENTS

LIST OF TABLES

1 INTRODUCTION

1.1 History of HPSEBL

1.1.1 Electricity supply at the time of formation of the State in 1948 was available only in the capital of the erstwhile princely states and the connected load at the time was less than 500 kW. First electrical division was formed in August 1953 under the Public Works Department and subsequently a Department of Multi-Purpose Projects and Power was formed in April 1964 after realizing the need for exploiting the substantial hydel potential available in the river basins.

1.1.2 Himachal Pradesh State Electricity Board was constituted in accordance with the provisions of Electricity Supply Act (1948) in the year 1971. Thereafter, all functions of the Department of Multi-Purpose Projects and Power such as generation, execution of hydroelectric projects except functions of flood control and minor irrigation were transferred to the Board.

1.1.3 In accordance with provisions of the Act, the functions, assets, properties, rights, liabilities, obligations, proceedings and personnel of Himachal Pradesh State Electricity Board (HPSEB) were vested with the Government of Himachal Pradesh vide Notification No. MPP-A(3)-1/2001-IV dated 15th June, 2009. These functions, assets, properties, rights etc. earlier vested with the Government of Himachal Pradesh were re-vested into corporate entities namely Himachal Pradesh State Electricity Board Limited (HPSEBL) and Himachal Pradesh Power Transmission Corporation Limited (HPPTCL) vide the 'Himachal Pradesh Power Sector Reforms Transfer Scheme' in accordance with the provisions of the Act and were notified vide No. MPP-A(3)-1/2001-IV, dated 10th June, 2010. The HPSEBL, thus, came into being with effect from the date of re-vesting i.e. 10th June, 2010. In the said transfer scheme, the functions of generation, distribution and trading of electricity have been entrusted with the HPSEBL.

1.1.4 The Himachal Pradesh State Electricity Board Limited (hereinafter referred to as 'HPSEBL' or 'Licensee' or 'the Petitioner') is a deemed licensee under the first proviso to Section 14 of the Electricity Act, 2003 (hereinafter referred to as 'the Act') for distribution and supply of electricity in the State of Himachal Pradesh.

1.2 Himachal Pradesh Electricity Regulatory Commission

1.2.1 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 6th January 2001. After the enactment of the Electricity Act, 2003 on 26th May 2003, the HPERC has been functioning as a statutory body with a quasi-judicial and legislative role under Electricity Act, 2003.

Functions of the Commission

1.2.2 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.

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

l) promotion of competition, efficiency and economy in activities of the electricity industry;

m) promotion of investment in electricity industry;

n) reorganization and restructuring of electricity industry in the State;

o) Matters concerning generation, transmission, distribution and trading of electricity or any other matter referred to the State Commission by State Government.

1.3 Overview of HPSEBL

1.3.1 The HPSEBL is a vertically integrated utility and is entrusted with the functions of generation, distribution and trading of power in the State of Himachal Pradesh. The HPSEBL is responsible for the development (planning, designing, and construction), operation and maintenance of power distribution system in Himachal Pradesh. Investigation & exploitation of hydro potential of the State either through State Sector or through Central, Joint and Private Sectors is also entrusted with the HPSEBL. The HPSEBL has share of power in Central Sector stations while it also imports power from neighboring states.

1.3.2 Operation and maintenance of the distribution system in the HPSEBL is carried out by its Operation Wing, which has three zones - North, Central and South, each being headed by a Chief Engineer. There are 12 Operation Circles under all the above Operation Wings. The geographical area of the Circles is not strictly as per the territorial jurisdiction of districts.

1.3.3 The total installed capacity of generation of the HPSEBL is 487.5 MW and total line length (HT & LT) is approx. 100152.46 km. Despite extreme geographical terrain and climate, with the population spread over far- flung and scattered areas, the State has achieved 100 percent electrification of towns and villages in 1988.

1.4 MTR of fourth MYT Control Period and Tariff Petition for FY23

1.4.1 The Commission has adopted Multi Year Tariff (MYT) principles for determination of tariffs, in line with the provision of Section 61 of the Act. 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.

1.4.2 The HPERC notified the HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2007 and subsequently HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011 were notified. The Commission carried out the following four amendments in the MYT Regulations of 2011 (together referred as "MYT Regulations, 2011" hereinafter) to incorporate the need-based changes keeping in view the experience gained by the Commission during last three Control Periods:

a) Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) (First Amendment) Regulations, 2012 dated 30th March 2012

b) Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) (Second Amendment) Regulations, 2013 dated 1st November 2013

c) Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) (Third Amendment) Regulations, 2018 dated 22nd November 2018

d) Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) (Third Amendment) Regulations, 2021 dated 30th January 2021

1.4.3 Through these amendments, the Commission has also aligned its regulations with Model Tariff Regulations issued by the Forum of Regulators, recommendations of the Forum of Regulators, Tariff Policy provisions and various progressive measures/regulations adopted by the Commission and other Electricity Regulatory Commissions.

1.4.4 The Commission had adopted three-year Control Periods during the first and the second MYT Control Periods. Since the Commission had gained sufficient experience in this regard, it was considered appropriate to move towards a five-year Control Period as per the recommendations in the National Tariff Policy. Accordingly, the Commission vide notification dated 22nd November 2018, in exercise of the powers conferred by Clause (9) of Regulation 2 of the Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011, fixed the period of five years starting from 1st April 2019 as the fourth Multi-Year Control Period.

1.4.5 In accordance with the MYT Regulations 2011, the Commission issued MYT Order for fourth Control Period (FY 2019-20 to FY 2023-24) for distribution business of HPSEBL on 29th June 2019. Subsequently, the Commission issued the First Annual Performance Review Order under the fourth Control Period for the distribution business of HPSEBL on 06th June 2020.

1.4.6 The Petitioner has now filed petition for approval of Mid-Term Performance Review for fourth MYT Control Period (FY 2020 - FY 2024) and determination of Tariff for FY 2022-23 with the HPERC under Sections 62, 64 and 86 of the Electricity Act, 2003, read with the HPERC MYT Regulations, 2011. Also, as part of the MYT Petition, HPSEBL has submitted final truing-up of uncontrollable parameters of FY 2018-19 of third MYT Control Period and FY 2019-20, FY 2020-21 of the fourth Control Period. In addition to this the Petitioner has submitted final truing-up of controllable parameters of FY 2014-15 to FY 2018-19.

1.4.7 This is Mid-Term Performance Review Order under fourth Control Period (FY 2019-20 to FY 2023-24) and determination of Wheeling and Retail Supply Tariff for FY 2022-23 along with true-up of uncontrollable parameters for FY 2018-19, FY 2019-20, and FY 2020-21 and final truing-up of controllable parameters of FY 2014-15 to FY 2018-19. In this Order, the Commission has undertaken analysis based on actual values of FY 2019-20, FY 2020-21, and FY 2021-22 for approval of Wheeling and Retail Supply Tariffs for FY 2022-23 based on the updated information submitted by HPSEBL. Also, final truing-up of uncontrollable parameters for FY 2018-19, FY 2019-20, and FY 2020-21 has also been undertaken based on the final audited accounts of HPSEBL. In addition to this final truing-up of controllable parameters of FY 2014-15 to FY 2018-19 has been undertaken based on the final audited accounts of HPSEBL.

1.4.8 As per the MYT Regulations, 2011, Wheeling and Retail Supply Tariff shall be decided every year taking into account the adjustment on account of allowed variations in uncontrollable parameters based on the Annual Performance Review (hereinafter referred as "APR") petition filed by the Licensee. Further, revenue gap/surplus on account of final truing-up of previous years i.e., FY 2018-19, FY 2019-20, FY 2020-21 and revenue gap/surplus on account of controllable parameters of FY 2014-15 to FY 2018-19 has also been considered for recovery along with the revised ARR for FY 2022-23.

1.4.9 The Commission has reviewed the operational and financial performance of HPSEBL and has finalised this Order based on the review and analysis of past records, information submissions, necessary clarifications submitted by the licensee and views expressed by the stakeholders.

1.5 Admission of Petition and Interaction with the Petitioner

1.5.1 HPSEBL filed the application for Mid-Term Performance Review for fourth MYT Control Period (FY 2020-24) along with approval of ARR and determination of Wheeling and Retail Supply Tariff for FY 2022-23, with the Commission on 30th November 2021. Based on various observations/ deficiencies pointed out by Commission, HPSEBL submitted further details and clarifications subsequently.

1.5.2 The Commission admitted the petition submitted by HPSEBL vide its interim order dated 10th January 2022. There have been a series of interactions between the HPSEBL and the Commission, both written and oral, wherein the Commission sought additional information/ clarification and justifications on various issues, critical for the analysis of the petition.

1.5.3 The Petitioner was asked to remove various deficiencies/ provide additional information vide following HPERC communications:

Table 1: HPERC Communication to the Petitioner

Sl.	HPERC's Communication	Date
1	HPERC-F(1)-27/2021-2547-48	10.12.2021
2	HPERC-F(1)-27/2021-2948-49	27.01.2022
3	HPERC-F(1)-27/2021-3298-99	26.02.2022
4	HPERC-F(1)-27/2021-3450-51	15.03.2022

1.5.4 The queries raised by the Commission vide above mentioned letters were partially replied by HPSEBL. However, delay in submission and non-submission of the complete information remained a major bottleneck.

1.5.5 The submissions made by the Petitioner, to the clarifications/ information sought by the Commission from time to time, as detailed hereunder, have also been taken on record:

Table 2: Communication with the Petitioner

Sl.	HPSEBL's Communication	Date
1.	MA No. 246/2021	23.12.2021
2.	MA No. 12/2022	15.02.2022
3.	MA No. 22/2022	24.02.2022
4.	MA No. 59/2022	17.03.2022

Sl.	HPSEBL's Communication	Date
5.	MA No. 60/2022	17.03.2022
6.	HPSEBL/CE-(Comm.)/SERC-7/2021-22 13491	21.03.2022

Public Hearings

1.5.6 The salient features of the petition have been published by the HPSEB Ltd. in the following newspapers: -

Table 3: List of Newspapers for Publication of Stakeholder Comments

Sl.	Name of News Paper	Date of Publication
1.	The Tribune (English)	13th January, 2022
2.	Amar Ujala (Hindi)	13th January, 2022
3.	The Times of India (English)	14th January, 2022
4.	Punjab Kesari (Hindi)	14th January, 2022

1.5.7 The Commission invited suggestions and objections from the public on the tariff petition in accordance with Section 64 (3) of the Act subsequent to the publication of initial disclosure by the HPSEBL. The public notice inviting objections/ suggestions was published in the following newspapers: -

Table 4: List of Newspapers for Public Notice by Commission

Sl.	Name of News Paper	Date of Publication
1.	Hindustan Times- Chandigarh & Jalandhar Edition (English)	19th January, 2022
2.	Divya Himachal – Himachal Edition (Hindi)	19th January, 2022

1.5.8 The stakeholders were requested to file their objections by 17th February, 2022. HPSEBL was required to submit replies to the suggestions/ objections to the Commission by 26th February, 2022 with a copy to the objectors on which the objectors were required to submit rejoinder by 05th March, 2022.

1.5.9 The Commission issued a public notice informing the public about the scheduled date of public hearing as 10th March, 2022. All the parties, who had filed their objections/ suggestions, were also informed about the date, time and venue for presenting their case in the public hearing.

1.5.10 The issues and concerns voiced by various objectors have been carefully examined by the Commission. The major issues raised by the objectors in their written submission as well as those raised during the stakeholder consultation process, have been summarized in Chapter 8 of this Order.

2 SUMMARY OF THE TRUE-UP PETITION FOR FY 2019

2.1 Background

2.1.1 The Petitioner has requested Commission to true-up the expenditure and revenue for FY 2018-19 based on the final audited accounts. The component wise submission made by the Petitioner is provided in the subsequent sections.

2.2 Energy Sales, Consumers, and connected load

2.2.1 The Petitioner has submitted the actual Category-wise energy sales, Consumers and connected load for FY 2018-19 as detailed in the tables below:

Table 5: Petitioner Submission- Energy Sales for FY19 (MU)

Category	Approved in APR FY19	Provisional True Up	Actual
Industrial Power Supply	4,849	5,335	5,335
Domestic	2,137	2,106	2,106
Govt. Irrigation & Water Pumping	643	566	566
Irrigation & Agriculture	69	63	63
Commercial	587	615	615
Bulk Supply	172	151	151
Non-Domestic Non-Commercial	140	159	159
Public Lighting	13	10	10
Temporary	30	38	38
Total Sales	**8,638**	**9,041**	**9,041**

Table 6: Petitioner Submission- Category wise Consumers for FY19

Category	Approved in APR FY19	Actual
Industrial Power Supply	34,426	34,380
Domestic	20,48,625	20,46,439
Govt. Irrigation & Water Pumping	7,023	7,166
Irrigation & Agriculture	31,478	31,351
Commercial	2,75,341	2,77,523
Bulk Supply	273	279
Non-Domestic Non-Commercial	29,300	29,117
Public Lighting	1,060	1,094
Temporary	7,807	9,831
Total Consumers	**24,35,333**	**24,37,180**

Table 7: Petitioner Submission- Category wise connected load for FY19 (MW)

Category	Approved in APR FY19	Actual
Industrial Power Supply	1,943	1,985
Domestic	3,667	3,657
Govt. Irrigation & Water Pumping	324	323
Irrigation & Agriculture	201	194
Commercial	758	755
Bulk Supply	127	118
Non-Domestic Non-Commercial	209	203
Public Lighting	6	6
Temporary	40	59
Total Connected Load	**7,276**	**7,299**

2.2.2 The Petitioner has requested the Commission to approve the sales, Consumers, and connected load for FY 2018-19 as per actuals.

2.3 Revenue from Sale of Power

2.3.1 The Petitioner has submitted that the actual revenue from sale of power within the State for FY 2018-19 is given in the table below:

Table 8: Category-wise Revenue from Sale of Power for FY19 (Rs Cr)

Category	Approved in APR Order	Provisional True-up	Actual
Small Industry	95.77	61.36	61.36
Medium Industry	33.03	67.45	67.45
Large Industry (HT and EHT)	2,658.88	2,853.04	2,853.04
Domestic	1,046.81	985.99	985.99
Irrigation and Drinking Water* / Agriculture & Irrigation	414.39	36.53	36.53
Commercial	357.99	373.30	373.30
Bulk and Grid Supply	109.33	113.27	113.27
Non-Domestic Non-Commercial	83.81	113.11	113.11
Public Lighting	6.57	7.31	7.31
Temporary Metered Supply	29.93	34.09	34.09
IPH	-	455.68	455.68
Total	**4,836.52**	**5,101.13**	**5,101.13**

**Approved revenue for Irrigation and Drinking Water amounting to Rs. 414.39 Cr includes the recovery from IPH, whereas the actual revenue from Agriculture & Irrigation and revenue from IPH are shown as separate line items.*

2.3.2 Further, the Petitioner has submitted that in the 4th APR Order for FY 2018-19, the Commission had approved revenue from sale of power outside the State of Rs. 559.48 Cr against which the actual revenue is Rs. 833.10 Cr. However, banking being a cashless transaction, notional cost from sale of the banked power amounting to Rs. 987.09 Cr which has been considered in the accounts has been excluded from the revenue from sale of power outside the State. Accordingly, the actual revenue from sale of power outside the State during FY 2018-19 considered for true-up is given in the table below:

Table 9: Revenue from Sale of Power outside State for FY19 (Rs. Cr)

Particulars	Approved in APR Order	Provisional True-up	Actual Revenue
Revenue from sale of power outside State	559.48	1,820.19	1,820.19
Less: Banking Sale	-	987.09	987.09
Net Revenue from sale of power outside state	**559.48**	**833.10**	**833.10**

**Net Revenue of Rs.833.10 Cr also includes amount recovered from other entities towards UI charges*

2.4 Power Purchase Cost

2.4.1 The Petitioner has submitted that power purchase expenses have been computed in line with methodology adopted by the Commission. Accordingly, cost of banking has not been considered under power purchase expenses by the Petitioner. Detailed approach undertaken by the Petitioner is mentioned below:

- Power purchase expenses are considered as per the actual bills received from the generating companies. Therefore, the expenses also include the payment towards arrears of power purchased during the past years.
- Hon'ble CERC (Central Electricity Regulatory Commission) has revised the Tariff of various Central Generating Stations and accordingly, the arrears amount has also been considered for such Stations.
- For own generating Stations, the cost of power purchase is in line with the provisions of the MYT Regulations and has been considered same as approved in the Provisional True Up vide Tariff Order dated 31.5.2021.

2.4.2 The actual power purchase quantum and cost from all generating stations as submitted by the Petitioner is provided in the table below:

Table 10: Station-Wise Power Purchase Quantum & Cost for FY19

Particulars	Approved in APR FY19 Order		Actual			
	Generation Ex-Bus	Amount	Generation Ex-Bus	Amount	Arrears	Total Amount
	(MUs)	(Rs Cr)	(MUs)	(Rs Cr)	(Rs Cr)	(Rs Cr)
Own Generation						
Bhaba	463.77	35.76	587.94	40.78	-	40.78
Bassi	346.14	27.05	291.59	24.98	-	24.98
Giri	288.97	26.01	214.96	22.73	-	22.73
Andhra	86.43	12.24	59.05	10.30	-	10.30
Ghanvi	81.15	18.26	76.93	17.31	-	17.31
Ghanvi II	45.77	14.53	31.79	7.15	-	7.15
Baner	52.86	11.07	33.81	9.08	-	9.08
Gaj	33.38	11.55	34.63	11.69	-	11.69
Larji	515.37	114.21	525.22	115.89	-	115.89
Khauli	43.65	9.82	38.33	8.62	-	8.62
Binwa	29.05	6.67	32.10	7.02	-	7.02
Thirot	17.58	3.96	4.06	0.91	-	0.91
Gumma	11.71	2.64	5.68	1.28	-	1.28
Holi	11.71	2.64	1.37	0.31	-	0.31
Bhaba Aug	17.58	3.96	3.61	0.81	-	0.81
Nogli	9.75	3.62	3.93	2.54	-	2.54

Particulars	Approved in APR FY19 Order		Actual			
	Generation Ex-Bus	Amount	Generation Ex-Bus	Amount	Arrears	Total Amount
	(MUs)	(Rs Cr)	(MUs)	(Rs Cr)	(Rs Cr)	(Rs Cr)
Rongtong	7.56	2.57	1.17	1.48	-	1.48
Sal-II	7.79	1.75	-	-	-	-
Chaba	6.47	2.12	5.30	1.80	-	1.80
Rukti	7.59	1.04	2.56	0.73	-	0.73
Chamba	1.75	0.41	1.55	0.39	-	0.39
Killar	1.15	0.26	0.15	0.03	-	0.03
Uhl III – BVPCL	276.18	124.28	-	-	-	-
Own Generation Total	**2363.36**	**436.42**	**1,955.72**	**285.83**	**-**	**285.83**
NTPC						
Anta (G)	38.1	18.52	28.29	13.38	0.39	13.77
Anta (L)	-	-	1.10	1.42	-	1.42
Anta (LNG)	-	-	49.90	42.15	-	42.15
Auriya (G)	39.84	23.82	43.03	23.13	0.29	23.42
Auriya (L)	-	-	3.14	3.46	-	3.46
Auriya (LNG)	-	-	38.61	38.57	-	38.57
Dadri (G)	75.77	34.94	211.06	79.01	2.64	81.65
Dadri (L)	-	-	7.69	9.08	-	9.08
Dadri (LNG)	-	-	60.14	53.79	-	53.79
Unchahar-I	44.57	17.65	166.42	52.10	4.82	56.92
Unchahar-II	76.03	29.34	174.11	59.31	2.94	62.25
Unchahar-III	49.95	21	75.87	29.96	1.48	31.44
Unchahar-IV	127.94	56.54	3.90	1.41	0.02	1.43
Rihand-1 STPS	228.55	52.18	262.69	56.45	-0.15	56.30
Rihand-2 STPS	220.2	46.03	254.20	51.39	-0.38	51.01
Rihand-3 STPS	220.12	64.34	267.01	72.82	-0.64	72.18
Kahalgaon – II	139.01	51.07	150.25	50.27	-0.10	50.17
Singrauli STPS	-	-	76.09	12.18	1.08	13.25
Dadri-II TPS	-	-	171.20	61.33	6.98	68.31
Jhajjar TPS[1]	-	-	-	-	0.07	0.07
Koldam	453.64	184.27	437.12	253.31	65.99	319.30
Singrauli Solar	24.97	20.09	20.42	16.08	-	16.08
Singrauli bundled	101.64	35.57	-	-	-	-
NTPC Total	**1840.33**	**655.36**	**2,502.24**	**964.53**	**85.40**	**1,066.02**
NHPC						
Bairasuil[2]	-	-	-	0.01	-	0.01
Chamera I	71.53	13.62	63.67	12.95	0.70	13.66
Chamera II	54.64	10.97	48.66	10.74	0.91	11.65
Chamera III[2]	-	-	-	0.02	-	0.02
Dhauliganga	38.9	9.61	37.97	9.56	2.55	12.11
Parbati III	-	-	0.05	0.06	-	0.06
Salal	35.02	6.98	31.93	7.16	0.82	7.98
Tanakpur	17.02	5.63	11.99	5.28	0.28	5.56

Particulars	Approved in APR FY19 Order		Actual			
	Generation Ex-Bus	Amount	Generation Ex-Bus	Amount	Arrears	Total Amount
	(MUs)	(Rs Cr)	(MUs)	(Rs Cr)	(Rs Cr)	(Rs Cr)
Uri	82.46	14.99	79.00	15.97	1.89	17.86
NHPC Total	**299.57**	**61.80**	**273.27**	**61.76**	**7.16**	**68.91**
THDC						
Tehri	-	-	-	-	0.37	0.37
Koteshwar	-	-	-	-	13.95	13.95
THDC Total	-	-	**-**	**-**	**14.32**	**14.32**
SJVNL						
Nathpa Jhakri SOR	165.86	41.41	150.23	41.01	12.21	53.22
Nathpa Jhakri Equity	1477.26	368.79	1,406.52	371.58	5.22	376.80
Rampur HEP SOR Share	52.95	19.55	43.12	18.37	21.76	40.13
Rampur HEP Equity Share	491.79	181.2	459.67	178.97	203.51	382.48
SJVNL Total	**2187.86**	**610.95**	**2,059.54**	**609.93**	**242.70**	**852.63**
Nuclear						
NAPP	92.98	24.74	90.01	28.87	0.42	29.29
RAPP (V & VI)	98.5	35.89	112.57	45.68	0.72	46.40
Nuclear Total	**191.48**	**60.63**	**202.58**	**74.55**	**1.15**	**75.69**
Other CG and Shared Stations						
BBMB Project	595.08	46.38	553.01	31.29		31.29
BBMB Old	43.8	5.34	43.80	5.34	-	5.34
BBMB New	330.67	23.39	285.16	6.39	-	6.39
Dehar	185.5	15.82	180.26	17.17	-	17.17
Pong	35.11	1.83	43.79	2.39	-	2.39
PSPCL Projects	50.26	1.14	50.24	0.92	-	0.92
Shanan (available to HPSEB) (1 MW)	5.26	0.21	5.26	-	-	-
Shanan Ext (available to HPSEB) (45 MU)	45	0.93	45.00	0.93	-	0.93
Bilateral with PSPCL on 11kV	-	-	-0.02	-0.01	-	-0.01
UJVNL Projects (Yamuna)	387.83	40.31	410.13	43.01	-1.86	41.15
Chibro	-	-	199.39	17.02	-0.90	16.12
Khodri	-	-	91.03	9.24	-0.41	8.83
Dhakrani	-	-	36.32	4.61	-0.16	4.45
Dhalipur	-	-	54.17	9.40	-0.25	9.16
Kulhal	-	-	29.21	2.73	-0.13	2.60
UPJVNL Project	62.53	4.5	55.00	4.10	4.22	8.32
Khara	62.53	4.5	55.00	4.10	4.22	8.32
Other CG and Shared Stations Total	**1,095.70**	**92.33**	**1,068.37**	**79.32**	**2.36**	**81.68**
Solar						
SECI	33.29	18.31	42.64	25.31	0.03	25.34
Solar Total	**33.29**	**18.31**	**42.64**	**25.31**	**0.03**	**25.34**

Particulars	Approved in APR FY19 Order		Actual			
	Generation Ex-Bus	Amount	Generation Ex-Bus	Amount	Arrears	Total Amount
	(MUs)	(Rs Cr)	(MUs)	(Rs Cr)	(Rs Cr)	(Rs Cr)
HPPCL						
Kasang HEP	170	37.4	10.99	2.45	-	2.45
HPPCL Total	**170**	**37.4**	**10.99**	**2.45**	**-**	**2.45**
GoHP Power						
Own Generation Stations						
Larji	70.28	17.43	71.01	17.61	-	17.61
Khauli	5.95	1.48	5.23	1.30	-	1.30
Ghanvi	11.07	2.75	10.49	2.60	-	2.60
Gaj	4.55	1.13	4.72	1.17	-	1.17
Baner	7.21	1.79	4.61	1.14	-	1.14
Ghanvi II	6.24	1.55	4.34	1.08	-	1.08
Uhl-III	37.85	9.39				
Interstate Generation Stations						
Shanan Share	2.63	0.65	2.63	0.65	-	0.65
Ranjeet Sagar Dam Share	77.51	19.22	66.41	14.62	1.21	15.83
Malana	51.08	12.67	62.13	15.41	-	15.41
Baspa II	143.19	35.51	151.38	37.54	-	37.54
Kasang	22.1	5.48	20.35	5.05	-	5.05
Chanju	24.56	6.09	19.64	4.87	-	4.87
Koldam FP	-	-	13.88	3.44	-	3.44
Nathpa Jhakri HEP	-	-	33.85	8.39	0.45	8.84
Chamera-I	-	-	5.90	1.46	-	1.46
Chamera-II	-	-	3.75	0.93	-	0.93
Chamera-III	-	-	3.05	0.76	-	0.76
Parbati-III	-	-	1.87	0.46	-	0.46
Rampur project	-	-	8.59	2.13	-	2.13
Baira Siul	-	-	1.06	0.26	-	0.26
Small HEP/ Private Micro – Free	88.67	28.41	117.96	29.25	-	29.25
UI Settlement 2014-15 Arrears (PTC)[3]	-	-	-	-	35.64	35.64
GoHP Power Total	**578.80**	**143.55**	**612.82**	**150.13**	**37.30**	**186.42**
Private IPPs and other stations						
Small HEP/ Private Micro	1271.35	347.67	1,270.52	369.49	-	369.49
Small HEP/ Private Micro -REC	353.98	86.02	209.68	47.18	-	47.18
Solar IPPs	36.62	19.25	17.46	8.57	-	8.57
Baspa - II – Primary	1050	145.51	1,050.06	128.23	-20.10	108.13
Baspa - II Secondary Energy	-	-	60.03	46.05	-	46.05
Municipal Solid Waste (MSW) projects	24.53	19.38	-	-	-	-
Private IPPs and others Total	**2,736.48**	**617.83**	**2,607.76**	**599.51**	**-20.10**	**579.41**
Others- Short term power purchase						

Particulars	Approved in APR FY19 Order		Actual			
	Generation Ex-Bus	Amount	Generation Ex-Bus	Amount	Arrears	Total Amount
	(MUs)	(Rs Cr)	(MUs)	(Rs Cr)	(Rs Cr)	(Rs Cr)
Unscheduled Interchange (UI) NRLDC[4]	-	-	292.81	153.85	8.99	162.84
Unscheduled Interchange (UI) SLDC[5]	-	-	45.48	27.81	-	27.81
IEX and PXIL	-	-	501.74	208.11	-	208.11
Banking Purchase	-	-	2,063.60	1,015.56	-	1,015.56
Short term power purchase Total	-	-	**2,903.64**	**1,405.34**	**8.99**	**1,414.33**
Grand Total	**11,496.90**	**2,734.55**	**14,239.57**	**4,258.65**	**379.32**	**4,653.04**
Less: Cost of Banking Purchase[6]	-	-	2,063.60	1,015.56	-	1,015.56
Net Cost of Power Purchase	**11,496.90**	**2,734.55**	**12,175.97**	**3,243.09**	-	**3,637.48**

1. Jhajjar TPS arrears of Rs. 0.07 Cr is separately booked under A/H 70.132 "POP- Aravali Power Co".
2.In case of NHPC Bairasuil and Chamera III, amount shown pertains to RLDC charges for GoHP free power.
3. The arrears pertains to power purchased during FY15, which is now settled with PTC.
4.UI (NRLDC) charges of Rs. 162.84 Cr include Rs. 84.82 Cr paid towards UI charges for HPSEBL, and balance comprises of composite DSA bills from NRPC (DSA recovery from GOHP, Malana, IA Energy, Kanchanjunga, Nanti Hydro etc) as booked under revenue from sale outside state in the accounts.
5.UI (SLDC) charges of Rs. 27.81 Cr are paid towards HPSLDC commencing from 3.12.2018 as per HPERC (Deviation Settlement Mechanism and Related Matters) Regulations, 2018.
6.Cost of banking has not been considered as a part of power purchase expense for computational purposes.

2.4.3 The Petitioner submit the reasons of increase in actual power purchase cost as compared to that approved by the Commission are higher quantum of power purchase and payment of arrears to SJVNL Projects, GoHP free power & other entities.

2.5 Transmission & Other Charges

2.5.1 The Petitioner has submitted that during FY 2018-19 it has paid PGCIL charges, HPPTCL charges, SLDC charges, STOA charges, etc. to the tune of Rs. 271.40 Cr. Few of the consideration made by the Petitioner is summarized below:

- The amount of Rs. 210.68 Cr towards PGCIL charges does not include wheeling charges recovered from GoHP towards M/s PTC Ltd, as the same has already been netted off in accounts.
- Reactive charges of Rs. 0.12 Cr and Rs. 0.01 Cr are booked in accounts under A/H 70.121 "Uttranchal Power Corp. Ltd" and A/H 70.102 "HVPNL" respectively.
- SJVNL Arrear of Rs. 1.29 Cr paid to DoE is booked in accounts under LADF.

2.5.2 For the purpose of truing up, the provisioning of Rs. 2.09 Cr for LADF (DoE) in FY 2018-19 has been excluded.

2.5.3 The net expense incurred due to operation of the Solang IPP project in the Nahan circle of the Petitioner has been considered. Further, regarding the nature of payment recorded under power purchase head – Operation Circle (Nahan), it is submitted that an agreement between the Petitioner and M/s A. Power Himalayas Ltd. dated 11th August 2000 was executed for the purpose of Wheeling, Banking and Captive use of Power. According to the agreement, any excess energy after the free supply to the GoHP and captive use shall be purchased by the Petitioner at the Interconnection point at a fixed rate of Rs. 2.50 per unit.

2.5.4 The details of transmission & SLDC charges claimed by the Petitioner is mentioned below:

Table 11: Petitioner Submission- Summary of Transmission Charges in FY19 (Rs Cr.)

Particulars	Approved in APR FY19	Provisional True-up	Actual
Transmission Charges			
PGCIL #	242.36	210.68	210.68
HPPTCL	6.04	9.65	9.65
SLDC Charges	2.12	1.97	1.97
STOA Charges	69.65	39.06	39.06
Sub-total- Transmission Charges	**320.17**	**261.36**	**261.36**
Other Charges			
Trading Margin	-	4.92	4.92
Reactive Charges*	-	0.13	0.13
NRLDC	-	1.05	1.05
Operation Circle Nahan	-	0.63	0.63
UI (Malana)	-	0.37	0.37
System/Marketing operation charges	-	1.64	1.64
SJVNL Arrears (GoHP) **	-	1.29	1.29
Sub-total- Other Charges	-	**10.04**	**10.04**
Grand Total	**320.17**	**271.40**	**271.40**

1.The amount of Rs. 210.68 Cr towards PGCIL charges does not include wheeling charges recovered from GoHP towards M/s PTC Ltd, as the same has already been netted off in accounts.
2.Reactive charges of Rs. 0.12 Cr and Rs. 0.01 Cr are booked in accounts under A/H 70.121" Uttaranchal Power Corp. Ltd" and A/H 70.102 "HVPNL" respectively.
3.SJVNL Arrear of Rs. 1.29 Cr paid to DoE is booked in accounts under LADF.

2.5.5 The total power purchase cost for FY 2018-19 submitted by the Petitioner is summarized in the table below:

Table 12: Petitioner Submission- Summary of Power Purchase Cost in FY19 (Rs Cr.)

Particulars	Actual
Power Purchase Cost (Interstate) (Excluding Cost of Own Generation)	3,351.65
PGCIL	210.68
HPPTCL	9.65
SLDC Charges	1.97
STOA charges	39.06
Other Cost (System/Marketing operation charges, Operation circle Nahan, UI (Malana), Trading Margin (Mittal), Reactive Power, NLDC)	10.04
Power Purchase Cost (including transmission & other charges)	**3,623.05**
Add: Own Generation	285.83
Total Power Purchase Cost (including Own Generation)	**3,908.88**

2.5.6 HPSEBL has requested the Commission to approve power purchase cost of Rs. 3,908.88 Cr for True-Up of FY 2018-19.

2.5.7 The Petitioner has submitted that it has also reconciled the power purchase cost (excluding own generation) with the audited accounts. It has submitted that banking being a cashless transaction, notional cost of the banking power purchase considered in the provisional accounts has been excluded from the total power purchase cost. The Petitioner has provided the following reconciliation of power purchase cost:

Table 13: Petitioner Submission- Reconciliation of Power Purchase Cost with Audited Accounts for FY19 (Rs Cr.)

Particulars	As per Audited Accounts	Submitted
Power Purchase Cost	4,640.70	-
Less: LADF DoE	2.09	-
Power Purchase Cost (including transmission & other charges)	**4,638.61**	**3,623.05**
Less: Banking power purchase	1,015.56	-
Power Purchase Cost	**3,623.05**	**3,623.05**

2.6 Transmission and Distribution Loss

2.6.1 The Petitioner has submitted that T&D loss of 12.00% for FY 2018-19 was approved in the Mid-term Performance Review Order with 0.20% reduction each year for the remaining year(s) of the Third Control Period. The Petitioner further submitted that based on the actual sales & power purchase quantum it has achieved T&D loss level of 11.51% during FY 2018-19.

Table 14: Petitioner Submission- Transmission and Distribution loss (Rs Cr.)

Particulars	Approved in APR Order	Provisional True Up	Actual
T&D loss	12.00%	11.53%	11.53%

2.6.2 The methodology adopted by the Petitioner to calculate T&D loss is given below:

T&D loss (%) = {1-(energy sale within the state) / (total energy available-interstate sale)} X 100

2.6.3 The Petitioner has requested the Commission to approve the T&D loss of 11.53%.

2.7 Energy Balance

2.7.1 The Petitioner has submitted that it has revised the Energy Balance based on actual power purchase & sales as shown in table below:

Table 15: Petitioner Submission- Energy Balance for FY19 (MU)

Particulars	Provisional True Up	Actual
Units Procured from Interstate- Generating Stations (including GoHP power stations connected to ISTS)		7,664.19
Banking Purchase at ISTS		2,063.60
Interstate Transmission Loss (%)		3.42%
Transmission Loss (MUs)		332.21
Net Energy Available at Periphery		**9,395.58**
Power Available within the state		3,671.74
(i) State Generating Stations		1,955.72
(ii) GoHP Power (own generation & IPPs)		218.35
(iii) IPPs		1,497.66
Power from Other Sources		840.04
(i) UI Power		338.29

Particulars	Provisional True Up	Actual
(ii) IEX/PIXIL		501.74
Total Energy Available at HP periphery		**13,907.36**
Energy Sales Within the state		9,041.44
Inter-State Sale of Power		3,687.51
(i) Sale of Power (including UI & IEX)		338.29
(ii) Banking		1,880.17
(iii) RE Sale		1,469.05
Total Energy Available for sale within the state		**13,907.36**
Total Energy Sale		**12,728.95**
T&D loss (in MUs)		1,178.41
T&D loss (%)	**11.53%**	**11.53%**

2.8 Incentive for Over-achievement of T&D Loss

2.8.1 The Petitioner submitted that it has been able to achieve an overall T&D loss level of 11.53% for FY 2018-19 against the approved target of 12.00% for FY 2018-19 in the Mid-term Performance Review Order. The Petitioner has submitted that a mechanism for pass-through of gains or losses on account of variations in the distribution loss is provided under HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) (Second Amendment) Regulations, 2013.

2.8.2 The Petitioner has submitted the savings resulting from the over-achievement of T&D loss for FY 2018-19 as shown in the table below:

Table 16: Petitioner Submission- Saving on account of over-achievement of T&D Loss for FY19 (MU)

Sl.	Particulars	Provisional True Up	Actual
A	Energy Sales within state (MU)	9,041.44	9,041.44
B	T&D Losses (%)	12.00%	12.00%
C	**Power Purchase requirement to meet state requirement (MU)**	**10,274.36**	**10,274.36**
D	**Inter-State Sale (MU)**	**3,687.51**	**3,687.51**
	(i) Banking Arrangement (MU)	1,880.17	1,880.17
	(ii) Sale Outside the state (MU)	1,807.34	1,807.34
E	Total Power Purchase Quantum approved at State Periphery (MU)	13,961.88	13,961.88
F	Actual Power Purchase Quantum at State Periphery (MU)	13,907.36	13,907.36
G	**No. of units saved (MU)**	**54.52**	**54.52**

2.8.3 The Petitioner has mentioned that it has saved 54.52 MUs and has computed the incentive for over-achievement of T&D loss as detailed in table below:

Table 17: Petitioner Submission-Incentive for over-achievement of T&D Loss for FY19 (Rs Cr.)

Particulars	Unit	Provisional True Up	Actual
No. of Units	**MU**	**54.52**	**54.52**
Cost of Power for over-achievement			
Cost of Power Purchase from Other than own resource	Rs Cr	2,954.22	2,954.22
Power purchased from other than own sources	MU	10,220.25	10,220.25

Particulars	Unit	Provisional True Up	Actual
Less: PGCIL losses	MU	332.21	332.21
Net Power Purchase	MU	9,888.04	9,888.04
Cost of Power Purchase from Other than own sources	**Rs/kWh**	**2.99**	**2.99**
Total Incentive	Rs Cr	16.29	16.29
HPSEBL's Share	%	60%	60%
HPSEBL's Incentive on account of T&D loss overachievement	**Rs Cr**	**9.77**	**9.77**

2.8.4 Accordingly, the Petitioner has requested the Commission to approve power purchase cost to Rs 3,918.65 Cr. for FY 2018-19 which also includes incentive of Rs 9.77 Cr.

2.9 Employee Cost

2.9.1 The Petitioner has submitted that the total employee expenses is amounting to Rs. 1,739.72 Cr (Rs. 1,640.97 Cr in Distribution and Rs. 98.75 Cr in Generation) including provisions of Rs. 40.47 Cr booked in accounts.

2.9.2 Further, in regard to the disallowed "Return on GoHP Equity" of Rs. 47.50 Cr, "Pension Contribution of generation employees (tentative)" of Rs. 9.71 Cr and "Pension Contribution of BVPCL, Projects and S&I employees" of Rs. 3.72 Cr, the Petitioner has submitted the following –

- The Petitioner has considered the disallowance of amount of Rs. 47.50 Cr towards "Return on GoHP Equity as approved in the MYT order.
- The "Pension Contribution of generation employees" has been deducted tentatively, whereas the Petitioner has submitted that it has been claiming the terminal benefits after deducting the terminal benefits attributed to generation business. Hence, the Petitioner has not considered disallowance of "Pension Contribution of generation employees (tentative)" of Rs. 9.71 Cr, as it shall lead to double accounting.
- The Petitioner submits that investigation & exploitation of hydro potential of the State either through State Sector or through Central, Joint and Private Sectors is also entrusted with the HPSEBL. Though the employees are deputed or deployed across other business, they are part of HPSEBL, as a whole business and cannot be parted or shown separately. Further, HPSEBL submits that the amount of Rs. 3.72 Cr attributed towards "Pension Contribution of BVPCL, Projects and S&I employees" is incorrect, as no amount is being paid by HPSEBL towards the above head.

2.9.3 The employee cost submitted by the Petitioner for the FY 2018-19 is summarized in the table below.

Table 18: Petitioner Submission- Employee Cost for FY19 (Rs. Cr.)

SI.	Particulars	Approved in APR Order	Provisional True Up	Actual
A	**Salaries & Allowances**			
	Salaries (Basic)			220.51
	Grade pay			36.50
	Dearness Allowance			376.94
	Other Allowances			30.66

SI.	Particulars	Approved in APR Order	Provisional True Up	Actual
	Overtime			3.89
	Bonus			0.08
	Salaries - Total (A)			**668.58**
B	**Other Staff Cost**			
	Medical Expense Reimbursement			6.64
	Fee & Honorarium			0.01
	Earned Leave Encashment			86.85
	Salary/Wages of Outsourced/Contractor			35.45
	Leave Salary Contribution			0.01
	Payment under Workmen's Compensation			1.83
	LTC			0.13
	Staff Welfare Expenses			0.14
	Other Staff Cost - Total (B)			**131.06**
	Total salary cost and other staff cost (A+B)	**1,226.64**	**799.65**	**799.64**
C	**Terminal Benefits**			
	Provident Fund Contribution			-
	Superannuation Boards Contribution			-
	Pension – Base			717.18
	Pension-Commuted Value			62.09
	Gratuity			88.29
	Any other Items (MRC to pensioners, benevolent fund Ex-gratia and DLI)			18.91
	Employee Contribution towards CPS			7.50
	Terminal Benefits - Total(C)	**596.28**	**893.97**	**893.97**
D	**Gross Employee Cost (A+B+C)**	**1,822.92**	**1,693.62**	**1,693.61**
E	Less: Employee Cost Capitalisation	61.30	52.64	52.64
F	Less: Employee Attrition Impact	-	-	-
G	**Total Employee Cost (D-E-F)**	**-**	**1,640.98**	**1,640.97**
H	**Provisions**			
	Less Provision: - Terminal Benefits	-	35.59	35.59
	Less Provision: - ADA	-	4.16	4.16
	Less Provision: - 7th pay Commission	-	0.72	0.72
	Total Provision Less: -	-	**40.47**	**40.47**
I	Less: Return on GoHP equity, Pension contribution on deputation, generation employees, BVPCL, Projects and S&I employees	62.93	60.93	51.22
	Return on GoHP Equity approved for Generation and Distribution	47.50	47.50	47.50
	Pension contribution of employee on deputation	2.00	-	-
	Pension Contribution of generation employees (tentative)	9.71	9.71	-
	Pension Contribution of BVPCL, Projects & S&I employees	3.72	3.72	-
	Net Employee Cost (G-H-I)	**1,698.69**	**1539.58**	**1553.00**

2.9.4 Accordingly, the Petitioner has requested the Commission to approve employee cost as per the actuals.

2.10 Administrative & General Expenses

2.10.1 The Petitioner has submitted A&G expense is a controllable parameter and any surplus or deficit on account of actual A&G expense shall be to the account of the Petitioner. A&G expense submitted by the Petitioner for the FY 2018-19 is summarized in the table below.

Table 19: Petitioner Submission- Actual Vs Approved A&G Expense for FY19 (Rs. Cr.)

SI.	Particulars	Approved in APR Order	Provisional True Up	Actual
A	**Administration Charges**			
	Rent, Rates & Taxes			1.98
	Statutory Dues			-
	Telephone, Postage & Telegrams			2.01
	Consultancy Charges			1.14
	Conveyance & Travel Expenses			10.95
	Regulatory Expenses			0.95
	Distribution Licensee fee payable to HPERC			0.25
	Income Tax Updating Charges			0.09
	Consumer Redressal Forum			0.59
	Insurance			1.73
	Purchase Related Expenses & Other Charges			1.20
	IT and other Initiatives			-
	Sub Total-Administration Charges (A)			**20.89**
B	**Other Charges**			
	Fees & Subscriptions, Books & Periodicals			0.64
	Printing & Stationery			3.19
	Advertisement Expenses			0.72
	Electricity Charges			7.61
	Water Charges / Cold weather expenses			0.40
	Legal Charges			2.71
	Audit Fee			0.21
	Statutory Audit Fee			0.30
	Internal Audit Fee			0.04
	Expenditure on Gift/ Presentation			-
	Entertainment Charges		-	0.11
	Training to Staffs			1.42
	Fees for SAS Examination			-
	Public Interaction Program			0.33
	Contribution/Donations			0.60
	Expenditure on providing free CFL bulbs for domestic Consumers			-
	Expenditure Incurred on capacity building for Poverty Reduction			-
	Public Expenses / Other professional charges			0.46
	Expenditure related to High level Committee			0.02
	Expenditure related to high level			0.02

	committee for formulation of power policy-other expenses			
	Expenditure on GIS/Global Position			0.01
	Transaction Charges to SCAs for collection of energy bills			4.25
	Compensation paid for non-compliance of Renewable Power			-
	TA/DA Internal Auditor			0.03
	TA/DA Statutory Auditor			-
	Private Vehicle hire charges			1.05
	Charges on a/c of service rendered by central board keeping agency under new pension scheme			0.04
	IP VSAT Connectivity Charges			2.06
	Publicity expenses			0.06
	Providing ID to staff Vidyut Bhawan			0.01
	Technical fees			-
	Freight Material related Expenses			0.10
	Expenditure on promotion of energy efficiency			-
	Misc. Expenses			1.30
	Sub Total-Other Charges (B)			**27.69**
	A&G - Grand Total (A+B)	54.52		**48.58**
C	Less: Capitalisation	4.35		0.38
	Add: Ombudsman & Consumer grievance redressal forum	0.43		-
	Net A&G Costs (A+B-C)	**50.60**	**50.60**	**48.20**

2.10.2 Accordingly, the Petitioner has requested the Commission to approve A&G expenses of Rs. 50.60 Cr as approved by the Commission in the provisional true up.

2.11 Repairs and Maintenance Expenses

2.11.1 The Petitioner has submitted that the total Repair and maintenance expenses amounting to Rs. 120.53 Cr (Rs. 91.24 Cr in Distribution and Rs. 29.29 Cr in Generation) are booked in accounts. The actual R&M expenses for distribution business in comparison to the approved R&M expenses are given in following table:

Table 20: Petitioner Submission- Approved Vs Actual Repairs and Maintenance Expenses for FY19 (Rs. Cr.)

SI.	Particulars	Approved in APR Order	Provisional True Up	Actual
A	**R&M Cost**			
	Plant & Machinery			0.08
	Buildings			1.78
	Civil Works			0.92
	Hydraulic Works			-0.01
	Lines, Cables Networks			59.04
	Vehicles			3.57
	Furnitures & Fixtures			0.16
	Office Equipments			30.88

SI.	Particulars	Approved in APR Order	Provisional True Up	Actual
	Other i.e., cost of vehicle other than vehicle			-0.42
	R&M Cost - Total (A)			**96.00**
B	Any other Items (Reallocated to Capital Works) (B)			-
C	**R&M Costs (A-B)**	**65.09**		**96.00**
D	**Costs Reallocated**			
	Less: Cost Reallocated to Employee Cost and A&G Expenses			-
	Less: Cost Reallocated to Depreciation			4.76
	Less: Cost Reallocated for Recovery of cost of vehicle from O&M and other units			-
	Total Costs Reallocated (D)			**4.76**
	Provisional amount towards data centre approved in MYT Order dated 29.6.2019	20.00		
	Net R&M Expenses (C-D)	**85.09**	**85.09**	**91.24**

2.11.2 The commission, in the Tariff Order for FY 2018-19, provisionally allowed an additional amount of Rs. 20 Cr. towards R&M expenditure on IT systems, which shall be trued up based on actual expenditure under R&M expense for the respective year. The Petitioner has submitted the actual expenditure incurred as Rs. 91.24 Cr, which is Rs. 6.15 Cr higher than that approved by the Commission.

2.11.3 Accordingly, IT system expenses have been added as part of R&M Expenses which is necessary for upkeep and maintenance of IT systems. Therefore, the Petitioner requests to allow it as a special expense under R&M expense and consider the same during ensuing periods.

2.11.4 The Commission had approved an amount of Rs. 85.09 Cr in provisional true Up Order dated 31.5.2021, as approved in the APR Order. The Petitioner has requested to true up the figures of R&M Expenses, being a controllable parameter for FY 2018-19 as approved in the provisional true up amounting to Rs. 85.09 Cr.

2.12 Interest & Finance Charges

2.12.1 The Petitioner has submitted that Interest & Finance Charges is the controllable parameter and shall be true-up at the end of MYT control period FY 2014-15 to FY 2018-19. Accordingly, it has only submitted true-up of Interest & Finance charge to the extent of working capital & Consumer security deposit and has requested the Commission to true-up the long-term loan at the end of the control period.

2.12.2 The working capital requirement calculated by the Petitioner for FY 2018-19 is as below:

Table 21: Petitioner Submission- Working Capital Requirement for FY19 (Rs. Cr.)

Particulars	Approved in APR Order	Provisional True Up	Actual
O&M expenses for 1 month	152.86	139.61	140.72
Receivables equivalent to 2 months average billing	857.89	850.19	850.19

Particulars	Approved in APR Order	Provisional True Up	Actual
Maintenance Spares (40% of R&M Expense of 1 Month)	2.17	2.84	2.84
Less: one-month power purchase	368.55	325.74	325.74
Less: Consumer Security Deposit	254.56	394.37	394.37
Total Working Capital	**389.82**	**272.52**	**273.64**
Rate of Interest on Working Capital	12.79%	12.43%	12.43%
Interest on Working Capital	**49.85**	**33.87**	**34.01**

2.12.3 Interest on the revised normative working requirement has been computed in accordance with the 3rd Amendment Regulations dated 22nd Nov 2018, based on SBI MCLR rate (1 year) applicable on 1st April of the financial year in which Petition is filed plus 300 basis points.

2.12.4 Accordingly, the Petitioner has requested the Commission to approve interest on working capital to Rs 34.01 Cr for FY 2018-19.

2.13 Interest on Consumer Security Deposit

2.13.1 The Petitioner has submitted that the opening, closing, addition and interest on security deposits as per audited accounts.

2.13.2 The interest on Consumer Security Deposit calculated by the Petitioner for FY 2018-19 is as below:

Table 22: Petitioner Submission- Interest and Finance Charges for FY19 (Rs. Cr.)

Particulars	Provisional True Up	Actual
Opening	341.09	341.08
Addition	53.28	53.29
Closing	394.37	394.37
Interest on Consumer security deposit	**16.47**	**16.47**

2.13.3 The actual interest expenses submitted by the Petitioner for FY 2018-19 are as below:

Table 23: Petitioner Submission- Interest and Finance Charges for FY19 (Rs. Cr.)

Particulars	Approved in APR Order	Provisional True Up	Actual
Interest on Long Term Loan	219.25	219.25	219.25
Interest on Working Capital	49.85	33.87	34.01
Interest on Consumer Security Deposit	22.84	16.47	16.47
Total Interest & Finance Charges	**291.93**	**269.59**	**269.73**

2.14 Other Controllable Parameters

2.14.1 The depreciation and return on equity claimed by the Petitioner for FY 2018-19 are summarized in the table below. The relevant Regulation 11(1) (b) is quoted below:

"(ii) at the end of the Control Period –
I. the Commission shall review actual capital investment vis-à-vis approved capital investment.
II. 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."

Table 24: Petitioner Submission- Depreciation and Return on Equity for FY19 (Rs. Cr.)

Particulars	Approved in APR Order	Provisional True Up	Amount (Rs Cr)
Depreciation	107.91	107.91	107.91
Return on Equity	30.24	30.24	30.24

2.15 Non-Tariff Income and Other Income

2.15.1 The Petitioner has submitted that it has not considered the delayed payment surcharge of Rs. 78.27 Cr from Consumers and has not claimed expenses on capitalization of works carried out through Consumer contribution, deposit works, grant and capital subsidy as per HPERC Tariff Regulations. Therefore, Amortization of Grants aggregating to Rs. 82.51 Cr has not been considered while computing non-tariff income.

2.15.2 Further, the Petitioner has submitted that the amount booked under Accounting Head "Income from advance/loan from BVPCL" (A/C 62.234) of Rs. 19.66 Cr is a notional income booked in accounts and no actual amount is received by HPSEBL. Since, provisions are not considered in the expenses in the ARR, the Commission is requested to not consider the provisions under income head as well.

2.15.3 The detail of non-tariff income submitted by the Petitioner for true-up for FY 2018-19 is summarized in the table below.

Table 25: Petitioner Submission- Non-Tariff Income for FY19 (Rs. Cr.)

Particulars	Approved in APR Order	Provisional True Up	Actual
Meter Rent/Service Line Rentals			45.95
Recovery for theft of Power / Malpractices			0.14
Wheeling Charges Recovery			38.67
O&M Charges Recovery			8.27
Peak Load Violation Charges			23.12
Miscellaneous Charges from Consumers			3.45
Non-Tariff Income - Total			**119.60**
Other Income			
Interest on Staff loans & Advances			0.25
Income from Investments			0.22
Interest on Loans & Advances to Licensees			-
Delayed Payment Charges from Consumers			78.27
Delayed Payment Charges from PGCIL			0.38
Interest on Advances to Suppliers / Contractors			0.23
Interest from Banks (other than on Fixed Deposits)			-
Income from Trading			0.91
Other Misc. Receipt trading			3.86
Income fee collected against Staff Welfare Activities			0.10
Miscellaneous Receipts			87.59
Amortization of Govt. grants			82.51

Particulars	Approved in APR Order	Provisional True Up	Actual
Subsidies against loss on account of flood			25.25
Prior Income			2.40
Other Income - Total			**281.97**
Total Non-Tariff Income & Other Income			**401.57**
Less: Income items not considered			
Delayed payment charges from Consumers			78.27
Amortization of Govt. grants			82.51
Net Non-Tariff Income & other income considered	**171.83**	**259.90**	**240.79**

2.16 Prior Period Expense

2.16.1 The Petitioner has submitted that it has incurred a prior period expense of Rs. 0.96 Cr booked under the Accounting Code 83.5. Since prior period income is considered in the ARR under Non-Tariff Income.

2.17 Annual Revenue Requirement

2.17.1 Based on the above submissions, the actual Annual Revenue Requirement (ARR) for True-up of FY 2018-19 after adjustment of past years which the Commission had included in the approved ARR of FY 2018-19 is given in table below:

Table 26: Annual Revenue Requirement for FY19 (Rs Cr)

Particulars	Approved in MTPR Order	Provisional True Up	True-Up
Power Purchase Expenses for Supply in the State	**3,054.72**	**3,918.64**	**3,918.65**
Cost of electricity purchase including own generation	2,734.55	3,637.47	3,637.48
Interstate charges			
PGCIL Charges	242.36	210.68	210.68
STOA Charges	69.65	39.06	39.06
Intra-state charges			
HPPTCL Charges	6.04	9.65	9.65
SLDC Charges	2.12	1.97	1.97
Other Charges (System/Marketing, reactive power, UI (malana), Trading Margin, NLDC)	-	10.04	10.04
Incentive for over-achievement of T&D loss	-	9.77	9.77
Operation & Maintenance Costs	**1,834.38**	**1,675.27**	**1,684.97**
Employee Cost	1,698.69	1,539.58	1,549.28
R&M Cost	85.09	85.09	85.09
A&G Cost	50.60	50.60	50.60
Interest & Financing Charges	**291.93**	**269.59**	**269.73**
Interest on Long term loan	219.25	219.25	219.25
Interest on Working Capital	49.85	33.87	34.01
Interest on Consumer Security Deposit	22.84	16.47	16.47
Depreciation	107.91	107.91	107.91
Return on Equity	30.24	30.24	30.24
Add: Past period Cost	-	-	0.96
Less: Non-Tariff & Other Income	171.83	259.90	240.79

Particulars	Approved in MTPR Order	Provisional True Up	True-Up
Aggregate Revenue Requirement (ARR)	**5,147.35**	**5,741.75**	**5,775.39**
Add: Past period Cost	241.92	41.92	41.92
Impact of Final Truing-up for FY16	41.92	41.92	41.92
Provisional amount towards Arrears of 7th Pay Commission	200.00	-	-
Total ARR including adjustments	**5,389.26**	**5,783.67**	**5,817.31**

2.18 Revenue Gap

2.18.1 The details of Revenue Gap submitted by the Petitioner for true up of FY 2018-19 is summarized in the table below.

Table 27: Petitioner Submission- Revenue Gap for FY19 (Rs. Cr.)

Particulars	Approved in APR Order	Provisional True Up	Actual
Annual Revenue Requirement (ARR) for FY 19	**5,389.26**	**5,783.67**	**5,817.31**
Revenue			
Revenue at existing tariff	4,836.52	5,101.13	5,101.13
Revenue from sale outside state	559.48	833.10	833.10
Total Revenue	**5,396.00**	**5,934.23**	**5,934.23**
Revenue Surplus (+) / Gap (-)	**6.74**	**150.55**	**116.92**

2.18.2 The Petitioner has requested the Commission to approve Revenue Surplus of Rs. 116.92 Cr for FY 2018-19.

2.19 Carrying Cost

2.19.1 The Petitioner has requested for approval of the revenue surplus along with carrying cost as per the provisions of clause (2) of Regulations 11 as amended by HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) (Second Amendment) Regulations, 2013

2.19.2 As per the Regulation 11(2), carrying cost is to be provided as below:

"*The distribution licensee, for the approved true-up of any year over and above that approved in the Tariff Order for that year, shall be entitled to a carrying cost at one (1) Year weighted average State Bank of India (SBI) MCLR / any replacement thereof as notified by RBI for the time being in effect applicable for one (1) Year period of the relevant Year 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*"

2.19.3 Accordingly, the Petitioner has estimated the carrying cost based on the opening and closing amount of revenue gap. The computation of carrying cost, are summarized in the following table:

Table 28: Petitioner Submission- Carrying Cost for FY19 (Rs. Cr.)

Particulars	FY19	FY20	FY21
Opening Balance	-	123.57	137.36
Surplus/ (Gap) on account of truing-up of uncontrollable parameters for FY 2018-19	116.92	-	-
Closing balance	116.92	123.57	137.36

Particulars	FY19	FY20	FY21
Interest Rate for Carrying Cost	11.39%	11.16%	10.07%
Carrying Cost	6.66	13.79	13.83
Total Gap including Carrying Cost	**123.57**	**137.36**	**151.19**

3 Summary of the True-up Petition for FY 2020

3.1 Background

3.1.1 The Petitioner has requested Commission to true-up the expenditure and revenue for FY 2019-20 based on the final audited accounts. The component wise submission made by the Petitioner is provided in the subsequent sections.

3.2 Energy Sales, Consumers and Connected Load

3.2.1 The Petitioner has submitted the actual Vs approved sales category-wise along with Consumer and connected loads for FY 2020 as depicted in the following tables:

Table 29: Petitioner Submission- Energy Sales for FY20 (MU)

Category	Approved in MYT Order	Actual
Industrial Power Supply	5,218	5322.90
Domestic	2137	2193.69
Govt. Irrigation & Water Pumping	661	560.47
Irrigation & Agriculture	77	56.73
Commercial	635	623.00
Bulk Supply	161	151.78
Non-Domestic Non-Commercial	158	159.69
Public Lighting	12	10.75
Temporary	40	45.89
Total Sales	**9,101**	**9124.89**

Table 30: Petitioner Submission- Category wise Consumers for FY20

Category	Approved in MYT Order	Actual
Industrial Power Supply	34,597	34,379
Domestic	20,99,625	20,97,088
Govt. Irrigation & Water Pumping	7,304	7,501
Irrigation & Agriculture	33,965	33,375
Commercial	2,83,167	2,86,182
Bulk Supply	275	316

Category	Approved in MYT Order	Actual
Non-Domestic Non-Commercial	30,329	29,898
Public Lighting	1,091	1,123
Temporary	8,197	14,943
Total Consumers	**24,98,550**	**25,04,805**

Table 31: Petitioner Submission- Connected Load for FY20 (MW)

Category	Approved in MYT Order	Actual
Industrial Power Supply	1,969	1,938
Domestic	3,868	3,843
Govt. Irrigation & Water Pumping	337	338
Irrigation & Agriculture	216	193
Commercial	798	801
Bulk Supply	129	130
Non-Domestic Non-Commercial	221	212
Public Lighting	6	6
Temporary	40	81
Total Connected Load	**7,586**	**7,541**

3.2.2 The Petitioner has requested the Commission to approve the sales, Consumers, and connected load for FY 2019-20 as per actuals.

3.3 Revenue from Sale of Power

3.3.1 The Petitioner has submitted that the actual revenue from sale of power within state for FY 2019-20 is given in the table below:

Table 32: Category-wise Revenue from Sale of Power for FY20 (Rs Cr)

Category	Approved in MYT Order	Actual
Small industries	60.47	53.22
Medium industries	61.16	59.01
Large industries	2,770.50	2,877.79
Domestic	1,056.08	1,046.79
Govt. Irrigation & Water Pumping	428.60	422.27
Irrigation & Agriculture		34.77
Commercial	374.12	379.81
Bulk Supply	95.66	107.87
Non-Domestic Non-Commercial	90.61	98.61
Public Lighting	6.21	7.14
Temporary	35.10	40.08
Total Revenue from sales	**4,978.51**	**5,127.35**

**Approved revenue for Irrigation and Drinking Water amounting to Rs. 428.60 Cr includes the recovery from IPH, whereas the actual revenue from Agriculture & Irrigation and revenue from IPH are shown as separate line items.*

3.3.2 The Petitioner has submitted that the actual revenue from sale of power of large industries includes receipt from open access charges i.e., Cross Subsidy Surcharge and Additional Surcharge.

3.3.3 In the MYT Order, the Commission had approved revenue from sale of power outside the state of Rs 308.80 Cr against which the actual revenue is Rs 474.40 Cr. Banking being a cashless transaction, notional cost of the banked power considered in the provisional accounts has been excluded from the revenue from sale of power outside the state. Accordingly, the actual revenue from sale of power outside the state during FY 2019-20 considered for true-up is given in the table below:

Table 33: Summary of Revenue from Sale of Power outside state (Approved Vs Actual)

Particulars	Approved in MYT Order		Actual	
	Sales	Revenue	Sales	Revenue
	MUs	Rs. Cr	MUs	Rs. Cr
Sale of contingent purchase (i+ii)	**200.00**	**80.46**	**920.03**	**252.43**
IEX/PXIL	-	-	*844.73*	*238.17*
UI Sale	-	-	*75.29*	*14.25*
Renewable Energy (RE) Sale #	**568.00**	**228.33**	**530.07**	**233.50**
Others (Reactive power, HVPNL, GoHP and other receipts) *	-	-	-	-11.53
Total Revenue from sale of power outside state	**768.00**	**308.80**	**1,450.10**	**474.40**

 # The revenue from RE sale to other states as per Form 4a is Rs. 233.23 Cr whereas the total amount as per accounts is Rs. 233.50 Cr. The difference of Rs. 0.26 Cr is on account of miscellaneous receipts.
** Other receipts include Reactive charges (SLDC) Rs. 3.12 Cr, Reactive Energy from various CPU/ SEB of Rs. 0.13 Cr, HVPNL (Reactive charges recovery) of Rs. 1.00 Cr, amount paid to GoHP pertaining to UI charge arrears of Rs. -17.10 Cr.*

Table 34: Revenue from Sale of Power outside State for FY20 (Rs Cr)

Particulars	Approved in APR Order	Actual Revenue
Revenue from sale of power outside State	308.80	1,635.65
Less: Banking Sale		1,161.25
Net Revenue from sale of power outside state	**308.80**	**474.40**

3.3.4 The Petitioner requests the Commission to true up the figures of - Revenue (Rs crores) from Sale of Power outside State for FY 2019-20 as per actuals.

3.4 Power Purchase Cost

3.4.1 The Petitioner has submitted that power purchase expenses have been computed in line with methodology adopted by the Commission. Accordingly, cost of banking has not been considered under power purchase expenses by the Petitioner. Detailed approach undertaken by the Petitioner is mentioned below:

- Power purchase expenses are considered as per the actual bills received from the generating companies
- CERC (Central Electricity Regulatory Commission) has revised the Tariff of various Central Generating Stations and accordingly, the arrears amount has also been considered for such Stations.
- The CERC has revised the Tariff of various Central Generating Stations and accordingly, the arrears amount has also been considered for such Stations.

3.4.2 Further the Petitioner submits that the annual Fixed Charges as computed by HPERC in Provisional True Up Order dated 31.5.2020 is 320.60 Cr and the same has been considered for True Up as well. The station-wise details of actual power purchased during FY 2019-20 is depicted in following table-

Table 35: Station-Wise Power Purchase Quantum, Cost & Rate for FY20

Station	Approved in MYT Order		Actual			
	Ex-Bus	Total Cost	Ex-Bus	Amount	Arrears	Total Cost
	MUs	Rs Cr	MUs	Rs. Cr.	Rs. Cr.	Rs. Cr.
Own Generation						
Bhaba	459.12	36.83	582.57	46.73	-	46.73
Bassi	344.4	27.86	330.17	26.71	-	26.71
Giri	287.52	26.79	224.23	20.89	-	20.89
Andhra	86.43	12.61	75.02	10.94	-	10.94
Ghanvi	81.15	18.26	87.77	19.75	-	19.75
Ghanvi II	45.45	10.23	39.27	8.84	-	8.84
Baner	52.86	11.4	40.34	8.70	-	8.70
Gaj	33.38	11.9	46.67	16.64	-	16.64
Larji	510.2	117.64	589.53	135.93	-	135.93
Khauli	43.65	9.82	37.38	8.41	-	8.41
Binwa	29.05	6.87	36.86	8.72	-	8.72
Thirot	17.58	3.96	6.67	1.50	-	1.50
Gumma	11.71	2.64	3.26	0.73	-	0.73
Holi	11.71	2.64	-	-	-	-
Bhaba Aug	17.58	3.96	5.47	1.23	-	1.23
Nogli	9.75	3.73	6.10	2.33	-	2.33
Rongtong	7.56	2.65	0.31	0.11	-	0.11
Sal-II	7.79	1.75	-	-	-	-
Chaba	7.59	2.18	4.67	1.34	-	1.34
Rukti	6.47	1.07	3.20	0.53	-	0.53
Chamba	1.75	0.42	2.07	0.50	-	0.50
Killar	1.15	0.26	0.26	0.06	-	0.06
Uhl III - BVPCL	60.38	27.17	-	-	-	-
Own Generation-Total	**2134.23**	**342.64**	**2121.80**	**320.60**	**-**	**320.60**
NTPC						
Anta (G)	25.3	19.7	17.53	13.22	-	13.22
Anta (L)	-	-	-	-	-	-
Anta (LNG)	-	-	0.06	0.70	-0.33	0.37
Auriya (G)	27.78	25.77	31.08	21.32	-	21.32
Auriya (L)	-	-	-	-	-	-
Auriya (LNG)	-	-	1.06	1.10	1.03	2.13
Dadri (G)	67.06	40.95	90.38	41.08	-	41.08
Dadri (L)	-	-	-	-	-	-
Dadri (LNG)	-	-	0.80	1.31	6.06	7.37
Unchahar-I	42.86	17.87	58.49	25.60	9.11	34.71
Unchahar-II	76.11	31.7	140.58	57.65	6.81	64.46
Unchahar-III	49.75	22.86	60.10	28.53	1.94	30.47
Unchahar-IV	7.45	3.52	13.06	5.41	0.21	5.63
Rihand-1 STPS	255.77	56.77	226.46	51.96	-0.71	51.25

Station	Approved in MYT Order		Actual			
	Ex-Bus	Total Cost	Ex-Bus	Amount	Arrears	Total Cost
	MUs	Rs Cr	MUs	Rs. Cr.	Rs. Cr.	Rs. Cr.
Rihand-2 STPS	248.61	52.25	220.89	47.22	-0.03	47.20
Rihand-3 Units-1,2	248.24	71.62	241.76	68.61	1.18	69.79
Kahalgaon - II	145.04	50.28	123.37	43.15	-0.22	42.92
Singrauli STPS	26.53	5.5	69.60	11.27	2.22	13.49
Dadri-II TPS	10.53	5.93	30.94	13.51	16.37	29.88
Tanda TPS[1]	-	-	3.30	1.28	0.06	1.34
Jhajjar TPS[2]	-	-	-	-	-0.02	-0.02
Koldam	472.86	226.52	494.70	253.80	0.57	254.38
Singrauli Solar	19.06	15.01	19.25	15.15	0.01	15.16
NTPC total	**1722.95**	**646.25**	**1843.40**	**701.88**	**44.25**	**746.13**
NHPC						
Bairasuil (GoHP RLDC)	-	-	-	0.01	-	0.01
Chamera I	69.31	12.88	72.60	14.18	0.58	14.76
Chamera II	54.05	10.38	43.18	7.74	0.27	8.01
Chamera III	-	-	0.10	0.04	2.94	2.97
Dhauliganga	37.96	8.99	45.62	11.71	1.74	13.45
Parbati III	-	-	0.08	0.05	-1.66	-1.61
Salal	33.5	6.54	37.77	5.16	5.04	10.20
Sewa II	-	-	-	-	1.13	1.13
Tanakpur	17.06	5.35	16.46	6.22	0.12	6.34
Uri	76.87	11.45	89.70	14.57	4.01	18.58
Uri II			-	-	-0.24	-0.24
NHPC Total	**288.75**	**55.59**	**305.52**	**59.68**	**13.93**	**73.61**
SJVNL						
Nathpa Jhakri SOR	175.48	38.04	182.76	42.81	-6.17	36.64
Nathpa Jhakri Equity[3]	1562.97	338.83	1623.84	377.94	-43.70	334.24
Rampur HEP SOR Share	55.14	17.26	52.55	23.81	-0.16	23.65
Rampur HEP Equity Share	512.2	159.38	532.56	225.96	0.08	226.04
SJVNL Total	**2305.79**	**553.51**	**2391.71**	**670.53**	**-49.95**	**620.57**
NPCIL						
NAPP	97.85	31.32	108.80	34.88	0.16	35.04
RAPP (V & VI)	101.88	41.27	111.53	45.18	6.29	51.47
NPCIL Total	**199.73**	**72.59**	**220.33**	**80.06**	**6.45**	**86.51**
Other CG & Shared Stations						
BBMB Projects						
BBMB Old	43.8	5.4	43.92	5.24	-	5.24
BBMB New	339.99	33.63	405.86	16.33	-	16.33
Dehar	180.27	17.46	187.90	15.85	-	15.85
Pong	48.14	2.5	40.12	2.00	-	2.00
BBMB Projects Total	**612.2**	**58.99**	**677.80**	**39.42**	**-**	**39.42**
PSPCL Projects						
Shanan (available to HPSEB) (1 MW)	5.26	0.21	5.27	0.11	-	0.11
Shanan Ext (available to HPSEB) (45 MU)	45	0.94	45.00	0.93	1.75	2.68
Bilateral with PSPCL on	-	-	-0.01	-	-	-

Station	Approved in MYT Order		Actual			
	Ex-Bus	Total Cost	Ex-Bus	Amount	Arrears	Total Cost
	MUs	Rs Cr	MUs	Rs. Cr.	Rs. Cr.	Rs. Cr.
11kV						
PSPCL Total	**50.26**	**1.15**	**50.26**	**1.03**	**1.75**	**2.79**
UJVNL Projects (Yamuna)						
Chibro (240MW)	-	-	242.01	23.16	-1.08	22.08
Khodri (120MW)	-	-	107.88	12.80	-0.48	12.32
Dhakrani (33.75MW)	-	-	42.94	6.96	-0.19	6.76
Dhalipur (51MW)	-	-	55.45	8.57	-0.25	8.32
Kulhal (30MW)	-	-	30.78	4.11	-0.14	3.98
Yamuna Total	**387.81**	**49.79**	**479.07**	**55.59**	**-2.14**	**53.46**
UPJVNL Project						
Khara	-	-	50.83	5.03	1.54	6.57
Total Khara	**43.39**	**3.82**	**50.83**	**5.03**	**1.54**	**6.57**
Other CG and Shared total	**1093.66**	**113.75**	**1257.97**	**101.08**	**1.16**	**102.24**
THDC						
Tehri	-	-	-	-	-	-
Koteshwar	-	-	-	-	0.08	0.08
THDC Total	**-**	**-**	**-**	**-**	**0.08**	**0.08**
Solar						
SECI	44.83	24.67	42.94	25.58	0.03	25.62
HPPCL-Beradol	74.81	33.33	8.36	3.60	-	3.60
Solar IPPs			21.94	10.80	-	10.80
Solar Total	**119.64**	**58**	**73.25**	**39.99**	**0.03**	**40.02**
Private IPPs/ SHPs						
Small HEP/ Private Micro	1,323.42	371.07	1440.16	399.08	-	399.08
Small HEP/ Private Micro -REC	205.83	46.31	299.14	72.51	-	72.51
Baspa - II - Primary	1050.06	178.51	1050.06	168.08	-11.85	156.23
Baspa - II Secondary Energy	107.27	43.68	127.53	59.00	-	59.00
Private IPPs/SHPs Total	**2,686.58**	**639.57**	**2916.89**	**698.66**	**-11.85**	**686.81**
Free Power						
Own generation						
Larji	69.57	17.81	79.47	20.34	-	20.34
Khauli	5.95	1.52	5.10	1.30	-	1.30
Ghanvi	11.07	2.83	11.97	3.06	-	3.06
Gaj	4.55	1.17	6.36	1.63	-	1.63
Baner	7.21	1.85	5.50	1.41	-	1.41
Ghanvi II	6.2	1.59	5.36	1.37	-	1.37
Uhl-III	25.51	6.53	-	-	-	-
Interstate						
Shanan Share	2.63	0.67	2.64	0.67	-	0.67
Ranjeet Sagar Dam Share	68.77	17.6	95.57	24.47	1.85	26.32
Malana	67.45	17.27	72.88	18.66	-	18.66

Station	Approved in MYT Order		Actual			
	Ex-Bus	Total Cost	Ex-Bus	Amount	Arrears	Total Cost
	MUs	Rs Cr	MUs	Rs. Cr.	Rs. Cr.	Rs. Cr.
Baspa (Primary & Sec.)	156.06	39.95	160.58	41.11	-	41.11
Kasang	22.81	5.84	24.82	6.35	-	6.35
Chanju	24.63	6.31	21.32	5.18	-	5.18
Small HEP/ Private Micro - Free	120.53	30.86	136.16	33.98	-	33.98
Free Power Total[4]	**592.94**	**151.8**	**627.73**	**159.54**	**1.85**	**161.39**
Other Sources						
Unscheduled Interchange (UI)[5]	-	-	146.45	101.46	-	101.46
Banking Purchase[6]	-	-	2053.4		-	-
Contingency (IEX and PXIL)	-	-	273.15	87.35	-	87.35
Other Sources -Total	-	-	**2473.0**	**188.81**	**-**	**188.81**
Co-Gen						
Waste to Energy (WtE)	24.53	19.38	-	-	-	-
Co-Gen Total	**24.53**	**19.38**	**-**	**-**	**-**	**-**
Grand Total (excluding Banking)	**11,168.8**	**2,653.08**	**14,231.6**	**3,031.26**	**5.97**	**3,026.79**
Grand Total (including Banking)	**11,168.8**	**2,653.02**	**12,178.19**	**3,031.26**	**5.97**	**3,037.23**

1. Tanda TPS transmission charges booked separately under A/H 70.601 are pertaining to UPPTCL charges.
2. Jhajjar TPS arrears of Rs. -0.02 Cr is separately booked under A/H 70.132 "POP- Aravali Power Co".
3. The total amount booked under SJVNL in accounts (A/H 70.819) is Rs. 602.02 Cr against Rs. 620.57 Cr shown under the head. The differential amount of Rs. 18.55 Cr pertains to arrears for NJPS equity power purchased in the past which is paid to PTC in FY 2019-20. Hence, the above amount is booked under PTC (A/H 70.826)
4. The total GoHP free power amount paid to PTC as per accounts (A/H 70.826) is Rs. 182.52 Cr, out of which Rs. 18.55 Cr pertains to SJVNL equity power arrear and Rs. 2.58 Cr pertains to STOA charges and trading margin. The balance amount of Rs. 161.40 Cr pertains to GoHP free power.
5. UI charges paid to SLDC as per accounts (A/H 70.130) is Rs. 102.10 Cr whereas the amount shown under the head is Rs. 101.46 Cr. The difference of Rs. 0.64 Cr pertains to reactive power which is shown separately under "other charges" head
6. Cost of banking has not been considered as a part of power purchase expense for computational purposes.

3.4.3 The Petitioner has submitted that the actual power purchase cost for FY 2019-20 is given in the table below:

Table 36: Petitioner Submission- Summary of Power Purchase cost from all Generating Stations in FY20

Particulars	Approved in MYT Order		Actual	
	MUs	Rs Cr	MUs	Rs Cr
HPSEBL Own Generation	2,134.23	342.64	2121.80	331.04
NTPC	1,722.95	646.25	1843.40	746.13
NHPC	288.75	55.59	305.52	73.61
SJVNL & Others (THDC)	2,305.79	553.51	2391.71	620.66
Nuclear	199.73	72.59	220.33	86.51
BBMB and shared stations	1,093.66	113.75	1257.97	102.24
IPP and others	2,686.58	639.57	2916.89	686.81
GoHP Free Power	592.94	151.80	627.73	161.39
Solar	119.64	58.00	73.25	40.02
Waste to Energy (WtE)	24.53	19.38	-	-
Other Sources	**-**	**-**	**2473.00**	**188.81**

Particulars	Approved in MYT Order		Actual	
	MUs	Rs Cr	MUs	Rs Cr
i. UI	-	-	146.45	101.46
ii. Banking Purchase	-	-	2053.40	-
iii. Contingency (IEX/ PXIL)	-	-	273.15	87.35
Total	**11,168.80**	**2,653.08**	**14231.60**	**3037.23**

3.5 Transmission Charges

3.5.1 The Petitioner has submitted that during FY 2019-20 it has paid PGCIL charges, HPPTCL charges, SLDC charges, STOA charges, etc. to the tune of Rs. 430.11 Cr. Few of the consideration made by the Petitioner is summarized below:

- For the purpose of truing up, the provisioning of Rs. 2.45 Cr for LADF (DoE) in FY 2019-20 has been excluded.

3.5.2 The details of transmission charges claimed by the Petitioner is mentioned below:

Table 37: Petitioner Submission- Summary of Transmission Charges in FY20 (Rs. Cr)

Particulars	Approved in MYT Order	Actual
PGCIL#	290.56	346.80
HPPTCL	9.76	12.74
SLDC Charges	5.12	4.01
STOA Charges	70.01	64.46
Sub-total- Transmission charges	**375.45**	**428.00**
System/Marketing operation charges	-	0.0034
NRLDC	-	1.46
Reactive charge*	-	0.64
Sub-total- Other charges	**-**	**2.10**
Grand Total	**375.45**	**430.11**

#The amount of Rs. 346.80 Cr towards PGCIL charges is claimed after netting off wheeling charges recovered from GoHP towards M/s PTC Ltd.
** Reactive charges of Rs. 0.64 Cr is booked in accounts under A/H 70.130.*

3.5.3 The total power purchase cost for FY 2019-20 submitted by the Petitioner is summarized in the table below:

Table 38: Petitioner Submission- Summary of Power Purchase Cost in FY20 (Rs. Cr)

Particulars	Amount
Power Purchase Cost (Interstate) (Excluding Cost of Own Generation)	2,706.19
PGCIL	346.80
HPPTCL	12.74
SLDC Charges	4.01
STOA charges	64.46
Other Charges (System/Marketing operation charges, NRLDC)	2.10
Power Purchase Cost (including transmission & other charges)	**3,136.30**
Add: Own Generation	331.04
Total Power Purchase Cost (including Own Generation)	**3,467.34**

3.5.4 HPSEBL has requested the Commission to approve power purchase cost of Rs. 3,467.34 Cr for True-Up of FY 2019-20.

3.5.5 The Petitioner has submitted that it has also reconciled the power purchase cost (excluding own generation) with the audited accounts. It has submitted that banking being a cashless transaction, notional cost of the banking power purchase considered in the accounts has been excluded from the total power purchase cost. The Petitioner has provided the following reconciliation of power purchase cost:

Table 39: Petitioner Submission- Reconciliation of Power Purchase Cost with Audited Accounts for FY20 (Rs Cr.)

Particulars	As per Audited Accounts	Submitted
Power Purchase Cost	4,190.91	-
Less: LADF DoE	2.45	-
Power Purchase Cost (including transmission & other charges)	**4,188.47**	**3,136.30**
Less: Banking power purchase	1,052.17	-
Power Purchase Cost	**3,136.30**	**3,136.30**

3.6 Transmission and Distribution Loss

3.6.1 The Petitioner in the Second APR Petition for 4th Control Period had proposed for a revised T&D loss target of 11.50% for FY 2019-20. In accordance with the proposed revision the Petitioner based on the actual sales & power purchase quantum HPSEBL has achieved T&D loss level of 12.08% during FY 2019-20.

Table 40: Petitioner Submission- Transmission and Distribution loss (Rs Cr.)

Particulars	Approved in MYT Order	Revised T&D Target proposed by HPSEBL	Actual
T&D loss	10.30%	11.50%	12.08%

3.6.2 The methodology adopted by the Petitioner to calculate T&D loss is given below:

T&D loss (%) = {1-(energy sale within the state) / (total energy available-interstate sale)} X 100

3.6.3 The Petitioner has requested the Commission to approve the T&D loss of 12.08%.

3.7 Energy Balance

3.7.1 The Petitioner has submitted that it has revised the Energy Balance based on actual power purchase & sales as shown in table below:

Table 41: Petitioner Submission- Energy Balance for FY20 (MU)

Particulars	FY20
Units Procured from Interstate- Generating Stations (including GoHP power stations connected to ISTS)	7,617.26
Banking Purchase at ISTS	2,053.40
Interstate Transmission Loss (%)	3.18%
Transmission Loss (MUs)	307.91
Net Energy Available at Periphery	**9,362.76**
Power Available within the state	**4,141.33**
(i) State Generating Stations	2,121.80
(ii) GoHP Power (own generation & IPPs)	249.92

Particulars	FY20
(iii) IPPs	1,769.60
Power from Other Sources	**419.60**
(i) UI Power	146.45
(ii) IEX/PIXIL	273.15
Total Energy Available at HP periphery	**13,923.69**
Energy Sales Within the state	**9,124.89**
Inter-State Sale of Power	3,545.56
(i) Sale of Power (including UI & IEX)	920.03
(ii) Banking	2,095.46
(iii) RE Sale	530.07
Total Energy Available for sale within the state	**13,923.69**
Total Energy Sale	**12,670.45**
T&D loss (in MUs)	1,253.24
T&D loss (%)	**12.08%**

3.8 Penalty for Under-achievement of T&D Loss

3.8.1 The Petitioner submitted that it has been able to achieve an overall T&D loss level of 12.08% for FY 2019-20 against the revised proposed target of 10.30% for FY 2019-20 in the MYT Order of 4th MYT Control Period. The Petitioner has submitted that a mechanism for pass-through of gains or losses on account of variations in the distribution loss is provided under HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) (Second Amendment) Regulations, 2013.

3.8.2 The Petitioner has submitted the loss resulting from the under-achievement of T&D loss for FY 2019-20 as shown in the table below:

Table 42: Petitioner Submission- loss on account of under-achievement of T&D Loss for FY20 (MUs)

Particulars	FY20
Energy Sales within state (MU)	9,124.89
T&D Losses (%)	10.30%
Power Purchase requirement to meet state requirement (MU)	**10,172.68**
Inter-State Sale (MU)	**3,545.56**
(i) Banking Arrangement (MU)	2,095.46
(ii) Sale Outside the state (MU)	1,450.10
Total Power Purchase Quantum approved at State Periphery (MU)	13,718.23
Actual Power Purchase Quantum at State Periphery (MU)	13,923.69
No. of units lost (MU)	**-205.46**

3.8.3 The Petitioner has mentioned that it has incurred 205.46 MUs of loss and has computed the penalty for under-achievement of T&D loss as detailed in table below:

Table 43: Petitioner Submission-Penalty for under-achievement of T&D Loss for FY20(Rs Cr.)

Particulars	Unit	Amount
No. of Units	**MU**	**-205.46**
Cost of Power for over-achievement		

Particulars	Unit	Amount
Cost of Power Purchase from Other than own resource	Rs Cr	2,700.22
Power purchased from other than own sources	MU	10,056.39
Less: PGCIL losses	MU	307.91
Net Power Purchase	MU	9,748.48
Cost of Power Purchase from Other than own sources	Rs/kWh	**2.77**
Total Penalty	Rs Cr	-56.91
HPSEBL's Share	%	60%
HPSEBL's Penalty on account of T&D loss overachievement	**Rs Cr**	**-34.15**

3.8.4 Accordingly, the Petitioner has submitted that the total power purchase cost (excluding own generation, transmission charges & other charges) is Rs. 2,700.22 Cr and the total power purchase quantum at State periphery (excluding own generation and banking) is 9,748.48 MUs. The average cost of power purchased at State periphery is Rs. 2.77/kWh.

3.8.5 The Petitioner has requested to approve the penalty of Rs. 34.15 Cr for FY 2019-20 towards under achievement of T&D loss.

3.9 Employee Cost

3.9.1 The Petitioner has submitted that the total employee expenses is amounting to Rs. 1,736.51 Cr including provisions of Rs. 40.47 Cr booked in accounts.

3.9.2 Further, in regard to the disallowed "Return on GoHP Equity" of Rs. 47.50 Cr, "Pension Contribution of generation employees (tentative)" of Rs. 10.39 Cr and "Pension Contribution of BVPCL, Projects & S&I employees" of Rs. 3.98 Cr, the Petitioner has submitted the following-

- The Petitioner has considered the disallowance of amount of Rs. 47.50 Cr towards "Return on GoHP Equity as approved in the MYT order.
- It is submitted that the Commission had deducted the "Pension Contribution of generation employees" tentatively, whereas HPSEBL has been claiming the terminal benefits after deducting the terminal benefits attributed to generation business. Hence, the Petitioner has not considered disallowance of "Pension Contribution of generation employees (tentative)" of Rs. 10.39 Cr, as it shall lead to double accounting.
- Further, the Petitioner has submitted that the amount of Rs. 3.98 Cr attributed by the Commission towards "Pension Contribution of BVPCL, Projects and S&I employees" is incorrect as no amount is being paid by HPSEBL towards the above head.

3.9.3 The employee cost submitted by the Petitioner for the FY 2019-20 is summarized in the table below.

Table 44: Petitioner Submission- Employee Cost for FY20 (Rs. Cr.)

Particulars	Approved in MYT Order	Provisional True Up	Actual
Salaries & Allowances			
Salaries (Basic)			303.51
Grade pay			36.73
Dearness Allowance			395.68
Other Allowances			26.75

Particulars	Approved in MYT Order	Provisional True Up	Actual
Overtime			4.37
Bonus			0.02
Salaries - Total			**767.06**
Other Staff Cost			
Medical Expense Reimbursement			7.24
Fee & Honorarium			0.02
Earned Leave Encashment			90.68
Salary/Wages of Outsourced/Contractor			42.30
Leave Salary Contribution			-
Payment under Workmen's Compensation			1.73
LTC			0.08
Staff Welfare Expenses			0.36
Other Staff Cost - Total			**142.41**
Total salary cost and other staff cost	**964.76**		**909.47**
Terminal Benefits			
Provident Fund Contribution			-
Superannuation Boards Contribution			1.44
Pension - Base			737.03
Pension-Commuted Value			72.31
Gratuity			128.07
Any other Items (MRC to pensioners, benevolent fund Ex-gratia and DLI)			20.58
Employee Contribution towards CPS			15.48
Terminal Benefits - Total	**838.01**		**974.91**
Gross Employee Cost	**1,802.77**		**1,884.38**
Less: Employee Cost Capitalisation	42.68		52.81
Less: Employee Attrition Impact			-
Total Employee Cost (D-E-F)			**1,831.57**
Provisions			
Less Provision: - Terminal Benefits			35.59
Less Provision: - ADA			11.97
Less Provision: - 7th pay Commission			-
Total Provision Less: -			**47.56**
Less: Return on GoHP equity, Pension contribution on deputation, generation employees, BVPCL, Projects and S&I employees	61.87		51.48
Return on GoHP Equity approved for Generation and Distribution	47.50		47.50
Pension Contribution of generation employees (tentative)	10.39		-
Pension Contribution of BVPCL, Projects & S&I employees	3.98		-
Net Employee Cost	**1,698.22**	**1,698.22**	**1,736.51**

3.9.4 Accordingly, the Petitioner has requested the Commission to approve employee cost of Rs 1736.51 Cr.

3.10 Administrative & General Expenses

3.10.1 The Petitioner has submitted A&G expense is a controllable parameter and any surplus or deficit on account of actual A&G expense shall be to the account of the Petitioner. A&G expense submitted by the Petitioner for FY 2019-20 is summarized in the table below.

Table 45: Petitioner Submission- Actual Vs Approved A&G Expense for FY20 (Rs. Cr.)

Particulars	Approved in MYT Order	Provisional True Up	Actual
Administration Charges			
Rent, Rates & Taxes			2.49
Statutory Dues			-
Telephone, Postage & Telegrams			2.55
Consultancy Charges			1.16
Conveyance & Travel Expenses			9.65
Regulatory Expenses			1.76
Distribution Licensee fee payable to HPERC			1.39
Income Tax Updating Charges			0.12
Consumer Redressal Forum			0.80
Insurance			2.05
Purchase Related Expenses & Other Charges			1.79
IT and other Initiatives			-
Sub Total-Administration Charges			**23.76**
Other Charges			
Fees & Subscriptions, Books & Periodicals			0.60
Printing & Stationery			2.40
Advertisement Expenses			0.60
Electricity Charges			6.39
Water Charges / Cold weather expenses			0.47
Legal Charges			1.54
Audit Fee			0.02
Statutory Audit Fee			0.15
Internal Audit Fee			-
Expenditure on Gift/ Presentation			0.01
Entertainment Charges			0.07
Training to Staffs			0.32
Fees for SAS Examination			-
Public Interaction Program			0.19
Contribution/Donations			0.49
Expenditure on providing free CFL bulbs for domestic Consumers			0.05
Expenditure Incurred on capacity building for Poverty Reduction			-
Public Expenses / Other professional charges			0.59
Expenditure related to High level Committee			0.14
Expenditure related to high level committee for formulation of power policy-other expenses			0.66
Expenditure on GIS/Global Position			0.49
Transaction Charges to SCAs for collection of energy bills			1.71

Particulars	Approved in MYT Order	Provisional True Up	Actual
Compensation paid for non-compliance of Renewable Power			-
TA/DA Internal Auditor			-
TA/DA Statutory Auditor			-
Private Vehicle hire charges			1.59
Charges on a/c of service rendered by central board keeping agency under new pension scheme			0.06
IP VSAT Connectivity Charges			2.70
Publicity expenses			0.07
Providing ID to staff Vidyut Bhawan			-
Technical fees			0.01
Freight Material related Expenses			0.04
Expenditure on promotion of energy efficiency			0.06
Misc. Expenses			0.74
Sub Total-Other Charges			**22.17**
A&G - Grand Total	45.66		**45.93**
Less: Capitalisation	0.75		-
Add: Provision for one-time expense approved in MYT Order dated 29.6.2019	5.00		
Net A&G Costs	**49.91**	**49.91**	**45.93**

3.10.2 Accordingly, the Petitioner has requested the Commission to approve A&G expenses of Rs. 45.93 Cr.

3.11 Repairs and Maintenance Expenses

3.11.1 The Petitioner has submitted R&M expense is a controllable parameter and any surplus or deficit on account of actual R&M expense shall be to the account of the Petitioner. R&M expense submitted by the Petitioner for the FY 2019-20 is summarized in the table below.

Table 46: Petitioner Submission- Approved Vs Actual Repairs and Maintenance Expenses for FY20 (Rs. Cr.)

Particulars	Approved in MYT Order	Provisional True Up	Actual
R&M Cost			
Plant & Machinery			0.54
Buildings			2.36
Civil Works			0.94
Hydraulic Works			0.01
Lines, Cables Networks			64.79
Vehicles			2.33
Furnitures & Fixtures			0.04
Office Equipments			29.11
Other i.e. cost of vehicle other than vehicle			-0.27
R&M Cost – Total			**99.85**
Less: Any other Items (Reallocated to Capital Works)			-
R&M Costs	**72.70**		**99.85**

Particulars	Approved in MYT Order	Provisional True Up	Actual
Costs Reallocated			
Less: Cost Reallocated to Employee Cost and A&G Expenses			-
Less: Cost Reallocated to Depreciation			0.10
Less: Cost Reallocated for Recovery of cost of vehicle from O&M and other units			2.50
Total Costs Reallocated			**2.59**
Provisional amount towards data center approved in MYT Order dated 29.6.2019	20.00		
Net R&M Expenses	**92.70**	**92.70**	**97.26**

3.11.2 The Petitioner submitted that the Commission, in the Tariff Order for FY 2019-20 dated 29.06.2019, provisionally allowed an additional amount of Rs.20 Cr towards new R&M expenditure on IT infrastructure and Data center in 4th MYT Control Period, which shall be trued up based on actual expenditure under R&M expense for the respective year.

3.11.3 Further, the Petitioner has informed that two data centers under R-APDRP schemes were commissioned in FY 2016-17 and has introduced computerized billing, MDAS, AMR etc. across the State. Further, ERP and billing had been rolled out to all units of the Board. This necessitated regular AMC of the total hardware, support of the various applications and ATS charges of the different licenses essentially required to run and maintain the IT systems. The Petitioner has submitted that these expenditures are being met through R&M of the IT system in support of its continuous endeavor to digitize its operations and eventually realize its benefits.

3.11.4 The Petitioner has also submitted that Rs. 4.56 Cr was incurred more in comparison to the approved R&M expenses during FY 2019-20 which was mainly on account of R&M towards IT Infrastructure. Accordingly, IT system expenses have been added as part of R&M Expenses which is necessary for upkeep and maintenance of IT systems. The Petitioner has requested the Commission to allow it as a special expense under R&M expense and consider the same during ensuing periods.

3.11.5 Accordingly, the Petitioner has requested the Commission to approve R&M expenses of Rs. 97.26 Cr as per actuals for FY 2020-21.

3.12 Interest & Finance Charges

3.12.1 The Petitioner has submitted that Interest & Finance Charges is the controllable parameter and shall be true-up at the end of MYT control period FY 2019-20 to FY 2023-24. Accordingly, it has only submitted true-up of Interest & Finance charge to the extent of working capital & Consumer security deposit and has requested the Commission to true-up the long-term loan at the end of the control period.

3.12.2 The working capital requirement calculated by the Petitioner for FY 2019-20 is as below:

Table 47: Petitioner Submission- Working Capital Requirement for FY20 (Rs. Cr.)

Particulars	Approved in MYT Order	Provisional True Up	Actual
O&M expenses for 1 month	153.40	153.4	156.64
Receivables equivalent to 2 months average billing	826.34	855.68	854.56
Maintenance Spares*	13.00	11.20	12.35
Less: one month power purchase	393.06	288.95	288.94
Less: Consumer Security Deposit	252.37	415.54	415.37
Total Working Capital	**347.31**	**315.08**	**319.23**
Rate of Interest on Working Capital	11.15%	10.75%	10.75%
Interest on Working Capital	**38.72**	**33.95**	**34.32**

3.12.3 Accordingly, the Petitioner has requested the Commission to approve interest on working capital to Rs 34.48 Cr for FY 2019-20.

3.13 Interest on Consumer Security Deposit

3.13.1 The Petitioner has submitted that the opening, closing, addition and interest on security deposits as per provisional accounts.

3.13.2 The interest on Consumer Security Deposit calculated by the Petitioner for FY 2019-20 is as below:

Table 48: Petitioner Submission- Interest and Finance Charges for FY20 (Rs. Cr.)

Particular	Approved in MYT Order	Provisional True Up	Actual
Opening			394.37
Addition			21.00
Closing			415.37
Interest on Consumer security deposit	**24.68**	**16.47**	**15.95**

3.13.3 The actual interest expenses submitted by the Petitioner for FY 2019-20 are as below:

Table 49: Petitioner Submission- Interest and Finance Charges for FY20 (Rs. Cr.)

Particulars	Approved in MYT Order	Provisional True Up	Actual
Interest on Long term loan	131.26	131.26	131.26
Interest on Working Capital	38.72	33.95	34.32
Interest on Consumer Security Deposit	24.68	16.47	15.95
Total Interest & Finance Charges	**194.66**	**181.68**	**181.53**

3.14 Other Controllable Parameters

3.14.1 The depreciation and return on equity claimed by the Petitioner for FY 2019-20 are summarized in the table below. The relevant Regulation 11(1) (b) is quoted below:

"(ii) at the end of the Control Period –
I. the Commission shall review actual capital investment vis-à-vis approved capital investment.
II. 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."

Table 50: Petitioner Submission- Depreciation and Return on Equity for FY20 (Rs. Cr.)

Particulars	Approved in MYT Order	Amount
Depreciation	127.29	127.29
Return on Equity	42.88	42.88

3.15 Non-Tariff Income and other income

3.15.1 The Petitioner has submitted that in the provisional true up of FY 2019-20 vide Order dated 31.5.2021, the Commission had considered entire non-tariff income as part of distribution licensee as the generation tariff is determined plant wise without considering any non-tariff income. Accordingly, the Petitioner has considered the Non-Tariff income and other income for the whole business.

3.15.2 Further, it is submitted that the amount booked under Accounting Head "Income from advance/loan from BVPCL" (A/C 62.234) of Rs. 34.57 Cr is a notional income booked in accounts and no actual amount is received by HPSEBL. Since, provisions are not considered in the expenses in the ARR, the Commission is requested to not consider the provisions under income head as well.

3.15.3 Further, the Petitioner has submitted that it has not considered the delayed payment surcharge of Rs. 80.02 Cr from Consumers in non-tariff income. Further, HPSEBL is not claiming expenses on capitalization of works carried out through Consumer contribution, deposit works, grant and capital subsidy as per HPERC Tariff Regulations. Therefore, Amortization of Grants aggregating to Rs. 89.36 Cr have not been considered.

3.15.4 The detail of non-tariff income submitted by the Petitioner for true-up for FY 2019-20 is summarized in the table below.

Table 51: Petitioner Submission- Non-Tariff Income for FY20 (Rs. Cr.)

Particulars	Approved in MYT Order	Provisional True Up	Actual
Meter Rent/Service Line Rentals			47.34
Recovery for theft of Power / Malpractices			0.16
Wheeling Charges Recovery			52.60
O&M Charges Recovery			7.39
Peak Load Violation Charges			-
Miscellaneous Charges from Consumers			4.67
Non-Tariff Income - Total			**112.16**
Other Income			
Interest on Staff loans & Advances			0.21
Income from Investments			2.46
Interest on Loans & Advances to Licensees			-
Delayed Payment Charges from Consumers			80.02
Delayed Payment Charges from PGCIL			-
Interest on Advances to Suppliers / Contractors			-
Interest from Banks (other than on Fixed Deposits)			1.53
Income from Trading			10.87
Other Misc. Receipt trading			-

Particulars	Approved in MYT Order	Provisional True Up	Actual
Income fee collected against Staff Welfare Activities			0.08
Miscellaneous Receipts			75.81
Amortization of Govt. grants			89.36
Subsidies against loss on account of flood			20.00
Prior Income			-
Other Income - Total			**280.34**
Total Non-Tariff Income & Other Income			**392.49**
Less: Income items not considered			
Delayed payment charges from Consumers			80.02
Amortization of Govt. grants			89.36
Net Non-Tariff Income & other income considered	**116.19**	**216.01**	**223.12**

3.16 Past Period Cost

3.16.1 The Commission had approved the following amounts towards MYT Order dated 29.6.2019 to be adjusted within the ARR of FY 2019-20. The Petitioner has considered the following amounts under past period cost / adjustment in the ARR.

- True-up Revenue Gap for FY 2017 –The Commission had approved an amount of Rs. 18.12 Cr as Revenue Gap towards impact of True Up of FY 2016-17 in MYT Order dated 29.6.2019. The Petitioner has considered the amount under past period cost / adjustment in the ARR.
- Impact of Order on Petition No. 25/2018 -The Commission had approved an amount of Rs. 49.21 Cr towards impact of Order in Petition No. 25/2018 in MYT Order dated 29.6.2019. The Petitioner has considered the amount under past period cost / adjustment in the ARR.
- Provision towards impact of generation petition -The Commission had approved an amount of Rs. 50 Cr towards impact of generation petition in MYT Order dated 29.6.2019. The Petitioner has considered the amount under past period cost / adjustment in the ARR.
- Provision towards impact of 7th Pay Commission – The Commission had approved an amount of Rs. 50 Cr towards 7th Pay Commission. Since, the 7th Pay Commission had not materialized during the year, the Petitioner has not considered the amount under past period cost / adjustment in the ARR.

3.17 Annual Revenue Requirement

3.17.1 Based on the above submissions, the actual Annual Revenue Requirement (ARR) for True-up of FY 2019-20 after adjustment of past years which the Commission had included in the approved ARR of FY 2019-20 is given in table below:

Table 52: Annual Revenue Requirement for FY20 (Rs Cr)

SI.	Particulars	ARR Approved in MYT Order	Provisional True Up	True-Up
A	**Power Purchase Expenses for Supply in the State (a+b+c+d)**	**3,028.47**	**3,433.12**	**3,433.19**

SI.	Particulars	ARR Approved in MYT Order	Provisional True Up	True-Up
a	Cost of electricity purchase including own generation	2,653.02	3,037.23	3,037.23
b	Interstate charges (i+ii)			
i	PGCIL Charges	290.56	346.80	346.80
ii	STOA Charges	70.01	64.46	64.46
c	Intra-state charges (i+ii+iii)			
i	HPPTCL Charges	9.76	12.74	12.74
ii	SLDC Charges	5.12	4.01	4.01
iii	Other Charges (System/Marketing, reactive power, UI (malana), Trading Margin, NLDC)	-	2.10	2.10
d	Penalty for under-achievement of T&D loss	-	-34.22	-34.15
B	**Operation & Maintenance Costs (i+ii+iii)**	**1,840.84**	**1,840.84**	**1,875.72**
i	Employee Cost	1,698.22	1,698.22	1,732.53
ii	R&M Cost	92.70	92.70	97.26
iii	A&G Cost	49.91	49.91	45.93
C	**Interest & Financing Charges (i+ii+iii)**	**194.66**	**181.67**	**181.53**
i	Interest on Long term loan	131.26	131.26	131.26
ii	Interest on Working Capital	38.72	33.95	34.32
iii	Interest on Consumer Security Deposit	24.68	16.47	15.95
D	Depreciation	127.29	127.29	127.29
E	Return on Equity	42.88	42.88	42.88
F	Miscellaneous written off	-		0.02
G	*Less:* Non-Tariff & Other Income	116.19	216.01	223.12
H	**Aggregate Revenue Requirement (ARR) (A+B+C+D+E+F-G)**	**5,117.95**	**5,409.78**	**5,441.50**
I	**Add: Past period Cost (i+ii+iii+iv)**	**167.33**	**117.33**	**117.33**
i	True-up Revenue Gap for FY17	18.12	18.12	18.12
ii	Impact of Order on Petition No. 25/2018	49.21	49.21	49.21
iii	Provision towards impact of generation petition	50.00	50.00	50.00
iv	Provision towards impact of 7th Pay Commission	50.00	-	-
	Total ARR including adjustments (H+I)	**5,285.28**	**5,527.11**	**5,558.83**

3.18 Revenue Gap

3.18.1 The details of Revenue Gap submitted by the Petitioner for true up of FY 2019-20 is summarized in the table below.

Table 53: Petitioner Submission- Revenue Gap for FY20 (Rs. Cr.)

Particulars	ARR Approved in MYT Order	Provisional True Up	True-Up
Total ARR including adjustments	**5,285.28**	**5,527.11**	**5,558.83**
(i) Revenue at existing tariff	4,978.52	5,134.10	5,127.35
(ii) Revenue from sale outside state	308.80	473.78	474.40
Total Revenue	**5,287.32**	**5,607.88**	**5,601.75**
Revenue Surplus	**2.03**	**80.77**	**42.92**

3.18.2 The Petitioner has requested the Commission to approve Revenue Gap of Rs.

42.92 Cr for FY 2019-20.

3.19 Carrying Cost

3.19.1 The Petitioner has requested for approval of the revenue gap along with carrying cost as per the provisions of clause (2) of Regulations 11 as amended by HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) (Second Amendment) Regulations, 2013

3.19.2 As per the Regulation 11(2), carrying cost is to be provided as below:

"The distribution licensee, for the approved true-up of any year over and above that approved in the Tariff Order for that year, shall be entitled to a carrying cost at one (1) Year weighted average State Bank of India (SBI) MCLR / any replacement thereof as notified by RBI for the time being in effect applicable for one (1) Year period of the relevant Year 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"

3.19.3 Accordingly, the Petitioner has estimated the carrying cost based on the opening and closing amount of revenue gap. The computation of carrying cost, are summarized in the following table:

Table 54: Petitioner Submission- Carrying Cost for FY20 (Rs. Cr.)

Particulars	FY20	FY21
Opening balance	-	45.32
Surplus /(Gap) on account of truing-up of uncontrollable parameters for FY 2019-20	42.92	-
Closing balance	42.92	45.32
Interest Rate for Carrying Cost	11.16%	10.07%
Carrying Cost	2.39	4.56
Total Gap including Carrying Cost	**45.32**	**49.88**

4 SUMMARY OF THE TRUE-UP PETITION FOR FY 2021

4.1 Background

4.1.1 The Petitioner has requested Commission to true-up the expenditure and revenue for FY 2020-21 based on the final audited accounts. The component wise submission made by the Petitioner is provided in the subsequent sections.

4.2 Energy Sales, Consumers and Connected Load

4.2.1 The Petitioner has submitted the actual Vs approved sales category-wise along with Consumer and connected loads for FY 2020-21 as depicted in the following tables:

Table 55: Petitioner Submission- Energy Sales for FY21 (MU)

Category	Approved in 1st APR Order	Actual
Industrial Power Supply	**4825**	**4769.45**
Domestic	2288	2356.54
Govt. Irrigation & Water Pumping	577	602.92
Irrigation & Agriculture	64	72.64
Commercial	544	518.42
Bulk Supply	155	133.31
Non-Domestic Non-Commercial	163	124.65
Public Lighting	10	10.48
Temporary	38	46.90
Total Sales	**8663**	**8635.31**

Table 56: Petitioner Submission- Category wise Consumers for FY21

Category	Approved in MYT Order (ending March'21)	Actual
Industrial Power Supply	**34,942**	**34,278**
Domestic	22,05,466	21,51,303
Govt. Irrigation & Water Pumping	7,900	7,756
Irrigation & Agriculture	39,545	36,064
Commercial	2,99,493	2,95,072
Bulk Supply	279	321
Non-Domestic Non-Commercial	32,497	30,736
Public Lighting	1,156	1,172
Temporary	9,037	17,659
Total Consumers	**26,30,315**	**25,74,361**

Table 57: Petitioner Submission- Connected Load for FY21 (MW)

Category	Approved in MYT Order (ending March'21)	Actual
Industrial Power Supply	**2,025**	**1,914**
Domestic	4,305	4,054
Govt. Irrigation & Water Pumping	363	349
Irrigation & Agriculture	251	206
Commercial	885	846
Bulk Supply	133	136
Non-Domestic Non-Commercial	248	231
Public Lighting	6	6
Temporary	40	92
Total Connected Load	**8,256**	**7,834**

4.2.2 The Petitioner has requested the Commission to approve the sales, Consumers, and connected load as per the actuals for FY 2020-21.

4.3 Revenue from Sale of Power

4.3.1 The Petitioner has submitted that the actual revenue from sale of power within state for FY 2020-21 is given in the table below:

Table 58: Category-wise Revenue from Sale of Power for FY21 (Rs Cr)

Category	Approved in 1st APR Order	Actual
Small industries	75.80	50.66
Medium industries	37.10	58.42
Large industries	2,619.10	2,596.78
Domestic	1,148.30	1,164.37
Govt. Irrigation & Water Pumping	373.90	462.78
Irrigation & Agriculture		34.67
Commercial	325.20	347.30
Bulk Supply	92.80	100.99
Non-Domestic Non-Commercial	93.60	102.58
Public Lighting	5.30	7.01
Temporary	33.50	43.61
Total Revenue from sales	**4,804.60**	**4,969.18**

**Approved revenue for Irrigation and Drinking Water amounting to Rs. 373.90 Cr includes the recovery from IPH, whereas the actual revenue from Agriculture & Irrigation and revenue from IPH are shown as separate line items.*

4.3.2 The Petitioner has submitted that the actual revenue from sale of power of large industries includes receipt from open access charges i.e., Cross Subsidy Surcharge and Additional Surcharge.

4.3.3 In the 1st APR of 4th MYT Control period, the Commission had approved revenue from sale of power outside the state of Rs 435 Cr against which the actual revenue is Rs 766.36 Cr. Banking being a cashless transaction, notional cost of the banked power considered in the provisional accounts has been excluded from the revenue from sale of power outside the state. Accordingly, the actual revenue from sale of power outside the state during FY 2020-21 considered for true-up is given in the table below:

Table 59: Revenue from Sale of Power outside State for FY21 (Rs. Cr)

Particulars	Approved		Actual	
	Sales	Revenue	Sales	Revenue
	MUs	Rs. Cr	MUs	Rs. Cr
Contingency sale				
IEX Sale	-	-	830.80	209.77
PXIL Sale	-	-	4.07	1.17
UI Sale[1]	-	-	76.43	7.37
Sub-total Contingency sale	**200**	**60**	**911.30**	**218.31**
RE Sale	-	-		
PTC (BRPL)	-	-	251.45	198.04
PTC (PSPCL)	-	-	188.64	
TPTCL (BYPL)	-	-	60.32	27.87
MPL (ED Goa)	-	-	215.80	100.24
KIEPL (TPDDL- May-Oct)	-	-	225.91	184.45
KIEPL (TPDDL- June-July)	-	-	146.36	
GMRETL (DIAL)	-	-	61.42	29.67
Sub-total RE sale[2]	**1251**	**375**	**1149.91**	**540.27**
Others (Reactive power, HVPNL, GoHP and other receipts)[3]	-	-	-	7.79
Total Revenue from sale of power outside state	**1451.00**	**435.00**	**2061.21**	**766.36**

1. Total amount of Rs. 11.85 Cr is booked under Accounting Head "HPLDC Reactive", of which Rs. 7.37 Cr corresponds to UI sale (as submitted in Form 4a) and the remaining amount corresponds to HPLDC Reactive power sale.

2. The revenue from RE sale to other states as per Form 4a is Rs. 540.20 Cr whereas the total amount as per accounts is Rs. 540.27 Cr. The difference of Rs. 0.07 Cr is on account of miscellaneous receipts booked in the Accounting Head "Power Trading Corp. of India" (Accounting Code-61.114).

3. Others include receipts from Reactive State Pool Account of Rs. 4.48 Cr booked under Accounting Head "HPLDC Reactive", Reactive Receipts (Bilateral) of Rs. 1.05 Cr booked under Accounting Head "HVPNL" and Rs. 0.54 Cr booked under Accounting Head "UPCL", Misc Receipts from GoHP of Rs. 0.11 Cr booked under Accounting Head "" GoHP" and Open Access refunds/ receipts amounting to Rs. 1.61 (booked under Accounting Heads-"BYPL", "BRPL" and "PSPCL").

4.3.4 The Petitioner has requested the Commission to approve the total revenue from sale of power outside state as per the actual values.

4.4 Power Purchase Cost

4.4.1 The Petitioner has submitted that power purchase expenses have been computed in line with methodology adopted by the Commission. Accordingly, cost of banking has not been considered under power purchase expenses by the Petitioner. Detailed approach undertaken by the Petitioner is mentioned below:

- Power purchase expenses are considered as per the actual bills received from the generating companies. Therefore, the expenses also include the payment towards arrears of power purchased during the past years and rebate on account of COVID-19 from CPSUs.
- The CERC has revised the Tariff of various Central Generating Stations and accordingly, the arrears amount has also been considered for such stations.
- For computing the cost incurred due to purchase of power from own generating stations during FY 2020-21, the approved annual fixed charge

and energy charge of FY 2018-19 for each generating station as per MYT tariff order for generation business dated 10th June 2014 is considered.

- HPSEBL had purchased 681.33 MUs of short-term power from trader at the rate of Rs. 3.31 per unit. During H1 of FY 2020-21, there was less demand of power from other states due to COVID-19 pandemic, and therefore, HPSBEL had not entered into banking agreements. Whereas, in H2 of FY 2020-21, there was increase in demand of power across the country due to lift in lockdown restrictions and shift in demand pattern. The Petitioner requests that the above purchase shall not be qualified as short-term power purchase since it was a substitute for banking arrangement.
- Due to increase in demand in the State and change in demand pattern, the Petitioner had requested entitlement from GoHP and purchased free power from NJPHS, Chamera-I, II & III, Bairasuil, Koldam and Rampur during the months of January-2021 to March-2021.

4.4.2 The Petitioner submits that the actual power purchase quantum and cost from own generating stations are taken as approved by the Commission in previous Orders and as computed by the Petitioner is shown in following table:

Table 60: Petitioner Submission- Summary of Power Purchase from all Generating Stations in FY21

Station	Approved in 1st APR Order		Actual			
	Ex-Bus	Total Cost	Ex-Bus	Amount	Arrears	Total Cost
	MUs	Rs Cr	MUs	Rs. Cr.	Rs. Cr.	Rs. Cr.
Own Generation						
Bhaba	459.12	37.94	471.84	36.28	-	36.28
Bassi	344.40	28.70	303.72	25.37	-	25.37
Giri	287.52	27.59	164.09	20.39	-	20.39
Andhra	86.43	12.99	62.58	10.56	-	10.56
Ghanvi	81.15	18.26	78.54	17.67	-	17.67
Ghanvi II	45.45	10.23	36.85	8.29	-	8.29
Baner	52.86	11.74	39.23	9.65	-	9.65
Gaj	33.38	12.25	42.54	12.60	-	12.60
Larji	510.20	121.17	541.32	117.73	-	117.73
Khauli	43.65	9.82	42.25	9.51	-	9.51
Binwa	29.05	7.08	26.95	6.43	-	6.43
Thirot	17.58	3.96	1.86	0.42	-	0.42
Gumma	11.71	2.64	0.89	0.20	-	0.20
Holi	11.71	2.64	2.79	0.63	-	0.63
Bhaba Aug	17.58	3.96	9.54	2.15	-	2.15
Nogli	9.75	3.84	5.06	2.75	-	2.75
Rongtong	7.56	2.73	0.32	1.34	-	1.34
Sal-II	7.79	1.75	-	-	-	-
Chaba	7.59	2.25	4.77	1.73	-	1.73
Rukti	6.47	1.10	3.83	0.83	-	0.83
Chamba	1.75	0.43	1.33	0.36	-	0.36
Killar	1.15	0.26	-	-	-	-
Uhl HEP	308.36	138.76	-	-	-	-
Own Generation-Total	**2,382.21**	**462.09**	**1,840.33**	**284.89**		**284.89**

Station	Approved in 1st APR Order		Actual			
	Ex-Bus	Total Cost	Ex-Bus	Amount	Arrears	Total Cost
	MUs	Rs Cr	MUs	Rs. Cr.	Rs. Cr.	Rs. Cr.
NTPC						
Anta (G)	19.64	15.08	7.01	9.45	0.96	10.40
Anta (L)	-	-	-	-	-	-
Anta (LNG)	-	-	0.12	0.19	-	0.19
Auriya (G)	15.65	16.80	19.33	14.38	1.10	15.47
Auriya (L)	-	-	0.07	0.03	-	0.03
Auriya (LNG)	-	-	0.82	3.44	-	3.44
Dadri (G)	53.78	30.18	52.42	22.14	2.44	24.58
Dadri (L)	-	-	0.51	0.53	-	0.53
Dadri (LNG)	-	-	0.36	0.72	-	0.72
Unchahar-I	42.86	20.90	49.86	20.74	3.35	24.09
Unchahar-II	76.11	36.45	113.60	44.42	7.98	52.39
Unchahar-III	49.75	25.88	53.73	24.40	1.72	26.12
Unchahar-IV	7.11	3.69	7.93	3.63	0.78	4.41
Rihand-1 STPS	255.77	57.31	198.20	47.99	0.15	48.13
Rihand-2 STPS	248.61	52.19	236.14	50.30	-0.12	50.18
Rihand-3 STPS	26.53	5.54	205.65	63.66	-0.43	63.23
Kahalgaon – II	248.24	71.31	92.76	34.41	0.26	34.67
Singrauli STPS	145.04	48.77	42.92	8.04	2.60	10.64
Dadri-II TPS	10.53	6.21	10.70	5.63	6.58	12.21
Tanda TPS[1]	7.71	2.36	17.79	6.91	0.17	7.08
Koldam	472.86	228.86	470.62	245.49	-0.35	245.14
Singrauli Solar	20.87	16.44	21.35	16.81	-	16.81
Rebate - COVID -19 by NTPC	-	-	-	-8.50	-	-8.50
NTPC Total	**1,701.06**	**637.97**	**1,601.88**	**614.79**	**27.19**	**641.96**
NHPC						
Chamera I	67.36	12.78	61.45	12.94	0.38	13.31
Chamera II	53.65	10.44	22.17	5.86	0.30	6.16
Dhauliganga	37.81	9.06	40.34	10.88	1.77	12.65
Salal	32.94	6.49	33.93	8.46	1.19	9.65
Tanakpur	17.02	5.40	13.35	5.22	-0.04	5.17
Uri	73.19	11.26	77.85	16.58	2.76	19.33
Chamera III (GoHP RLDC)	-	-	0.28	0.03	-	0.03
Parbati III (GoHP RLDC)	-	-	-	0.04	0.02	0.05
Bairasuil (GoHP RLDC)	-	-	-	0.01	-	0.01
Rebate - COVID -19 by NHPC	-	-	-	-1.56	-	-1.56
NHPC Total	**281.97**	**55.43**	**249.35**	**58.45**	**6.37**	**64.81**
SJVNL						
Nathpa Jhakri SOR	168.92	37.38	166.26	40.47	-0.22	40.25
Nathpa Jhakri Equity	1,504.53	332.89	1,538.26	366.80	-0.35	366.44
Rampur SOR	53.71	22.63	48.43	25.02	-0.41	24.61
Rampur Equity	498.90	209.35	504.29	243.19	-0.05	243.14

Station	Approved in 1st APR Order		Actual			
	Ex-Bus	Total Cost	Ex-Bus	Amount	Arrears	Total Cost
	MUs	Rs Cr	MUs	Rs. Cr.	Rs. Cr.	Rs. Cr.
Rebate - COVID -19 by SJVNL	-	-	-	-17.14	-	-17.14
SJVNL Total	**2,226.06**	**602.25**	**2,257.25**	**658.34**	**-1.04**	**657.30**
NPCIL						
NAPP	97.63	31.34	93.60	28.25	-15.47	12.78
RAPP (V & VI)	100.75	40.81	104.76	40.37	-19.12	21.25
NPCIL Total	**198.38**	**72.15**	**198.36**	**68.63**	**-34.59**	**34.03**
Other CG & Shared Stations						
BBMB Projects						
BBMB Old	43.80	5.40	43.80	3.94	-	3.94
BBMB New	327.14	32.04	368.22	12.76	-	34.84
Dehar	180.27	17.29	166.50	18.78	-	15.85
Pong	46.22	2.38	50.93	3.29	-	2.00
Subtotal BBMB Project	**597.43**	**57.11**	**629.44**	**38.78**	**-**	**38.78**
PSPCL Projects						
Shanan (available to HPSEB) (1 MW)	5.26	0.21	5.26	0.31	2.35	2.66
Shanan Ext (available to HPSEB) (45 MU)	45.00	0.94	45.00	2.88	15.39	18.27
Bilateral with PSPCL on 11kV	-	-	-0.01	-	-	-
PSPCL Total	**50.26**	**1.15**	**50.25**	**3.19**	**17.74**	**20.92**
UJVNL Projects (Yamuna)						
Chibro (240MW)	-	-	204.56	23.23	2.89	26.11
Khodri (120MW)	-	-	93.60	12.86	1.32	14.18
Dhakrani (33.75MW)	-	-	37.80	7.14	0.53	7.68
Dhalipur (51MW)	-	-	43.29	8.98	0.61	9.59
Kulhal (30MW)	-	-	26.86	4.18	0.38	4.56
Yamuna Total	**387.83**	**53.72**	**406.10**	**56.38**	**5.73**	**62.11**
UPJVNL Project						
Khara	53.20	5.00	64.23	6.27	-0.23	6.04
Total Khara	53.20	5.00	64.23	**6.27**	-0.23	6.04
Other CG and Shared total	**1,088.72**	**116.98**	**1,150.03**	**104.62**	**23.24**	**127.86**
SECI						
SECI solar	43.36	25.59	42.71	25.52	-	25.52
SECI Total	**43.36**	**25.59**	**42.71**	**25.52**	**-**	**25.52**
Beradol Solar	-	-	8.29	3.57	-	3.57
HPPCL Total	**-**	**-**	**8.29**	**3.57**	**-**	**3.57**
JSW Energy						
Baspa - II – Primary	1,050.06	227.86	1,050.06	266.93	-4.00	262.93
Baspa - II – Primary	97.21	40.50	90.85	-	-	-
JSW Total	**1,147.27**	**268.36**	**1,140.91**	**266.93**	**-4.00**	**262.93**
Private SHPs/ Solar IPPs						
Small HEP/ Private Micro	1,344.84	377.18	1,370.30	393.00	-	393.00
Small HEP/ Private	222.81	55.48	307.67	76.57	-	76.57

Station	Approved in 1st APR Order		Actual			
	Ex-Bus	Total Cost	Ex-Bus	Amount	Arrears	Total Cost
	MUs	Rs Cr	MUs	Rs. Cr.	Rs. Cr.	Rs. Cr.
Micro -REC						
Solar IPPs	73.73	32.84	30.12	14.07	-	14.07
Private SHPs/ Solar IPPs Total	**1,641.38**	**465.50**	**1,708.09**	**483.64**	**-**	**483.64**
Free Power						
Own generation						
Larji FP	69.57	17.39	73.16	18.29	-	18.29
Ghanvi FP	11.07	2.77	10.71	2.68	-	2.68
Baner FP	7.21	1.80	5.35	1.34	-	1.34
Gaj FP	4.55	1.14	5.80	1.45	-	1.45
Khauli FP	5.95	1.49	5.76	1.44	-	1.44
Ghanvi II FP	6.20	1.55	5.03	1.26	-	1.26
Uhl HEP FP	47.30	11.83	-	-	-	-
Small HEP/ Private Micro – FP						
Interstate						
Baira Siul FP	-	-	6.74	1.68	-	1.68
Chamera-I FP	-	-	16.24	4.06	-	4.06
Chamera-II FP	-	-	10.45	2.61	-	2.61
Chamera-III FP	-	-	6.55	1.64	-	1.64
Parbati-III FP	-	-	1.90	0.47	-	0.47
Koldam FP	-	-	22.59	5.65	-	5.65
Nathpa Jhakri FP	-	-	55.49	13.87	-	13.87
Rampur FP			17.16	4.29	-	4.29
Shanan FP	2.63	0.66	2.63	0.66	-	0.66
Ranjeet Sagar Dam FP	66.24	16.56	70.25	17.56	0.21	17.78
Malana FP	67.36	16.84	66.67	16.67	-	16.67
Baspa FP	154.86	38.71	155.58	38.89	-	38.89
Kasang FP	22.81	5.70	1.63	0.33	-0.08	0.33
Chanju FP	17.54	4.39	21.08	5.55	0.28	5.55
Free Power Total[2]	**603.82**	**150.96**	**680.95**	**169.95**	**0.42**	**170.37**
Other Sources						
UI Purchase[3]	-	-	174.35	81.78	2.11	83.89
Contingency purchase (IEX)	-	-	512.51	162.94	-	162.94
Contingency purchase (PXIL)	-	-	36.16	14.58	-	14.58
Sub-total (UI/IEX/PXIL)	**-**	**-**	**723.02**	**259.31**	**2.11**	**261.41**
Short term Purchase (from traders)						
NVVN (Oct-Dec)	-	-	153.89	49.72	-	49.72
NVVN (Dec-Mar)	-	-	38.54	10.60	-	10.60
TPTCL	-	-	133.59	36.63	-	36.63
MPL	-	-	36.71	11.93	-	11.93
AEL	-	-	318.59	103.19	-	103.19
Sub-total (Short term traders)	**-**	**-**	**681.33**	**212.07**	**-**	**212.07**

Station	Approved in 1st APR Order		Actual			
	Ex-Bus	Total Cost	Ex-Bus	Amount	Arrears	Total Cost
	MUs	Rs Cr	MUs	Rs. Cr.	Rs. Cr.	Rs. Cr.
Other Sources Total	**-**	**-**	**1,404.34**	**471.37**	**2.11**	**473.48**
Banking Purchase						
Total Banking Purchase[4]	-	-	1,474.29	-		
Banking Purchase Total	-	-	**1,474.29**	-	-	-
Co-Gen						
Waste to Energy (WtE)	24.53	19.38	-	-	-	-
Co-Gen Total	**24.53**	**19.38**	**-**	**-**	**-**	**-**
Grand Total (excluding Banking)	**11,338.76**	**2,876.66**	**12,282.50**	**3,210.70**	**19.69**	**3,230.38**
Grand Total (including Banking)	**-**	**-**	**13,756.79**	**3,210.70**	**19.69**	**3,230.38**

4.4.3 Further the Petitioner submits that the annual Fixed Charges as computed by HPERC in Provisional True Up Order dated 31.5.2020 is 331.04 Cr and the same has been considered for True Up as well.

4.4.4 The Petitioner has submitted that the actual power purchase cost for FY 2020-21 is given in the table below:

Table 61: Petitioner Submission- Summary of Power Purchase cost from all Generating Stations in FY21

Project	Approved in 1st APR Order		Actual	
	MUs	Rs Cr	MUs	Rs Cr
HPSEBL Own Generation	2,134.23	342.64	2121.80	331.04
NTPC	1,722.95	646.25	1843.40	746.13
NHPC	288.75	55.59	305.52	73.61
SJVNL & Others (THDC)	2,305.79	553.51	2391.71	620.66
Nuclear	199.73	72.59	220.33	86.51
BBMB and shared stations	1,093.66	113.75	1257.97	102.24
IPP and others	2,686.58	639.57	2916.89	686.81
GoHP Free Power	592.94	151.80	627.73	161.39
Solar	119.64	58.00	73.25	40.02
Waste to Energy (WtE)	24.53	19.38	-	-
Other Sources	**-**	**-**	**2473.00**	**188.81**
i. UI	-	-	146.45	101.46
ii. Banking Purchase	-	-	2053.40	-
iii. Contingency (IEX/ PXIL)	-	-	273.15	87.35
Total	**11,168.80**	**2,653.08**	**14231.60**	**3037.23**

5.4.5 Further, the Petitioner has submitted that the share of short-term power purchase from IEX/PXIL has increased in FY 2020-21 especially in H2 of FY 2020-21 due to following reasons:

- There was an increase in sales demand in the state during H2 of FY 2020-21 due to increase in winter demand because of upliftment of lockdown.
- The power availability from Hydro stations were lesser due to dry spell

throughout the State. This is evident from the fact that the actual availability of generation was lesser as compared to approved quantum from Hydro Generators. Further, UHL power station from which the Commission has approved 308.36 MUs has not been commissioned due to which the shortage was further aggravated.

- Further the actual availability of own generating stations was 1,840.33 MUs, whereas the approved quantum of power from own generating stations (after deducting approved UHL generation) is 2073.85 MUs.

4.5 Transmission and Other Charges

4.5.1 The Petitioner has submitted that during FY 2020-21 it has paid PGCIL charges, HPPTCL charges, SLDC charges, STOA charges, etc. to the tune of Rs. 430.11 Cr. Few of the consideration made by the Petitioner is summarized below:

- For the purpose of truing up, the provisioning of Rs. 2.22 Cr for LADF (DoE) in FY 2020-21 has been excluded.

4.5.2 The details of transmission charges claimed by the Petitioner is mentioned below:

Table 62: Petitioner Submission- Summary of Transmission & SLDC Charges in FY21 (Rs. Cr)

Particulars	Approved in MYT Order	Total
PGCIL#	254.20	338.84
HPPTCL	15.12	40.14
SLDC Charges	7.82	4.16
STOA Charges*	55.16	36.96
Sub-total- Transmission charges	**332.30**	**420.10**
Trading Margin*	-	4.16
NRLDC	-	0.31
Reactive charge*#	-	2.18
ULDC Charges#*	-	0.09
Miscellaneous Charges##	-	0.28
Sub-total- Other charges	**-**	**7.01**
Grand Total	**332.30**	**427.11**

#The amount of Rs. 338.84 Cr towards PGCIL charges is claimed after netting off wheeling charges recovered from GoHP towards M/s PTC Ltd.

** The detailed reconciliation for STOA charges and trading margin is submitted*

**# Reactive charges of Rs. 2.18 Cr claimed includes state reactive pool charges of Rs. 2.15 Cr paid to HPSLDC (booked under Accounting Code 70.130) and Rs. 0.03 Cr of Bilateral reactive charges paid to HVPN (booked under Accounting Code 70.102).*

ULDC charges are paid to PGCIL through SLDC of which Rs. 0.06 Cr is booked under Accounting Code 70.130 and Rs. 0.03 Cr is booked under Accounting Head "HPLDC".*

Miscellaneous Charges of Rs. 0.28 Cr includes following: -

a. *RM&U charges paid to BBMB amounting to Rs. 0.39 Cr. Total amount paid to BBMB booked under Accounting Head 70.106 is Rs. 39.17 Crore, out of which Rs. 38.78 Crore is towards power purchase and remaining amount of Rs. 0.39 crore is claimed under Miscellaneous Charges.*
b. *Rs. 0.0021 Cr paid for charges towards Operation Nahan Circle (booked under Accounting Head "Operation circle Nahan".*
c. *Receipt of Rs. 0.11 Cr from SLDC towards 20% of ULDC charges (booked under Accounting Head "HPLDC")*

4.5.3 The total power purchase cost for FY 2020-21 submitted by the Petitioner is summarized in the table below:

Table 63: Petitioner Submission- Summary of Power Purchase Cost in FY21 (Rs. Cr)

Particulars	Amount
Power Purchase Cost (Interstate) (Excluding Cost of Own Generation)	2,945.48
PGCIL	338.84
HPPTCL	40.14
SLDC Charges	4.16
STOA charges	36.96
Other Charges (System/Marketing operation charges, NRLDC)	7.01
Power Purchase Cost (including transmission & other charges)	**3,372.59**
Add: Own Generation	284.89
Total Power Purchase Cost (including Own Generation)	**3,657.49**

4.5.4 HPSEBL has requested the Commission to approve power purchase cost of Rs. 3,657.49 Cr for True-Up of FY 2020-21.

4.5.5 The Petitioner has submitted that it has also reconciled the power purchase cost (excluding own generation) with the audited accounts. It has submitted that banking being a cashless transaction, notional cost of the banking power purchase considered in the accounts has been excluded from the total power purchase cost. The Petitioner has provided the following reconciliation of power purchase cost:

Table 64: Petitioner Submission- Reconciliation of Power Purchase Cost with Audited Accounts for FY21 (Rs Cr.)

Particulars	As per Accounts	Submitted
Power Purchase Cost	4,094.11	-
Less: LADF DoE	2.22	-
Power Purchase Cost (including transmission & other charges)	**4,091.90**	**3372.59**
Less: Banking power purchase	719.30	-
Power Purchase Cost	**3,372.59**	**3,372.59**

4.6 Transmission and Distribution Loss

4.6.1 The Commission had approved T&D loss level at 10.10% for FY 2020-21 in the MYT Order for 4th MYT Control Period with 0.20% reduction each year for the remaining year(s) of the 4th Control Period. The Petitioner in the current MTR Petition for 4th Control Period had proposed for a revised T&D loss target in which, the Petitioner has requested the Commission to reinstate the loss level. Based on the actual sales & power purchase quantum HPSEBL has achieved T&D loss level of 13.95% during FY 2020-21

Table 65: Petitioner Submission- Transmission and Distribution loss (Rs Cr.)

Particulars	Approved in MYT Order	Actual
T&D loss	10.10%	13.95%

4.6.2 The methodology adopted by the Petitioner to calculate T&D loss is given below:

T&D loss (%) = {1-(energy sale within the state) / (total energy available-interstate sale)} X 100

4.6.3 The detailed computation of T&D loss along with Energy Balance is depicted in table below:

4.7 Energy Balance

4.7.1 The Petitioner has submitted that it has revised the Energy Balance based on actual power purchase & sales as shown in table below:

Table 66: Petitioner Submission- Energy Balance for FY21 (MU)

Particulars	FY21
Units Procured from Interstate- Generating Stations (including GoHP power stations connected to ISTS)	7,095.45
Banking Purchase at ISTS	1,474.29
Interstate Transmission Loss (%)	3.39%
Transmission Loss (MUs)	273.17
Net Energy Available at Periphery	**8,279.02**
Power Available within the state	3,782.70
(i) State Generating Stations	1,840.33
(ii) GoHP Power (own generation & IPPs)	225.99
(iii) IPPs	1,716.38
Power from Other Sources at HP Periphery	1,386.80
(i) UI Power	174.35
(ii) IEX/PXIL	531.13
(iii) Short term power	681.33
Total Energy Available at HP periphery	**13,466.07**
Energy Sales Within the state	8,635.31
Inter-State Sale of Power	3,431.31
(i) Sale of Power (including UI & IEX)	911.30
(ii) Banking	1,370.10
(iii) RE Sale	1,149.91
Total Energy Available for sale within the state	**12,066.62**
T&D loss (in MUs) (h-k)	1,399.45
Total Energy available for Sale (k+l)	**13,466.07**
T&D loss (%)	**13.95%**

4.8 Penalty for under-achievement of T&D Loss

4.8.1 The Petitioner submitted that it has been able to achieve an overall T&D loss level of 13.95% for FY 2021 against the approved target of 10.10% for FY 2021 MYT Order of 4th MYT Control Period.

4.8.2 The Petitioner has submitted the loss resulting from the under-achievement of T&D loss for FY 2021 as shown in the table below:

Table 67: Petitioner Submission- loss on account of under-achievement of T&D Loss for FY21 (MUs)

Particulars	FY21
Energy Sales within state (MU)	8,635.31
T&D Losses (%)	10.10%
Power Purchase requirement to meet state requirement (MU)	**9,605.46**
Inter-State Sale (MU)	**3,431.31**

Particulars	FY21
(i) Banking Arrangement (MU)	1,370.10
(ii) Sale Outside the state (MU)	2,061.21
Total Power Purchase Quantum approved at State Periphery (MU)	13,036.77
Actual Power Purchase Quantum at State Periphery (MU)	13,466.07
No. of units lost (MU)	**-429.30**

4.8.3 The Petitioner has mentioned that it has incurred 429.30 MUs of loss and has computed the penalty for under-achievement of T&D loss as detailed in table below:

Table 68: Petitioner Submission-Penalty for under-achievement of T&D Loss for FY21 (Rs Cr.)

Particulars	Unit	Amount
No. of Units	**MU**	**-429.30**
Cost of Power for over-achievement		
Cost of Power Purchase from Other than own resource	Rs Cr	2,925.79
Power purchased from other than own sources	MU	10,442.17
Less: PGCIL losses	MU	290.72
Net Power Purchase	MU	10,151.45
Cost of Power Purchase from Other than own sources	Rs/kWh	**2.88**
Total Penalty	Rs Cr	-123.73
HPSEBL's Share	%	60%
HPSEBL's Penalty on account of T&D loss underachievement	**Rs Cr**	**-74.24**

4.8.4 Accordingly, the Petitioner has submitted that the total power purchase cost (excluding own generation, transmission charges & other charges) is Rs. 2,925.79 Cr and the total power purchase quantum at State periphery (excluding own generation and banking) is 10,151.45 MUs. The average cost of power purchased at State periphery is Rs. 2.88/kWh.

4.8.5 The Petitioner has requested relaxation from achievement of T&D loss target in FY 2020-21 for following reasons experienced by the Petitioner due to Covid induced nationwide lockdown:

- Energy sales of HPSEBL at HT and EHT level reduced whereas the sales at LT level increased, which resulted into higher T&D Losses. The percentage change in HT and LT sales in FY 2019-20 and FY 2020-21 is submitted as follows

Table 69: Percentage change in HT and LT sales in FY20 & FY21

Category	FY19-20 (MUs)	FY20-21 (MUs)	% change
Domestic	2194	2357	7.50%
Percentage increase in the sales at LT Level			**7.50%**
Industrial	5323	4769	-10.40%
Commercial	623	518	-16.79%
Percentage decrease in the sales at HT and EHT Level			**-11.07%**

- From the above table, it is evident that sales at LT level increased by around 7.50%, whereas the sales at HT and EHT level decreased by around 11.07%. This has significantly impacted the T&D losses of HPSBEL. As per the HPERC Tariff Regulations, sales is un-controllable parameter and thus increase in T&D losses due to revision in the sales trajectory is not attributable to Licensee.

Accordingly, the Petitioner requests that T&D losses for FY 2020-21 as per actual may be considered for True Up.

- For FY 2020-21, HPSEBL has procured around 1800 MUs (approx.) power from various Small Hydro Power Projects (IPPs up to 25 MW) in the State. Under normal conditions, this power from Small Hydro IPPs is consumed locally, which helps HPSEBL in reducing the T&D losses. However, due to nationwide lockdown, the power requirement in these areas reduced drastically and hydro generation available from IPPs was to be wheeled for sale outside the State, which further added to T&D losses. The same can be further explained by comparing the T&D losses of Circles concentrated with high hydro generation from IPPs as follows

Table 70: Increase in T&D loss in circles concentrated with SHPs in FY21

Name Circle	T&D Loss for FY 20	T&D Loss for FY 21
Kullu	21.97%	24.13%
Dalhousie	20.68%	22.07%

- Due to nationwide lockdown on account of COVID-19 pandemic, execution of various CAPEX works envisaged for reduction in T&D losses has been delayed, which adversely affected the performance of HPSEBL, and T&D Loss targets could not be achieved.
- The Petitioner has requested the Commission to consider COVID-19 pandemic as force majeure condition, and accordingly the penalty on account of non-achievement of T&D loss targets may be relaxed and actual T&D losses of 13.95% achieved by HPSEBL may be considered for True UP of FY 2020-21.

4.8.5.1 The Petitioner submits Comparison of Circle wise losses along with reasoning –

Table 71: Comparison of Circle wise losses with reasons

Name of Circle	T&D Losses		Remarks
	FY 20	FY 21	
Shimla	9.71%	16.47%	Reduction of Sales in respect of Commercial Consumers from 91.98 MUs in FY 20 to 62.04 MUs in FY 21
Rampur	25.63%	19.41%	-
Rohru	42.99%	39.55%	-
Solan	5.28%	10.32%	Reduction of Industrial Sales from 3,285.92 MUs in FY 20 to 2,996.04 MUs in FY 21
Nahan	11.95%	11.40%	-
Hamirpur	18.12%	15.42%	-
Bilaspur	16.19%	16.66%	-
Mandi	21.98%	15.06%	-
Kullu	21.97%	24.13%	Due to hydro generation of IPPs, which was wheeled actually through the system for sale outside the State
Una	11.48%	13.21%	Reduction in Industrial sales from 445.53 MUs in FY 20 to 399.76 MUs in FY 21
Kangra	20.24%	17.97%	-
Dalhousie	20.68%	22.07%	Due to hydro generation of IPPs, which was wheeled actually through the system for sale outside the State

4.8.5.2 The Petitioner requests the commission to invoke "Power to remove difficulties" under Regulation 45 of HPERC Tariff Regulations, 2011 and waive off the penalty due to under-achievement of T&D loss target.

4.8.5.3 The Petitioner submits the approved total power purchase cost in Tariff Order for FY 2020-21 as compared with submission for the true-up of FY 2020-21 as summarized-

Table 72: Power Purchase Cost (including penalty) for FY21 (Rs Cr)

Particulars	Approved in 1st APR Order	Actual
Power Purchase Expenses (including Own Generation)	2,876.64	3,230.38
PGCIL Charges	254.20	338.84
HPPTCL Charges	15.12	40.14
STOA Charges	7.82	4.16
SLDC Charges	55.16	36.96
Other Cost (System/Marketing operation charges, UI (Malana), Nahan, Trading Margin, Reactive Power, NLDC)	-	7.01
Total Power Purchase	**3,208.94**	**3,657.49**
Less: Penalty on account of underachievement of T&D loss	-	-
Net Power Purchase Cost	**3,208.94**	**3,657.49**

4.8.6 The Petitioner requests to approve waive off the penalty for FY 2020-21 and approve the power purchase cost total amounting to Rs. 3,657.49 Cr

4.9 Employee Cost

4.9.1 The Petitioner has submitted that the total employee expenses amounting to Rs. 1,836.15 Cr is including provisions of Rs. 35.59 Cr booked in accounts.

4.9.2 Further, in regard to the disallowed "Return on GoHP Equity" of Rs. 47.50 Cr, "Pension Contribution of generation employees (tentative)" of Rs. 11.11 Cr and "Pension Contribution of BVPCL, Projects & S&I employees" of Rs. 4.26 Cr, the Petitioner has submitted the following:

- The Petitioner has considered the disallowance of amount of Rs. 47.50 Cr towards "Return on GoHP Equity as approved in the MYT order.
- It is submitted that the Commission had deducted the "Pension Contribution of generation employees" tentatively, whereas HPSEBL has been claiming the terminal benefits after deducting the terminal benefits attributed to generation business. Hence, the Petitioner has not considered disallowance of "Pension Contribution of generation employees (tentative)" of Rs. 11.11 Cr, as it shall lead to double accounting.
- Further, the Petitioner has submitted that the amount of Rs. 4.26 Cr attributed by the Commission towards "Pension Contribution of BVPCL, Projects and S&I employees" is incorrect as no amount is being paid by HPSEBL towards the above head.

4.9.3 The employee cost submitted by the Petitioner for the FY 2020-21 is summarized in the table below.

Table 73: Petitioner Submission- Employee Cost for FY21 (Rs. Cr.)

Particulars	Approved in 1st APR Order	Actual
Salaries & Allowances		
Salaries (Basic)		318.83
Grade pay		8.35
Dearness Allowance		367.28
Other Allowances		26.87
Overtime		3.92
Bonus		-
Salaries - Total		**725.25**
Other Staff Cost		
Medical Expense Reimbursement		5.68
Fee & Honorarium		-
Earned Leave Encashment		98.02
Salary/Wages of Outsourced/Contractor		50.15
Leave Salary Contribution		0.13
Payment under Workmen's Compensation		1.02
LTC		0.03
Staff Welfare Expenses		0.10
Other Staff Cost - Total		**155.13**
Total salary cost and other staff cost	**1,020.36**	**880.38**
Terminal Benefits		
Provident Fund Contribution		-
Superannuation Boards Contribution		1.50
Pension – Base		699.10
Pension-Commuted Value		67.79
Gratuity		142.25
Any other Items (MRC to pensioners, benevolent fund Ex-gratia and DLI)		17.60
Employee Contribution towards CPS		15.61
Terminal Benefits - Total	**896.67**	**943.85**
Gross Employee Cost	**1,917.03**	**1,824.23**
Less : Employee Cost Capitalisation	45.14	53.23
Less : Employee Attrition Impact		-
Total Employee Cost		**1,771.00**
Provisions		
Less Provision :- Terminal Benefits		35.59
Less Provision :- ADA		-
Less Provision :- 7th pay Commission		-
Total Provision Less :-		**35.59**
Less: Return on GoHP equity, Pension contribution on deputation, generation employees, BVPCL, Projects and S&I employees	62.87	51.76
Return on GoHP Equity approved for Generation and Distribution	47.50	47.50
Pension Contribution of generation employees (tentative)	11.11	-
Pension Contribution of BVPCL, Projects & S&I employees	4.26	-

Particulars	Approved in 1st APR Order	Actual
Net Employee Cost	**1,809.02**	**1687.91**

4.9.4 Accordingly, the Petitioner has requested the Commission to approve employee cost of Rs 1687.91.51 Cr.

4.10 Administrative & General Expenses

4.10.1 The Petitioner has submitted A&G expense is a controllable parameter and any surplus or deficit on account of actual A&G expense shall be to the account of the Petitioner. A&G expense submitted by the Petitioner for the FY 2020-21 is summarized in the table below.

Table 74: Petitioner Submission- Actual Vs Approved A&G Expense for FY21 (Rs. Cr.)

Particulars	Approved in 1st APR Order	Actual
Administration Charges		
Rent, Rates & Taxes		2.80
Statutory Dues		0.06
Telephone, Postage & Telegrams		2.62
Consultancy Charges		0.29
Conveyance & Travel Expenses		8.32
Regulatory Expenses		1.60
Distribution Licensee fee payable to HPERC		1.31
Income Tax Updating Charges		0.13
Consumer Redressal Forum		0.62
Insurance		0.27
Purchase Related Expenses & Other Charges		1.34
IT and other Initiatives		-
Sub Total-Administration Charges		**19.36**
Other Charges		
Fees & Subscriptions, Books & Periodicals		0.31
Printing & Stationery		3.29
Advertisement Expenses		0.59
Electricity Charges		7.17
Water Charges / Cold weather expenses		0.87
Legal Charges		0.89
Audit Fee		-
Statutory Audit Fee		0.20
Internal Audit Fee		-
Expenditure on Gift/ Presentation		0.01
Entertainment Charges		0.06
Training to Staffs		0.12
Fees for SAS Examination		-
Public Interaction Program		0.10
Contribution/Donations		-
Expenditure on providing free CFL bulbs for domestic Consumers		-
Expenditure Incurred on capacity building for Poverty Reduction		-

Public Expenses / Other professional charges		0.28
Expenditure related to High level Committee		-
Expenditure related to high level committee for formulation of power policy-other expenses		-
Expenditure on GIS/Global Position		0.45
Transaction Charges to SCAs for collection of energy bills		1.63
Compensation paid for non-compliance of Renewable Power		-
TA/DA Internal Auditor		-
TA/DA Statutory Auditor		-
Private Vehicle hire charges		2.25
Charges on a/c of service rendered by central board keeping agency under new pension scheme		0.06
IP VSAT Connectivity Charges		3.83
Publicity expenses		0.04
Providing ID to staff Vidhyut Bhawan		0.01
Technical fees		-
Freight Material related Expenses		0.03
Expenditure on promotion of energy efficiency		0.02
Misc. Expenses		0.96
Expense for safety measure related expense		0.21
License fee payable to users of SAP and other software		0.02
Expenditure on digitization and scanning of official record		0.02
Discount/Incentive for making digital payment to domestic Consumer		1.18
Sub Total-Other Charges		**24.61**
A&G - Grand Total	46.35	**43.97**
Less: Capitalisation	0.76	-
Add: Provision for one-time expense approved in MYT Order dated 29.6.2019	5.00	
Net A&G Costs	**50.58**	**43.97**

4.10.2 Accordingly, the Petitioner has requested the Commission to approve A&G expenses of Rs. 50.58 Cr as approved by the Commission in the MYT order for FY 2020-21.

4.11 Repairs and Maintenance Expenses

4.11.1 The Petitioner has submitted that total Repair and maintenance expenses amounting to Rs. 126.71 Cr (Rs. 93.09 Cr in Distribution and Rs. 33.62 Cr in Generation) are booked under accounts. Further, in 1st APR Order the Commission had approved the same expense as approved in MYT Order. R&M expense submitted by the Petitioner for the FY 2020-21 is summarized in the table below.

Table 75: Petitioner Submission- Approved Vs Actual Repairs and Maintenance Expenses for FY21 (Rs. Cr.)

Particulars	Approved in 1st APR Order	Actual
R&M Cost		
Plant & Machinery		0.58

Particulars	Approved in 1st APR Order	Actual
Buildings		2.47
Civil Works		0.83
Hydraulic Works		3.66
Lines, Cables Networks		59.63
Vehicles		1.82
Furnitures & Fixtures		0.02
Office Equipments		24.91
Other i.e. cost of vehicle other than vehicle		-0.07
R&M Cost – Total		**93.85**
Any other Items (Reallocated to Capital Works) (B)		-
R&M Costs	**79.49**	**93.85**
Costs Reallocated		
Less: Cost Reallocated to Employee Cost and A&G Expenses		-
Less: Cost Reallocated to Depreciation		-
Less: Cost Reallocated for Recovery of cost of vehicle from O&M and other units		0.76
Total Costs Reallocated		**0.76**
Provisional amount towards data center approved in MYT Order dated 29.6.2019	20.00	-
Net R&M Expenses	**99.49**	**93.09**

4.11.2 The Petitioner submitted that the Commission, in the Tariff Order for FY 2020-21 dated 29.06.2019, provisionally allowed an additional amount of Rs.20 Cr towards new R&M expenditure on IT infrastructure and Data center in 4th MYT Control Period, which shall be trued up based on actual expenditure under R&M expense for the respective year. The Petitioner hereby submits the actual expenditure incurred as Rs. 93.09 Cr, which is Rs. 6.40 Cr less than that approved by the Commission.

4.11.3 Accordingly, the Petitioner has requested the Commission to approve R&M expenses of Rs. 99.49 Cr as approved by the Commission in the MYT order for FY 2020-21.

4.12 Interest & Finance Charges

4.12.1 The Petitioner has submitted that Interest & Finance Charges is the controllable parameter and shall be true-up at the end of MYT control period FY 2019-20 to FY 2023-24. Accordingly, it has only submitted true-up of Interest & Finance charge to the extent of working capital & Consumer security deposit and has requested the Commission to true-up the long-term loan at the end of the control period.

4.12.2 The working capital requirement calculated by the Petitioner for FY 2020-21 is as below:

Table 76: Petitioner Submission- Working Capital Requirement for FY21 (Rs. Cr.)

Particulars	Approved in MYT Order	Provisional True Up Order dt 31.5.2021	Actual
O&M expenses for 1 month	163.26	163.26	152.81

Particulars	Approved in MYT Order	Provisional True Up Order dt 31.5.2021	Actual
Receivables equivalent to 2 months average billing	852.76	800.76	828.20
Maintenance Spares*	13.75	13.28	12.22
Less: one month power purchase	429.40	481.1	304.79
Less: Consumer Security Deposit	273.91	267.41	440.34
Total Working Capital	**326.46**	**228.79**	**248.45**
Rate of Interest on Working Capital	11.15%	10.75%	10.00%
Interest on Working Capital	**36.40**	**24.59**	**24.84**

* *Maintenance spares is computed as 15% of the O&M expense for one month netted off for provisions and terminal benefits as per 3rd Amendment of MYT Regulations dated 22nd November, 2018.*

4.12.3 Accordingly, the Petitioner has requested the Commission to approve interest on working capital to Rs 24.84 Cr for FY 2021.

4.13 Interest on Consumer Security Deposit

4.13.1 The Petitioner has submitted that the opening, closing, addition and interest on security deposits as per provisional accounts.

4.13.2 The interest on Consumer Security Deposit calculated by the Petitioner for FY 2020-21 is as below:

Table 77: Petitioner Submission- Interest and Finance Charges for FY21 (Rs. Cr.)

Particular	Approved in MYT Order	Approved in 1st APR Order	Actual
Opening			415.37
Addition			24.97
Closing			440.34
Interest on Consumer security deposit	**27.07**	**24.33**	**18.68**

4.13.3 The actual interest expenses submitted by the Petitioner for FY 2020-21 are as below:

Table 78: Petitioner Submission- Interest and Finance Charges for FY21 (Rs. Cr.)

Particulars	Approved in MYT Order	Approved in 1st APR Order	Actual
Interest on Long term loan	154.75	154.75	154.75
Interest on Working Capital	36.40	24.59	24.84
Interest on Consumer Security Deposit	27.07	24.33	18.68
Total Interest & Finance Charges	**218.18**	**203.68**	**198.28**

4.14 Other Controllable Parameters

4.14.1 The depreciation and return on equity claimed by the Petitioner for FY 2020-21 are summarized in the table below. The relevant Regulation 11(1) (b) is quoted below:

"(ii) at the end of the Control Period –

I. the Commission shall review actual capital investment vis-à-vis approved capital investment.

II. 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."

Table 79: Petitioner Submission- Depreciation and Return on Equity for FY21 (Rs. Cr.)

Particulars	Approved in MYT Order	Amount
Depreciation	127.29	127.29
Return on Equity	42.88	42.88

4.15 Non-Tariff Income and other income

4.15.1 The Petitioner has submitted that that the amount booked under Accounting Head "Income from advance/loan from BVPCL" (A/C 62.234) of Rs. 39.65 Cr is a notional income booked in accounts and no actual amount is received by HPSEBL. Since, provisions are not considered in the expenses in the ARR, the Commission is requested to not consider the provisions under income head as well.

4.15.2 Further, the Petitioner has submitted that it has not considered the delayed payment surcharge of Rs. 76.24 Cr from Consumers in non-tariff income. Further, HPSEBL is not claiming expenses on capitalisation of works carried out through Consumer contribution, deposit works, grant and capital subsidy as per HPERC Tariff Regulations. Therefore, Amortization of Grants aggregating to Rs. 98.58 Cr has not been considered.

4.15.3 The detail of non-tariff income submitted by the Petitioner for true-up for FY 2020-21 is summarized in the table below.

Table 80: Petitioner Submission- Non-Tariff Income for FY21 (Rs. Cr.)

Particulars	Approved in MYT Order	Approved in 1st APR Order	Actual
Meter Rent/Service Line Rentals			54.19
Recovery for theft of Power / Malpractices			0.37
Wheeling Charges Recovery			26.64
O&M Charges Recovery			8.38
Peak Load Violation Charges			-
Miscellaneous Charges from Consumers			4.18
Non-Tariff Income - Total			**93.76**
Other Income			
Interest on Staff loans & Advances			0.13
Income from Investments			4.04
Interest on Loans & Advances to Licensees			-
Delayed Payment Charges from Consumers			76.24
Delayed Payment Charges from PGCIL			0.02
Interest on Advances to Suppliers / Contractors			0.16
Interest on Banks (other than on Fixed Deposits)			2.92
Income from Trading			2.66
Other Misc. Receipt trading			0.05
Income fee collected against Staff Welfare Activities			0.08

Particulars	Approved in MYT Order	Approved in 1st APR Order	Actual
Miscellaneous Receipts			28.09
Amortization of Govt. grants			98.58
Subsidies against loss on account of flood			11.00
Prior Income			3.77
Rebate to CPSUs			21.25
Subsidies from State Govt. (General)			13.16
Other Income - Total			**262.15**
Total Non-Tariff Income & Other Income			**355.91**
Less: Income items not considered			
Delayed payment charges from Consumers			76.24
Amortization of Govt. grants			98.58
Net Non-Tariff Income & other income considered	**122.00**	**178.23**	**181.09**

4.16 Past Period Cost

4.16.1 The Commission had approved the following amounts in 1st APR Order dated 6.6.2020 to be adjusted within the ARR of FY 2020-21. The Petitioner has considered the following amounts under past period cost / adjustment in the ARR.

4.16.2 The Petitioner has considered the following amounts under past period cost / adjustment in the ARR.

- **Provisioning towards COVID Relief Fund-** Commission vide Tariff Order dated 6.6.2020 had approved a provision of Rs. 50 Cr as provision towards COVID Relief fund. The Petitioner requests the Commission to allow the Provision of Rs. 50 Cr towards COVID relief.
- **Provisioning of Past SJVNL payables -** Commission had allowed a provision of Rs. 159.86 Cr as provision towards SJVNL arrears in ARR for FY 2020-21. Since, the actual power purchase cost has been considered including arrears, the same has not been claimed by the Petitioner again.
- **Impact of True-up of FY 2017-18 -** Commission had approved Impact of True Up of FY 2017-18 of Rs. -354.03 Cr. The Petitioner has considered the same amount in the True Up of FY 2020-21.

4.17 Annual Revenue Requirement

4.17.1 Based on the above submissions, the actual Annual Revenue Requirement (ARR) for True-up of FY 2020-21 after adjustment of past years which the Commission had included in the approved ARR of FY 2019-20 is given in table below:

Table 81: Annual Revenue Requirement for FY21 (Rs Cr)

SI.	Particulars	Approved in MYT Order	Approved in 1st APR Order	True-Up
A	**Power Purchase Expenses for Supply in the State (a+b+c+d)**	**3,286.97**	**3,208.94**	**3,657.49**
a	Cost of electricity purchase including own generation	2,880.13	2,876.64	3,230.38
b	Interstate charges	-	-	-

SI.	Particulars	Approved in MYT Order	Approved in 1st APR Order	True-Up
i	PGCIL Charges	310.90	254.20	338.84
ii	STOA Charges	74.91	55.16	36.96
c	Intra-state charges	-	-	-
i	HPPTCL Charges	13.21	15.12	40.14
ii	SLDC Charges	7.82	7.82	4.16
iii	Other Charges (System/Marketing, reactive power, UI (malana), Trading Margin, NLDC)	-	-	7.01
d	Penalty for under-achievement of T&D loss	-	-	-
B	**Operation & Maintenance Costs (i+ii+iii)**	**1,959.09**	**1,959.09**	**1,833.71**
i	Employee Cost	1,809.02	1,809.02	1,683.64
ii	R&M Cost	99.49	99.49	99.49
iii	A&G Cost	50.58	50.58	50.58
C	**Interest & Financing Charges (i+ii+iii)**	**218.18**	**203.68**	**198.28**
I	Interest on Long term loan	154.75	154.75	154.75
ii	Interest on Working Capital	36.40	24.59	24.84
iii	Interest on Consumer Security Deposit	27.07	24.33	18.68
D	Depreciation	140.99	140.99	140.99
E	Return on Equity	49.68	49.68	49.68
F	Miscellaneous written off	-	-	0.01
G	Less: Non-Tariff & Other Income	122.00	178.23	181.09
H	**Aggregate Revenue Requirement (ARR) (A+B+C+D+E+F-G)**	**5,532.91**	**5,384.14**	**5,703.36**
I	**Add: Past period Cost (i+ii+iii)**			
i	Provision towards COVID Relief Fund	-	50.00	50.00
ii	Provisioning of Past SJVNL payables	-	159.86	0.00
iii	Impact of True-up of FY 2017-18	-	(354.03)	(354.03)
	Total ARR including adjustments (H-I)	**5,532.91**	**5,240.00**	**5,399.33**

4.18 Revenue Gap

4.18.1 The details of Revenue Gap submitted by the Petitioner for true up of FY 2019-20 is summarized in the table below.

Table 82: Petitioner Submission- Revenue Gap for FY21 (Rs. Cr.)

Particulars	ARR Approved in 1st APR Order dt 6.6.2020	True-Up
Total ARR including adjustments	**5,240.00**	**5,399.33**
(i) Revenue at existing tariff	4,804.60	4,969.18
(ii) Revenue from sale outside state	435.40	766.36
Total Revenue	**5,240.00**	**5,735.54**
Revenue Surplus	**-**	**336.21**

4.19 Carrying Cost

4.19.1 The Petitioner has estimated the carrying cost based on the opening and closing amount of revenue gap. The computation of carrying cost, are summarized in the following table:

Table 83: Petitioner Submission- Carrying Cost for FY21 (Rs. Cr.)

Particulars	FY21	FY22
Opening balance	-	353.15
Surplus /(Gap) on account of truing-up of uncontrollable parameters for FY 2019-20	336.21	-
Closing balance	336.21	353.15
Interest Rate for Carrying Cost	10.07%	10.00%
Carrying Cost	16.93	35.31
Total Gap including Carrying Cost	**353.15**	**388.46**

5 SUMMARY OF THE TRUE-UP PETITION FOR CONTROLLABLE PARAMETERS FOR 3RD MYT CONTROL PERIOD (FY 2014-15 TO FY 2018-19)

5.1 Background

5.1.1 The Petitioner in accordance with the MYT Regulations, 2011 and its subsequent amendments has submitted for the true up of controllable parameters for the 3rd Control Period which includes capitalization and capital expenditure, depreciation, Interest and Finance Charges and Return on Equity for each year from FY 2014-15 to FY 2018-19 based on accounts.

5.2 Capital Expenditure and Capitalisation for 3rd Control Period

5.2.1 The Petitioner has submitted that the total capital expenditure and capitalisation approved for the 3rd Control Period are Rs. 2,220 Cr and Rs. 2,514 Cr respectively.

5.2.2 The Petitioner has claimed that out of total capitalisation from FY 2014-15 to FY 2018-19 of Rs. 2,381.35 Cr, Rs. 2,107.49 Cr pertains to distribution business and the remaining capitalisation pertains to generation business (including PCA). The abstract of year-wise actual capitalisation from FY 2015 to FY 2019 is submitted as follows:

Table 84: Actual Capitalization submitted by the Petitioner for Third Control Period (Rs. Cr.)

Particulars	FY15	FY16	FY17	FY18	FY19	Total
Actual Capitalization	401.48	421.29	428.76	478.14	377.81	**2107.49**

5.3 Depreciation

5.3.1 The Petitioner has considered closing GFA of Rs. 3,965.08 Cr. as approved by the Commission in Order dated 17.4.2017 as the opening GFA for FY 2014-15.

5.3.2 The depreciation is computed by the Petitioner based on straight line method as per rates mentioned in HPERC MYT Regulations, 2011 and its amendments. The depreciation submitted by HPSEBL are as per actuals as summarized in the table below:

Table 85: Actual Depreciation for FY15 to FY19 (in Rs. Cr)

Particular	FY15	FY16	FY17	FY18	FY19
Opening GFA	3965.08	4366.56	4787.85	5216.61	5696.19
GFA Addition	401.48	421.29	428.76	478.14	377.81
Closing GFA	4366.56	4787.85	5216.61	5696.19	6074.33
Rate of Depreciation	3.56%	3.68%	3.60%	3.55%	3.58%
Gross Depreciation	148.21	168.41	179.98	193.50	210.76
Less: Amortisation of grants and Consumer contribution	53.18	58.59	61.4	62.25	82.52
Depreciation	**95.03**	**109.82**	**118.58**	**131.25**	**128.24**

5.3.3 The actual depreciation as submitted by the Petitioner for the Control Period FY 2014-15 to FY 2018-19 as compared with the approved depreciation is summarized in table below:

Table 86: Summary of actual vs approved depreciation from FY15 to FY19 (in Rs. Cr)

Particular	FY15	FY16	FY17	FY18	FY19
Depreciation approved in MYT Order	62.74	70.27	80.90	93.90	107.91
Actual depreciation	95.03	109.82	118.58	131.25	128.24
Difference (+/-)	**32.29**	**39.55**	**37.68**	**37.35**	**20.33**

5.4 Funding pattern

5.4.1 The Petitioner has submitted the actual funding pattern of the capitalisation from FY 2014-15 to FY 2018-19 as summarized in the table below:

Table 87: Actual Funding pattern submitted by the Petitioner for Third Control Period (Rs. Cr.)

Particular	FY15	FY16	FY17	FY18	FY19
Capitalisation	401.48	421.29	428.76	478.14	377.81
Less: Consumer Contribution & Grants	261.62	66.74	100.23	93.96	82.29
Remaining Funding	**139.86**	**354.55**	**328.53**	**384.19**	**295.52**
Debt	116.49	313.05	290.29	327.13	208.25
Equity	23.36	41.50	38.24	57.06	87.27
Debt (%)	83%	88%	88%	85%	70%
Equity (%)	17%	12%	12%	15%	30%

5.5 Interest and Finance charges

5.5.1 The Petitioner submits that actual loans were restructured under UDAY scheme which resulted into annual savings in interest and finance charges. Further, the Petitioner has mentioned that it has considered the approved amount of Rs. 42.24 Cr in the MYT order as interest on UDAY bonds as for FY 2017-18 and FY 2018-19 against the actual interest on bonds paid out by the Petitioner of Rs. 227.78 Cr each in FY 2017-18 and FY 2018-19. The Petitioner has claimed the remaining amount under the head under non-capex loans.

5.5.2 In cognizance to the notification issued by Ministry of Power dated 28.6.2019, the Petitioner has highlighted that opening and maintaining Letter of Credit requires the utility to open Fixed Deposits equivalent to the LC limit as underlying guarantee which shall remain with the concerned bank. The same gets reflected as 'other financial asset' in the books of account of the Petitioner.

5.5.3 The Petitioner also added that maintaining an unconditional Letter of Credit, results in loss of cash which would otherwise be available for fulfilling the working capital requirement, leading to a need for additional working capital to the utility.

5.5.4 Further, the interest received on these fixed deposits has been considered as Non-Tariff Income in the past by the Commission, suggesting the Petitioner not only has to bear the cost of funding these Fixed Deposit but also has to forego the interest earned on these FDs as part of Non-Tariff Income.

5.5.5 Thus, the Petitioner has requested the Commission to allow the LC charges as submitted in the below table.

5.5.6 The Petitioner has submitted actual interest and finance charges from FY 2014-15 to FY 2018-19 as summarized in the table below:

Table 88: Actual interest and finance charges from FY15 to FY19 (in Rs. Cr)

Particulars	FY15	FY16	FY17	FY18	FY19
Capex/ Scheme based loans					
REC	61.52	62.38	60.35	29.84	44.13
REC (Trans)	23.93	32.18	36.53	34.58	31.29
RGGVY	3.32	3.21	2.77	0.07	0.06
PFC (Trans)	0.02	1.14	2.33	2.30	2.62
R: APDRP(Part A)	4.81	4.78	3.63	11.01	10.32
R: APDRP(Part B)	9.30	9.11	18.73	16.77	25.61
R: APDRP(Part B) CP	1.34	2.90	3.24	3.04	2.62
ADB Loan	0.76	1.05	1.07	1.15	1.16
KFW	-	-	-	-	0.09
Sub-total scheme based loans	**105.00**	**116.75**	**128.65**	**98.76**	**117.90**
UDAY Bonds					
UDAY Bonds	-	-	-	42.24	42.24
Non-capex loans					
State bank of India	24.31	31.78	28.09	-	-
UDAY Bonds (HPSEBL)	-	-	18.98	185.54	185.54
Unsecured Bonds 8.75%	23.14	23.44	23.22	23.27	23.27
Unsecured Bonds 9.13%	7.31	5.56	2.96	21.37	21.37
Unsecured Bonds 10.39%	-	0.67	31.11	31.17	31.17
KCC	31.94	31.91	29.17	-	-
Central bank of India	9.67	5.42	4.57	-	-
Punjab & Sind Bank	28.70	27.69	24.30	-	-
Sub-total non-scheme based loans	**125.07**	**126.47**	**162.40**	**261.35**	**261.35**
Total Interest on loan	**230.07**	**243.22**	**291.05**	**402.35**	**421.49**
Less: Interest capitalised	45.72	70.54	42.16	85.28	70.04
Net Interest on Loan	**184.35**	**172.68**	**248.89**	**317.07**	**351.45**
Interest on GPF/CPF	13.71	24.88	5.05	22.21	8.97
Rebate on timely payments	3.66	7.66	13.00	10.19	12.01
Other finance charges	0.51	1.02	1.62	6.52	0.62
Letter of credit (LC) charges*	1.10	0.53	0.72	0.08	1.21
Total Interest and finance charges	**203.33**	**206.77**	**269.28**	**356.07**	**374.26**

5.5.7 The actual interest and finance charges as submitted by the Petitioner for the Control Period FY 2014-15 to FY 2018-19 as compared with the approved interest and finance charges is summarized in table below:

Table 89: Approved vs Actual interest and finance charges submitted by the Petitioner for Third Control Period (Rs. Cr.)

Particular	FY15	FY16	FY17	FY18	FY19
Interest on loan approved in MYT Order	108.06	125.69	154.06	187.53	219.25
Actual Interest on loan and finance charges	203.33	206.77	269.28	356.07	374.26

5.6 Savings on account of Restructuring of Loan under UDAY Scheme

5.6.1 The Petitioner submits that an outstanding loan of Rs. 2,890 Cr consisting of both short term and capital loans were restructured under UDAY scheme. Further, the Petitioner mentions that GoHP took over the outstanding loans and issued UDAY bonds against the same on 28.2.2017.

5.6.2 The weighted average coupon rate discovered for the UDAY bonds was 7.88% which is considerably lower than the Weighted Average Cost of Capital (WACC) of term loans at 10.89% at the time of signing of MoU.

5.6.3 Thus, the Petitioner realized an annual saving in interest payments. The estimated saving in interest on loan as submitted by the Petitioner is as follows:

Table 90: Savings on account of Restructuring of loan under UDAY scheme

Particular		Amount (Rs Cr)
Amount of Loan restructure	A	2,890
WACC of loan at the time of restructuring		10.89%
Interest rate on bonds		7.88%
Difference in Rates of interest	C	3.01%
Interest savings	D=A*C	86.99

5.6.4 The Petitioner has prayed to the Commission to approve fifty percent of the net savings amount of Rs. 43.50 Cr to be adjusted in the Gap of true up for 3rd Control Period and the remaining amount be approved for contingency reserve.

5.7 Return on Equity

5.7.1 As per HPERC MYT Regulations and its amendments, the Return on Equity (RoE) for the distribution licensee shall be computed on the paid-up equity capital and shall be 16% per annum (post tax). Accordingly, HPSEBL has computed the RoE considering a rate of return of 16% for the years from FY 2015 to FY 2019. The RoE is computed on the average of opening and closing balance of equity for each year.

5.7.2 The Petitioner has submitted the Return on Equity as per actual equity infusion for distribution business for FY 2014-15 to FY 2018-19 as summarized in the table below:

Table 91: RoE claimed as per actual equity infusion for distribution business (Rs. Cr)

Particular	FY15	FY16	FY17	FY18	FY19
Opening Balance of Equity	246.68	309.18	359.18	409.17	426.45
Net Additions during the Year	62.50	50.00	49.99	17.28	17.26

Particular	FY15	FY16	FY17	FY18	FY19
Closing Balance of Equity	309.18	359.18	409.17	426.45	443.71
Rate of Return (%)	16.00%	16.00%	16.00%	16.00%	16.00%
Actual RoE	**44.47**	**53.47**	**61.47**	**66.85**	**69.61**

5.7.3 The actual RoE as submitted by the Petitioner for the Control Period FY 2014-15 to FY 2018-19 as compared with the approved RoE is summarized in table below:

Table 92: Summary of approved and actual Return on Equity for FY15 to FY19 (in Rs. Cr)

Particular	FY15	FY16	FY17	FY18	FY19
Return on Equity approved in MYT Order	30.24	30.24	30.24	30.24	30.24
Actual Return on Equity	44.47	53.47	61.47	66.85	69.61
Difference (+/-)	**14.23**	**23.23**	**31.23**	**36.61**	**39.37**

5.8 Gap for true up of controllable parameters of 3rd Control Period

5.8.1 The details of Revenue Gap submitted by the Petitioner for true up of the third Control Period FY 2014-15 to FY 2018-19 is summarized in the table below.

Table 93: Revenue Gap on account of True Up submitted by the Petitioner for Third Control Period (Rs. Cr.)

Particular	FY15	FY16	FY17	FY18	FY19
Approved in MYT Order dated 12.6.2014					
Depreciation	62.74	70.27	80.90	93.90	107.91
Interest on Loan	108.06	125.69	154.06	187.53	219.25
Return on Equity	30.24	30.24	30.24	30.24	30.24
Total Approved	**201.04**	**226.20**	**265.20**	**311.67**	**357.40**
Actual					
Depreciation	95.03	109.82	118.58	131.25	128.24
Interest and Finance Charges	203.33	206.77	269.28	356.07	374.26
Return on Equity	44.47	53.47	61.47	66.85	69.61
Total Actual	**342.83**	**370.06**	**449.32**	**554.16**	**572.11**
Add: Interest savings benefit for restructuring of loan under UDAY	-	-	86.99	-	-
Total Surplus/ (Gap)	**(141.79)**	**(143.86)**	**(271.11)**	**(242.49)**	**(214.71)**

5.8.2 The total Revenue Gap including carrying cost is computed in the following Table 94:Table 94: Total Gap including carrying cost (Rs. Cr)

Particulars	FY15	FY16	FY17	FY18	FY19	FY20	FY21
Opening balance	-	(151.36)	(324.25)	(654.17)	(981.96)	(1,320.75)	(1,468.14)
Surplus/ (Gap) addition	(141.79)	(143.86)	(271.11)	(242.49)	(214.71)	-	-
Closing balance	(141.79)	(295.22)	(595.36)	(896.67)	(1,196.67)	(1,320.75)	(1,468.14)
Interest Rate for Carrying/ Holding Cost	13.50%	13.00%	12.79%	11.00%	11.39%	11.16%	10.07%
Holding Cost/ (Carrying Cost)	(9.57)	(29.03)	(58.81)	(85.30)	(124.07)	(147.40)	(147.84)
Total surplus/ (Gap) including Holding cost/ (Carrying Cost)	**(151.36)**	**(324.25)**	**(654.17)**	**(981.96)**	**(1,320.75)**	**(1,468.14)**	**(1,616.09)**

6 SUMMARY OF THE MID-TERM PERFORMANCE REVIEW OF FOURTH MYT CONTROL PERIOD

6.1 Background

6.1.1 The Commission had set the targets for the controllable parameters in MYT Order dated 29.6.2019. The variations on account of Depreciation, Interest on Capital loan and Return on equity are on account of variations in actual capital expenditure incurred and capitalization made vis-à-vis approved capital investment plan (capital expenditure and capitalization. However, the review of the parameters shall be done during the mid-term performance review and at the time of end of control period true up.

6.1.2 Regulation 4 (dd) of HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) (Second Amendment) Regulations, 2013 provides for a Mid-Term Performance Review for the year after the mid-year of the Control Period to assess the variations. Regulation 7 of HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) (Third Amendment) Regulations, 2018 provides for revision of targets for controllable parameters, in accordance with which, the Petitioner has sought the revision of following parameters:

- Distribution loss
- Capital expenditure
- Interest on loan
- Depreciation
- Return on Equity
- O&M Expenses

6.2 Distribution Loss

6.2.1 The Petitioner has submitted the comparison of actual achievements vis-à-vis approved targets for first two years of 4th Control Period is as per following table-

Table 95: Approved T&D loss from FY20 to FY24

FY	Approved in MYT Order	Actual
FY 2019-20	10.30%	12.08%
FY 2020-21	10.10%	13.95%
FY 2021-22	9.90%	NA

FY	Approved in MYT Order	Actual
FY 2022-23	9.70%	NA
FY 2023-24	9.50%	NA

6.2.2 The Petitioner has mentioned that the T&D losses trajectory as approved by the Commission vide MYT Order dated 29.06.2019 is not achievable and HPSEBL submits for revision of trajectory for the following reasons-

- The T&D loss target for FY 2019 as approved in the 3rd MYT Order dated 12.06.2014 was 12%, however, as per the T&D loss trajectory approved by HPERC for 4th Control Period, the target for FY 2019-20 is 10.30%, that is, 1.70% reduction in T&D losses in 1 year. Thus, the Petitioner feels that the trajectory approved by HPERC is highly skewed and is not pragmatic or achievable.

- The trajectory of T&D losses as approved by HPERC vide MYT Order dated 29.06.2019, was submitted by HPSEBL considering the CAPEX investments of Rs. 6,229 Crore, which includes CAPEX of around Rs. 1,650 Crore on EHV works. However, the Commission has approved CAPEX of Rs. 2,473 Crore, including CAPEX of Rs. 544 Crore on EHV works. In addition to this, against New EHV works CAPEX Rs. 40.60 Crore was approved against the requisitioned CAPEX of Rs. 900 Crore. Thus, while approving the CAPEX, HPERC curtailed the CAPEX from Rs. 6,229 Crore to Rs. 2,473 Crore, however, similar prudence and diligence was not followed by the Commission while approving the T&D losses trajectory for 4th MYT Control Period. Hence, the T&D loss trajectory approved by the Commission for 4th MYT Control Period needs to be reviewed and same needs to be aligned with the CAPEX allowed by the Commission for 4th MYT Control Period.

- Further, the Petitioner has submitted T&D losses (in MUs) of HPSEBL during the past three years are as per the following table:

Table 96: Voltage wise T&D losses

FY	Total T&D Losses (in MUs)	Losses at EHV Level (in MUs)	Losses at HV & LV Level (in MUs)	Losses at EHV Level (in %)
2017-18	1006.43	228.73	777.70	22.73
2018-19	1185.28	297.81	887.47	25.13
2019-20	1256.17	344.44	911.73	27.42

- The table above shows that on an average more than 25% proportion of total T&D losses of HPSEBL is attributable to EHV level only. Thus, to reduce T&D losses and to achieve the trajectory submitted by HPSEBL and further approved by the Commission, new investments to the tune of Rs. 900 Crore during the 4th MYT Control Period were envisaged by HPSEBL.

- Also, the Petitioner submitted that in order to reduce the T&D losses not only the EHV system needs to be strengthened but also it is required to be extended up to Distribution level by stepping down voltage to 33kV, 22kv and 11kV. As HPSEBL is owning the EHV, HV and LV system, integrated planning for strengthening of the entire system is required to achieve the objective of reduction of T&D losses for which capex approval from HPERC is inevitably required.

- The Petitioner has also highlighted that consideration for higher AT&C losses due to COVID-19 pandemic have been approved by the respective State Commissions in other States such as Haryana Electricity Regulatory Commission.
- Moreover, the Petitioner has submitted that as per the Balance Sheet of HPSEBL, the cumulative losses as on 31.03.2021 are Rs. 1,700 Crore approximately and the Petitioner is already reeling under severe financial crunch situation. Under Such circumstances, penalty to the tune of Rs. 34.22 Crore has already been imposed on Petitioner for FY 2019-20 on account of non-achievement of T&D loss target. Further, HPSEBL will not be able to achieve the T&D loss trajectory as approved in the MYT Order dated 29.06.2019, which shall result into penalties, thereby further adding to the cumulative losses of Petitioner hampering the financial situation, operation efficiency of HPSEBL.

6.2.3 In accordance with the above justifications the Petitioner has requested the Commission to align the revised trajectory to the actual achievement during FY 2019-20 with annual reduction target of 0.25% from FY 2022.

Table 97: Revised T&D Loss targets for 4th MYT Control Period

Particulars	FY20	FY21	FY22	FY23	FY24
T&D Loss approved in Tariff Order dated 29.6.2019	10.30%	10.10%	9.90%	9.70%	9.50%
Actual loss	12.04%	13.95%	-	-	-
Revised T&D loss target	-	-	11.50%	11.25%	11.00%

6.3 Capital investment plan and Capitalisation

6.3.1 The Petitioner has appraised the Commission that HPSEBL has been undertaking the capital investment plan (existing as well as new) as approved in the MYT Order. However, there have been significant delay in execution of capital expenditure works in the last year i.e., FY 2020-21 due to COVID-19 pandemic and the state-wide lock down imposed by the government, being a Force Majeure situation.

6.3.2 Further, the Petitioner has provided details of few of the capital expenditure schemes which have already been implemented or are under progress as below:

Smart metering (for Shimla and Dharamshala cities)

- The smart metering scheme in Shimla and Dharamshala has already undergone significant progress. HPSEBL envisages to complete the process of installing smart prepaid meters/ AMI in the cities of Shimla and Dharamshala by end of the current financial year. However, since the project has been approved under OPEX model, the Petitioner would be required to incur the yearly recurring expenditure for smart meters. Therefore, the additional cost towards the same has been considered under the R&M expenditure.

- PFC Consulting Ltd have been appointed as the Project Development and Management Agency (PDMA), and the cost envisaged for this assignment is to the tune of Rs. 912.83 Cr.

6.3.3 Further, the Petitioner envisages the following additional capital expenditure which might be incurred in the upcoming years of the 4th MYT Control Period:

Results-linked, Revamped Distribution Sector Scheme (RRDSS)

- The Results-linked, Revamped Distribution Sector Scheme (RRDSS) was notified by Ministry of Power on 20.7.2021 and in the guidelines nodal agencies have been notified (PFC in case of HPSEBL).
- The objective of the scheme are as follows:
  - Improve the quality, reliability, and affordability of power supply to Consumers through a financially sustainable and operationally efficient Distribution Sector.
  - Reduce the AT&C losses to pan-India levels of 12-15% by 2024-25.
  - Reduce ACS-ARR gap to zero by 2024-25.
  - Segregation of feeders dedicated only for supply of power for agricultural purpose, which are proposed to be solarized under Kisan Urja Suraksha Evam Utthan Mahabhiyan (KUSUM) scheme. Further, agricultural feeders once segregated will not be used for serving other non-agricultural Consumers.
- The important works to be performed under the scheme to achieve the desired objectives are as follows:
- Part A – Metering: Under this part, Prepaid Smart metering for Consumers, and System metering at Feeder and Distribution Transformer level with communicating feature along with associated Advanced Metering Infrastructure (AMI) will be done in TOTEX mode through PPP.
- Part B – Distribution Infrastructure Works: Under this component, DISCOM can take up works related to loss reduction and system strengthening which includes
  - Construction of new substations, augmentation of substations
  - Provision of Armored / Aerial bunched Cables (ABC) or High Voltage Distribution System in high loss areas.
  - Segregation / Bifurcation of feeders and other allied works
  - Replacement of conductors, which are old/frayed
  - Additional HT lines to improve quality of supply
  - IT/OT works
  - Supervisory Control and Data Acquisition (SCADA) and Distribution Management System (DMS) in urban areas
- Segregation of feeders dedicated only for supply of power for agricultural purpose, which are proposed to be solarized under Kisan Urja Suraksha Evam Utthan Mahabhiyan (KUSUM) scheme

- Part A- Project Management: One or more Project Management Agency (PMA) shall be appointed by each DISCOM for project formulation and project management, based on their requirement to cover different phases of the project.
- Part B - Focuses on the softer parts Training, Capacity Building, and other Enabling & Supporting Activities

World Bank Smart Grid Scheme

- The World Bank funded Smart Grid is proposed in 13 towns of Himachal Pradesh under Himachal Hydropower & Renewable Power sector Development program. The overall objective of the Smart Grid project is to ensure 24x7 stable supply of electricity to all customers in the selected project areas, reduce AT&C losses and equipment failure rate; and increase the billing and collection efficiency through various smart grid functionalities envisaged in the project. The estimated project cost is to the tune of Rs. 940.40 Crore which the Petitioner envisages to implement within three to five years. The important works to be performed under the scheme in order to achieve the desired objectives are as follows:
  - System Strengthening: Installations of New Substations- 66/11 kV and 33/11kV, Overhead lines- 66kV;33kV;11 kV etc.
  - System Automation: Implementation of SCADA and accessories such as Auto-recloser; RMUs, FRTUs, VCBs, Relay control panels etc.
  - Advance Metering Infrastructure for 3 lac nodes scalable
  - Implementation of Smart Grid Control Centre with all associated application, Hardware, Software including Servers along with 5 years Facility Management Services etc.
  - Integration of existing Applications such as ISO Billing, ERP-SAP, GIS etc. with New Applications such as SCADA, OMS, DMS, MMA etc.

6.3.4 The Petitioner has submitted the details of capital investment incurred during FY 2019-20, FY 2020-21, and FY 2021-22 (H1) in the following sections. The progress of capitalisation works in H1 of FY 2021-22 have been affected due to COVID-19 pandemic and hence, on lower side. Further, it is submitted that the details of capitalisation incurred in 4th MYT Control Period have not been reconciled with Audited Accounts and the same shall be submitted during true up at the end of the 4th MYT Control Period.

6.3.5 The summary of works executed by ES Wing as submitted by the Petitioner is as follows:

Table 98: Works executed by ES Wing (Rs. Cr)

Particulars	FY20	FY21	FY22 (H1)
66 kv above REC Medium Plan	0.59	0.98	-
66 kv above REC Scheme	86.65	45.75	6.13
66 kv above REC Short Term Plan	7.18	-	-
66 kv above State Plan	4.17	-	-
66 kv above R-APDRP PART -B	0.26	-	-
BADP Scheme	-	1.19	-
Board Building	-	-	-
Minor Capital Works.	4.95	12.49	6.93

Particulars	FY20	FY21	FY22 (H1)
Misc. Capital Head GH 14	-	-	-
PSDF Scheme	8.82	11.88	0.98
Deposits	16.10	14.52	2.23
KFW Scheme	-	78.82	6.46
Total	**128.74**	**165.64**	**22.74**

6.3.6 The summary of works executed by Distribution Wing as submitted by the Petitioner is as follows:

Table 99: Works executed by Distribution Wing (Rs. Cr)

Particulars	FY20	FY21	FY22 (till Sep'21)
33kv lines & Below	37.90	23.86	8.91
System Augmentation schemes	6.32	2.12	2.73
Renovation & Modernisation scheme	3.92	2.90	-
HVDS	42.38	56.86	13.74
Minor Capital Works	15.28	6.54	0.10
General Service Connection	164.61	94.82	61.44
Centrally Sponsored Schemes	236.99	185.00	59.32
Total	**507.41**	**372.09**	**146.25**

6.3.7 Further, the summary of capitalisation during FY 2019-20, FY 2020-21, and FY 2021-22 (H1) is submitted as follows.

Table 100: Summary of actual capitalisation in 4th MYT Control Period (Rs. Cr)

Particular	FY20	FY21	FY22 (H1)
Capitalisation Claimed	636.15	537.74	168.99

6.3.8 Moreover, in addition to the above-mentioned schemes the Petitioner has submitted capitalisation for new EHV schemes as mentioned below:

Table 101: Capitalisation of new EHV works (Rs. Cr)

Particular	FY22	FY23	FY24	Total
Scheme for construction of 220/66kV, 2x25/31.5MVA (Three Phase) GIS Sub-station at Nadokhar along with LILO of 220kV D/C Bhaba-Kunihar line and 66kV D/C line from proposed Sub-Station to LILO point of existing 66kV S/C line from Jutogh to Gumma.	24.34	48.68	48.68	**121.69**
Scheme for providing additional 1x10MVA, 66/22kV Power Transformer at existing 2x10 MVA, 66/22kV Sub-Station Hulli (Kotkhai) under ES Division, HPSEBL, Shimla.	2.48	2.48	-	**4.97**
Scheme for construction of 66kV D/C Transmission Line from 400/220/66kV Sub-Station Pragatinagar of HPPTCL to 66/22kV Sub-Station Hulli for LILOing of existing 66kV Sainj-Hulli Transmission Line.	-	1.85	1.85	**3.69**
Providing, erection, testing and commissioning of additional 1x80/100MVA, 220/132kV Three Phase Power Transformer along with 01 no. 220kV Transformer bay and 01 no. 132kV Transformer outgoing bay at 220/132/33kV Substation Girinagar.	-	14.08	9.39	**23.46**
Total	**26.82**	**67.08**	**59.91**	**153.81**

6.3.9 Subsequently the Petitioner has submitted the funding of additional EHV schemes as follows:

Table 102: Funding of new EHV schemes

Particular	FY22	FY23	FY24	Total	%
Grants/ Consumer contribution	11.94	23.89	23.89	59.72	39%
Debt	14.51	40.44	34.34	89.28	58%
Equity	0.37	2.76	1.68	4.82	3%
Total	**26.82**	**67.08**	**59.91**	**153.81**	**100%**

6.3.10 Therefore, the capitalisation approved during 4th MYT Control Period and claimed by the Petitioner is submitted as below:

Table 103: Summary of approved and actual capitalisation in 4th MYT Control Period (Rs. Cr)

Particular	FY20	FY21	FY22	FY23	FY24
Capitalisation approved	568.63	564.00	560.71	491.67	450.25
Capitalisation Claimed	568.63	564.00	577.59	534.87	486.27

6.4 Interest and Finance Charges

6.4.1 The Petitioner has considered interest on loan at rate of 11.50% for new EHV schemes claimed in addition to approved interest on loan.

6.4.2 Further, the Petitioner has envisaged payment of Letter of Credit (LC) charges during the 4th MYT Control Period as detailed out in the previous chapter.

6.4.3 Accordingly, the interest on loan charges for new EHV schemes, LC charges submitted by the Petitioner from FY 2021-22 to FY 2023-24 is summarized in the table below:

Table 104: Interest on loan- approved and claimed (Rs. Cr) (Rs. Cr)

Particular		FY22	FY23	FY24
Opening Loan on EHV scheme	A	-	14.51	53.49
Addition during the year	B	14.51	40.44	4.34
Repayment during the year	C	-	1.45	6.80
Closing Loan on EHV scheme (A+B-C)	D	14.51	53.49	81.03
Interest rate considered (%)	E	11.50%	11.50%	11.50%
Interest on Loan for funding new EHV schemes (E X AVERAGE (A and D))	**F**	**0.83**	**3.91**	**7.74**
LC Charges		9.90	9.90	9.90
Interest on Long term loan Claimed (including other finance charges)		185.66	202.18	211.22

6.4.4 Therefore, the interest on long term loans approved and claimed by the Petitioner are as follows:

Table 105: Interest on Loan approved and claimed (Rs. Cr)

Particular	FY22	FY23	FY24
Interest on Long term loan approved in MYT Order dated 29.6.2019	174.93	188.37	193.58
Interest on Long term loan Claimed (including other finance charges)	185.66	202.18	211.22

6.5 Depreciation

6.5.1 The Petitioner has considered average rate of depreciation as 3.23% same as approved by the Commission in MYT Order dated 29.6.2019. Accordingly, the

Petitioner has submitted the depreciation for the remaining years of the fourth control period.

6.5.2 Therefore, the depreciation approved and claimed by the Petitioner is as follows:

Table 106: Depreciation claimed (Rs. Cr)

Particular	FY22	FY23	FY24
Depreciation approved in MYT Order dated 29.6.2019	154.60	167.32	178.73
Depreciation Claimed	154.84	168.51	181.19

6.6 Return on Equity

6.6.1 The Petitioner has considered the additional Return on Equity of 16% for new EHV schemes. Accordingly, the Return on Equity approved and claimed by the Petitioner is as follows:

Table 107: Return on Equity (RoE) (Rs. Cr)

Particular	FY22	FY23	FY24
RoE approved in MYT Order dated 29.6.2019	56.43	62.74	68.39
RoE Claimed	56.46	63.02	69.03

6.7 O&M Expenses

6.7.1 The Petitioner has mentioned that there is no gross deviation in the actual expenses and the expenses approved by the Commission. Accordingly, the Petitioner has requested the Commission to retain the Employee expenses approved by the Commission in the MYT Order dated 29.6.2019.

6.7.2 The O&M Expenses approved and claimed by the Petitioner is as follows:

Table 108: Approved Employee Expense in 4th MYT Control Period (Rs. Cr)

Particulars	FY22	FY23	FY24
Gross Employee Cost	2038.6	2167.95	2305.59
Less: Return on GoHP equity and others	63.95	65.1	66.33
Less: Capitalisation	47.74	50.49	53.40
Net employee expense claimed by the Petitioner	**1926.91**	**2052.36**	**2185.86**
Employee expenses approved in MYT Order dated 29.6.2019	**1926.91**	**2052.36**	**2185.86**

6.7.3 The Petitioner has mentioned that there is no gross deviation in the actual expenses and the expenses approved by the Commission. Accordingly, the Petitioner has requested the Commission to retain the R&M expenses approved by the Commission in the MYT Order dated 29.6.2019.

6.7.4 The R&M Expenses approved and claimed by the Petitioner is as follows:

Table 109: Approved R&M Expense in 4th MYT Control period (Rs. Cr)

Particulars	FY20	FY21	FY22	FY23	FY24
R&M Expense	72.70	79.49	86.22	92.91	98.78
Provision towards data center	20	20	20	20	20
Total R&M expense claimed by the Petitioner	**92.70**	**99.49**	**106.22**	**112.91**	**118.78**
Total R&M expense approved in MYT Order dated 29.6.2019	**92.70**	**99.49**	**106.22**	**112.91**	**118.78**

6.7.4.1 The Petitioner in its Business plan for 4th MYT Control Period had already submitted the plan for conversion of 1.5 lakh meters into smart meters. Further, the Petitioner has proposed to implement ~3.2 lakh AMI with smart metering in 13 towns under Himachal Hydro Power and Renewable Power Sector Development Program funded by World Bank scheme.

6.7.4.2 In accordance with the above-mentioned Smart meter works, the Petitioner estimates, roll out of at least 1,23,000 smart meters in FY 2021-22. Accordingly, the meter rent service charges associated with this Smart meter in this regard excluding GST is to the tune of Rs. 76.972 per meter per month.

6.7.4.3 The Petitioner envisages the impact on account of meter rent service charges for smart meters in addition to the approved R&M expenses and provision towards data center as depicted in following table:

Table 110: Impact of smart metering rental charges in A&G expense (Rs. Cr)

Particulars	FY22	FY23	FY24
Monthly rental per Consumer from date of operation (excluding GST) Rs/meter/month	76.97	76.97	76.97
Number of meters	1,23,000	1,51,740	1,51,740
Meter rent charges (in Rs. Cr)	**4.00**	**14.02**	**14.02**

6.7.5 Therefore, the Petitioner has requested the Honourable Commission to approve the A&G expenses for remaining period of 4th MYT Control Period as follows:

Table 111: A&G Expenses claimed for FY 22 to FY 24 (Rs. Cr)

Particulars	FY22	FY23	FY24
A&G Expense	46.27	46.96	47.66
One time Provision approved in MYT Order dated 29.6.2019	5.00	5.00	5.00
Meter Rent charges for smart meters	4.00	14.02	14.02
Total	**55.27**	**65.97**	**66.67**

7 SUMMARY OF THE APR PETITION FOR FY 2022-23

7.1 Introduction

7.1.1 This chapter summarizes the highlights of the Annual Performance Review (APR) Petition filed by the Petitioner for review of Aggregate Revenue Requirement (ARR) for FY 2022-2023 in the MYT Order for the fourth Control Period.

7.1.2 The Annual Performance Review (APR) petition filed by the Petitioner constitutes the revised projections of expenditure and revenue for FY 2022-23 based on figures of sales, power purchase and other parameters of previous years and first half (April to September) of FY 2021-22.

7.2 Energy Sales, Consumers and connected load

7.2.1 The Petitioner has mentioned that the actual sales for the FY 2021 is lower as compared to FY 2020 due to adverse impact of nationwide lock down and curfew restrictions in Himachal Pradesh due to COVID-19 pandemic. However, while projecting sales for H2 of FY 2022 and FY 2023, normalized sales of FY 2020 has been considered, for the reason being that FY 2021 sales have been highly distorted and cannot be considered to be the base year.

7.2.2 The Petitioner has taken appropriate CAGR assumptions, for projecting category wise sales as follows:

- There is consistent growth in domestic sales. Hence, y-o-y growth is considered for domestic sales has been considered as 3-Year CAGR of 5.47%.
- The commercial sales have not seen significant growth in the past, hence the y-o-y growth is considered for commercial sales has been considered as 5-Year CAGR of 0.85%.
- There is no consistent pattern of growth in case of temporary sales, hence a subjective assumption of 10% y-o-y growth has been considered.
- The industries have been the backbone of economic growth of the State of Himachal Pradesh. The large industries have seen significant growth during the past years due to promotion of industries through rebates and incentives. Therefore, the y-o-y growth for large industries have been considered at 5-Yr CAGR of 1.93%.
- Irrigation and Agriculture sales have been growing consistently over the past years, hence, a 3-Yr CAGR of 5.32% have been considered for projection.
- The growth for Govt. irrigation and water pumping has been considered at 5-Yr CAGR of 2%.
- For remaining categories, 0% growth has been considered due to negative growth rates during the past years.

7.2.3 The Petitioner has submitted revised projection of sales for FY 2022 and FY 2023 are shown in following table:

Table 112: Sales projection for FY 22 and FY 23 (Mus)

Categories	FY20	CAGR Considered	FY22				FY23	
	Base Year		Approved	H1 Actual	H2-Revised	Total	Approved	Revised
Domestic	2,194	5.47%	2,383	1,164	1,165	2,328	2,345	2,440
NDNC	160	-	173	57	89	147	181	160
Commercial	623	0.85%	648	285	304	589	752	634
Temporary	46	10.00%	46	27	26	54	46	56
Small Power	90	-	90	42	44	86	86	90
Medium Power	90	-	100	49	45	94	120	90
Large Supply	5,144	1.93%	5,299	2,838	2,570	5,407	5,338	5,344
Govt. Irrigation & Water Pumping	560	2.00%	586	330	275	605	755	560
Irrigation & Agriculture	57	5.32%	62	52	26	78	107	57
Public Lighting	11	-	11	5	6	11	14	11
Bulk Supply	152	-	152	59	86	145	173	152
Total	**9,125**	**-**	**9,550**	**4,908**	**4,636**	**9,543**	**9,917**	**9,592**

7.3 Power Purchase

7.3.1 The Petitioner has considered power purchase as per actuals for first half of FY 2021-22 (i.e., April to September) and projections have been made for 2nd half of FY 2021-22 (October to March) based on assumptions.

7.3.2 The Petitioner has submitted that the energy available from hydro power stations has been considered based on monthly average generation of plant during the last 3 years (except for SHP IPPs, in case of which 2-Yr monthly average has been considered).

7.3.3 Further, the Petitioner has mentioned that it has procured power from Central Generating Stations (like NTPC, NHPC, SJVNL, etc.) for which the tariff is determined by Hon'ble CERC.

7.3.4 Further, the Petitioner has mentioned that the current billing is based on tariff approved for FY 2019, except for SJVNL- Nathpa Jakhri hydro power station for which tariff has already been determined by CERC. Therefore, the Petitioner has to bear the cost of arrears on account of revision of tariff from FY 2020 onwards.

7.3.5 The commissioning of Municipal Solid Waste to Energy project has also been considered while making the projections. However, commissioning of plants like UHL-III (100 MW) and (RAPS) Unit 7&8 is not being anticipated in FY 2022 and FY 2023 and hence are not considered by the Petitioner for power purchase projections for FY 2023.

7.3.6 The assumptions made for projecting the quantum and cost of power purchase along with justifications are submitted as follows:

Revised Estimates for Power Purchase from Own Generation

7.3.7 The Petitioner has adopted the following approach to determine the per unit cost of saleable energy for HPSEBL's own generation stations:

- The energy available for sale has been derived from the average of monthly generation of the plant during the last 3 years (i.e., FY 2018 to FY 2020).
- For Small HEP, the sale of energy rate is considered at Rs. 2.25 per unit as per the latest available Tariff Order
- The rate for FY 2022 and FY 2023 has been considered same as approved by Commission for the respective years in MYT Order dated 11.11.2021.

Central Generating Stations (NTPC, NHPC and SJVNL)

7.3.8 The Petitioner has adopted the following approach to determine the per unit cost of saleable energy for the following generation stations:

- The Petitioner has submitted that the allocation of power from NTPC stations continues to be the same after the revision of allocation by NRPC vide Revision No. 08/2019-20 dated 1.11.2019.
- The Petitioner has considered the average PLF of last 3 years (i.e. from FY 2018 to FY 2020) of actual generation for thermal stations and in case of hydro generating stations like NHPC, Koldam HEP and SJVNL, the month wise average of last 3 years generation is considered.
- Further, the Allocation (unallocated quota) of NTPC stations (Unchahar (1,2,3&4), Rihand (1,2&3), Singrauli, Dadri, Tanda stations) have been w.e.f. 1.7.2021 vide NRPC notification dated 28.6.2021.
- Since the Tariff Orders for Central Generating Stations are awaited, the Petitioner has considered the AFC for FY 2018-19 as the base. Further, NTPC has submitted the cost of additional capitalization for emission control norms for its stations as per CERC Regulations. Therefore, the impact on account of the same is estimated to be ~5% increase in AFC by the Petitioner.
- Further, the Petitioner has appraised the Commission of the additional financial implications on HPSEBL on account of ash transportation charges of the NTPC stations on account of change in law event vide MoEF&CC, GoI Notification dated 03.11.2019 & dated 25.01.2016.
- For NTPC plants the Petitioner has submitted that the impact of arrears on account of revision of tariff will fall upon in the ensuing year, hence a 3% Y-o-Y escalation is considered for projection of fixed charges for FY 2023 and for variable charge, the actual billing rate is considered for projection of charges in H2 (second half) of current year and a 5% Y-o-Y escalation is considered for projection in ensuing year.
- Similarly, in case of NHPC stations the Petitioner has considered a 3% Y-o-Y escalation for projection of fixed charges for FY 2023 and for variable charge, the actual billing rate is considered for projection of charges in H2 (second half) of current year and a 3% Y o-Y escalation is considered for projection in ensuing year.

- Moreover, the Petitioner has mentioned that in case of SJVNL stations, Hon'ble CERC has notified the tariff for Nathpa Jakhri station and hence the AFC notified for respective years have been considered by the Petitioner. Accordingly, an additional 15% escalation in fixed charge is considered on account of higher plant availability factor for SJVNL stations, as the fixed charges billing as per CERC Tariff Regulations, 2019 is linked to the Plant availability factor.
- Whereas in case of Rampur station the Petitioner has considered a 5% Y-o-Y escalation on fixed charge and for variable charge the actual billing rate is considered for H2 (second half) of current year, and 5% Y-o-Y escalation is considered for projection in ensuing year.
- The Petitioner has also mentioned that UP Power Transmission Corporation Limited (UPPTCL) charges are being paid for wheeling of Tanda-II TPS, which is embedded generator of UPPTCL.

Renewable Solar (NTPC, SECI and HPPCL- Beradol)

7.3.9 The Petitioner has considered the average of monthly generation of the stations during the last 3 years.

7.3.10 With respect to Renewable generating stations the Petitioner has considered the same rate as approved by Commission in the previous Tariff Order whereas in case of Beradol Solar IPP, the rate of power purchase is Rs. 4.31 per unit, and the same has been considered for projection by the Petitioner

Revised Estimates for Power Purchase from BBMB & PSPCL

7.3.11 The Petitioner has submitted that in case of BBMB (old project, a fixed quantum of 1.2 lakh units per annum is considered for projections. In case of new projects (i.e., BBMB new, Dehar and Pong), the average of monthly generation of the stations during the last 3 years is considered. Further, for PSPCL generating stations like Shanan extension project (50 MW), the Petitioner has submitted that it has a fixed share of 45 MUs per annum and for Shanan Old project (60 MW) the Petitioner is having a fixed share of 1 MW at PLF of 60%.

7.3.12 With respect to BBMB generating stations the Petitioner has considered the same rate as approved by Hon'ble Commission (CERC) in Tariff Order for the respective years.

7.3.13 With respect to PSPCL generating stations the Petitioner has considered the tariff of Rs. 0.81 per unit for Shanan old project as approved in PSPCL Tariff Order for FY 2021-22. However, for Shanan extension project (50 MW) the Petitioner has considered a rate of Rs. 0.72 per unit for the remaining period of FY2021-22 & for FY2022-23.

UJVNL and UPJVNL Projects

7.3.14 In case of UJVNL projects the Petitioner has considered average of monthly generation of the stations during the last 3 years.

7.3.15 Moreover, for UJVNL projects i.e., Chibroo, Khodri, Dhalipur Dhakrani, Kulhal HEPs, the rates approved by the UERC Tariff Order for FY 2021-22 dated 26th April 2021 have been considered by the Petitioner.

7.3.16 As per the Petitioner's submission for UPJVNL project, a Y-o-Y escalation of 3% is considered for projection of fixed charge. For variable charge, 6% Y-o-Y escalation on the latest energy charges is applied for projection of energy charge in the ensuing year.

7.3.17 In case of Khara project of UPJVNL the Petitioner has considered the rate of purchase for FY 2021-22 and FY 2022-23 as Rs.1.15 per unit, as per the petition filed by UPJVNL before Hon'ble UPERC.

7.3.18 Further, the Petitioner has mentioned that the capacity charges are billed as per the monthly plant availability factor & energy charge rate under the regulations for above projects.

NPCIL

7.3.19 The Petitioner has submitted that for NAPP and RAPP (V&VI) projects, the quantum of generation is considered same as approved by HPERC in the respective Tariff Orders.

7.3.20 The Petitioner has also submitted that power purchase cost for all the stations of NPCIL for FY 2021-22 and FY 2022-23 is considered as per the same rate approved by Commission in the respective Tariff Orders.

Baspa & Others

7.3.21 As per Petitioner's submission, For Baspa, the average of monthly generation of the stations during the last 3 years is considered. The AFC and the primary energy charges for FY 2021-22 and FY 2022-23 as approved by Commission in the Tariff Order for Baspa HEP for respective years is considered for projection.

7.3.22 Further, the Petitioner has also considered the Income Tax (as per Tariff Order for Baspa station) and incentive on account of Higher Plant Availability Factor which is payable @ 2% of the equity of the Project.

7.3.23 The Petitioner has projected the power purchased from waste to energy project as approved by Commission in the MYT Order for FY 2022-23.

7.3.24 For Private SHPs (micro and mini hydro projects) the Petitioner has considered average of monthly generation in last 2 years and in case of solar IPPs, an additional installed capacity of 4.55 MW (already commissioned in FY 2021-22) and 6.05 MW anticipated to be commissioned allotted under various schemes has been considered for projection at an average CUF of 17%. In case of Small Hydro power stations, an additional 51.25 MW is anticipated to be commissioned in FY 2021-22 and FY 2022-23.

7.3.25 Further, in order to comply with the directives of the HPERC in regard to RPO obligation as per the order dated 14.9.2021, the Petitioner has started procuring additional solar energy of 136 MUs on short term basis though M/s PTC India Ltd from October 2021 to March 2022.

7.3.26 The Petitioner has considered preferential tariff determined as per FY 2021-22 (H1) actual rate for private SHPs. In case of APPC generators, the latest rate of Rs. 2.35 per unit as determined by Commission for FY 2020-21 vide order dated 31.3.2021 is considered and in case of solar, the Petitioner has considered the rate of Rs. 4.60 per unit at which it is procuring short term power from solar energy.

Free Power

7.3.27 As per Petitioner's submission, the generation from free power stations are considered based on average of last 3 years monthly generation.

7.3.28 Further, the Petitioner has considered the Free Power rate of Rs. 2.49 per unit as fixed by the Commission vide order dated 6.5.2021 for projections of FY 2021-22 and FY 2022-23.

Short term power purchase

7.3.29 The Petitioner has mentioned that it has tied up with generators for short term power purchase to meet the winter demand through traders and banking arrangements. For ensuing year, the Petitioner has not projected any short-term purchase since it has surplus power and any shortfall in winter shall be met with banking arrangements.

RPO Trajectory

7.3.30 The Petitioner is required to comply RPO with the HPERC (Renewable Power Purchase Obligation and its Compliance) Regulations, 2010 and its subsequent amendments. The Petitioner has submitted the following Power Purchase requirement for meeting its RPPO:

Table 113: RPO projection for FY23

Particulars	Units	Approved	Revised
Sales within state	MUs	9,917.00	9,591.53
T&D Loss	%	9.70%	11.25%
Energy requirement at HP Periphery	MUs	10,982.28	10,807.36
Consumption met from Hydro	MUs	10,088.45	9,962.19
Sales less Hydro consumption	MUs	893.83	845.17
RPO Obligation*			
Solar	%	10.50%	10.50%
Non-Solar	%	10.50%	10.50%
Renewable purchase Projection			
Solar	MUs	93.85	88.74
Non-Solar	MUs	93.85	88.74
Total (Solar + Non-Solar)	MUs	187.70	177.49
Solar RPO Purchase			
Solar Power currently tied up (ground and rooftop)	MUs	138.70	124.63
Solar Power RPO shortfall	MUs	-	-
Non- Solar RPO Purchase			
Non-Solar currently tied up	MUs	2,272.26	2,417.57
Non-Solar RPO shortfall	MUs	-	-

**Solar and non-Solar RPO targets have been considered same as approved in MYT Order dated 29.6.2019.*

7.3.31 Based on the above discussion, the station wise power procurement and associated cost for FY 2021-22 & FY 2022-23 is depicted in the following table:

Table 114: Summary of power purchase projected (excluding banking) for FY 22 and FY 23

List of Stations	FY21-22	FY22-23

	Energy	Cost	Energy	Cost
	MUs	Rs. Cr	MUs	Rs. Cr
Own Generation				
Above 5 MW				
Bhaba	617.96	49.67	559.34	47.73
Bassi	309.24	19.62	321.23	20.04
Giri	199.15	18.10	202.09	24.60
Larji	504.76	62.02	554.15	66.17
Andhra	65.08	10.19	68.78	10.86
Ghanvi	83.95	18.89	84.88	19.10
Ghanvi II	40.07	9.02	39.44	8.87
Baner	35.14	9.62	38.84	10.34
Gaj	35.90	9.91	41.96	10.88
Binwa	30.70	6.82	32.36	7.29
Thirot	6.92	1.56	5.04	1.13
Gumma	4.80	1.08	3.60	0.81
Holi	6.18	1.39	2.86	0.64
Khauli	42.46	9.55	42.47	9.56
Bhaba Aug	9.95	2.24	7.93	1.78
5 MW and below				
Nogli	4.34	2.41	5.05	2.63
Rongtong	-	-	-	-
Sal-II	-	-	-	-
Chaba	4.80	1.92	4.92	2.03
Rukti	4.06	0.43	3.60	0.43
Chamba	1.51	0.48	1.70	0.53
Killar	0.08	0.02	0.10	0.02
Total Own Generation	**2007.78**	**236.44**	**2020.81**	**246.97**
NTPC				
Anta (G)	1.29	4.64	15.12	21.28
Anta (L)	-	-	-	-
Anta (LNG)	-	-	-	-
Auriya (G)	9.75	8.09	14.70	10.99
Auriya (L)	0.01	-	-	-
Auriya (LNG)	0.03	-	-	-
Dadri (G)	35.77	21.43	50.12	23.07
Dadri (L)	-	-	-	-
Dadri (LNG)	0.27	-	-	-
Unchahar-I	56.39	26.31	40.02	18.33
Unchahar-II	134.10	84.37	70.16	39.75
Unchahar-III	53.34	25.81	46.27	23.14
Unchahar-IV	7.77	3.68	5.67	2.80
Rihand-1 STPS	268.39	66.08	260.78	66.28
Rihand-2 STPS	227.31	48.73	251.99	56.26
Rihand-3 STPS	287.81	85.39	258.57	84.83
Kahalgaon - II	164.20	62.77	150.99	61.78

List of Stations	FY21-22		FY22-23	
	Energy	Cost	Energy	Cost
	MUs	Rs. Cr	MUs	Rs. Cr
Singrauli STPS	37.50	8.57	23.61	4.83
Dadri-II TPS	13.01	7.60	8.22	4.43
Tanda TPS	12.37	5.89	5.29	2.10
Koldam	447.82	208.32	473.43	269.20
Singrauli Solar	20.15	13.68	20.39	16.06
Total NTPC	**1777.26**	**681.37**	**1695.33**	**705.11**
SECI				
SECI Solar	41.81	23.85	42.16	23.20
Total Renewable Sources	**41.81**	**23.85**	**42.16**	**23.20**
NPCIL				
NAPP	95.83	28.94	97.85	29.46
RAPP (V & VI)	105.14	41.32	101.88	39.63
Total NPCIL	**200.97**	**70.26**	**199.73**	**69.09**
NHPC				
Chamera I	57.17	11.76	65.45	14.58
Chamera II	47.32	9.89	38.51	10.82
Dhauliganga	39.32	12.13	41.99	12.06
Salal	32.94	7.21	34.93	5.29
Tanakpur	13.70	5.26	14.64	6.10
Uri	83.92	17.38	83.18	15.23
Chamera III (GoHP RLDC)	-	0.04	-	-
Parbati III (GoHP RLDC)	-	0.08	-	-
Bairasuil (GoHP RLDC)	-	0.02	-	-
Sewa II	-	-	-	-
Uri II	-	-	-	-
Total NHPC	**274.37**	**63.78**	**278.71**	**64.08**
HPPCL				
Kasang HEP	-	-	-	-
Beradol Solar	8.13	3.50	8.32	3.59
Total HPPCL	**8.13**	**3.50**	**8.32**	**3.59**
BBMB Stations				
BBMB Old	43.84	4.76	43.84	5.57
BBMB New	303.71	16.50	355.79	36.26
Dehar	173.16	13.92	179.69	17.93
Pong	39.97	2.37	45.47	2.44
Total BBMB Stations	**560.69**	**37.54**	**624.78**	**62.19**
PSPCL Project				
Shanan	5.26	0.53	5.26	0.43
Shanan Ext	45.00	3.60	45.00	3.24
Bilateral with PSPCL on 11kV				
Total PSPCL	**50.26**	**4.13**	**50.26**	**3.67**
UJVNL Projects				
Yamuna (Chibro)	208.66	23.06	221.90	26.62

List of Stations	FY21-22		FY22-23	
	Energy	Cost	Energy	Cost
	MUs	Rs. Cr	MUs	Rs. Cr
Yamuna (Khodri)	97.00	13.29	101.23	14.58
Yamuna (Dhakrani)	36.94	7.95	39.91	8.77
Yamuna (Dhalipur)	54.40	8.98	52.26	9.36
Yamuna (Kulhal)	29.05	5.01	29.49	5.36
Total UJVNL	**426.06**	**58.29**	**444.78**	**64.70**
UPJVNL				
Khara	61.03	6.11	59.82	6.89
Total UPJVNL	**61.03**	**6.11**	**59.82**	**6.89**
SJVNL				
Nathpa Jhakri SOR	162.48	37.51	170.44	39.73
Nathpa Jhakri Equity	1487.77	339.22	1550.05	357.69
Rampur SOR	46.38	23.01	49.42	28.89
Rampur Equity	484.16	230.94	507.01	276.74
Total SJVNL	**2180.79**	**630.68**	**2276.92**	**703.06**
GoHP Free Power				
Baira Siul FP	6.45	1.88	-	-
Chamera-I FP	13.20	3.35	-	-
Chamera-II FP	10.10	2.61	-	-
Chamera-III FP	6.85	1.65	-	-
Parbati-III FP	2.24	0.56	-	-
Koldam FP	11.79	2.77	-	-
Nathpa Jhakri FP	29.40	7.45	-	-
Rampur FP	8.88	2.35	-	-
Shanan FP	2.63	0.65	2.63	0.65
Ranjeet Sagar Dam FP	64.68	16.04	78.70	19.60
Malana FP	62.34	15.52	67.61	16.83
Baspa FP	151.44	37.71	155.79	38.79
Kasang FP	24.56	6.12	17.23	4.29
Chanju FP	18.78	4.68	20.20	5.03
Larji FP	68.26	17.00	74.86	18.64
Ghanvi FP	2.76	0.69	8.68	2.16
Baner FP	1.42	0.35	4.17	1.04
Gaj FP	10.38	2.58	7.55	1.88
Khauli FP	4.36	1.09	5.32	1.32
Ghanvi II FP	1.37	0.34	4.01	1.00
Small HEP/ Private Micro - FP	138.18	34.41	128.47	31.99
Total Free Power	**640.08**	**159.79**	**575.22**	**143.23**
Baspa				
Baspa - II - Primary	1050.06	230.34	1050.06	232.46
Baspa - II Secondary Energy	60.47	25.10	92.37	37.61
Total Baspa	**1110.53**	**255.44**	**1142.43**	**270.07**
Private IPPs				
Small HEP/ Private Micro	1599.59	485.99	1678.79	510.05

List of Stations	FY21-22		FY22-23	
	Energy	Cost	Energy	Cost
	MUs	Rs. Cr	MUs	Rs. Cr
Small HEP/ Private Micro -REC	274.72	64.56	303.38	71.29
Solar IPPs	176.84	90.36	53.76	24.24
Waste to Energy	-	-	24.53	19.38
Total Private IPPs	**2051.15**	**640.91**	**2060.46**	**624.97**
Others				
UI Purchase	169.53	122.20	-	-
-Contingency purchase (IEX)	290.09	77.91	-	-
Contingency purchase (PXIL)	-	22.88	-	-
Short term purchase (traders)	1719.78	462.37	-	-
Total Others	**2179.40**	**685.36**	**-**	**-**
Banking				
Total Banking Received	650.71	-	1062.50	-
Total Generation (excluding Banking)	**13570.31**	**3557.45**	**11479.73**	**2990.82**
Total Generation (including Banking)	**14221.02**	-	**12542.23**	-

7.3.32 The summary of power purchase projection for FY 2022 and FY 2023 is submitted in following table:

Table 115: Summary of power purchase projected (excluding banking) for FY 22 and FY 23

Projects	FY22		FY22		FY23		FY23	
	Approved		Projection		Approved		Projection	
	MUs	Rs. Crs	MUs	Rs. Crs	MUs	Rs. Crs	MUs	Rs. Crs
Own Generation	2073.86	331.44	2007.78	236.44	2420.75	495.87	2020.81	246.97
SJVNL	2242.11	687.74	2180.79	630.68	2305.79	567	2276.92	703.06
NTPC	1669.84	636.34	1757.11	667.69	1703.89	665.79	1674.94	689.06
NPCIL	206.23	70.88	200.97	70.26	389.09	160.7	199.73	69.09
NHPC	289.79	62.2	274.42	63.78	379.19	98.29	278.71	64.08
Baspa	1150.35	271.58	1110.53	255.44	1157.33	275.74	1142.43	270.07
BBMB and other stations	1130.82	111.72	1098.04	106.07	1093.66	128.53	1179.65	137.44
GoHP Free Power	591.91	147.38	640.08	159.79	636.49	162.95	575.22	143.23
Pvt SHPs, Solar IPPs& WtE	1889.7	547.53	2059.27	644.41	1721.72	508.8	2068.78	628.56
Solar (SECI & Singrauli)	63.55	41.53	61.96	37.53	63.89	39.68	62.54	39.25
Short term Purchase (excluding banking)	1723.6	464.09	2179.4	685.36	-	-	-	-
Total	**13031.76**	**3372.43**	**13570.36**	**3557.45**	**11871.8**	**3103.35**	**11479.73**	**2990.82**

7.4 Transmission and Distribution (T&D) Losses

7.4.1 The Petitioner has requested the Honorable Commission to revise the T&D Loss trajectory based on the details elaborated in the chapter "Mid Term Performance Review for 4th MYT Control Period".

7.4.2 The Petitioner submits that the loss trajectory is required to be revised and non-revision of T&D loss trajectory will result in huge penalties on HPSEBL in future years.

7.4.3 Accordingly, the T&D loss approved, and the revised T&D losses targets considered by the Petitioner are as follows:

Table 116: Revised T&D loss trajectory

	FY20	FY21	FY22	FY23	FY24
T&D loss target approved in MYT Order	10.30%	10.10%	9.90%	9.70%	9.50%
Revised T&D loss trajectory			11.50%	11.25%	11.00%

7.5 Energy Balance

7.5.1 Based on the approved loss levels and the sales projections as above, the Petitioner submits the revised energy balance for FY 2021-22 and FY 2022-23. The summary of annual energy balance as proposed by the Petitioner is submitted as follows-

Table 117: Energy Balance for FY22 and FY23

S.I.	Particulars	FY22	FY23
a	Interstate- Generating Stations	7,097.18	7,157.08
b	Banking Purchase at ISTS	650.71	1,062.50
c	Interstate Transmission Loss (%)	3.36%	3.16%
d	Transmission Loss (MUs)	260.39	260.00
e	**Net Energy Available at Periphery**	**7,487.50**	**7,959.58**
f	Power Available within the state (i+ii+iii)	4,293.78	4,322.65
(i)	State Generating Stations	2,007.78	2020.81
(ii)	Free Power (own generation & IPPs)	226.73	233.06
(iii)	IPPs	2,059.27	2068.78
g	**Power from Other Sources at State Periphery (i+ii+iii)**	**2,115.70**	**-**
(i)	UI Power	169.53	-
(ii)	IEX/PXIL	290.09	-
(iii)	Short term power	1,656.08	-
h	**Total Energy Available (e+f+g)**	**13,896.98**	**12,282.23**
i	Energy Sales Within the state	9,543.34	9,591.53
j	**Inter-State Sale of Power (i+ii+iii)**	**3,113.55**	**1,474.87**
(i)	Sale of Power (including UI, Bilateral & IEX/PXIL)	1,081.85	412.37
(ii)	Banking sale	616.02	1,062.50
(iii)	RE sale	1,415.68	-
k	**Total Energy Sale (i+j)**	**12,656.89**	**11,066.41**
l	T&D loss (in MUs) (h-k)	1,240.09	1,215.83
m	**Total Energy available for Sale (k+l)**	**13,896.98**	**12,282.23**
n	**T&D loss (%) = (1-(energy sale within the state)/(total energy available-interstate sale))**	**11.50%**	**11.25%**

7.6 Transmission & Other Charges

7.6.1 The Petitioner has mentioned that it has to pay three major charges which are explained in the subsequent paragraphs.

7.6.2 **PGCIL Charges:** The Petitioner has submitted that the new CERC (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2020 dated 4th May 2020 have come into force with effect from 1st November 2020.

7.6.3 Based on the transmission charges (for PGCIL network) incurred in H1 of FY 2021-22, HPSEBL has projected the PGCIL charges for FY 2021-22 and FY 2022-23.

7.6.4 Further, the revised PGCIL charges for FY 2021-22 and FY 2022-23 (including bilateral charges of PKATL assets and bilateral charges of 2 Nos. 220 kV line bays of Hamirpur-PGCIL substation) works out to Rs. 472.97 Cr and Rs. 520.27 Cr respectively.

7.6.5 The Petitioner further submitted that, as per the existing charges under PoC mechanism and likely capacity addition in the transmission network of POWERGRID every year, there is 10% escalation year on year basis for FY 2021-22 and FY 2022-23.

7.6.6 The summary of PGCIL charges proposed by the Petitioner for the FY 2021-22 and FY 2022-23 is as follows:

Table 118: Petitioner Submission- PGCIL and Other charges proposed by the Petitioner in (Rs. Cr)

Particulars	FY22				FY23	
	Approved APR Order	Actual (H1)	Projected (H2)	Total	Approved in MYT Order	Projected
PGCIL Charges	472.97	282.47	190.50	472.97	355.95	520.27

7.6.7 **HPPTCL Charges:** The Commission has approved HPPTCL charges for the fourth Control Period and the Petitioner submits that HPSEBL has a share of ~96% of the long-term capacity and hence the approved ARR shall be prorated on the above basis as depicted in following:

Table 119: Petitioner Submission- HPPTCL charges proposed by the Petitioner in (Rs. Cr)

Particulars	FY22	FY23
Approved ARR for HPPTCL	25.73	36.24
Prorate share of HPSEBL	24.70	34.79

7.6.8 Further, the Petitioner has claimed that HPSEBL has been paying the transmission charges for wheeling of 11 MW power of HPSEBL towards Phojal Substation and ADHPL's 220 kV dedicated transmission line from Phojal substation to CTU interconnection point at mutually agreed rates. Further, the charges for Bhoktoo substation have been projected based on the tariff determined by Commission vide Tariff Order dated 25.7.2020. The charges for Kashang Bhaba transmission line have been projected on prorate basis (65 MW share of HPSEBL out of 195 MW) based on the tariff determined by Commission vide Tariff Order dated 26.8.2020.

7.6.9 In addition to the above charges the Petitioner has claimed that HPPTCL has filed a petition for determination of capital cost and AFC in respect of 132/33 kV GIS sub-station Pandoh (Mandi) along with associated transmission lines in October 2021 and 132/33 kV, 2x25/31.5 MVA GIS sub-station at Chambi (Shahpur) along with 132 kV Double Circuit transmission line in October 2021 before the Commission and as per HPPTCL the only beneficiary of these transmission system is HPSEBL and thus entire ARR shall be borne by HPSEBL.

7.6.10 Moreover, the Petitioner has sought evacuation of 26 MW of power from Hydro Power Projects which have been already commissioned in the Ravi Basin using the dedicated line of M/s Greenko Budhil HEP. The Petitioner intended to evacuate power from already commissioned SHEPs using the dedicated transmission line of Budhil till 30.09.2021.

7.6.11 Similarly, the Petitioner has PPA with IPPs owned SHP in Parbati river belt in Kullu area for 17.5 MW. The Petitioner in order to evacuate this power utilizes the 132kV double circuit Malana-Bajaura line which is a dedicated transmission line of M/s Malana Power from Malana HEP at Jari to 132/33 kV Bajaura sub-station of HPSEBL. For this the Petitioner is paying provisional monthly charges of Rs. 3,46,236/- to M/s MPCL which is subject to adjustment as per the final Order of APTEL in the petition filed by M/s MPCL.

7.6.12 The summary of the total HPPTCL charges for FY 2022-23 is as follows:

Table 120: Petitioner Submission-Additional Transmission charges in (Rs. Cr.)

Particulars	FY22				FY23	
	Approved APR Order	Actual (H1)	Projected (H2)	Total	Approved in MYT Order	Projected
STU charges (Prorate share 96%)	24.70	14.08	10.62	24.70		34.79
ADHPL	4.00	1.97	2.03	4.00		4.00
Phojal	1.30	0.65	0.65	1.30		1.30
Kashang (Prorate share 13%)	0.97	-	0.97	0.97		0.98
Bhoktoo (Prorate share 100%)	6.12	3.06	3.06	6.13		5.96
Chambi GIS Substation & associated line	Total impact from COD till FY 22			35.04		15.31
Pandoh (Mandi) GIS Substation and associated assets	Total impact from COD till FY 22			28.80		10.87
Interim charges for evacuation of 26 MW power payable to M/s Greenco Budhil HEP or to UPCL	-	-	4.32	4.32		-
Utilization of 132kV D/C Malana-Bajaura line to M/s MPCL	-	-	0.42	0.42		0.42
Total	**37.09**	**19.77**	**85.91**	**105.68**	**34.32**	**73.63**

7.6.13 **SLDC and STOA Charges:** The HPSLDC charges for the remaining period of FY 2021-22 and FY 2022-23 is considered the same as approved by the Commission in the MYT order.

7.6.14 Further, the Petitioner has mentioned that the STOA charges have been reduced consequent to implementation of new CERC (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2020, and accordingly, the same has been considered.

7.6.15 The HPSLDC and STOA charges for the remaining period of FY 2021-22 and FY 2022-23 are as follows:

Table 121: Petitioner Submission SLDC charges and Open access charges for FY 22 and FY 23 (Rs. Cr)

Particulars	FY22				FY23	
	Approved APR Order	Actual (H1)	Projected (H2)	Total	Approved in MYT Order	Projected
SLDC Charges	6.05	1.75	1.74	3.49	10.24	4.49
Open Access Charges	5.00	10.89	11.67	22.56	85.77	25.05

7.6.16 The summary of transmission and other charges proposed by the Petitioner for the FY 2021-22 and FY 2022-23 is as follows:

Table 122: Summary of Transmission and other charges proposed by the Petitioner in (Rs. Cr.)

Particulars	FY22		FY23	
	Approved APR Order	Projected	Approved MYT Order	Projected
PGCIL Charges	472.97	472.97	355.95	520.27
HPPTCL Charges and other elements	37.09	105.68	34.32	73.63
SLDC Charges	6.05	3.49	10.24	4.49
STOA Charges	5.00	22.56	85.77	25.05
Total	**521.11**	**604.69**	**486.28**	**623.43**

7.6.17 The Petitioner has requested the Commission to consider the transmission and other charges as estimated above.

7.7 Operation & Maintenance Expenses (O&M)

7.7.1 As per the MYT Regulations 2011 and amendments thereof, O&M expenses are controllable and hence the O&M expenses approved for the Control Period are as per the methodology specified in the Regulations, are not subjected to truing-up in the APR. Accordingly, HPSEBL has considered O&M expenses to the same level as approved in MYT Order and prays to true Up the O&M expenses as per actuals during submission of True Up.

7.7.2 Further, the Petitioner has requested additional expenditure under A&G expense towards Meter rental charges under Smart metering initiative as elaborated in the chapter "Mid Term Performance Review for 4th MYT Control Period". Accordingly, HPSEBL requests the Commission to approve O&M expenses for FY 2022 and FY 2023 as follows:

Table 123: O&M charges for FY 22 and FY 23 (Rs. Cr)

Particulars	FY22		FY23	
	Approved in APR Order	Revised Projection	Approved in MYT Order	Revised Projection
Employee Cost	1,926.91	1,926.91	2,052.36	2,052.36
R&M Cost	106.22	106.22	112.91	112.91
A&G Cost	51.26	55.27	51.95	65.97
Total O&M Expense	**2,084.39**	**2,088.40**	**2,217.22**	**2,231.24**

7.8 Interest and finance charges

7.8.1 As per HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011 along with Amendment 1, 2012 and Amendment 2, 2013, Interest & Finance Charges is the controllable parameter and shall be true-up at the end of MYT control period FY 2019-20 to FY 2023-24.

7.8.2 **Interest on long term loans –** The Petitioner has projected LC charges over and above the approved Interest and finance charges approved by the Commission. The details of interest on long term loans have been considered the same as elaborated with reasons in the section "Mid Term Performance Review for 4th MYT Control Period". Accordingly, the interest on loan is projected as follows:

Table 124: Interest on Long term loan along with LC charges projected for FY 22 and FY 23 (Rs. Cr)

Particulars	FY22		FY23	
	Approved in APR Order	Revised Projection	Approved in MYT Order	Revised Projection
Interest on Long term loan (along with LC charges)	174.93	185.66	188.37	202.18

7.8.3 **Interest on Working Capital:** The Petitioner has projected interest on working capital in accordance with the MYT Regulations 2011 and its subsequent amendments from time to time.

Table 125: Petitioner Submission-Interest on Working Capital for FY22 & FY23 (in Rs Cr)

Particulars	FY22		FY23	
	Approved in APR Order	Projected	Approved in MYT Order	Projected
O&M expenses for 1 month	173.70	174.03	184.77	185.94
Receivables for two months of revenue from sale of electricity	874.78	1093.22	901.06	1032.09
Maintenance spares @ 15% of O&M Expenses for one month	26.05	14.91	15.38	15.87
Less: one-month power purchase	324.46	346.57	298.03	301.19
Less: Consumer Security Deposit	489.99	465.94	502.06	492.18
Total Working Capital	**260.08**	**469.66**	**301.12**	**440.54**
Rate of Interest on Working Capital	10.00%	10.00%	11.15%	10.00%
Interest on Working Capital	**26.01**	**46.97**	**33.58**	**44.05**

7.8.4 **Interest on Consumer Security Deposit:** The Petitioner has projected Consumer security deposit for the FY 2022-23 as follows:

Table 126: Interest on Consumer Security Deposit for FY 22 and FY 23 (Rs. Cr)

Particulars	FY22		FY23	
	Approved in APR Order	Projected	Approved in MYT Order	Projected
Opening	452.77	440.34		465.94
Addition	37.23	25.60		26.24
Closing	489.99	465.94		492.18
Rate of Interest	4.31%	4.31%		4.31%
Interest on Security deposit	**20.30**	**19.51**	**31.86**	**20.63**

7.9 Depreciation, Return on Equity

7.9.1 The Petitioner has considered depreciation & Return on Equity to the same level as approved in MYT Order and request to true-up the same at the end of the control period.

Table 127: Depreciation and RoE claimed for FY 22 & FY 23 (Rs. Cr)

Particulars	FY22		FY23	
	Approved in APR Order	Revised Projection	Approved in MYT Order	Revised Projection
Depreciation	154.60	154.84	167.33	168.51
Return on Equity	56.43	56.46	62.74	63.02

7.10 Non-Tariff Income and Other Income

7.10.1 The Petitioner has estimated non-tariff and other Income for the FY 2022-23 as shown in the table below:

Table 128: Non-tariff income for FY 22 and FY 23

Particulars	FY22		FY23	
	Approved in APR Order	Projection	Approved in MYT Order	Projection
Meter Rent/Service Line Rentals		50.77		50.77
Recovery for theft of Power / Malpractices		0.27		0.27
Wheeling Charges Recovery		39.62		39.62
O&M Charges Recovery		7.89		7.89
Peak Load Violation Charges		-		-
Miscellaneous Charges from Consumers		4.43		4.43
Total Non-Tariff Income - Total		**102.96**		**102.96**
Other Income				
Interest on Staff loans & Advances		0.17		0.17
Income from Investments		3.25		3.25
Interest on Loans & Advances to Licensees		-		-
Delayed Payment Charges from Consumers		-		-
Delayed Payment Charges from PGCIL		0.01		0.01
Interest on Advances to Suppliers / Contractors		0.08		0.08
Interest on Banks (other than on Fixed Deposits)		2.23		2.23
Income from Trading		6.77		6.77
Other Misc. Receipt trading		0.03		0.03
Income fee collected against Staff Welfare Activities		0.08		0.08
Miscellaneous Receipts		51.95		51.95
O&M Charges Recovery from HPPTCL		-		-
Recovery of Investigation & Survey Charges		-		-

Particulars	FY22		FY23	
	Approved in APR Order	Projection	Approved in MYT Order	Projection
Amortization of Govt. grants		-		-
Subsidies against loss on account of flood		15.50		15.50
Prior Income		1.89		1.89
Rebate to CPSUs		10.63		10.63
Subsidies from State Govt. (General)		6.58		6.58
Other Income – Total		**99.14**		**99.14**
Non-Tariff Income	**238.16**	**202.10**	**134.51**	**202.10**

7.11 Aggregate Revenue Requirement

7.11.1 The Petitioner's submission of ARR and category wise Revenue for the FY 2021-22 and FY 2022-23 has been summarised below:

Table 129: Summary of ARR for FY22 & FY23 (in Rs Cr)

S.I	Particulars	FY22		FY23	
		ARR approved in APR	Revised ARR	ARR approved in MYT Order	Revised ARR
A	**Power Purchase Expenses for Supply in the State (a+b+c)**	**3,893.50**	**4,162.15**	**3,576.31**	**3,614.25**
a	Cost of electricity purchase including own generation	3,372.38	3,557.45	3,090.03	2,990.82
b	Inter-State Charges (i+ii)	477.97	495.53	441.72	545.32
i	Power Grid Charges	472.97	472.97	355.95	520.27
ii	Open Access Charges	5.00	22.56	85.77	25.05
c	Intra-State Charges (i+ii)	43.15	109.17	44.56	78.11
i	HPPTCL Charges	37.10	105.68	34.32	73.63
ii	SLDC Charges	6.05	3.49	10.24	4.49
B	**Operation & Maintenance Costs (i+ii+iii)**	**2,084.39**	**2,088.40**	**2,217.22**	**2,231.24**
i	Employee Cost	1,926.91	1,926.91	2,052.36	2,052.36
ii	R&M Cost	106.22	106.22	112.91	112.91
iii	A&G Cost	51.26	55.27	51.95	65.97
C	**Interest & Financing Charges (i+ii+iii)**	**221.24**	**251.31**	**253.81**	**266.00**
i	Interest on Working Capital	26.01	46.13	33.58	43.19
ii	Interest on Security Deposit	20.30	19.51	31.86	20.63
iii	Interest on Long term Loans	174.93	185.66	188.37	202.18
D	Depreciation	154.60	154.84	167.33	168.51
E	Return on Equity	56.43	56.46	62.74	63.02
F	**Gross ARR (A+B+C+D+E)**	**6,410.16**	**6,713.16**	**6,277.41**	**6,343.02**
G	Less: Non-Tariff & Other Income	238.16	202.10	134.51	202.10
	Net ARR (F-G)	**6,172.00**	**6,511.06**	**6,142.90**	**6,140.92**

7.12 Allocation of ARR into wheeling and retail supply

7.12.1 The Petitioner has allocated the total ARR for the Petitioner into wheeling ARR and retail supply ARR based on the approach adopted by the Commission in the Tariff Order for the Third MYT Control Period:

Table 130: Allocation ratio

Allocation of ARR of Distribution Business	Wheeling allocation	Retail Supply allocation
Power Purchase Expenses	-	100%
PGCIL Charges	-	100%
HPPTCL Charges	-	100%
SLDC Charges	-	100%
Open Access Charges	-	100%
Employee Expenses	70%	30%
R&M Expense	90%	10%
A&G Expense	60%	40%
Interest and Financing	95%	5%
Depreciation	95%	5%
Return on Equity	100%	-
Non-tariff Income	-	100%
Wheeling charges	100%	-
Additional items	50%	50%

7.12.2 Based on the above allocation rationale, the ARR of wheeling and retail supply business is summarized in tables below:

Table 131: Allocation of total ARR into wheeling ARR and retail supply ARR (Rs. Cr)

Particulars	Wheeling ARR	Retail Supply ARR	Total
Cost of electricity purchase including own generation	-	2990.82	2990.82
Transmission Charges	-	623.43	623.43
Employee Cost	1436.65	615.71	2052.36
R&M Cost	101.62	11.29	112.91
A&G Cost	39.58	26.39	65.97
Interest & Financing Charges	252.70	13.30	266.00
Depreciation	160.08	8.43	168.51
Return on Equity	63.02	-	63.02
Non-tariff Income	-	(202.10)	(202.10)
ARR	**2053.66**	**4087.27**	**6140.92**

7.13 Revenue at Existing Tariff

7.13.1 The Petitioner submitted that the revenue at existing tariff for FY 2022-23 has been estimated as given below:

Table 132: ABR approved in Tariff Order for FY 22

Consumer Category	Sales	Revenue at Approved tariff	
	MUs	Rs. Crore	Rs./ kWh
Small Industries	89.60	74.9	8.36

Consumer Category	Sales	Revenue at Approved tariff	
	MUs	Rs. Crore	Rs./ kWh
Medium Industries	100.40	38.38	3.82
Large Industries	5299.30	2923.01	5.52
Domestic	2382.70	1190.23	5.00
Irrigation and Drinking Water	647.59	374.96	5.79
Commercial	648.20	386.9	5.97
Bulk Supply	151.80	89.94	5.92
Non-Domestic Non Commercial	173.40	99.76	5.75
Public Lighting	10.70	5.5	5.14
Temporary	45.90	42.11	9.17
Total	**9549.59**	**5225.69**	**5.47**

7.14 Revenue from sale of surplus power

7.14.1 The Petitioner has submitted that there is surplus power available for FY 23. The rate for sale of surplus power has been Rs. 3.15 per unit. The revenue from sale of surplus power has been estimated as given below

Table 133: Petitioner Submission-Revenue from sale of surplus power in (Rs. Cr)

Particulars	FY23
Surplus power available (MUs)	412.37
Revenue from sale of surplus power (Rs Cr)	130.09
Rate (Rs per unit)	3.15

7.15 ARR including impact of True Up/ Other Provisions

7.15.1 The Petitioner has considered provision of Rs. 50 Cr towards impact of 7th Pay Commission in the ARR of FY 2022-23.

7.15.2 Accordingly, the Net ARR including approved past period gaps including impact of True Up surplus for FY 2018-19, FY 2019-20 & FY 2020-21, impact of true up of controllable parameters of 3rd Control Period and the aforesaid provisions is submitted as follows:

Table 134: ARR including past period adjustments (Rs. Cr)

Particulars	FY22		FY23	
	ARR approved in APR	Revised ARR	ARR approved in MYT Order	Revised ARR
ARR	**6,172.00**	**6,511.06**	**6,142.90**	**6,140.92**
Other impact/ Provisions				
Impact of True-up of FY 2018-19	194.70	151.19		
Impact of True-up of FY 2019-20	93.86	49.88		
Impact of True-up of FY 2020-21				388.46
Provision for payment of arrears -PSPCL against the Shanan share	22.44	22.44		
Provision towards impact of HPSEBL generation petition	50.00	50.00		-
Provision towards impact of 7th Pay Commission revision	25.00	25.00		50.00
Provision towards truing-up of	100.00			

Particulars	FY22		FY23	
	ARR approved in APR	Revised ARR	ARR approved in MYT Order	Revised ARR
controllable parameters for third Control Period				
Impact of True Up of Controllable parameters for 3rd Control Period		(1,616.09)		
Net ARR	**6,080.88**	**8,023.52**	**6,142.90**	**5,802.46**

7.16 Revenue Surplus/ (Gap)

7.16.1 Based on the projection of ARR and Revenue, the revenue surplus / (gap) projected by the Petitioner for FY 2022-23 is provided below:

Table 135: Petitioner Submission- Projected Revenue Surplus/ Gap for FY23 (Rs. Cr.)

Particular	Amount
Net ARR for FY23	**5,802.46**
Revenue at existing tariff	5270.70
Revenue from sale of surplus	130.09
Total Revenue estimated for FY23	5,400.79
Total Revenue Gap /Surplus (-)	**(401.68)**

7.17 Revenue at Proposed Tariff

7.17.1 The Petitioner after adjustment of Revenue Gap has estimated revenue at proposed tariff as below:

Table 136: Petitioner Submission-Category wise Revenue at existing tariffs (Rs. Cr)

Categories	Sales	Revenue	ABR
	MUs	Rs Cr	Rs/unit
Small Power	90	58	6.47
Medium Power	90	60	6.66
Large Supply	5,344	3,070	5.74
Domestic	2,440	1,358	5.57
Govt. Irrigation & Water Pumping	560	396	7.06
Irrigation & Agriculture	57	27	4.83
Commercial	634	412	6.51
Bulk Supply	152	120	7.88
Non-Domestic Non Commercial	160	113	7.06
Public Lighting	11	6	5.51
Temporary	56	53	9.59
Total	**9,592**	**5,673**	**5.91**

7.18 Additional Surcharge

Surrendered Power due to Open Access Consumers

7.18.1 The Petitioner has submitted that during FY 2021 (up to Oct'20), the Power projects from which the power got stranded during different time blocks due to short term open access includes Anta (GF, LF&RF), Auriya (GF, LF&RF), Dadri(GF,LF&RF), Dadri-2 TPS, Singrauli, Unchahar-I, Unchahar-II, Unchahar-III, Unchahar-IV, Rihand-I, Rihand-II, Rihand-III, and Tanda-2.

7.18.2 However, as per directions of the Commission, HPSEBL is not considering projects that have been categorized under surplus power purchase of the Merit Order Dispatch of FY 2021. Therefore, stations considered for computation of Additional Surcharge are Rihand-I, Rihand-II, Rihand-III, Singrauli, Kahalgaon-II, Unchahar-I and Unchahar-II.

7.18.3 The month-wise summary of the stranded power from stations and power purchase by open access Consumer during the same period as submitted by the Petitioner is shown in following Table:

Table 137: Total month-wise power purchased by STOA Consumers (Apr- Sep '21) (MUs)

Source	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Total
Total Power purchased by Open Access Consumers	1.30	5.55	11.44	9.35	7.74	1.12	36.50

Table 138: Energy Surrender due to Open-access Consumer in FY20 (till Sep'21) (MUs)

Source	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Total
ANTA _GF	-	0.08	-	-	-	-	-
ANTA _LF	2.89	2.94	3.60	9.97	7.28	1.81	0.27
ANTA _RF	6.48	6.67	6.44	0.35	0.06	1.87	4.41
AURY _GF	0.22	-	0.15	-	-	-	-
AURY _LF	7.42	7.74	7.32	7.12	8.24	4.15	0.01
AURY_RF	3.87	7.88	6.80	8.15	2.34	4.80	5.54
DADRI _GF	0.45	0.57	1.06	-	-	-	-
DADRI _LF	7.79	7.80	7.50	8.85	8.46	0.87	7.04
DADRI _RF	7.07	6.41	4.67	8.51	3.43	11.38	4.70
DADRT2	0.22	1.20	1.10	0.67	0.53	0.33	0.23
RIHAND1	0.30	2.45	3.81	3.15	1.49	1.73	0.76
RIHAND2	0.13	1.04	1.53	3.25	1.88	0.87	0.42
RIHAND3	0.14	1.82	3.68	3.66	1.61	1.37	0.57
SINGRAULI	-	0.09	0.23	0.19	0.10	0.10	0.03
TANDA 2	0.08	0.15	0.26	0.52	0.31	0.14	0.12
UNCHAHAR1	0.69	2.25	2.11	2.00	1.17	1.06	1.14
UNCHAHAR2	1.34	1.94	3.30	3.51	1.98	1.93	0.90
UNCHAHAR3	0.72	1.27	2.30	2.34	1.34	1.22	0.56
UNCHAHAR4	0.11	0.16	0.30	0.28	0.17	0.08	0.07
Total	**39.94**	**52.45**	**56.17**	**62.52**	**40.40**	**33.71**	**26.76**

Fixed Cost relating to Generation Capacity (at injection point)

7.18.4 The average rate of fixed cost per kWh, based on the fixed charges for the projects considered for computing additional surcharge as per Merit Order Dispatch has been calculated in table given below:

Table 139: Fixed cost of projects considered for additional surcharge

Name of Station	Capacity (MW)	Expected Net Annual Generation (MUs)	Annual Fixed Cost (Rs Cr) for FY 19	Annual Fixed Charges (Paise/ unit)	Power Purchase (MUs) during FY23	Total Fixed Cost of Power Purchase (Rs Cr)

Name of Station	Capacity (MW)	Expected Net Annual Generation (MUs)	Annual Fixed Cost (Rs Cr) for FY 19	Annual Fixed Charges (Paise/ unit)	Power Purchase (MUs) during FY23	Total Fixed Cost of Power Purchase (Rs Cr)
Singrauli STPS	2,000	13,984.08	906.53	64.83	23.61	1.53
Rihand-1 STPS	1,000	7,067.18	586.40	82.97	260.78	21.64
Rihand-2 STPS	1,000	7,221.65	496.61	68.77	251.99	17.33
Rihand-3 STPS	1,000	7,028.56	1,019.13	145.00	258.57	37.49
Kahalgaon - II	1,500	9,579.07	1,149.46	120.00	150.99	18.12
Unchahar-I	420	2,313.29	281.19	121.55	40.02	4.86
Unchahar-II	420	2,313.29	290.85	125.73	70.16	8.82
Total	**7,340**	**49,507.14**	**4,730.16**	**95.55**	**1,056.13**	**109.79**
Average rate of Fixed Cost at Injection Point (Paise/unit)						**103.96**

Fixed Cost relating to Power Grid & HPPTCL Transmission System (at injection point)

7.18.5 The Petitioner has calculated applicable average rate of PGCIL charges of Power Grid (actual up to Sep'21 thereafter average rate corresponding to H1 period is considered) and Transmission Charges of HPPTCL. The fixed costs relating to stranded transmission capacity have been worked out as per details given in table below:

Table 140: Fixed Cost relating to Power Grid & HPPTCL Transmission System (at injection point)

Month	Transmission Charges (Rs/MW/month)	
	PGCIL Charges	HPPTCL System
Apr-21	2,87,738	19,419
May-21	2,86,200	19,419
Jun-21	2,76,555	19,419
Jul-21	2,59,944	19,419
Aug-21	2,62,847	19,419
Sep-21	2,70,038	19,419
Oct-21*	2,73,887	19,419
Nov-21*	2,73,887	19,419
Dec-21*	2,73,887	19,419
Jan-22*	2,73,887	19,419
Feb-22*	2,73,887	19,419
Mar-22*	2,73,887	19,419
Average/month	**2,73,887**	**19,419**
Average Fixed Cost @77% load Factor at injection point (paise/kWh)	**48.60**	**3.45**

Power Grid, HPPTCL & Distribution System Losses

7.18.6 The additional surcharge shall be charged on the energy deliverable at the delivery point in the distribution system (i.e., at the Consumer end) based on the energy scheduled for each time block. Accordingly, for this purpose, the rates are projected at the Consumer end by considering transmission and distribution losses for respective systems.

7.18.7 The Petitioner has considered Power Grid losses 4.18% for FY 2022 (actual till Sep 2020-21, thereafter losses corresponding to the same period during last financial year has been considered). As power grid losses vary from time to time, therefore, average has been considered.

7.18.8 The losses for HPPTCL system and 132 kV & 220 kV distribution systems for FY 2021-22 have been taken as 0.75% and 2.50% respectively as approved in the tariff orders.

Table 141: Power Grid, HPPTCL & Distribution System Losses (%)

Particulars	Losses (%)
Power Grid Losses	4.18%
HPPTCL Losses	0.75%
Distribution System Losses (132 kV & 220 kV)	2.50%

Computation of Additional Surcharge

7.18.9 The average per kWh recovery from EHT Consumers through Demand Charges, as considered for the purpose of estimation of revenue under the Tariff Order for FY 2021-22, is 85.95 paise per unit. After deducting the rate from fixed cost payable to generators, the additional surcharge is computed as 82.58 paise per unit.

7.18.10 Accordingly, the additional surcharge for FY 2022-23 has been worked out as per details given in the following table:

Table 142: Petitioner Submission- Additional Surcharge computation (Paise per kWh)

Description	Fixed Cost at Injection point in paise/kWh	Fixed Cost at Consumer end in paise/kWh
Generation Capacity	103.96	112.31
Transmission Capacity	-	-
Power Grid system	48.60	52.50
HPPTCL system	3.45	3.72
Total Fixed Cost payable to Generator	-	168.53
Recovery of Fixed Charge as Demand Charge from EHT Consumers	-	85.95
Balance payable in shape of Additional Surcharge in Paise/kWh	-	**82.58**

7.19 Wheeling Charge

7.19.1 The Petitioner has apportioned the sales for FY 2022-23 at EHT, HT and LT voltage-levels as highlighted in the following table:

Table 143: Voltage wise sales for computation of wheeling charges

Category	Total Sales (MU)	EHT (>=66kV)	HT (33kV)	HT (>=11 kV & <33kV)	LT (< 11 kV)
Small Power	89.57	-	-	-	89.57
Medium Power	89.51	-	-	0.69	88.82
Large Supply	5,343.87	1,856.88	1,324.54	2,142.50	19.95
Domestic	2,440.04	-	-	0.03	2,440.01

Category	Total Sales (MU)	EHT (>=66kV)	HT (33kV)	HT (>=11 kV & <33kV)	LT (< 11 kV)
Govt. Irrigation & Water Pumping	560.47	-	30.19	214.61	315.67
Irrigation & Agriculture	56.73	-	-	-	56.72
Commercial	633.61	-	-	15.98	617.62
Bulk Supply	151.78	-	22.93	112.63	16.22
Non-Domestic Non-Commercial	159.69	-	-	18.92	140.76
Public Lighting	10.75	-	-	-	10.75
Temporary	55.53	-	-	8.69	46.85
Total	**9,591.53**	**1,856.88**	**1,377.66**	**2,514.05**	**3,842.95**

7.19.2 The Petitioner has mentioned that in the absence of voltage wise cost of assets, the wheeling Charges have been computed by allocating wheeling cost of ARR across voltage levels based on the allocation ratio approved by the Commission in the previous tariff order, which is reiterated in following table:

Table 144: Allocation ratio for wheeling cost

EHT (>=66 kV)	HT (33kV)	HT (>=11 kV & <33kV)	LT (< 11 kV)
18%	21%	29%	32%

7.19.3 The Power handled at each voltage level has been estimated taking into account the demand of HPSEBL and capacity available, the details of which at different voltage levels is represented in following table:

Table 145: Capacity of generators connected at each voltage level (in MW)

Particulars	220 kV	132 kV	66 kV	33 kV	22 kV	11 kV
Hydro IPP	-	-	55.40	340.40	50.10	0.40
OA Gen	-	122.00	51.50	5.00	-	-
Own Generation	120.00	246.00	49.50	50.00	15.30	0.80
Solar IPP	-	-	-	15.00	1.70	7.90
Total	**120.00**	**368.00**	**156.40**	**410.40**	**67.10**	**9.10**

7.19.4 Further, the energy flow at each voltage level has been estimated based upon the sales of HPSEBL and generation at each voltage level shown in following table:

Table 146: Estimated energy flow and power handled at each voltage level

FY 2020-21	EHT (>66 kV)	HT (33 kV)	HT (>=11 kV & <33kV)	LT (<11kV)
Estimated Power Handled (MW)	**998**	**673**	**555**	**731**
Consumer Demand (MW)	353	262	478	731
Generator Load (MW)	644	410	76	-
Estimated Energy Flow (MUs)	**4,962**	**3,355**	**2,881**	**3,843**
Consumer Energy Flow (MUs)	1,857	1,378	2,514	3,843
Generator Energy Flow (MUs)	3,105	1,977	367	-

7.19.5 The wheeling charges proposed for Medium/ long term open access Consumers are as shown in following table:

Table 147: Wheeling charges computed for long term open access Consumers

Particular	EHT (>66kV)	HT (33kV)	HT (>=11 kV & <33kV)	LT (<11kV)
Wheeling ARR for FY22 (Rs Cr)	2,053.66			
Cost apportioned (Rs Cr)	369.66	431.27	595.56	657.17
Cost allocation brought forward from the next higher voltage block) (Rs Cr)	-	124.77	190.96	339.23
Total Allocation (Rs Cr)	369.66	556.04	786.52	996.40
Estimated Load (MW)	998	673	555	731
Total Estimated Load (MW)	2,956	1,958	1,286	731
Wheeling Charges for Long-term Open Access/ Medium term Open Access Customers (Rs. Per MW per month)	**1,04,216**	**2,36,630**	**5,09,800**	**11,35,651**

7.19.6 The wheeling charges proposed for short term open access Consumers are as shown in following table:

Table 148: Wheeling charges computed for short term open access Consumers

Particular	EHT (>66 kV)	HT (33 kV)	HT (>=11 kV & <33kV)	LT (<11 kV)
Wheeling ARR for FY22 (Rs Cr)	2,053.66			
Cost apportioned (Rs Cr)	369.66	431.27	595.56	657.17
Cost allocation brought forward from the next higher voltage block) (Rs Cr)	-	121.94	184.14	334.09
Total Allocation (Rs Cr)	369.66	553.21	779.70	991.26
Estimated Energy (MUs)	4961.60	3354.96	2881.18	3842.95
Total Estimated Energy (MUs)	15040.69	10079.09	6724.13	3842.95
Wheeling Charges for Short-term Open Access Customers (Paisa per unit)	**24.58**	**54.89**	**115.96**	**257.94**

7.20 Cross Subsidy Surcharge

7.20.1 The Petitioner has worked out the Cross-subsidy Surcharge based on the above methodology and formula as per the revised Tariff Policy. Further, the Commission in line with its HPERC (Cross Subsidy Surcharge, Additional Surcharge and Phasing of Cross Subsidy) Regulations, 2006, is required to reach a normative level of 20% of its opening level. Considering the same, the Cross-Subsidy Surcharge computed and approved by the Commission for FY 2022-23 is shown in following table:

Table 149: Cross Subsidy Surcharge proposed by HPSEBL

Categories	CSS as per formula	20% of CSS	20% of Tariff	Proposed CSS
	(S)	A	B	MIN(A,B)
	Rs/unit	Rs/unit	Rs/unit	Rs/unit
Small Power	1.62	0.32	1.29	0.32

Categories	CSS as per formula (S) Rs/unit	20% of CSS A Rs/unit	20% of Tariff B Rs/unit	Proposed CSS MIN(A,B) Rs/unit
Medium Power	1.83	0.37	1.33	0.37
Large Supply	2.58	0.52	1.15	0.52
Domestic	0.72	0.14	1.11	0.14
Govt. Irrigation & Water Pumping	2.80	0.56	1.41	0.56
Irrigation & Agriculture	-	-	0.97	-
Commercial	1.70	0.34	1.30	0.34
Bulk Supply	4.25	0.85	1.57	0.85
Non Domestic Non Commercial	2.37	-	1.41	-
Public Lighting	0.67	0.13	1.10	0.13
Temporary	4.93	0.99	1.92	0.99

8 OBJECTION FILED AND ISSUES RAISED BY STAKEHOLDERS DURING PUBLIC HEARING

8.1 Introduction

8.1.1 Twenty stakeholders filed their written comments/objections on the Petition for Mid-Term Performance Review for the fourth Control Period FY 2019-20 to FY 2023-24 and True-up of uncontrollable parameters of FY 2018-19, FY 2019-20 and FY 2020-21 along with true up for controllable parameters for 3rd MYT Control period (FY 2014-15 to FY 2018-19) filed by the Petitioner. The list of the stakeholders is as follows:

Table 150: Details of Objectors (Stakeholder Consultation)

Sl.	Objector	Address
1.	BBN Industries Association	Baddi Barotiwala Nalagarh Industries Association, EPIP-Jharmajri Road Phase-I, Jharmajri, Baddi, (Distt- Solan)
2.	Kundlas Loh Udyog & Aggrawal Steel Pvt. Ltd.	Rakesh Bansal (9816032513)
3.	Confederation of Indian Industries	Confederation of Indian Industries, Block No. 3, Dakshin Marg, Sector 31-A, Chandigarh- 160030
4.	Parwanoo Industries Association	Parwanoo Industries Association (PIA), HPCED Building, Deptt of Industries Complex, Sector-1, Parwanoo, (Distt-Solan), M:9816032513 Email: piaparwanoo@gmail.com
5.	Kala Amb Chamber of Commerce & Industry	Kala-Amb Chamber of Commerce & Industry, Trilokpur Road, Kala-Amb- 173030, Distt- Sirmour.
6.	Prime Steel Industry	Prime steel industry(P) LTD, village Bated, Barotiwala, Distt Solan (HP)
7.	JB Rolling & HM Steel	M/S J.B. Rolling Mills Limited, Village Johron, Tehsil Nahan, Distt Sirmour (H.P.) H.M. Steel, Distt Sirmour (H.P.)
8.	Himachal Pradesh Steel Industries Association, Kala Amb	Himachal Pradesh Steel Industries Association, SCO 829, 2nd Floor, NAC Manimajra, Chandigarh
9.	IA Hydro Energy	D17, Lane 1, Sector-1, New Shimla-09.
10.	Nalagarh Industries Association	EPIP-JHARMAJRI ROAD, EPIP PHASE-1, JHARMAJRI, Baddi. (District solan), Himachal Pradesh-174130.
11.	Indian Energy Exchange	First Floor, Unit No. 1.14(a), Avanta Business Centre,

Sl.	Objector	Address
		Southern Park, D-2, District Centre, Saket, New Delhi – 110017
12.	Ambuja Cement	Vill.: Navagraon,P.O. Jajhra, Tehsil: Nalagarh, Distt.: Solan – 174101 (H.P)
13.	Vardhaman Textiles Ltd.	Vardhman Textiles Ltd., Sai Road, Baddi, Pin 173205
14.	Balbir Singh Rana	Not Available
15.	Kinnaur, 'Lahaul-Spiti Budha Sewa Sangh, Shimla (H.P.)	Spiti, Himachal Pradesh
16.	Bamdhir Rana	Not Available
17.	Naresh Himcon	Not Available
18.	Naggar Jal Kalyan Sabha Sunni	Not Available
19.	Malana Power	Bhilwara Towers, A-12, Sector 1, Noida – 201301, (NCR Delhi), India
20.	Ramesh Chauhan	Himanshu cottage, Cemetry road,Sanjauli, Shimla

8.1.2 As detailed out in Chapter 1 of this Order, the Commission through Public Notice in the newspapers has informed the public/stakeholders about the date of public hearing on Petition filed by HPSEBL for approval of ARR and determination of Retail Tariff for FY 2022-23 as 10th March 2022.

8.1.3 The public hearing was held on 10.03.2022 at the Commission's Court Room in Shimla based on which it shall be issuing the Tariff Order for FY 2022-23. The representatives of the stakeholders presented their cases before the Commission during public hearing.

8.1.4 Issues raised by the stakeholders in their written submission, along with replies given to the objections by the Petitioner along with views of the Commission are summarized in following paras:

General Objections

8.2 Tariff Petition

Stakeholders' Submission

8.2.1 Confederation of Indian Industries (CII), Parwanoo Industries Association (PIA), Kala-Amb Chamber of Commerce & Industry and BBN Industries association have requested to undertake a prudence check on the calculations and eligibility of true up as substantial amount has been claimed as compared to the MYT estimates.

8.2.2 The Objector has responded that true up of controllable parameters should not be allowed as per MYT Regulations.

Petitioner's Response

8.2.3 The Petitioner responded that objections/suggestion by the objector are of general and suggestive nature and has requested the Commission to review the true-up keeping in view the existing Tariff and other Regulations.

Commission's Observations

8.2.4 The Commission has carried out detailed scrutiny of all revenue and expense heads for FY 2018-19, FY 2019-20, FY 2020-21 and controllable parameters of 3rd Control Period (FY 2015 to FY 2019) as part of truing-up. Based on the prudence check of Petitioner submission and audited accounts, the Commission has independently analysed each parameter while conducting the true-up exercise and approved expenditure as per the provisions of MYT Regulations 2011 as detailed in respective Chapters of this Order.

Objections raised on True-Up of FY 2019, FY 2020 and FY 2021

8.3 T&D Losses

Stakeholders' Submission

8.3.1 Shri Ramesh Chauhan, Consumer Representative has highlighted that the Distribution losses are at 12.08 % & 13.09% for FY 2019 & FY 2020 respectively, above the approved figure of 10.30% & 10.10%, which is a concern since the Distribution Losses for FY 2019 were at 11.53%. Instead of improving upon or even maintaining the loss figures at FY 2019 level, the same has now increased. There are no reasons given for such an increase and instead the Petitioner has proposed a penalty of Rs 34.15 Cr for FY 2020 and requested the Commission to waive off the penalty amount for FY 2021, which will burden the Consumers of the State. He has suggested that the Consumers should not be burdened on account of inefficiencies of the Petitioner.

Petitioner's Response

8.3.2 The Petitioner responded that all the expenses including True up for FY 2019, FY 2020 & FY 2021 being claimed by HPSEBL in the present petition are as per the HPERC Regulations and Past Tariff Orders. The Commission may allow the same strictly as per the prevailing Regulations after due diligence and prudence check. Moreover, supporting documents and other details stand submitted to Commission in respect of various costs being incurred.

Commission's Observations

8.3.3 The mechanism for sharing of gains/ losses on account of overachievement/ underachievement is governed by the MYT Regulations, 2011 and its subsequent amendment. The Commission has analysed the claim of the Petitioner keeping in view the relevant provisions of the regulations as also detailed out in Chapter 9,10 & 11 of this Order. The Commission has also undertaken detailed scrutiny of category and circle wise sales provided by the Petitioner for the purpose of computation of T&D losses.

8.3.4 Further, the Commission taking into cognizance the unprecedented situation due to COVID-19 induced lockdown has provided certain relaxations for FY 2021 in the targets for T&D loss as also detailed out in Chapter 13.

8.4 Employee Expenses

Stakeholders' Submission

8.4.1 Shri Ramesh Chauhan, Consumer Representative has submitted that the Petitioner has managed to reduce the actual employee cost of FY 2019 as compared to the approved figures but still the terminal benefits are a cause of concern since these are almost 57.56 % of the total Employee cost and have crossed 50% of total employee cost. In lieu of this the Stakeholder has requested the Commission to create a pension fund just on the analogy of GPF trust so that the terminal liability is shifted in similar manner, thus reducing the burden on the tariff, or else to take up the matter with the HP Govt to own the pension liabilities of pensioners prior to June 2010.

Petitioner's Response

8.4.2 The Petitioner responded that all the expenses including True up for FY 2019, FY 2020 & FY 2021 being claimed by HPSEBL in the present petition are as per the HPERC Regulations and Past Tariff Orders. The Commission may allow the same strictly as per the prevailing Regulations after due diligence and prudence check. Moreover, supporting documents and other details stand submitted to Commission in respect of various costs being incurred.

Commission's Observations

8.4.3 The Commission has carried out the scrutiny of employee expenses claimed by the Petitioner for FY 2018-19 in detail. To take care of the large amount of pension and terminal liabilities of erstwhile Board employees, the Commission had issued the HPERC (Terms and Conditions for sharing of Cost of Terminal benefits of Personnel of the erstwhile Himachal Pradesh State Electricity Board and Successor Entities) Regulations, 2015 which provides for partial adjustment of such claims through the RoE earned by the Govt. of HP. Further, the Commission has also made adjustments in the employee cost in line with these regulations which has been omitted by the Petitioner in its claim. The Commission has approved the employee expenses for each year after accounting of such exclusions as also detailed in subsequent Chapters.

8.5 Interest on Working Capital

Stakeholders' Submission

8.5.1 Shri Ramesh Chauhan has submitted that the interest on working capital for FY 2019 has reduced to Rs. 34.01 Cr. from Rs. 49.85 Cr approved. According to the objector this means that instead of availing the full working capital, the Petitioner might be resorting to short term loans which is not as per provisions of the MYT regulations. Further, the stakeholder has requested the Commission not to pass the revenue burden on the Consumers of the state due to the practice of availing short-term loan.

Petitioner's Response

8.5.2 The Petitioner responded that all the expenses including True up for FY 2019, FY 2020 & FY 2021 being claimed by HPSEBL in the present petition are as per the HPERC Regulations and Past Tariff Orders. The Commission may allow the same strictly as per the prevailing Regulations after due diligence and prudence check. Moreover, supporting documents and other details stand submitted to Commission in respect of various costs being incurred.

Commission's Observations

8.5.3 The Commission has carried out a detailed scrutiny of the Interest on Working capital claimed by the Petitioner based on the MYT Regulations, 2011 and its amendments. The regulations provide for determination of normative working capital and interest thereon. Therefore, any inefficiency or efficiency in arranging working capital is on account of the Utility.

8.6 Revenue Surplus/Gap

Stakeholders' Submission

8.6.1 Shri Ramesh Chauhan has highlighted that there is a revenue surplus of Rs 116.92 Cr which after holding cost comes out to be Rs 151.19 Cr for FY 2019. Further, it has been highlighted that there is a revenue surplus of Rs. 42.92 Cr which after holding cost comes out to Rs 49.88 Cr. for FY 2020. The Stakeholder has requested to consider the same in final adjustment in order to benefit the Consumers through reduced tariff for next year i.e. FY 2023.

8.6.2 Nalagarh Industries Association and BBN Industries Association has highlighted that there is a significant difference between the revenue surplus for FY 2019 claimed by the Petitioner which is Rs. 116.92 Cr and revenue surplus provisionally trued up by the Commission i.e. Rs. 150.55 Cr. Further, the stakeholder has also highlighted that there is a sudden downfall in the revenue surplus for FY 2020 to almost half of that of provisional true-up. Thus, the stakeholder has requested the Commission to check the revenue/surplus gap to avoid any burden on the Consumers.

Petitioner's Response

8.6.3 The Petitioner responded that all the expenses including True ups for FY 2019, FY 2020 & FY 2021 being claimed by HPSEBL in the present petition are as per the HPERC Regulations and Past Tariff Orders. The Commission may allow the same strictly as per the prevailing Regulations after due diligence and prudence check. Moreover, supporting documents and other details stand submitted to Commission in respect of various costs being incurred.

8.6.4 The Petitioner responded that the objection/suggestion by the stakeholders are of suggestive nature and requested the Commission to review the submissions in view the existing Tariff and other Regulations.

Commission's Observations

8.6.5 The Commission has carried out detailed scrutiny of all revenue and expense heads for FYs 2018-19, 2019-20, 2020-21, and Controllable parameters of FY 2014-15 to FY 2018-19 as part of truing-up. Based on the prudence check of Petitioner submission and audited accounts, the Commission has independently analysed each parameter while conducting the true-up exercise and approved expenditure as per the provisions of MYT Regulations 2011 as detailed in Chapters 9, 10, 11 & 12 of this Order.

8.7 Audited Annual Accounts

Stakeholders' Submission

8.7.1 Shri Ramesh Chauhan has highlighted that the Petitioner has not furnished the Audited Balance sheet for FY 2020 and FY 2021 from the CAG and instead submitted only the Audited balance sheet from the Independent Auditors. The objector has added that the actual true-up figures may change impacting the revenue gap, adding a burden on the Consumers.

Petitioner's Response

8.7.2 The Petitioner responded that all the expenses including True ups for FY 2019, FY 2020 & FY 2021 being claimed by HPSEBL in the present petition are as per the HPERC Regulations and Past Tariff Orders. The Commission may allow the same strictly as per the prevailing Regulations after due diligence and prudence check. Moreover, supporting documents and other details stand submitted to Commission in respect of various costs being incurred.

Commission's Observations

8.7.3 The Petitioner had submitted the CAG audited accounts subsequent to filing of the tariff petition in one of their submissions against the deficiencies of the Commission. Accordingly, the Commission has carried out detailed scrutiny of all revenue and expense heads for FY 2019, FY 2020, FY 2021 as well as controllable parameters of third Control Period (FY 2015 to FY 2019) as part of truing-up. Based on the prudence check of Petitioner submission and CAG audited accounts of respective years, the Commission has independently analysed each parameter while conducting the true-up exercise and approved expenditure as per the provisions of MYT Regulations 2011 as detailed in subsequent Chapters of this Order.

8.8 Power Purchase Expenses

Stakeholders' Submission

8.8.1 Shri Ramesh Chauhan, Consumer Representative has highlighted that although the Revenue from sale of power has increased both sales within HP and outside but the same has been offset by increase in power purchase cost. The objector has requested the Commission to verify the actual power purchase cost.

8.8.2 M/s. Nalagarh Industries Association in their submission has asked for reason for abrupt increase of ~15% in the Power Purchase Expenses over the approved figures.

Petitioner's Response

8.8.3 The Petitioner responded that all the expenses including True ups for FY 2019, FY 2020 & FY 2021 being claimed by HPSEBL in the present petition are as per the HPERC Regulations and Past Tariff Orders. The Commission may allow the same strictly as per the prevailing Regulations after due diligence and prudence check. Moreover, supporting documents and other details stand submitted to Commission in respect of various costs being incurred.

8.8.4 The objection/suggestion by the objectors is not based on any specifics of the ARR Petition and is of suggestive nature. Commission may decide keeping in view the existing Tariff and other Regulations

Commission's Observations

8.8.5 The true-up exercise undertaken by the Commission considers a thorough examination of various heads claimed under power procurement cost with respect to the approved and audited amounts. As part of prudence check, additional queries were also sought from the Petitioner to clarify and verify various facts and figures. All unexplained aspects are analysed and deliberated before approving each parameter of the ARR. Prudence check undertaken for each ARR parameter is further detailed in Chapter 9,10,11 of this Order.

8.9 General

Stakeholders' Submission

8.9.1 Confederation of Indian Industries (CII), Parwanoo Industries Association (PIA), Kala-Amb Chamber of Commerce & Industry and BBN Industries association have mentioned that Commission has made a provision of Rs. 50 Cr for financial liability due to COVID-19. However, the objector has highlighted that the industrial Consumers have not been given any waiver in the demand charges, the impact of which would have been only about 40 Crores as per our estimates.

8.9.2 Further, the objectors have mentioned that the waiver of demand charges to hotel industry announced by the Petitioner was on the promise made by the state government to compensate them for such move. However, the Petitioner stands compensated for deferment electricity bills as they have already levied late payment surcharge on such deferment of electricity bill payments by the Consumers.

8.9.3 In addition to these the objector has also highlighted that according to the advisory of Ministry of Power, Central public sector undertakings (PSUs) gave a rebate of Rs. 27.2 Crores to HPSEBL for passing the benefits to the end Consumers for the lockdown period due to Covid-19 pandemic. The Petitioner has not mentioned this relief in the ARR, and the funds may have already been released to the Petitioner.

8.9.4 In lieu of the above the objectors have submitted that the Petitioner is not entitled to any such relief until and unless it is passed through to the eligible Consumers.

Petitioner's Response

8.9.5 The Petitioner submitted that the rebate given on advisory of Ministry of Power for payment to CPSU's have already been deducted from the power purchase cost and hence, passed on to the Consumers. The amount of COVID-19 rebate has been shown under separate line item. Further the Petitioner has submitted that HPSEBL was financially impacted due to various relief provided to Consumers on account of nationwide lockdown which is submitted as follows:

- Deferment of electricity bill payments from Consumers during the months of March to May 2020,
- Waiver of Late Payment Surcharges (LPS) on deferment of payments,

- Rebate of 1% subject to maximum of Rs. 10,000/- shall be admissible for industrial, commercial and agriculture Consumers,
- Rebate of Rs. 10/- pe bill for digital payments by domestic Consumers and
- Waiver of demand charges for registered Hotel and restaurants under commercial categories for a period of 6 months.

8.9.6 In lieu of the above the Petitioner has requested the Commission to allow relief on account of non-achievement of T&D loss and other financial reliefs submitted above, on account of nationwide lockdown due to COVID-19 pandemic.

Commission's Observations

8.9.7 The Commission has considered the various submissions with regard to relief aspects claimed by the Petitioner. A detailed scrutiny with regard to the same has been undertaken and financial impact on the Petitioner has been determined and approved as part of true-up for FY 2021 as also detailed in Chapter 11 of this order.

Objections Raised on True-Up of controllable parameters for 3rd MYT Control Period (FY 2014-15 TO FY 2018-19)

8.10 Audited Accounts

Stakeholders' Submission

8.10.1 BBN Industries Association and Confederation of Indian Industries (CII), Parwanoo Industries Association (PIA), Kala-Amb Chamber of Commerce & Industry have appraised the Commission that prolonging the true up for the 3rd Control Period (FY 2015 to FY 2019) over such a long period is against MYT regulations 2011 and subsequent amendments and it is shocking that the true up is being put up in the year FY 2022. The stakeholders have requested to look into the reasons for keeping the true up pending as well as whether the true up can be allowed under the MYT Regulations, particularly in respect of controllable parameters.

Petitioner's Response

8.10.2 HPSEBL has filed the final True Up of controllable parameters for 3rd Control Period as per provisions in HPERC Tariff Regulations and its subsequent amendments. Moreover, the True Up has been filed after finalization of CAG Audit of FY 2018-19. The Regulation 9(6) of the 2nd amendment to HPERC Tariff Regulations is reproduced below for reference:

"*(6) The Commission may review the capital expenditure incurred and capitalization at the end of each year of the control period vis-à-vis the approved capital expenditure and capitalization schedule. In the normal course, the Commission shall not revisit the approved capital investment plan (capital expenditure and the capitalization schedule) on yearly basis during the control period and adjustments to depreciation, interest on capital loan and return on equity on account of variations for the actual capital expenditure incurred and capitalization made vis-à-vis approved capital investment plan (capital expenditure and capitalization),* ***shall be done during the mid-term performance review and at the time of end of control period true up***."

8.10.3 Hence, the Petitioner has filed for True Up of controllable parameters (Depreciation, Interest on Loan and Return on Equity) for FY 2015 to FY 2019 at the end of the 3rd MYT Control Period within the provisions of HPERC Tariff Regulations. Therefore, the objection of the Consumer is denied.

Commission's Observations

8.10.4 It is observed that the response of Petitioner does not address the query of the stakeholder completely and has not responded with reasons for delay in providing audited accounts as per the requirement of the regulations. Petitioner is directed to be specific in its reply in future rather than using language which is devoid of specific reasoning.

8.10.5 With regard to the query of the Petitioner, it is highlighted that the true-up of controllable parameters is required to be undertaken at the end of the Control Period based on the audited accounts. However, due to delay in finalization of the audited accounts, the same could not be undertaken in the previous year. As the Petitioner has submitted the true-up of controllable parameters for 3rd Control Period as part of the current petition along with relevant information and audited accounts, the Commission has carried out detailed scrutiny as per the provisions of MYT Regulations 2011. Based on the prudence check of Petitioner's claim and CAG audited accounts of respective years, the Commission has independently analysed each parameter while conducting the true-up exercise for controllable parameters and approved the impact as per the provisions of MYT Regulations 2011 which is detailed in Chapter 12 of this Order.

8.11 Capitalization

Stakeholders' Submission

8.11.1 BBN Industries Association and Confederation of Indian Industries (CII), Parwanoo Industries Association (PIA), Kala-Amb Chamber of Commerce & Industry have appraised the Commission that the true up of controllable parameters has been demanded by the Petitioner on account of capitalization, which was carried out many years earlier and additional depreciation, thereupon. Further, on the top of it, the Petitioner is also seeking return on equity on this capitalization. The Petitioner has increased the borrowings and is also seeking the true up of interest on loans. When such capitalization was carried out by the loans taken at an interest rate of 8-10%, the return on equity at a very high rate (even higher than the interest rate is not justified). The stakeholders have requested the Commission to reject the capitalization demanded by the Petitioner and to disallow the return on equity on this capitalization.

Petitioner's Response

8.11.2 HPSEBL has filed the final True Up of controllable parameters for 3rd Control Period as per provisions in HPERC Tariff Regulations and its subsequent amendments. Moreover, the True Up has been filed after finalization of CAG Audit of FY 2018-19. The Regulation 9(6) of the 2nd amendment to HPERC Tariff Regulations is reproduced below for reference:

"(6) The Commission may review the capital expenditure incurred and capitalization at the end of each year of the control period vis-à-vis the

approved capital expenditure and capitalization schedule. In the normal course, the Commission shall not revisit the approved capital investment plan (capital expenditure and the capitalization schedule) on yearly basis during the control period and adjustments to depreciation, interest on capital loan and return on equity on account of variations for the actual capital expenditure incurred and capitalization made vis-à-vis approved capital investment plan (capital expenditure and capitalization), ***shall be done during the mid-term performance review and at the time of end of control period true up****.*"

8.11.3 Hence, the Petitioner has filed for True Up of controllable parameters (Depreciation, Interest on Loan and Return on Equity) for FY 2015 to FY 2019 at the end of the 3rd MYT Control Period within the provisions of HPERC Tariff Regulations. Therefore, the objection of the Consumer is denied.

Commission's Observations

8.11.4 It is highlighted that the true-up of controllable parameters is required to be undertaken at the end of the Control Period based on audited accounts. However, due to delay in finalization of the audited accounts, the same could not be undertaken in the previous year. As the Petitioner has submitted the true-up of controllable parameters for 3rd Control Period as part of the current petition along with relevant information and audited accounts, the Commission has carried out detailed scrutiny as per the provisions of MYT Regulations 2011. Based on the prudence check of Petitioner's claim and CAG audited accounts of respective years, the Commission has independently analysed each parameter while conducting the true-up exercise for controllable parameters and approved the impact as per the provisions of MYT Regulations 2011 which is detailed in Chapter 12 of this Order.

8.12 Return on Equity

Stakeholders' Submission

8.12.1 Ambuja Cement Factory has suggested that list of assets which have completed their lives should be circulated and deleted from the contents of the equity so that Return on Equity on such amount is not provided for.

8.12.2 Vardhman Textiles Ltd has mentioned that Return on equity allowed needs to be made more realistic and at par with interest rates. It is suggested that for a discom, the RoE could be fixed based on the risk premium assessed by the State Commission. Income tax reimbursement should be limited to the RoE component only. Also, performance of Distribution licensees has a significant impact on retail tariff for the Consumers. Therefore, there is a need to link recovery of RoE with the performance of the utilities, based on the indicators such as supply availability, network availability, AT&C loss reduction.

8.12.3 Further, the objector has highlighted that the balance sheet of the Electricity Board in 2005-06 shows Rs.282.11 crore as equity, as per audited CAG report. It is also pertinent to note that the Discom in its current ARR, para 6.2, Distribution losses, sub-para 5, page no 104 has stated that the Discom has cumulative losses of Rs.1700 crore as on 31.3.2021 and Board is in severe financial crunch. The objector further adds that in such situation, there cannot be any surplus which can be invested as equity as loss making unit forfeit its equity and nothing is granting. There is no asset created through equity infusion at any stage and only loan amount is camouflaged as equity. Hence, it is prayed to the Commission to ascertain that how much equity is actually infused in creating assets in Discom.

8.12.4 The objector also suggested that the assets of the Discom were property of Government created through loans and a part of the same may be shown as equity at the time of transfer of assets to Discom around 2010. The government loans generally attract 8-9% interest rate while return on equity is sought at 16% for Discom.

8.12.5 It is submitted that the origin of the equity of Rs. 246.69 crore for FY 2020 as shown in MYT order for forth control period (FY 2020-24) be enquired into and equity of Rs.246 crore should be treated as loan and interest given on similar loans be granted to such amount in the spirit of the Forum of Regulators findings in this regard. Stakeholder has suggested that RoE need to be reduced from the present level of 15%-16% to average long term rate of interest on government borrowings (to about 7-8%), linking it with return on government security for 10 years or more.

8.12.6 Vardhman Textiles Ltd. has clarified regarding how equity amount has remained constant for last 10 years though Commission is allowing depreciation of 90% of the cost of assets continuously for paying off the debt raised for creation of assets. The objector has mentioned that asset wise financing of debt and equity, and depreciation earned for that asset be ascertained and placed in public domain. Further, excess of depreciation reserve over the loan amount paid back should be worked out and reduced from the equity base, if any. In case, there is no equity for the creation of asset, then such excess of depreciation should be used to reduce the costly loan amount raised for capital creation purpose. This would result into lower fixed cost of supplying power to Consumers and also reduce the subsidy burden of the Government of Himachal Pradesh.

8.12.7 Vardhman Textiles Ltd. has highlighted that the Board has admitted that there is about Rs.1700 crore cumulative loss in the balance sheet of FY 2019. On the other hands, equity infusion is shown for FY 2015-19 period. This seems to be misrepresentation of facts as while Discom has suffered net losses during FY 2015-19, there is no way, equity of Rs. 247.43 crore as shown below can be infused from a net deficit position. Source of equity in the absence of any profit in Discom needs to be examined. Infusion of equity of Rs.247.43 crore should not be accepted for return on equity purpose. The objector has prayed to the commission to thoroughly investigate and approve interest cost against the capital projects.

Petitioner's Response

8.12.8 The Petitioner has responded that the equity is infused by GoHP each year, the details of which have already been furnished along with the Petition. Further, the Petitioner has already submitted the scheme-wise and year-wise funding pattern along with equity infusion in the original petition. Accordingly, the Petitioner has claimed the Return on Equity as per HPERC Tariff Regulations.

8.12.9 Further, the Regulations of Forum of Regulators is not applicable to HPSEBL and does not supersede the HPERC Tariff Regulations.

Commission's Observations

8.12.10 The Commission concurs with some of the views of the stakeholders regarding exclusion of fully depreciated assets to be excluded for purpose of depreciation and return on equity. Also, considering the financial health of the Petitioner, it is difficult to fund the capital expenditure from internal sources of funding. However, the GoHP does provide support in form of equity to the Petitioner to undertake capital expenditure plan from time to time basis. Therefore, in view of the some schemes which require funding in debt to equity ratio of 90:10 or 80:20, corresponding 10-20% of equity contribution is required to be provided in line with the provisions of the Tariff regulations 2011.

8.12.11 The Commission has scrutinized the submissions made by the Petitioner in regard to the capitalization and sources of funding against each scheme. As part of scrutiny, the Commission has considered the actual funding pattern for each scheme and had observed certain errors in the claim of the Petitioner with respect to equity and debt considerations for R-APDRP and other Central Govt sponsored schemes. Also, several discrepancy in the claim of the Petitioner was observed wherein interest on short-term loans has been claimed. The Commission after detailed discussions and clarifications from the Petitioner, has recomputed the impact on account of truing-up of controllable parameters for third Control Period. Accordingly, the Commission has approved RoE for the third Control Period as per the MYT Regulations, 2011 and subsequent amendments as given in Chapter 12 of this Order. However, it is to clarify here that the amount of RoE earned on GoHP equity has been adjusted by the Commission as per the provisions of the HPERC Regulation (HPERC (Terms and Conditions for Sharing of Cost of Terminal Benefits of Personnel of the erstwhile Himachal Pradesh State Electricity Board and Successor Entities) Regulations, 2015) for adjusting terminal liability contribution of the GoHP against employees of erstwhile HPSEB.

8.13 Interest and Finance Charges

Stakeholders' Submission

8.13.1 Confederation of Indian Industries (CII), Parwanoo Industries Association (PIA), Kala-Amb Chamber of Commerce & Industry and BBN Industries Association have mentioned that the interest and finance charges are very high as claimed by Discom for FY 2015-19 in comparison to approved interest and finance charges, which need to be thoroughly investigated and interest cost with approved capital projects should be sanctioned.

Petitioner's Response

8.13.2 The Petitioner has availed loans from financial institutions to execute the schemes. Further, the Petitioner has already submitted the scheme wise and year wise funding pattern along with debt, equity and grant deployed. Further, the details of Rate of Interest on loans availed and the loan sanction letters have been submitted in reply to additional queries raised by the Commission.

8.13.3 Accordingly, the Petitioner has claimed the Interest on Loan as per HPERC Tariff Regulations.

Commission's Observations

8.13.4 The Commission has scrutinized the submissions made by the Petitioner with respect to the interest rates claimed. It has also sought information with respect to funding of works under various schemes, details of new loans taken such as amount, rate of interest, etc. to analyse the weightage average rate of interest for each year. In addition, the benefits for issuance of bonds which resulted in corresponding reduced rate of interest to 7.88% has also been included as part of the truing-up and the benefit of the same has been passed on to the Consumers. Therefore, a detailed scrutiny of the loans and interest details has been conducted before approving the same as part of the truing-up for controllable parameters for third Control Period which is detailed in Chapter 12 of this Order.

8.14 Depreciation Charges

Stakeholders' Submission

8.14.1 Vardhman Textiles Ltd. has submitted that the excess of accumulated depreciation over corresponding debt should be reduced from the equity in line with the recommendations of Forum of Regulators (FOR) committee as referred to above and if there is no equity, the same should be reduced from the high-cost debt for interest. It is submitted that if the fixed assets register is not available, about 25%-30% depreciation should be disallowed till the compliance is ensured as being done by other regulatory commissions like Uttar Pradesh State Electricity Regulatory Commission.

8.14.2 The objector has submitted that the Board has claimed higher depreciation by Rs.167.20 crore for FY 2015-2019. However, there is no information as how much portion of capital assets are approved by the Commission for granting depreciation. Therefore, the objectors has prayed to allow only approved depreciation.

Petitioner's Response

8.14.3 The Petitioner responded that the depreciation is claimed as per Straight line methodology and given principles as specified in HPERC Tariff Regulations. The Regulations of Forum of Regulators is not applicable to HPSEBL and does not supersede the HPERC Tariff Regulations. Further, the Petitioner is in the process of reconciliation of FAR in sub-divisions. In the meanwhile, HPSEBL has requested to allow depreciation claimed as per HPERC Tariff Regulations.

Commission's Observations

8.14.4 The Commission has scrutinized the submissions made by the Petitioner in details and has observed that the depreciation claimed by Petitioner is on the higher side due to charging of depreciation rate on the total assets including those which may have outlived their useful life and also by considering depreciation on assets which are convertible to grants i.e. R-APDRP, etc. The Commission has undertaken a detailed scrutiny in this regard and has arrived at a reasonable approach for approving the depreciation which is detailed in Chapter 12 of this Order.

8.15 General

Stakeholders' Submission

8.15.1 BBN Industries Association and Confederation of Indian Industries (CII), Parwanoo Industries Association (PIA), Kala-Amb Chamber of Commerce & Industry have appraised the Commission that the Petitioner has claimed interest on the variation of Rs. 1616.09 Crores almost double of the approved values. Further, the Petitioner have demanded RoE and interest on the variation of Rs. 1616.09 Crores which is almost 1.5 times of the value approved by the Commission in the relevant year. The Stakeholders have requested the Commission to look into submissions with regards to controllable parameters in details.

Petitioner's Response

8.15.2 HPSEBL has filed the final True Up of controllable parameters for 3rd Control Period as per provisions in HPERC Tariff Regulations and its subsequent amendments. Moreover, the True Up has been filed after finalization and CAG Audit of FY 2018-19. The Regulation 9(6) of the 2nd amendment to HPERC Tariff Regulations is reproduced below for reference:

"*(6) The Commission may review the capital expenditure incurred and capitalization at the end of each year of the control period vis-à-vis the approved capital expenditure and capitalization schedule. In the normal course, the Commission shall not revisit the approved capital investment plan (capital expenditure and the capitalization schedule) on yearly basis during the control period and adjustments to depreciation, interest on capital loan and return on equity on account of variations for the actual capital expenditure incurred and capitalization made vis-à-vis approved capital investment plan (capital expenditure and capitalization),* ***shall be done during the mid-term performance review and at the time of end of control period true up***."

8.15.3 Hence, the Petitioner has filed for True Up of controllable parameters (Depreciation, Interest on Loan and Return on Equity) for FY 2015 to FY 2019 at the end of the 3rd MYT Control Period within the provisions of HPERC Tariff Regulations. Therefore, the objection of the Consumer is denied.

Commission's Observations

8.15.4 The Commission has carried out detailed scrutiny of all Controllable parameters of FY 2014-15 to FY 2018-19 as part of truing-up. Based on the prudence check of Petitioner submission and CAG audited accounts of respective years, the Commission has independently analysed each parameter while conducting the true-up exercise and approved expenditure as per the provisions of MYT Regulations 2011 and subsequent amendments as detailed in Chapter 12 of this Order.

Objections Raised on Mid Term Performance Review for 4th MYT Control Period

8.16 T&D Loss

Stakeholders' Submission

8.16.1 Ramesh Chauhan, Consumer Representative has mentioned that the Petitioner has failed to achieve the approved T&D Loss targets for FY 2020 and FY 2021 and have proposed to revise the targets for the remaining years of 4th Control Period. Further, the Stakeholder has highlighted that the voltage wise losses at EHV level have increased which is supposed to compensate for the Distribution losses of 33 kV and below. The Stakeholder has appraised the Commission that this situation is an area of grave concern and shows the inefficiencies creeping up into the system. In lieu of these, the stakeholder has requested the Commission not to approve the lower targets proposed by the Petitioner which will further increase the inefficiencies in the system.

Petitioner's Response

8.16.2 No response has been provided by the Petitioner

Commission's Observations

8.16.3 The stakeholder is correct in highlighting the high T&D losses claimed by the Petitioner for FY 2020 and FY 2021. The Commission has reviewed the issues highlighted by the Petitioner and sought additional information for substantiating its claim. One of the key concerns pointed out by the Petitioner is with respect to the COVID imposed lockdown which is an uncontrollable aspect resulting in significant reduction of industrial sales and thus impacting the T&D loss for FY 2021 and FY 2022. In view of the unprecedented situation provided due to the lockdown, the Commission has decided to provide some relief to the Petitioner while the trajectory for the future years have been approved similar to that approved in the MYT Order for fourth Control Period. The details related of the same are discussed in Chapter 13 of this Order.

Objections Raised on ARR for 4th MYT Control Period

8.17 T&D Losses

Stakeholders' Submission

8.17.1 Confederation of Indian Industries (CII), Parwanoo Industries Association (PIA), Kala-Amb Chamber of Commerce & Industry and BBN Industries Association have mentioned that the overall T&D Losses of 11.25% for FY 2023 proposed by the Petitioner is higher than the approved value of 9.70%. Further, the Stakeholder has highlighted that volume of sales is growing within the industrial segment most of which is a HT and EHT voltages, as a result of which the overall T&D losses are very less for this segment which constitutes 60% of the total sales. Due to this, the average T&D losses come down to a low value.

8.17.2 Further, the Stakeholder is of the view that T & D losses being a controllable parameter, needs to be controlled and the inefficiency on this account should not be allowed to be transferred to the Consumers of other areas and the categories who record much lower T & D losses. Thus, difference of 1.55% in the claimed T & D losses results in almost savings of 147 Mus, which is valued at 81 Crores and thus the inefficiency of the Petitioner on this account should not be transferred to the Consumers. Accordingly, the objector has prayed to the Commission to look into this matter and not to allow reduced T & D losses.

8.17.3 Vardhman Textiles Ltd. has highlighted that for FY 2020-21, against approved T&D losses of 10.10%, HPSEBL has claimed 13.95%, based on actual. However, these actual were based on audited figures or provisional balance sheet, it is not known. If it is not based on audited balance sheet, then even same are not final. The Discom has requested to reinstate T&D loss level and also sought waiver from levying of penalty on account of higher T&D loss level.

8.17.4 The Objector has mentioned that it is not correct on account of Discom to seek incentive for T&D losses for FY 2018-19 when actual T&D losses were less than approved but pray for waiver, when the same are higher for subsequent years. Similarly, the T&D losses in clusters of heavy industrial activities like Baddi are very low while for other the same are higher. More than 75% of losses are for Non-EHV sectors. Therefore, it is prayed that no incentive for FY 2018-19 for overachievement to be given to Discom, which is lost in subsequent years and T&D loss trajectory as approved should be considered for the full MYT period ending FY 2023-24.

8.17.5 The objector has further submitted that in regards to COVID related relaxation, HPERC has also given reasonable relaxation and taken necessary measures to help Discom to sail through COVID period. The Objector has suggested that Cross-States comparison on account of COVID related problems and corrective measures taken should be used as an excuse for non-achievement of T&D losses.

Petitioner's Response

8.17.6 The Petitioner has claimed T&D loss for FY 2021 and true Up based on actual figures and final Audited Accounts. The Petitioner has responded that the incentives/ penalties for T&D loss, being a controllable parameter, is allowed to be claimed by the Petitioner while truing up as per HPERC Tariff Regulations.

8.17.7 Further, HPSEBL has claimed relaxation in T&D loss due to non-achievement of T&D loss level in FY 2021 and the same was not envisaged during the approval of T&D loss trajectory in MYT Order dated 29.6.2019. Detailed reasons and justification for higher T&D losses and reasons for revision of trajectory already stands provided in the petition filed by HPSEBL. Further, the COVID relaxations are not linked to T&D losses and thus comparison of COVID relaxations with T&D losses is not justified.

8.17.8 The Petitioner has responded that the objections/suggestion by the objector is argumentative, not based on regulations and thus is liable for rejection. T&D losses are estimated realistically by HPSEBL. Objector is argumentative as Regulations do not provide for Circle wise tariff determination nor do they provide for Circle wise T&D losses.

Commission's Observations

8.17.9 The stakeholder is correct in highlighting the high T&D loss claimed by the Petitioner for FY 2020 and FY 2021. The Commission has reviewed the issues highlighted by the Petitioner and sought additional information for substantiating its claim. One of the key concerns pointed out by the Petitioner is with respect to the COVID imposed lockdown which is an uncontrollable aspect resulting in significant reduction of industrial sales and thus impacting the T&D loss for FY 2021 and FY 2022. In view of the unprecedented situation provided due to the lockdown, the Commission has decided to provide some relief to the Petitioner while the trajectory for the future years have been approved similar to that approved in the MYT Order for fourth Control Period. The details related of the same are discussed in Chapter 13 of this Order.

8.18 Sales Projections

Stakeholders' Submission

8.18.1 Confederation of Indian Industries (CII), Parwanoo Industries Association (PIA), Kala-Amb Chamber of Commerce & Industry and BBN Industries Association have submitted an objection on the projected sales for FY 2023. The respondent has mentioned that the computation of Sales projection is not clear. Further, it adds that the sales projection for FY 2023 is expected to surpass the 10000 MU mark. The additional 500 MU that has not been accounted for in the estimates would realize a value addition of around 175 Crores to the Petitioner assuming the rate of Rs. 3.00 per unit.

8.18.2 Further, Nalagarh Industries Association has highlighted that revenue from sale of surplus power for FY 2023 shows projected sale of 412.37 MUs surplus power @ Rs. 3.15/kWh. This sale rate is much below the ABR of FY 2022 and FY 2023 which are nearly Rs. 5.50/kWh. The objector has requested the need to study the possibility of this surplus power to be made available to the industries which will give better revenue and help increasing industrial production.

Petitioner's Response

8.18.3 The Petitioner has responded that they have made suitable projections of sales based on past figures and CAGR trends. Further, the base year is considered as FY 2020 instead of FY 2021, as FY 2021 actual sales are distorted, being the COVID-19 pandemic year.

8.18.4 Further, the objections/suggestion by the objector is argumentative and of general nature. Petitioner has not suppressed sales growth but has projected it. In fact, the objector is pushing the Commission to determine a lower tariff by increasing the quantum of projected sales based on out of context arguments. This can be detrimental as any shortfall in revenues is liable for true up with carrying cost which shall burden the future tariffs.

8.18.5 In addition to the above, the Petitioner has added that the sales for MYT Control Period were approved by the Commission vide MYT Order dated 29.6.2019 and there are suitable provisions under HPERC Tariff Regulations for reinstating the sales projection for subsequent year in the Annual Performance Review. Further, the demand of HPSEBL is slowly recovering from the impact of COVID-19 pandemic. Hence, the objection of the Consumer that the sales projection is lower than that approved by the Commission is denied.

Commission's Observations

8.18.6 The Commission has noted the concern of the stakeholders and specific information with respect to actual sales for 9 months of FY 2022 was sourced from Petitioner while estimating the sales for subsequent year i.e. FY 2023. While projecting the sales for subsequent year, the Commission has undertaken detailed analysis of past year actual sales (excluding the impact of COVID year), along with recent and long-term growth trend in each tariff category. The details of energy sales are covered in the relevant sections in Chapter 14 of this Order.

8.19 Average Billing Rate

Stakeholders' Submission

8.19.1 Confederation of Indian Industries (CII), Parwanoo Industries Association (PIA), Kala-Amb Chamber of Commerce & Industry and BBN Industries Association have submitted that the average realization on per unit basis has been reduced for the financial year FY 2023 and the average billing rate (ABR) for the medium category of Consumers is mentioned as Rs. 3.82/ kWh, which is impossible as even the energy charges are higher than this value.

8.19.2 Nalagarh Industries Association has highlighted that ABR at existing tariff for FY 2023 shows projections for power sold to Large Industries accounts for nearly 55.7% of total sales in the State and corresponds for nearly 54.1% of the revenue collection in the State. While the energy sales in FY 2023 have been estimated higher than FY 2022 but the estimated revenue has been shown lower whereas the estimates are at the existing tariff. The association objects the projected reduction in ABR of Large Industries from Rs. 5.52/kWh in FY 2022 to Rs. 5.34/kWh in FY 2023. Such estimates will result in projecting lower revenue and support consequent tariff hike. HPSEB has to explain this differential approach.

Petitioner's Response

8.19.3 The Petitioner has responded that the objection/suggestion by the objector is not based on any specifics of the ARR Petition and is of suggestive nature to Commission may decide keeping in view the existing Tariff and other Regulations.

Commission's Observations

8.19.4 The Commission notes that the Petitioner has not provided suitable response to the queries of the stakeholder's inspite of the same being specific to the petition under consideration. The Commission has undertaken independent estimation of revenue based on the approved sales and tariff for respective categories. Therefore, any inconsistencies in the revenue projection by Petitioner have been eliminated. The details of revenue projected by the Commission at existing and proposed tariff are covered under Chapter 15.

8.20 Employee Expenses

Stakeholders' Submission

8.20.1 Confederation of Indian Industries (CII), Parwanoo Industries Association (PIA), Kala-Amb Chamber of Commerce & Industry and BBN Industries Association has submitted that Employee cost holds 33% share of total ARR (Rs 1.94 per unit sold) which is very high as compared to most utilities like PSPCL, UHBVN, DHBVN etc. which is around 5% of the ARR. Also, the share of terminal benefits constitutes to almost half of the total employee cost.

8.20.2 Also, the objector has mentioned that the deputation of employees to other entities also impacts the efficiency of work at HPSEBL. Moreover, the stakeholders have suggested that these entities must share the burden of terminal benefits in the respective ratio. In lieu of the above, stakeholders have prayed to disallow the terminal benefits of the employees not working with the distribution function from the distribution ARR.

Petitioner's Response

8.20.3 The Petitioner responded that it has already claimed employee expense after deduction of Pension contribution of employees on deputation in areas and not working in HPSEBL distribution from the ARR. Further, terminal benefits are uncontrollable parameter as per HPERC Tariff Regulations and its subsequent amendments. Hence, the objection of the Consumer is denied.

8.20.4 The Petitioner does not agree with the suggestions/objections of the objector, the reasoning as given by the objector is misplaced. On the same reasoning as put forth by the objector, Petitioner submits that all assets/power purchase agreements created/executed prior to June 2010 shall then have to be allocated to the Consumers other than Industrial as these assets created post 2010 were predominantly for the Industrial Consumers and accordingly tariffs would have to be determined by the Commission with this segregation in mind which further entails rescinding of Terminal Liabilities Regulations 2015 and ascertaining the asset allocation category wise pre and post 2010.

8.20.5 Further, the Petitioner responded that terminal liabilities of employees serving in other organizations on deputation, the pension contributions from these Utilities are being recovered for the services rendered by HPSEBL employees. Other points being of suggestive nature, Commission may decide keeping in view the existing Tariff and other Regulations.

Commission's Observations

8.20.6 As part of unbundling of erstwhile Board, the terminal and pension liabilities of all employees were allocated to HPSEBL resulting in large incidence of pension and terminal costs which are an integral part of employee cost of the Petitioner. To take care of the large amount of pension and terminal liabilities of erstwhile Board employees, the Commission had issued the HPERC (Terms and Conditions for sharing of Cost of Terminal benefits of Personnel of the erstwhile Himachal Pradesh State Electricity Board and Successor Entities) Regulations, 2015 which provides for partial adjustment of such claims through the RoE earned by the Govt. of HP. The Commission has carried out the scrutiny of employee expenses claimed by the Petitioner for respective years in detail and has worked out the employee cost in line with these regulations. The Commission has approved the employee expenses for the respective years after accounting of such exclusions as part of truing-up and future projections of employee cost.

8.21 Administrative and General Expenses

Stakeholders' Submission

8.21.1 Ambuja Cement Factory has requested for clarity on a provision of one time 5 Cr. in A&G expenditure in detail.

Petitioner's Response

8.21.2 The objections/suggestion by the objector are not based on any specifics of the ARR Petition being of general and suggestive nature, Commission may decide keeping in view the existing Tariff and other Regulations.

Commission's Observations

8.21.3 It is observed that the points raised by the stakeholder are specific and based on the content of the Petition. Therefore, the response of the Petitioner is incorrect and on previous occasions as well the Commission has highlighted that the Petitioner should provide adequate response to the stakeholders comments and objections. The Commission takes strong note of the non-compliance with respect to the directive of the Commission and ensure adequate response are provided to the comments of stakeholders from subsequent tariff petitions.

8.21.4 Based on the submission of the Petitioner which reflects that no expense was incurred towards approved provision towards one-time expenses, the Commission has decided to exclude the one-time provision of Rs. 5 Cr. from the approved A&G expenses in the MYT Order as detailed out in Chapters 9,10,11 & 13.

8.22 Power Purchase Expenses

Stakeholders' Submission

8.22.1 Confederation of Indian Industries (CII), Parwanoo Industries Association (PIA), Kala-Amb Chamber of Commerce & Industry and BBN Industries Association has mentioned that the power purchase cost is trued up on year-to-year basis, therefore has objected on any arrears being carry forward to future years.

8.22.2 The stakeholders have suggested that the Petitioner should make efforts for surrendering the share in the projects, from which the power is available at a very high rate. The power purchase also requires scrutiny in terms of the principle of merit order purchase.

8.22.3 Confederation of Indian Industries (CII), Parwanoo Industries Association (PIA), Kala-Amb Chamber of Commerce & Industry has highlighted that a huge amount has been paid and is being incurred due to delay in construction of downstream infrastructure in PowerGrid Kala Amb Transmission Assets project by the licensee. The Petitioner is directed by the Commission to take all required steps to ensure completion of the downstream transmission network by FY 2022- 23 failing which the Commission shall be constrained to disallow these charges from FY 2023-24 onwards. For Hamirpur sub-station similar charges being paid to PGCIL shall not be allowed after FY 2021-22. The objector has prayed to the commission that these charges should not be allowed in the ARR.

8.22.4 Ambuja Cement Factory has mentioned that under the head payment of PGCIL at many places bilateral charges are provided. Bilateral should mean both ways but the provision has been made only for expenditure side in the ARR.

8.22.5 The objector has submitted that a heavy amount per annum is proposed to be paid to PGCIL for using 2 nos. 220 KV bays. It is suggested that total cost of two bays may be paid in one go instead of making it an annual feature.

8.22.6 Vardhman Textiles Ltd. has highlighted that Power purchase expenses also includes arrears of power purchased of last years and has requested to approve the same only with reference to approved T&D losses and as per MYT regulations.

8.22.7 The objector has mentioned that own generation approved is Rs.1.83/unit while the actual for FY 2019 is given as 1.46/unit. It is submitted that actual may be considered not only for FY 2019 but the same should also be used for truing up, reviewing up non-controllable parameters like power purchase cost for future years also.

8.22.8 The objector has submitted that the unscheduled power @Rs.4.87/unit has been purchased, which was not approved by Commission and arrears of Rs.8.99 crore are also given. The same should also be approved based on MYT regulations and approved T&D losses level and not at actual as claimed by HPSEBL, if the same is more than approved norms. Also, NTPC arrears are also allowed at Rs.44 crore, which should be approved in light of approved T&D loss level and other related regulations.

8.22.9 The objector has highlighted that the unscheduled power, 146.45 MU @ Rs.6.93/unit –Rs.101.46 crore is asked by Discom, which should not be allowed.

Petitioner's Response

8.22.10 The Petitioner submitted that the arrears claimed in case of CPSUs pertain to revision of Tariff Orders of the CPSU generators by CERC. Hence, the objection is misplaced. Further, the Petitioner is taking adequate measure to reduce the average rate of power purchase. The average power purchase cost of HPSEBL is already the lowest as compared to neighbouring states. Hence, the objection is denied.

8.22.11 In regards to PowerGrid Kala Amb Transmission Assets the Petitioner has mentioned that it has already submitted the justification in the Original Petitioner and also in reply to subsequent queries raised by the Commission.

Commission's Observations

8.22.12 The true-up and ARR projection exercise undertaken by the Commission considers a thorough examination of various heads claimed under power procurement cost with respect to the approved and audited amounts. As part of prudence check, additional queries were also sought from the Petitioner to clarify and verify various facts and figures. All unexplained aspects are analysed and deliberated before approving each parameter of the ARR of the respective years. Prudence check undertaken for each ARR parameter is further detailed in Chapter 9,10,11,12 & 14 of this Order.

8.22.13 In the previous Tariff Orders, the Commission had highlighted its concern of non-commissioning of the Kala Amb downstream transmission network by HPSEBL. This has resulted in non-utilisation of Power Grid Kala Amb transmission asset made by Power Grid Corporation of India leading to payment of monthly transmission charges by HPSEBL alone which would have otherwise shared by other beneficiary states. Accordingly, the Commission has been approving the amount on provisional basis considering the fact that the Petitioner has also filed an appeal in Hon'ble APTEL with regard to the same which is currently pending adjudication.

8.22.14 In the current petition, the Petitioner has stated that as per the CERC (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2020, even after commissioning of downstream system by STU (HPPTCL), the entire cost towards the AFC of Transformer Component in respect of PGCIL Transmission System at Kala Amb shall have to be borne by HPSEBL only and same will not be shared by Regional beneficiaries. Based on the information and supporting documents and details submitted by the Petitioner, the Commission has dealt with the issue in the power purchase section of Chapter 14 of this Order.

8.22.15 With respect to high rate of power purchase from UI, the Petitioner in response to query of the Commission has submitted that the UI charges is an uncontrollable parameter as per HPERC Tariff Regulations and therefore claimed as per actuals. The Commission after review of the various submissions, directs the Petitioner to undertake measures for reducing the incidence of additional surcharge as part of DSM charges levied at the central level.

8.23 Free Power

Stakeholders' Submission

8.23.1 Nalagarh Industries Association has highlighted that HPSEBL in its current ARR filing for FY 2023 has estimated substantial reduction in quantum of GoHP Free Power which has been reduced from 681 MUs in FY 2021 to 640 MUs in FY 2022 and 575 MUs in FY 2023. The objector has mentioned that there is no logic in reducing this cheaper power in the overall power availability and has prayed to review the rate of this power which should be made available to HPSEB at a much lower rate.

Petitioner's Response

8.23.2 The objections/suggestion by the objector are not based on any specifics of the ARR Petition being of general and suggestive nature, Commission may decide keeping in view the existing Tariff and other Regulations.

Commission's Observations

8.23.3 The Commission conveys its displeasure with the response of the Petitioner. The Petitioner should have responded with the reasons for substantial reduction in quantum of GoHP Free Power.

8.23.4 It is observed that additional free power was sourced during FY 2021 from share of GoHP in central generating stations to meet the shortfall from existing generating sources. As a result the procurement was higher from free power. However, as per the directions of the Commission, Petitioner is required to procure free power from generating plants which are connected to the state transmission in order to reduce the incidence of additional inter-state transmission charges. Accordingly, power from such stations has been considered for projecting free power for FY 2023. However, in case the Petitioner source GoHP power from Central Sector Generating Stations for full year then the impact of high inter-state transmission charges are somewhat marginalised. Therefore, in view of comparatively lower price of GoHP free power, the Petitioner is directed to approach GoHP to source its free power from the Central Sector Generating Stations as well on full year basis. This would be win-win situation to all the stakeholders involved vis GoHP, HPSEBL and the Consumers of the State. By selling some quantum of free power to HPSEBL, GoHP shall ensure the stable and assured return as the short term market sale currently being undertaken by GoHP is subject to various risks involved. In this Order the Commission has projected GoHP free power from those stations only which are connected with STU/HPSEBL system as HPSEBL has not come up with any proposal for additional GoHP power tied up. However, HPSEBL must strive hard for adding more GoHP power in its portfolio on long term basis.

8.24 Rebate on Surplus Power

Stakeholders' Submission

8.24.1 Vardhman Textiles Ltd. has submitted that the Commission may contemplate a threshold consumption incentive of Rs.1/unit for increase in consumption over base year consumption from Discom. This would encourage the industry to increase consumption by optimum utilization of the existing capacity. Because incentive given by the State of Himachal Pradesh for setting up new industry/expansion of the existing units need fresh investment by the industry and may take longer time to come in and could not possibly help in consumption of surplus power.

Petitioner's Response

8.24.2 The Petitioner has responded that the rebates are already provided to new and existing industries and specified under the HP Government Policy Guidelines. However, it is not feasible to provide rebates for incremental consumption of power in units to industries every year. The rebates are already being provided for expansion of existing industries, for the quantum of increase in energy consumption in proportion to increase in contract demand.

Commission's Observations

8.24.3 The Commission concurs with the view of the Petitioner and clarifies that the industrial tariff in the state of Himachal Pradesh are already low as compared to neighbouring states and with minimal level of cross subsidy. Therefore, the scope for further providing rebates are limited at present. The stakeholders may take up the matter to the State Government for providing subsidy in this regard.

8.25 Renewable Power Obligation

Stakeholders' Submission

8.25.1 Ambuja Cement Factory has mentioned that there are different norms for RPO for the Consumers having captive generation. The objector has installed captive generation plants of 36 MW and fully qualifies for being treated as captive generator but the dispensation of the RPO targets for the Consumer are fixed higher considering his captive plants as standby. The objector has requested that as there is no definition of the Standby generation in the Electricity Act 2003 and the objector fulfils the conditions of the captive generator so the targets of RPO may be lowered to be at par with others.

8.25.2 The objector requests that the condition of separate HYDRO RPO may kindly be abolished. Other ways and means may be explored by the Commission to help the small HE plants instead of ensuring sales through RPO as HYDRO RPO cannot be procured in the REC form. Also, the objector has mentioned that liability of the RPO is very high in the state of HP in comparison to the neighbouring states and has requested the commission to review the same.

Petitioner's Response

8.25.3 The Petitioner has submitted that the objections/suggestion by the objector are not based on any specifics of the ARR Petition, being of general and suggestive nature, Commission may decide keeping in view the existing Tariff and other Regulations.

Commission's Observations

8.25.4 The fixation of RPO targets by the Commission does not come under the purview of this Order. However, the Commission has noted the submission of the stakeholder and will consider the same at the time of fixation of RPO targets. However, the Stakeholder has liberty to take this matter separately.

8.26 Short term procurement

Stakeholders' Submission

8.26.1 Indian Energy Exchange Limited (IEX) has highlighted that the short-term procurement beyond 11 days of contract could be done by the Discoms through the trader/DEEP only, IEX further submit that they are in the process of introducing longer duration contacts for delivery of power beyond 11 days at the exchange platform. These contracts will ensure delivery of non-conventional and conventional power beyond 11 days of trade for up to 1 year. As on date, the approval is pending Hon'ble CERC. The objector has prayed to consider and approve all the available options in the short-term market for optimising power purchase costs as well as to meet the deficit requirements or sell the surplus power of the Discom.

Petitioner's Response

8.26.2 The Petitioner has submitted that they shall consider possibilities of exploring new markets, if found affordable and to optimize its power purchase mix. From the perusal of objections, as of now the objector has not got approval for the new markets from Hon'ble CERC.

Commission's Observations

8.26.3 Petitioner has adequately attended to the comments of IEX. There has been no further observation in this regard.

8.27 Rate of Interest

Stakeholders' Submission

8.27.1 Vardhman Textiles Ltd. has submitted that rate of interest on long term loans are proposed at 11.50% by the Discom for FY 2022-23 and FY 2023-24. Similarly, interest on working capital is also estimated at 10% per annum for FY 2022 and FY 2023. This way, Discom is almost paying 10%-11.50% of interest on its loans taken for working capital and long-term loans. To reduce the cost of borrowing of the Discom, it is proposed that the Commission may come up with the scheme of taking advance against monthly electricity bills and offer 8-9% interest on such deposits with the Discom.

Petitioner's Response

8.27.2 The Petitioner has mentioned that advance from Consumers towards the electricity bills may help to reduce the working capital requirements of HPSEBL. However, the provisions for the same needs to be incorporated in the Tariff Regulations.

Commission's Observations

8.27.3 As per the MYT Regulations, 2011 and its amendments, interest cost is a controllable parameter and therefore has been considered as approved in the MYT Order for the respective years. A detailed true-up of such controllable parameters shall be undertaken based on the actual at the end of the Control Period in line with the MYT Regulations, 2011.

8.27.4 With respect to the suggestion for meeting the requirement of working capital from Consumer funds, it is highlighted that working capital requirement of a distribution utility varies month by month based upon its cash flow position which depends upon sales and revenue realisations. The Consumer security deposit of the Consumers with the Petitioner further reduces this requirement. The proposed framework by the stakeholders is a good idea. The Commission is of the opinion that it may not be feasible to implement this proposal considering the varied Consumer category that the Petitioner is serving. Also, as envisaged in the Tariff Policy with respect to conversion of all Consumer energy meters to pre-paid smart meters, the working capital requirement of the HPSEBL shall reduce significantly.

8.28 Pre-Paid Meters

Stakeholders' Submission

8.28.1 Confederation of Indian Industries (CII), Parwanoo Industries Association (PIA), Kala-Amb Chamber of Commerce & Industry and BBN Industries association have prayed to the Commission to frame the tariff for pre-paid metering in the tariff notification for the financial year 2022-23, so that the same can be made use of immediately after the installation of pre-paid meters and related infrastructure.

8.28.2 Further, the Stakeholders have submitted that the pre-paid smart metering plan proposes to install pre-paid meters in the non-industrial categories in the initial stage. Whereas a very large chunk of revenue comes from industry, the smart meters should cover the industry on priority so that revenue leakages are stopped, if any.

8.28.3 Also, the objector responded to the Petitioner's reply that no specific information to provide smart meter on priority to Industrial Consumers is mentioned.

8.28.4 BBN Industries association have proposed the following tariff structure for Pre-Paid Meters:

For Single Part Consumers - The Objectors have suggested that the fixed charges be also deducted/settled on daily basis. However, a possibility of levying/deducting of fixed charges on commencement of week basis may be considered on pro-rata basis. The possibility of total non-use of the supply for a long period, must be kept in mind while framing the tariff. Whenever a supply is disconnected due to insufficient balance in a pre-paid meter, the levy of such charges thereafter is also a matter to be thought while framing the tariff. Whether the fixed charges for intervening period during which the supply remained disconnected are payable by a Consumer on resumption of supply after recharging or not also needs to be kept in mind.

For Two Part Consumers - The objectors has submitted the interval of one month is too large and it is suggested that the tariff should allow weekly recharge on account of fixed charges. If a Consumer overshoots the billing demand or the sanctioned contract demand, the mechanism of recovering contract demand violation charges (CDVC) needs to be examined. The objector has proposed that the CDVC be abolished and instead the action for disconnection / regularization of the sanctioned contract demand be introduced.

8.28.5 Shri, Ramesh Chauhan, Consumer representative have submitted that the Petitioner has proposed a new tariff structure for pre-paid metering especially for Shimla and Dharamshala smart cities. However, instead of the complicated structure proposed by the Petitioner, the Commission may take a view on this and should keep in view the slab wise consumption and subsidy provided by the Govt of HP so that benefit of the same is also passed on to prepaid Consumers. Further, the Commission may also follow the pattern in practice in States where smart cities have already been approved/ established.

Petitioner's Response

8.28.6 The Petitioner has submitted that the main concern for HPSEBL is recovery of ARR either through Demand Charges or through Energy Charges. Demand charges are being levied mainly to recovered fixed component of ARR and thus these charges on lower side will have net effect of short fall in the ARR. The shortfall on account of these charges will either be recover through proportionate increase of energy charges of industrial Consumers or by increase in energy charges of all other Consumers.

8.28.7 Petitioner has proposed a rebate of 3% on energy charges that can be provided to prepaid Consumers. Alternatively, suitable rebate on energy charges shall be decided by Commission such that the revenue recovery of the Petitioner remains neutral.

8.28.8 The Petitioner responded that HPSEBL is already in the process of implementing prepaid meters for all Consumer categories in the State. Further, the challenges in implementing the Smart Metering in respect of industrial Consumers already stands intimated to the Commission through letter and thus the matter is already under discussion with Commission.

8.28.9 The Petitioner has submitted that regarding billing of prepaid Consumers, it retains its submission for billing of fixed charges of single part Consumers on per day basis and the demand charges for two-part Consumers shall be levied in advance for one month, against the suggestion of Consumer for 1 week.

8.28.10 With respect to abolishment of CDVC and regularization of disconnection, the Petitioner has submitted that regularization of sanction contract demand is not a practicable suggestion, as monitoring of demand of each Consumer on daily basis is not possible.

Commission's Observations

8.28.11 In the current Order, based on the proposal of the Petitioner and views of the stakeholders, the Commission has approved a tariff for all categories of Consumers under pre-paid meter as detailed in Chapter 15.

8.29 Tariff for lifeline Consumers

Stakeholders' Submission

8.29.1 Confederation of Indian Industries (CII), Parwanoo Industries Association (PIA), Kala-Amb Chamber of Commerce & Industry and BBN Industries association have suggested that the matter can be resolved by suitably defining the term 'Lifeline sConsumers', which should be a part of the profile of that Consumer as such making him eligible under this category.

Petitioner's Response

8.29.2 The Petitioner has submitted that the main concern is in the tariff structure of domestic Consumers and hence, the prayer of the Petitioner is to suitably simplify the tariff structure.

Commission's Observations

8.29.3 The only way to define the "Lifeline Consumers" are based upon their electricity consumption pattern. And, the same has been prescribed by the Commission in this Order as having monthly consumption less than 60 units.

8.30 Demand charges

Stakeholders' Submission

8.30.1 Confederation of Indian Industries (CII), Parwanoo Industries Association (PIA), Kala-Amb Chamber of Commerce & Industry and BBN Industries association have appreciated the proposal of the Petitioner of levying the demand charges on a minimum of 80% of the sanctioned contract demand. Further, the Stakeholders have proposed that the provision of Clause 3.10 of the Supply Code, 2009 may be further simplified by allowing single reduction in place of two revisions up to a period of six months in a year on pro-rata basis on the operational period of a Consumer in a particular financial year which will retain the flexibility available to the Consumers to the desired levels, and also remove the difficulty in implementing the provision in the software of the utility.

8.30.2 The Stakeholders have also submitted that the demand charges for the HT2 and EHT category of Consumers are abnormally high as compared to all other states. Accordingly, they have prayed to the Commission to reduce the demand charges of these categories of the Consumers to a level of Rs. 350 per kVA. The demand charges @ Rs. 400/ kVA and Rs. 425/ kVA for HT2 and EHT are very high as compared to Punjab, where these charges are in the range Rs 265 to Rs. 295 per kVA.

8.30.3 Kundlas Loh Udyog and Aggarwal Steel Industries Pvt. Ltd. And Prime Steel Industries Pvt. Ltd., H M Steels Limited & JB Rolling Mills Limited have mentioned that the demand charges for EHT Consumers are very high at a level of Rs. 425 per kVA which are highest in the country. The objectors suggest that the demand charges of EHT Consumers be reduced to Rs. 300 per kVA as the fixed cost of the utility has come down over the years spread over the increase sale of power.

8.30.4 Vardhman Textiles Ltd. has highlighted that the present rate of demand charges for EHT Consumers @ Rs 425/kVA is very high and results in a large fluctuation in the overall per unit rate, on account of load factor of a unit. The objector has suggested that the demand charges for all categories of industries should be uniform.

8.30.5 Kundlas Loh Udyog and Aggarwal Steel Industries Pvt. Ltd. have mentioned that many states in India have allowed excess contract demand to be drawn during night hours up to 20-25% of the sanctioned contract demand, without the levy of additional charges. The objector suggests that if this approach is followed, then the excess consumption due to this measure will fetch extra sale at the off-peak rate notified by the Commission, which is around Rs. 3.50 for the EHT industry at present.

8.30.6 Shri. Ramesh Chauhan and Nalagarh Industries Association has prayed to the commission to reduce the demand charges to 50% of contract demand, as it will not affect the SEB or industries who are operating at high load factor but will be a booster dose for those industries which due to any practical reason/circumstances are operating at below normal level and just trying to survive.

Petitioner's Response

8.30.7 The Petitioner has submitted that the main concern for HPSEBL is recovery of ARR either through Demand Charges or through Energy Charges. Demand charges are being levied mainly to recover fixed component of ARR and thus these charges on lower side will have net effect of short fall in the ARR. The shortfall on account of these charges will either be recovered through proportionate increase of energy charges of industrial Consumers or by increase in energy charges of all other Consumers.

8.30.8 The Petitioner has submitted that surplus power is not available with HPSEBL throughout the year and surplus power is available during the summer/ monsoon months when hydro generation is at peak. Thus, for allowing the consumption of additional power beyond the sanctioned contract demand during off-peak hours, alternate arrangements are required to be made by HPSEBL and before going in for any such proposal, cost-benefit analysis is necessitated.

Commission's Observations

8.30.9 As per the tariff policy demand charges reflect the fixed charges of the utility which includes O&M expense, depreciation, interest and financial expenses, fixed cost related to generation sources, etc. Therefore, the Commission does not agree with the claim of stakeholders that these charges are high. Also, comparison of both demand and energy charges should be undertaken across the states to arrive at a conclusion as each state has varying demand and energy charges. Also, Fixed cost of HPSEBL is much more to other states due to high per unit employee cost and power procurement mainly from hydro sources. The Commission would also like to highlight that relaxation in form of abolishment of additional demand charges was already provided to the industries in the previous Tariff Order. The Commission has reviewed the proposal of the Petitioner with respect to reduced applicability of contract demand while computing demand charges in Chapter 15 of this Order. Further, the Commission based on the projections of ARR and revenue for FY 2022-23 has not increased the tariff for all Consumer categories as detailed out in Chapter 15 of this Order.

8.31 Contract Demand

Stakeholders' Submission

8.31.1 Kundlas Loh Udyog and Aggarwal Steel Industries Pvt. Ltd. has highlighted that Himachal Pradesh is a power surplus state and surplus power in the system during night hours, which is sold at cheap rates across the energy exchange by our State. Further, the Stakeholder has mentioned that many states in India have allowed excess contract demand to be drawn during night hours up to 20-25% of the sanctioned contract demand, without the levy of additional charges. As some industries (particularly the steel manufacturing units) have potential to use extra demand during the night hours, which results in higher consumption during night hours, following this approach, the excess consumption due to this measure will fetch extra sale at the off-peak rate notified by the Commission which is around Rs. 3.50 for the EHT industry at present. Thus, fetching more revenue to the state in terms of tariff and in terms of electricity duty.

Petitioner's Response

8.31.2 The Petitioner has submitted that for the surplus power during the night hours, it is submitted that HPSEBL is going for various arrangements such as Banking/ Bilateral sale of power/sale in the energy exchange for efficient management of the power. Moreover, in the Tariff Order dated 31.05.2021, Commission has allowed additional night-time concession of Rs. 0.30 per unit over and above the existing night-time concession. Furthermore, surplus power during night hours is available with HPSEBL during few months only when the hydro generation is at peak. Thus, surplus power is not available throughout the year.

8.31.3 Thus, for allowing the consumption of additional power beyond the sanctioned contract demand during off-peak hours, alternate arrangements are required to be made by HPSEBL and before going in for any such proposal, cost-benefit analysis is necessitated.

8.31.4 Further, in the present Tariff Petition, HPSEBL has already submitted a proposal for levying the demand charges @ 80% of sanctioned contract demand or maximum recorded demand, whichever is higher. After implementation of proposed provisions, sufficient margin will be available with the Consumers for efficiently managing their Contract Demand.

Commission's Observations

8.31.5 The Commission concurs with the views of the Petitioner and feels that it may not be appropriate to allow additional concessions beyond the ones already provided as part of existing tariff. The Petitioner shall undertake a study to see the effect of additional benefits already extended to the industrial Consumers by Commission in its various tariff orders and submit its proposal along with subsequent tariff petition.

8.32 Fixed Charges

Stakeholders' Submission

8.32.1 Shri. Ramesh Chauhan and Nalagarh Industries Association has prayed to the commission to keep the fixed charges low for FY 2023 for an industry having a low load factor, Paying heavy Fixed Demand Charges translated into a very high overall rate even at low consumption. The respondent has additionally prayed to the Commission to introduce an overall rate inclusive of Fixed Demand Charges and/or the Energy Charges and ceiling on the overall tariff/unit which an industrial Consumer will have to pay to the Electricity Board.

Petitioner's Response

8.32.2 The Petitioner has responded that the objection/suggestion by the objector is not based on any specifics of the ARR Petition and is of suggestive nature to Commission and may decide keeping in view the existing Tariff and other Regulations.

Commission's Observations

8.32.3 The Commission does not agree with the views of the stakeholder and highlights that the Tariff Policy clearly provide for recovery of expenses by way of two -part tariff fixed/ demand and energy charges. Therefore, having a consolidated rate would be against the Tariff Policy and also result in under-recovery of annual fixed expense of the Petitioner.

8.33 Rebate for New Industries/Dilution of Incentives

Stakeholders' Submission

8.33.1 Confederation of Indian Industries (CII), Parwanoo Industries Association (PIA), Kala-Amb Chamber of Commerce & Industry and BBN Industries association have prayed for the insertion of the sunset clause notified by the State Government in respect of the Industrial Investment Policy, 2019, which makes available the announced incentives to the units who become eligible by commencement of production/ expansion by 31.12.2022. The submission of the

Petitioner is in order. However, there are anomalies in the passing of incentives promised by the State Government.

8.33.2 The submission of the Petitioner that they are finding it difficult to implement the rebate on proportionate increase in contract demand as per tariff order in the cases where the contract demand revisions are successively carried out during the span of operational period of the industrial investment policy. It is however submitted that it is not justified to deny such Consumers the incentive as promised by the tariff or by the investment promotion policy.

8.33.3 Nalagarh Industries Association has requested the commission to allow the rebate for a minimum period of 5 years instead of 3 years as the new industry needs considerable time to overcome initial hurdles and become viable. Also, it is also requested that the quantum of rebate on new industries be increased to a higher level as granted in other hilly States.

8.33.4 Confederation of Indian Industries (CII), Parwanoo Industries Association (PIA), Kala-Amb Chamber of Commerce & Industry and BBN Industries association have submitted that as per Industrial Investment Policy 2019 even a unit who only carries out modernization or diversification by way of investment with or without increase in contract demand becomes eligible for the rebate on energy charges. However, the Stakeholders have highlighted that such units have been denied rebate in the tariff orders notified by the Commission as the rebate has been notified only for the expansion in terms of contract demand. According to the Stakeholders the incentive was available under the policy to all eligible units carrying out expansion on the entire capacity and not on the added capacity and has been curtailed. In accordance to the above the stakeholders have prayed to allow the incentive in its true sense so that the Stakeholders do not feel like they have been cheated.

Petitioner's Response

8.33.5 The Petitioner has submitted that the rebates are already provided to new and existing industries and specified under the HP Government Policy Guidelines. However, it is not feasible to provide rebates on entire capacity for eligible industries. The rebates are already being provided for expansion of existing industries, for the quantum of increase in energy consumption in proportion to increase in contract demand.

8.33.6 Further, HPSEBL has implemented the Tariff Order of HPERC in true spirit and there is no dilution on part of HPSEBL as far as the implementation of Tariff Order is concerned.

Commission's Observations

8.33.7 The Commission recognises the importance of the Industrial Consumers in the growth of the power sector in the State. Considering this aspect in mind, it has to be appreciated that the level of cross subsidy in the industrial tariff has been reduced significantly by the Commission over the period and we have almost reached at a stage where industrial tariff is almost equal to average cost of supply of the DISCOM i.e. HPSEBL.

8.33.8 The issue of not allowing the incentives by the Commission as per the announcement of Govt. of HP in Industrial Policy has been highlighted by some of the stakeholders. On this issue, the Commission feels that it has already given sufficient incentives for new and existing industries in case they increased their demand. However, in case something more has been promised in the Industrial Policy of Govt. of HP, the industries have option to approach the State Government for the same.

8.34 Abolishing Meter Rent

Stakeholders' Submission

8.34.1 Confederation of Indian Industries (CII), Parwanoo Industries Association (PIA), Kala-Amb Chamber of Commerce & Industry and BBN Industries association have appreciated the proposal of the Petitioner to abolish the meter rent. However, the situations where the meter is purchased by the Consumer himself a suitable compensation/ reimbursement of such cost is justified to be compensated to the Consumers. It is seen that since adequate stock of meter and CTPT units is not maintained by the licensee at the field level, a need arises that the Consumer has to purchase the metering equipment. A direction may also be issued to the licensee to ensure adequate stock of meters and CTPT units at sub-division level so that the purchases by the Consumers themselves is minimized.

8.34.2 Nalagarh Industries Association has mentioned that energy meter is the basic weighing tool for recording the consumption of electricity at Consumer end. Once the distribution licensee is in the business of supplying electricity to public, it is licensee's primary duty to install adequate supply and metering arrangements. The Stakeholder has requested that the Consumer should not be burdened with this cost and if need be, the cost incidence may be made a part of the distribution network and included in the overall tariff.

8.34.3 Shri Ramesh Chauhan, Consumer Representative has mentioned that the Petitioner has also proposed to review the monthly rent recovery in tariff and instead have prayed for allowing the same under different head so as to settle the objections of the general public demand for which has been made by various Consumers for some time now. The Commission may allow recovery of fix charges as per provisions of Regulations and should rename the head "Meter Rent".

8.34.4 Shri Bamdhir rana (Consumer) & Shri Balbir Singh rana has submitted that his Meter rent is being charged since the connection released. Its cost has been recovered but rent is going on. The Objector has prayed to the commission to look into this matter.

Petitioner's Response

8.34.5 The Petitioner has submitted that these are general comments made by the Consumer and the Commission may decide keeping in view the existing Tariff and other Regulations.

Commission's Observations

8.34.6 In this Order, the Commission has abolished the meter rent. But, at the same time, it is also important that the DISCOM recovers the cost of giving supply to the Consumers. Keeping this factor in mind, the Commission has increased the fixed charges so as to neutralise the impact of abolishing the meter rent.

8.34.7 Further, the Commission agree to the views of the stakeholders that the Utility must have sufficient supply of meters available with it so that it is able to provide electricity connections within stipulated time. Also, it has to be ensured that the Consumers are not forced to buy the energy meters. It is the prime duty of the Licensee to give electricity connection to the Consumers. If a Consumer can purchase the meter from the market so can the Licensee as well. Moreover, a meter is the main equipment from the perspective of DISCOM. Therefore, the Commission directed HPSEBL to ensure adequate stock of meters and allied equipments available with it and also it should be ensured that the Consumers are not forced to buy the metering equipments.

8.35 Categorization of Industrial Consumers

Stakeholders' Submission

8.35.1 Confederation of Indian Industries (CII), Parwanoo Industries Association (PIA), Kala-Amb Chamber of Commerce & Industry and BBN Industries association in regards to the Categorization of Industrial Consumers up to 150kVA under Medium Industrial Power Supply (MIPS) has highlighted that as per the Petitioners proposal the Consumers whose contract demand is between 50 to 100 kVA presently paying demand charges @ Rs. 120 per kVA will be burdened with higher demand charges. Therefore, the objector has prayed to commission that the category be extended to 150 kVA without any change in demand charges rate, which is at present @ Rs. 120 per kVA.

Petitioner's Response

8.35.2 The Petitioner has submitted that extending the same demand charges as applicable up to 100 kVA up to 150 kVA, as proposed by the Consumer is not feasible as the revenue reduction on account of increase of contract demand limit for MIPS Consumers' needs to be adjusted. Hence, HPSEBL has submitted suitable proposal for demand charges such that the revenue recovery remains neutral.

Commission's Observations

8.35.3 The Commission has taken note of the submission of the Petitioner and the Stakeholders and this issue has been addressed under chapter 15 of this order.

8.36 Service Connection Charges

Stakeholders' Submission

8.36.1 Confederation of Indian Industries (CII), Parwanoo Industries Association (PIA), Kala-Amb Chamber of Commerce & Industry and BBN Industries association has submitted that in regards to tariff Structure for Small and Medium Industries up to 150 kVA, the service connection charges should be fixed based on per kVA basis up to 150 kVA so that these Consumers are not put to the discretion of the field officers. Presently, in addition to the normative rates of IDC, service line estimate is to be separately estimated, which is time consuming and discretionary.

Petitioner's Response

8.36.2 The Petitioner responded that the suggestion of the Consumer that the service connection charges up to 150 kVA has to be normalized is acceptable to the Petitioner.

Commission's Observations

8.36.3 The Commission has noted down the concern of the stakeholders regarding fixation of the normative charges for new electricity connection up to 150 kVA. HPSEBL is directed to submit the detail calculations of the normative charges within one month of issuance of this Order.

8.37 Additional Surcharge

Stakeholders' Submission

8.37.1 Nalagarh Industries Association has highlighted that the Licensee has proposed an Additional Surcharge of 82.58 Ps/kWh to be levied on open access Consumers for FY 2023, which is much higher than the Additional Surcharge determined last year. The objector has prayed to the Commission to review the need for levy such charges especially when the quantum of open access power being availed by the industrial Consumer is insignificant compared to the overall sales. Further, the Stakeholder has highlighted that the impact of such levy is to discourage the Consumers to tap otherwise cheaper source of power outside the State, which is resultantly enjoyed by open access Consumers in other State.

8.37.2 In addition to the above, the Stakeholder has prayed that levy of such charges proves a dis-incentive to buy cheaper power available over the Power Exchange from outside the State sources and frustrates the very purpose of facilitating the concept of Open Access provided under the Electricity Act, 2003 and Tariff Policy framed thereunder. Thus, there is urgent need for review of this issue and save the industrial Consumers from this multiple charging of the fixed cost by the Licensee in the shape of Additional Surcharge.

8.37.3 Indian Energy Exchange Limited (IEX) has highlighted that the Petitioner while computing Additional Surcharge has mentioned that it has considered fixed cost of Rihand-I, Rihand-II, Rihand-III, Singrauli, Kahalgaon-II, Unchahar-I and Unchahar-II power plants for determination of Additional Surcharge. The Petitioner has considered fixed cost of Rs. 18.12 Crore on account of Kahalgaon-II. Further, the Stakeholder submitted that it has observed that during April 21 to September 21 there was zero stranded energy from the Kahalgaon-II station as per the Petition. Thereby, for the computation of Additional Surcharge levy of any amount of fixed cost for Kahalgaon-II station would be incorrect. Thus, the Stakeholder has prayed in front of the Commission to carefully examine the Average rate of Fixed Cost proposed by the Petitioner.

8.37.4 Indian Energy Exchange Limited (IEX) has highlighted that the Petitioner has worked out the Additional Surcharge by considering weighted average per unit fixed charge of the projects as per Merit Order Dispatch and arriving at the rate of 103.96 paise/ unit. Further, the Petitioner has then grossed up the per unit fixed charges with the transmission and distribution losses to arrive at the per unit fixed cost of power purchase at Consumer end. It has then added the per unit fixed charge with the per unit rate of inter and intra state transmission charges. The Stakeholder has highlighted that any Consumer availing open access pays ISTS charges for the power procured through open access, the benefit of which accrues to the Distribution Licensee in reduction of their POC charges. Since the open access Consumers are already paying for the transmission and wheeling charges to the concerned entity, levy of the same charges twice by their inclusion in the ASC also, seems erroneous and may be re-looked by the Commission.

8.37.1 Vardhman Textiles Ltd. has submitted that the Commission may consider that the rate of Additional Surcharge, proposed by HPSEBL makes open access burdensome, unaffordable, and uncompetitive. Further, the Stakeholder has requested the Commission to relook in to the rate of Additional Surcharge so that it should not become so onerous so that competition is eliminated and the provision of open access becomes only academic and cannot be put into practice in the State.

Petitioner's Response

8.37.2 The Petitioner has responded that the objection/suggestion by the objector is not based on any specifics of the ARR Petition and is of suggestive nature to Commission may decide keeping in view the existing Tariff and other Regulations.

8.37.3 In regard to Computation of Additional Surcharge the Petitioner has mentioned that it has claimed additional surcharge for meeting the fixed cost obligation of stranded generators. The generating stations are approved in the list of Merit Order Despatch (MOD) vide MYT Order dated 29.6.2019. Further, there are new generators like Tanda station from which power was allocated to HPSEBL by NRPC vide Revision No. 08/2019-20 dated 1.11.2019 and the same was not approved in power purchase cost for FY 2023 by Commission in MYT Order dated 29.6.2019. Hence, it is requested that Commission shall consider the fixed cost of Tanda station in replacement of Kahalgaon, for which the power was stranded from April-21 to Sep-21, while determining the additional surcharge and the Merit Order Despatch list shall also be updated to include the Tanda station.

8.37.4 In regard to levy of the same charges twice the Petitioner has mentioned that it has computed the additional surcharge as per methodology laid down by the Commission. Further, regarding the fixed cost of transmission charges included, it is submitted that the PGCIL /CTU charges of HPSEBL has almost doubled after introduction of CERC (Sharing of Inter-state Transmission Charges and losses), Regulations, 2020. Hence, it is requested that the Commission shall approve the additional surcharge as claimed by the Petitioner.

8.37.5 The Petitioner responded that the filing of additional surcharge is part of current tariff Petition, for which objections and suggestions have been invited from public. The additional surcharge levied on open access Consumers is 61 paise per unit in Tariff Order dated 31.5.2021. Further, there have been no significant increase in additional surcharge during last 3 years.

Commission's Observations

8.37.6 The Electricity Act 2003 and Tariff Policy provides for levy of additional surcharge on open access Consumers in case the existing power purchase commitments remain stranded and there is obligatory incidence of fixed costs.

8.37.7 The Commission has determined the additional surcharge in line with the guidelines of Tariff Policy and provisions of HPERC (Cross Subsidy Surcharge, Additional Surcharge and Phasing of Cross Subsidy) Regulation, 2006 and amendments thereof. Further, the Commission has considered the prevailing Inter-state and Intra-state transmission charges for computation of additional surcharge at the time of issuance of this Order detailed out in Chapter 16.

8.38 Cross-Subsidy Surcharge

Stakeholders' Submission

8.38.1 Confederation of Indian Industries (CII), Parwanoo Industries Association (PIA), Kala-Amb Chamber of Commerce & Industry and BBN Industries association have submitted that there is need to further reduce the cross-subsidy amongst various Consumer categories and sub-categories as well. There is a large amount of cross subsidy within a particular category of Consumers also. For example, in EHT category 66 kV, 132 KV and 220 KV Consumers pay the same tariff, whereas there is significant cost difference on account of T & D losses for supply at these different voltages. Similarly, intra-category cross subsidies exist in other tariff categories also. The Stakeholder has requested the Commission to look into the CSS such that the tariffs should gradually move towards cost to serve models.

8.38.2 Nalagarh Industries Association has mentioned that the Licensee has proposed a levy of 52 Paisa/unit as Cross Subsidy Surcharge on Large Supply Consumers against the rate of 42 Paisa/unit approved by Commission for FY 2022. The objector has prayed to the commission to look at the cumulative impact of these Open Access Charges i.e., Additional Surcharge, Wheeling Charges and Cross Subsidy Surcharge, which put enormous burden on the open access Consumers and contradict the provisions under Tariff Policy.

8.38.3 Indian Energy Exchange Limited (IEX) has highlighted that details of computation of CSS is not provided by the Petitioner thus have prayed to the commission to thoroughly examine the computation and levy of CSS.

8.38.4 Kundlas Loh Udyog and Aggarwal Steel Industries Pvt. Ltd. has suggested that it is not the intention of the objector that the cross-subsidy be phased out in totality but has prayed to the commission for initiating a gradual move in the direction of making the tariffs to reflect the cost of supply, even if they are not totally aligned with the cost of supply.

Petitioner's Response

8.38.5 The Petitioner responded that they have submitted the proposal for cross subsidy surcharge as per formula specified in revised Tariff Policy dated 28th Jan, 2016 and in line with its HPERC (Cross Subsidy Surcharge, Additional Surcharge and Phasing of Cross Subsidy) Regulations, 2006.

8.38.6 The Petitioner has responded that the Commission has laid down the principle of progressively moving towards the targeted roadmap of (-) 10% and (+) 5% of the average cost of supply by end of the 4th Control Period (FY 2020-24) for all categories of Consumers excluding lifeline Consumers, while setting the tariff in HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011 and its subsequent amendments.

8.38.7 Further, the objection/suggestion by the objector is not based on any specifics of the ARR Petition and is of suggestive nature to Commission may decide keeping in view the existing Tariff and other Regulations.

Commission's Observations

8.38.8 The Commission has been determining the cross-subsidy surcharge as per the methodology prescribed in the Tariff Policy 2016. In fact, the cross-subsidy surcharge being approved by the Commission are lower than the cross-subsidy surcharge arrived based on the Tariff Policy formula as detailed out in Chapter 16 of the Order.

8.39 Wheeling Charges

Stakeholders' Submission

8.39.1 I.A. Hydro Energy Pvt Ltd. submits that wheeling charges are classified only up to over and above 66 KV but does not provide for wheeling to be levied in 132 KV, 220 and 400 KV. The respondent has prayed to the Commission that the Petitioner should specify the same for category of over and above 132 KV, 220 and 400 KV as the IA Hydro Energy Private Limited Chanju-I will fall in the category of 132 KV.

8.39.2 I.A. Hydro Energy Pvt Ltd. Further submits that it should not be vexed twice for its Hydro Power Project Chanju-I firstly by HPSEB Limited by charging wheeling charges and distribution losses and thereafter by HPPTCL by charging transmission charges/losses. Thus, the respondent has prayed that the entire transmission line from Nakrod to Jassur through which electricity is being transmitted to North Region Haryana Power Purchase Centre (HPPC) be brought under the control of H.P. Power Transmission Corporation Limited. Further, the wheeling charges and line losses which are being charged from Chanju-I be kindly done away with and not charged.

8.39.3 Nalagarh Industries Association has highlighted that the Licensee has proposed higher Wheeling Charges for Open Access Consumers in EHT category (22 Ps/unit to 24.58 Ps/unit). The objector has also mentioned that all such charges result in discouraging the Consumers to opt for open access. This also negates the provision under the Electricity Act and the Tariff Policy.

8.39.4 M/s Malana Power has submitted that the wheeling charges calculated by HPSEBL in Second Annual performance review for 4th MYT control period is not in terms of Tariff regulations of this Commission. Further, the Petitioner has made a category of Consumers at 66 KV and above by clubbing voltage levels of 66 KV, 132 KV and 220 KV and has submitted a proposal of wheeling charges applicable to all those customers who are connected at 66 KV or 132 KV or 220 KV voltage level. Clubbing with a larger network of 66 kV has gravely prejudiced to those customers who are at 132 kV and 220 kV because they are now required to pay higher wheeling charges. Therefore, clubbing will be against the

Principle of Natural Justice. The Stakeholder prays to the commission to kindly determine the wheeling charges for each voltage level in terms of the regulations and more particularly for 132 kV for FY 2022-23 and continue to determine the same in future. In addition to this the Stakeholder prays to the commission to kindly determine the wheeling charges separately for the assets which are not in use for the wheeling business and assets which are used for the wheeling business.

Petitioner's Response

8.39.5 The Petitioner With regard to issues raised with respect to Open Access, has submitted that various charges and distribution losses are recovered in accordance with the HPERC Regulations on Open Access.

8.39.6 The Petitioner has submitted the proposal for wheeling charge calculation as per HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011 and its subsequent amendments. Also, the Tariff Regulations does not mandate to determine the wheeling charges for every voltage level as being raised in the objection. The wheeling charges have been proposed by HPSEBL as per same methodology as approved by Commission in its previous Tariff Orders.

8.39.7 The objection that HPSEBL has made a category of customer for proposing wheeling charge for 66 kV and above by clubbing voltage levels of 66 kV, 132 kV and 220 kV is baseless. HPSEBL has been discharging the function of a distribution licensee whereas the Commission adopts the tariff design applicable for all categories of Consumer under Electricity Act 2003.

8.39.8 Further, in other states like Punjab, Uttarakhand, Haryana, Delhi and Gujarat, the wheeling charges are not determined separately for all voltage levels above 66 kV. The voltage levels at which wheeling charges are determined as submitted as follows:

States	Voltage level
Punjab	Common for all voltage levels
Uttarakhand	Common for all voltage levels
Haryana	Common for all voltage levels
Delhi	LT, 11 KV, 33/66 kV and above 66 kV
Gujarat	LT and 11 kV

8.39.9 Moreover, the Petitioner submits that the requisite information has been submitted in the Petition and in reply to subsequent queries raised by Commission for determination of wheeling charges.

8.39.10 The wheeling charge computation shown by the objector for each voltage level based on assumptions is not pragmatic and shall be rejected.

8.39.11 In addition to the above, HPSEBL has already submitted the report of Voltage wise cost of supply to the Commission. However, Commission has raised observations on the same and reply to the same will be submitted by HPSEBL subsequently.

8.39.12 At present, with the limited information available and prejudice to the outcome of Appeal before Hon'ble APTEL, Commission shall continue to determine the wheeling charges for FY 2023 as per previous methodology.

Commission's Observations

8.39.13 With respect to the stakeholder suggestion for separate wheeling charges for each voltage level, the Commission does not concur with the views of stakeholder as electricity flow between the various voltage level of transmission network cannot be dissected and therefore segregation of wheeling charges would be inappropriate. Further, at the inter-state level as well as in other States it is observed that common transmission wheeling charges are being approved.

8.39.14 The open access charges for Consumers availing open access has been levied as per the provisions of the Electricity Act, 2003, Tariff Policy and applicable Open Access Regulations of this Commission. The various charges are approved as per methodology set forth under these policies and regulations as explained in Chapter 16 of the Order.

8.40 Infrastructure Development Charges (IDC)

Stakeholders' Submission

8.40.1 Confederation of Indian Industries (CII), Parwanoo Industries Association (PIA), Kala-Amb Chamber of Commerce & Industry and BBN Industries association and Nalagarh Industries Association has highlighted that the Licensee has worked out normative rates of 'Infrastructure Development Charges for Applicants under two-part tariff' for FY 2023 as Rs. 200/kVA of contract demand. The stakeholders have requested to the commission not to levy such charges separately as they are already built in the T&D charges.

Petitioner's Response

8.40.2 The Petitioner responded that the objection/suggestion by the objector is not based on any specifics of the ARR Petition and is of suggestive nature Commission may decide keeping in view the existing Tariff and other Regulations.

Commission's Observations

8.40.3 It is observed that the Petitioner has already proposed significant reduction in IDC charges in its petition. The Commission has independently dealt with the comments pertaining to IDC in Chapter 16 in line with HPERC (Recovery of Expenditure for supply of Electricity) Regulations, 2012.

8.41 Electricity Duty

Stakeholders' Submission

8.41.1 Nalagarh Industries Association has requested the Commission to consider aligning the levy of Electricity Duty (ED) on industries like that of the neighbouring State of Haryana, where this levy is at a flat rate of 10 Paisa/unit irrespective of the categories of Consumers.

8.41.2 The objector has highlighted that the new industrial Consumers, including EHT, are charged ED @ 1% for 5 years whereas others are required to pay ED @ 7%. The objector has requested the Commission to eliminate this discrimination and allow equal rebate in ED to all the industries irrespective of the employment of labour.

Petitioner's Response

8.41.3 The Petitioner responded Electricity Duty is a levy of GoHP and is not a subject matter of present petition; therefore, HPSEBL does not propose any response.

Commission's Observations

8.41.4 The matter pertains to the Government of Himachal Pradesh. Therefore, the stakeholder is advised to take up the issue separately with the State Government.

Other/General

8.42 Tariff Hike Related Aspects

Stakeholders' Submission

8.42.1 Nalagarh Industries Association has submitted an objection against the tariff hike of nearly 40 Paisa/kWh for FY 2023. Also, the objector has suggested that the licensee should be directed to bring tangible improvement in its operations so that the electricity Consumers in the State get reliable power supply at most economical rates.

Petitioner's Response

8.42.2 The objections/suggestion by the objector are not based on any specifics of the ARR Petition being of general and suggestive nature, Commission may decide keeping in view the existing Tariff and other Regulations.

Commission's Observations

8.42.3 The Commission has determined the tariff in accordance with the HPERC MYT Distribution Tariff Regulations, 2011 and amendments thereof. The tariff (Fixed and Energy Charges) are determined on Cost Plus basis wherein the ARR of the utility for the ensuing year is determined and tariff are adjusted for recovery of the approved ARR. The Commission has been providing performance targets and targets for controllable parameters to limit any undue increase in ARR of the utility.

8.42.4 Based on truing-up for FY 2018-19 to FY 2020-21 along with True-up of Controllable parameters of third control period and projections for FY 2022-23, the Commission has decided the tariff for all Consumer categories for FY 2022-23 as detailed out in Chapter 15 of this Order.

8.43 Voltage Wise Cost of Supply

Stakeholders' Submission

8.43.1 Ambuja Cement Factory has highlighted that the Tariff policy provided two paths for tariff formation. Starting from the average cost of supply basis plus/minus 20% bandwidth for cross subsidization and thereafter the tariff was to be finally moved to cost to serve basis on different voltages so that Consumers at EHT level could really feel incentivized for their heavy investments on the infrastructure. But irony is that in the State of HP the tariff fixation started form cost of supply basis to the average cost of supply plus/minus 20% band which remains to be a retrograde step. The HPSEB has continuously failed to study the cost to serve model and the EHT Consumers like the present objector continue to suffer.

8.43.2 Vardhman Textiles Ltd. has proposed that tariffs should be based on voltage wise cost of supply rather than the average cost of Supply. The objector urges the Commission to follow the voltage-wise cost of supply methodology. The voltage of supply largely affects the cost of supply as the T & D losses are in inverse relation with the supply voltage.

Petitioner's Response

8.43.3 The objections/suggestion by the objector are not based on any specifics of the ARR Petition being of general and suggestive nature, Commission may decide keeping in view the existing Tariff and other Regulations.

8.43.4 Further, the objections/suggestions regarding amendments in the Regulations put forth by objector are not subject matter of present petition; therefore, HPSEBL does not propose any response.

8.43.5 Where the objector has sought explanations, the same have been addressed by way of replies by the Petitioner to various queries and Technical Validation Session (TVS) observations. The same are also available on HPSEBL website for information of all.

8.43.6 The Petitioner responded a study report on Voltage wise cost of supply was conducted by M/s CRISIL, and the same stands submitted to the Commission. The tariffs for all categories of Consumers are determined by Commission under section 62 and section 84 of Electricity Act, 2003 and under the guidelines of National Tariff Policy, 2016.

Commission's Observations

8.43.7 While determining tariff for various categories, the Commission is guided by the National Tariff Policy 2016 which provides that the tariff should progressively reflect +/-20% of average cost of supply. Post the completion of first Control Period, the Commission in its Tariff Regulations, 2011 had indicated a roadmap to further rationalize the cross-subsidies to (-)15% to (+) 10% of the average cost of supply and to within (-)10% to (+)5% of average cost of supply in the subsequent Control Period.

8.43.8 In addition to the above, HPSEBL has already submitted the report of Voltage wise cost of supply to the Commission. Based on the review of the report, several inconsistencies were observed and considering the base year for the study was FY 2016-17, the Commission has directed the Petitioner to update the report based on latest year and addressing the key concerns raised on the report. Post the revision of the study, the Commission would consider the results for the purpose of tariff determination for respective categories connected at different voltage-levels .

8.44 Lower Voltage Supply Surcharge (LVSS)

Stakeholders' Submission

8.44.1 Confederation of Indian Industries (CII), Parwanoo Industries Association (PIA), Kala-Amb Chamber of Commerce & Industry and BBN Industries association have submitted that as per HPERC Electricity Supply Code Consumers availing electricity supply at a voltage lower than the 'Standard Supply Voltage' as mentioned in part-II shall, in addition to other charges, be also charged a 'Lower Voltage Supply Surcharge' (LVSS) at the rates given in the following Table on only the amount of energy charges billed, for each level of step down (as given in following table) from the 'Standard Supply Voltage' to the level of Actually Availed Supply Voltage. Further, the Stakeholders have mentioned that the Commission has acknowledged that a difference of 2% is justified as surcharge for difference between 33 kV and 66 kV supply voltage. Accordingly, the Stakeholders are also eligible for a lower tariff by 2% if he avails supply at 66 kV, which works out to almost 10 Paise per unit, whereas there is actually no difference in tariff if the demand charges are also taken in account.

Petitioner's Response

8.44.2 The Petitioner has submitted that Consumers availing power at higher voltage level as compared to the standard voltage level are benefitted in terms of differential in rates of energy charges. However, for Consumers who are drawing power at voltage below their standard voltage are required to pay higher charges through LVSS in line with the Supply Code.

8.44.3 Further, the energy charges applicable for EHT Consumers are already lesser than HT1/ HT2 categories. As per amendments to the HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011 on 1st November 2013, the Commission has laid down the principle of progressively moving towards the targeted roadmap of (-) 10% and (+) 5% of the average cost of supply by end of the 4th Control Period (FY 2020-24) for all categories of Consumers excluding lifeline Consumers, while setting the tariff for FY 2020.

8.44.4 The Commission shall determine the tariff as per the aforesaid principles for FY 2023 also.

Commission's Observations

8.44.5 The Commission concurs with the views of the Petitioner and restates that standard voltage levels have been specified for availing supply by the Consumers. In case of Consumer taking supply at lower voltage is required to pay LVSS. Also, Commission is approving differential energy charge in case of EHV category at different voltage levels. Therefore, no further change is envisaged currently.

8.45 Load Factor Rebate

Stakeholders' Submission

8.45.1 Kundlas Loh Udyog and Aggarwal Steel Industries Pvt. Ltd. And Prime Steel Industries Pvt. Ltd., H M Steels Limited & JB Rolling Mills Limited have suggested introduction of Load Factor Rebate in order to incentivize the better utilization of infrastructure.

8.45.2 HPSIA (Himachal Pradesh Steel Industries Association) has also suggested to allow higher contract demand during off-peak hours, in order to fetch higher revenue on night power sale, by selling more power within the state than selling the same outside the state.

8.45.3 Further, the Stakeholders have submitted that some states have already adopted a system of providing rebate or alternatively applying surcharge based on load factor of the Consumer which is the ideal way of relaxing the tariff for the Power Intensive Industry and incentivizing the industries who have a very high load factor. The stakeholders prays that power factor incentive be introduced in the state of Himachal Pradesh.

Petitioner's Response

8.45.4 The Petitioner has submitted that it has not proposed any rebates for industrial Consumers for FY 2023, except that under the HP Government Policy Guidelines (i.e. Industrial Investment Policy, 2019).

8.45.5 Further, the Petitioner submits that provisions of rebates and concessions have implementation challenges mainly in the times when we are going for computerized billing and simplification of tariffs. Hence, HPSEBL has no intention to introduce Load factor Rebate/ Surcharge.

Commission's Observations

8.45.6 Over the years, the Commission has already reduced the element of cross-subsidy in the industrial tariff significantly. Any further rebates would result in lower realization from industrial tariff and have an impact on the overall revenue of the Petitioner. Therefore, the Commission finds it appropriate to continue with the existing provisions related to terms and condition of tariff and rebate.

8.46 Night-time Tariff

Stakeholders' Submission

8.46.1 Vardhman Textiles Ltd. has submitted that the Night-time tariff concession should be uniform across the board irrespective of the voltage level and must be increased to 140 Paisa from present 110 Paisa per unit (June, July and Aug) and 100 Paisa for rest of the year to make it more effective for flattening the load curve.

8.46.2 The recommendation is to encourage night usage by the industry irrespective of the seasons. The basis of night concession is the fluctuation of price of power during day and night hours across the country over the energy exchanges. Hence the objector has requested that night concession be fixed at a single rate throughout the year.

8.46.3 The Confederation of Indian Industries (CII), Parwanoo Industries Association (PIA), Kala-Amb Chamber of Commerce & Industry and BBN Industries association regarding further rationalisation of Night concession Rate has prayed to the Commission to do away with the two rates of night concession and move to a single rate that may be applicable throughout the year. The objector has requested that the night concession be fixed at a rate of 110 Paise for the entire year.

8.46.4 KundlasLoh Udyog and Aggarwal Steel Industries Pvt.Ltd. have submitted that the Commission has from time to time have considered various measures towards demand side management (DSM), by introduction of Night Time Concession which is a positive step. However, there is still surplus power in the system during night hours, which is sold at cheap rates across the energy exchange by the Petitioner. The stakeholder have submitted that the power which is sold over the exchange are at the rates lower than this rate, which sometimes range even as low as 50 Paise per unit, is likely to be sold at the night time price, fetching more revenue to the state in terms of tariff and in terms of electricity duty

Petitioner's Response

8.46.5 The Petitioner responded that the night-time concession has been increased by 30 paise per unit to encourage consumption during night hours in last year. Details of the changes with respect to tariff are already available in Tariff Order dated 31.5.2021.

8.46.6 Moreover, Commission shall determine the same night-time tariff concession throughout the year, without differentiation in different seasons, such that the revenue recovery of HPSEBL shall remain neutral.

8.46.7 Further, increase in the night-time concession will lead to revenue reduction which needs to be recovered under some other head. Thus, HPSEBL does not agree to the suggestion put forth by the objector.

Commission's Observations

8.46.8 The higher night time concession during summer months correlates with the surplus power available with the Petitioner during the period due to higher generation from hydro sources. As the generation during winter months is lower, the Petitioner has to procure power from alternate sources like banking, short-term, etc. to meet the deficit. Having similar concession across the year would result in procurement of power at higher rates by the Petitioner which would have a negative impact on the overall ARR. Therefore, the Commission finds it appropriate to continue with the existing night-time concession allowed in previous tariff order.

8.47 Payment Rebate

Stakeholders' Submission

8.47.1 HPSIA (Himachal Pradesh Steel Industries Association) has submitted that for advance payment made before commencement of consumption period for which bill is to be prepared, a rebate @ 0.5% per month on the amount, which remains with the Licensee at the end of calendar month excluding security deposit, shall be credited to the account of Consumer after adjusting any amount payable to the Licensee, subject to the net amount of advance being not less than Rs.20,000 and shall be adjustable in next month's bill.

Petitioner's Response

8.47.2 The Petitioner has submitted that the objections/suggestion by the objector are not based on any specifics of the ARR Petition, being of general and suggestive nature, Commission may decide keeping in view the existing Tariff and other Regulations.

Commission's Observations

8.47.3 There are currently no provisions with respect to advance payment made by the Consumer. However, the Commission is approving specific rebate for Consumers availing pre-paid metering in the state which is discussed in Chapter 15 of this Order.

8.48 Delayed Payment Surcharge

Stakeholders' Submission

8.48.1 HPSIA (Himachal Pradesh Steel Industries Association) has submitted that if bill is not paid by the Consumer within the period prescribed (due date), a surcharge @ 1.5% per month or part thereof, on the total outstanding amount of the bill (including arrears, if any but excluding amount of surcharge), shall be payable in addition, from the due date of payment as mentioned in the bill.

Petitioner's Response

8.48.2 The Petitioner has submitted that the objections/suggestion by the objector are not based on any specifics of the ARR Petition, being of general and suggestive nature, Commission may decide keeping in view the existing Tariff and other Regulations.

Commission's Observations

8.48.3 The Commission has already prescribed 1.5% delayed payment surcharge.

8.49 Peak Hour Tariff

Stakeholders' Submission

8.49.1 Vardhman Textiles Ltd. has submitted that the peak hours energy charges differential of Rs. 1.30/- per unit over and above the normal rate of energy charges is very high. The Stakeholder has suggested that in view of comfortable availability of power during peak hours, the peak load hours tariff be relaxed/slashed. The energy rate differential must be done away with as some industries stop their activity during peak hours and some even go to the extent of buying power from outside the state, thus resulting in loss of revenue to HPSEBL. Further it has mentioned that our state does not have any peak hour constraints. Therefore, the objector has prayed to the commission that the peak hour tariff be brought to a level of tariff applicable during normal hours.

8.49.2 Confederation of Indian Industries (CII), Parwanoo Industries Association (PIA), Kala-Amb Chamber of Commerce & Industry and BBN Industries association is of the viewpoint that even after reduction of the peak hour tariff, the usage during these hours have not improved significantly and thus have requested the Commission to rationalise the peak hour charges.

8.49.3 Further, the Stakeholders have suggested the Commission that instead of having a separate rate of energy charge for peak hour, a per unit extra surcharge be introduced on the pattern of the night concession. This will make the billing simpler as the total units will not be required to be segregated.

8.49.4 BBN Industries Association, Kundlas Loh Udyog and Aggarwal Steel Industries Pvt. Ltd. And Prime Steel Industries Pvt. Ltd., H M Steels Limited & JB Rolling Mills Limited have highlighted that peak load energy charges differential was reduced by the Commission in tariff order for FY 2021-22, which is now in the range of Rs. 1.20 to Rs. 1.40 over and above the normal rate of energy charges is very high.

8.49.5 The objector has further suggested that in case the Commission decides to continue to charge at a different than normal rate of energy charges, then instead of having a separate rate of energy charge for peak hour, a per unit extra surcharge be introduced on the pattern of the night concession.

Petitioner's Response

8.49.6 The Petitioner submitted that the purpose of peak hour tariff is to flatten the diurnal load curve. During the peak hours the demand is high and vis-à-vis cost of power is also high. To ensure safe operation during the peak hours either load shedding has to be done or other way to increase the energy charges during peak hours. Thus, peak hour charges are being levied with the intention of reliable operation during the peak hours. Moreover, the industrial Consumers are capable to shift their demands to avoid peak hour tariffs. Further, reducing peak hour tariff may lead to increase in power purchase cost as otherwise, HPSEBL will be forced to buy from marginal generators or short-term power, which in turn will affect other Consumers.

8.49.7 Further, the Petitioner responded that the Commission has reduced the peak hour charges by 50 paisa per unit during last year. Also, night-time concession has been increased to encourage consumption during night hours. Details of the changes with respect to tariff are already available in Tariff Order dated 31.5.2021.

8.49.8 Moreover, additional demand charges for peak hours is no more applicable from FY 2020 as per HPERC tariff order dated 29.06.2019.

Commission's Observations

8.49.9 The Commission finds it appropriate to continue with the existing concession in Peak Hour charges allowed in tariff order dated 31.5.2021. However, the Commission shall take a view on further Peak Hour charges concession in future after deliberations with all stakeholders.

8.50 Tariff Structure

Stakeholders' Submission

8.50.1 Confederation of Indian Industries (CII), Parwanoo Industries Association (PIA), Kala-Amb Chamber of Commerce & Industry and BBN Industries association have also submitted that presently the consumption of residential colonies of the industries are charged at industrial tariff. Separate domestic connections may be granted to such residential Consumers living in the colonies.

8.50.2 Ambuja Cement Factory has established a residential colony for the staff because of non-availability of residential accommodation in the area but the residents of the colony are getting domestic supply from the connection of the factory only. The objector has requested to work out a scheme to consider existing residential supply as domestic connections to the residents of the colonies to reduce burden on the industry as it involves reduced line losses.

8.50.3 Nalagarh Industries Association has highlighted that with the announcement of the State of J&K as a Union Territory, the State Government had announced 50% rebate on Water & Electricity Bills for one year. This was a major attraction given to the industries. Similarly, in Uttarakhand, some of the major concessions/incentives given to the industries include rebate in electricity tariff of 40 Paisa/unit linked with the load factor (up to 40% or above 40%). The objector has prayed to the Commission to consider introduction of similar rebate.

8.50.4 Nagar Jan Kalyan Sabha Sunni has also requested the Commission to delink educational institution viz Schools (pvt or govt.), training institute (ITI or ITC), professional institution, colleges and universities from Commercial tariff category.

8.50.5 Lahaul-Spiti Bauddh Sewa Sangh has requested the Commission to bring Nunneries too under Domestic Category for the purpose of tariff w.e.f 2022-2023 in the interest of gender equality.

Petitioner's Response

8.50.6 The Petitioner has submitted that the objections/suggestion by the objector are not based on any specifics of the ARR Petition, being of general and suggestive nature, Commission may decide keeping in view the existing Tariff and other Regulations.

Commission's Observations

8.50.7 The issue of giving separate domestic connections for residential colonies of the industries can only be possible if it is possible to segregate the same from industries by way of separate feeder/ metering. HPSEBL is directed to look into the matter and detailed report in this regard be submitted within 3 months of issuance of this Order. The Commission shall take a view in this matter subsequently in the next tariff order.

8.50.8 Regarding giving rebate in electricity tariff linked with the load factor is already build in the tariff. The tariff determined by the Commission for the Consumers governed through two part has two components vis Demand Charges and Energy Charges. Demand Charges are fixed and linked to the contracted demand and energy charges depends upon usages of energy. In case the load factor is more that means energy consumption is also high and same would imply reduced effective per unit charges. However, the Commission shall look into this proposal of introducing load factor based tariff in future after doing consultations with all stakeholders involved.

8.50.9 Schools, Colleges and Universities and other educational institutions currently fall under Non-Domestic Non-Commercial Tariff category and therefore the observation of the stakeholder is misplaced.

8.50.10 The Monasteries are already there under Domestic Category. On the same analogy, the Commission has kept the Nunneries also under Domestic Categories of the Consumers as elaborated in Chapter 15.

8.51 Billing

Stakeholders' Submission

8.51.1 Confederation of Indian Industries (CII), Parwanoo Industries Association (PIA), Kala-Amb Chamber of Commerce & Industry and BBN Industries association has highlighted that the time period of ten days after the delivery of bills have been specified in the Supply Code, 2009 as well the Electricity (Rights of Consumers) Rules, 2020, is not being adhered to. The software program designed and used by the Petitioner automatically prints the due date of payment by cheque as eight days from the issue of the bill and payment by cash as ten days from issue of the bill. Whereas the 10 days were to be calculated from the date of delivery of the bill to the Consumer, which is contravention of Electricity (Rights of Consumers) Rules, 2020 as well provisions of the Himachal Pradesh Electricity Supply Code, 2009. The bills are not even sent to the Consumers via email or electronic media.

Petitioner's Response

8.51.2 The Petitioner has replied that the matter does not pertain to current tariff Petition and comes under Supply code.

Commission's Observations

8.51.3 The matter pertains to the HPERC Supply Code Regulation and does not pertain to the tariff petition filed by the Petitioner. Therefore, the stakeholder is advised to take up the issue separately at the time of review/ amendment of Supply Code Regulations.

8.52 General

Stakeholders' Submission

8.52.1 Confederation of Indian Industries (CII), Parwanoo Industries Association (PIA), Kala-Amb Chamber of Commerce & Industry and BBN Industries association have submitted its discontent regarding quality of power supply. The interruptions are a cause of concern, which result in commercial losses both to the utility as well as the Consumers. The objector has suggested certain improvement measures to be considered by the Petitioner-

- Advance notice of scheduled outages must be intimated to the concerned Consumers at least fifteen days in advance through SMS and emails to all affected Consumers.
- The unscheduled outages also must be minimized by upgradation of infrastructure and installation of modern intelligent equipment. The alternative supply routes in cases of shutdowns must be designed.
- The strict standards of continuity must be observed in terms of various continuity indices and the standards defined in the standards of performance regulations must be more stringent and necessary amendments should be carried out in the regulations, so as to compensate the Consumers on non-adherence to such standards by the Petitioner. The supply of power is under a two-way agreement and in the event of non-supply due to any reason the proportionate demand charges should be charged.

- Round the clock 24 x 7 complaint attending must be ensured in all area, particularly the industrial areas, where the consumption of electricity is very high. Presently, the Consumers have to suffer production losses or have to bear a very high cost for running standby generating sets on such occasions. The staff for attending complaints is not available during night hours. We pray to the Commission to issue necessary directions to the Petitioner to ensure 24x7 complaint attending system.

8.52.2 Nalagarh industries association has highlighted that although Commission has introduced Peak Load Charges and night-time concession, but it needs to be evaluated whether this benefit is actually helping the industries, or it is more of a policy benefit only. Further, it has mentioned that HPSEB is saddled with substantial surplus power during certain seasons and time of day, and it has to be sold to other States at relatively lower tariff. But if we could make this power actually available to the industries at lower tariff, it could fetch higher revenue for the SEB and avoid selling the surplus power outside the State at low tariff. The objector has prayed to the commission to direct the SEB to make an in-depth study and come out with a proposal to make this power available to State industries.

8.52.3 Nalagarh Industries Association has highlighted that the industries in Baddi - Barotiwala- Nalagarh belt comprises of nearly 70% of industrial activity in the State of Himachal Pradesh. Accordingly, this area needs major attention in the matter of Capital infusion for Transmission & Distribution system. Simultaneously, there is persistent shortage of O&M staff, which leads to longer outages in the system and consequent loss of production to the industries. The objector has requested for issue of suitable directions to the petition to attend to these common woes of the industries in these belts.

8.52.4 Vardhman Textiles Ltd. has submitted that the power cuts if it becomes essential to avoid any Grid failure or to maintain the substation equipment healthy by avoiding over loading etc. The Board may please be directed to impose power cuts uniformly across all Category of Consumers without any discrimination to industrial Consumers.

8.52.5 Shri Naresh Himcon (Consumer), has requested for a solution for commercial connections being used for domestic purposes only. The objector has suggested to lower the exiting tariff by 75%. Also, the objector has suggested government to install electrical connection without NOC of TCP and gram panchayat.

8.52.6 Indian Energy Exchange Limited (IEX) has submitted that the CERC approved Green Term Ahead Market (GTAM) during Aug. 2020 and Green Day Ahead Market (GDAM) during October 2021, on the IEX platform wherein Solar and Non-Solar renewable energy is being transacted. Further, IEX is in the process of introducing Green Term Ahead Market for Hydro Power (GTAM Hydro) at its platform. The objector has mentioned that with the introduction of green markets at the exchange platform the Discom can make use of these market segments to dispose their surplus Solar / Non-Solar/ Hydro power at the exchange.

Petitioner’s Response

8.52.7 The Petitioner responded that they are ensuring 24x7 power supply to all the Consumers and no power cuts are being imposed on account of shortage of power. In any case the power cuts are being imposed, it is mainly due to prevailing grid conditions and network constraints, which are necessitated by obligations to maintain grid security. Generally, the load of industrial Consumers is high and network constraints during contingencies require power cuts. Besides, this maintenance cuts are mandatory for monitoring and routine inspections.

8.52.8 The Petitioner responded that the objections/suggestion by the objector are not based on any specifics of the ARR Petition, being of general and suggestive nature, Commission may decide keeping in view the existing Tariff and other Regulations.

8.52.9 In regards to the Connection without NOC of TCP, the Petitioner responded that the Commission has notified the HP Supply Code (Fifth Amendment) Regulations, 2021, which provides for release of connection to Single Part Tariff Consumers without NOC. The amended provisions are being implemented by HPSEBL.

8.52.10 In regards to providing surplus power to industries the Petitioner has submitted that the suggestion by the objector are not based on any specifics of the ARR Petition being of general and suggestive nature, Commission may decide keeping in view the existing Tariff and other Regulations.

Commission's Observations

8.52.11 The stakeholders have raised serious concerns regarding unscheduled power cuts and non adherence to the quality and reliability of power especially in the industrial belts. The Commission has framed Standards of Performance Regulations for the DISCOM and the Commission direct the Petitioner to abide the same. The Petitioner, being a commercial entity, must understand the opportunity cost of loss of energy sales that would have fetched it revenue. The stakeholders are advised to report the incidences of such cases to the appropriate authorities in case there has been a lapse on the part of DISCOM to provide quality and reliable power.

8.52.12 The Commission has already made the amendments in the Supply Code wherein the Consumers shall be able to take electricity connections without NOC.

8.52.13 Regarding the issue of selling surplus power to the industries, the Commission is of the view that this may not be practically possible. This can only be possible if the industries operating in the State have some additional demand which is linked to the cost of power. Moreover, HPSEBL is having surplus power during the period of summer and monsoon months only.

8.53 Non-Compliance of Directions

Stakeholders' Submission

8.53.1 Industrial associations have raised the issue of non-compliance of directions of the Commission by the Petitioner as listed in the past orders like non-submission of detailed proposal in regard to interest cost saved, source of equity, road map for reducing T&D loss, preparation of fixed asset register, report on delay of Kala amb assets, efficiency improvement plan for reducing employee cost etc.

Petitioner's Response

8.53.2 The Petitioner responded that it has submitted the compliance report along with Tariff Petition in respect of various directives being issued by HPERC. Complete details as desired by the Commission stands supplied by the Petitioner with the petition or with subsequent discrepancy notes.

Commission's Observations

8.53.3 The Commission concurs with the views of the stakeholders regarding non-compliance by the Petitioner in regard to several directives issued by the Commission in the past. Despite several queries and reminders, the Petitioner has been able to comply or provide partial information for majority of the directives while no details/compliance has been noted for the balance directives.

8.53.4 The Commission takes serious view on the Petitioner's approach for complying to the directive and directs the Petitioner to take up the compliance to directives in a sincere manner.

8.54 Miscellaneous

Stakeholders' Submission

8.54.1 Ambuja Cement Factory has highlighted that a resolution of Consumer complaints mechanism is created by the order of the Commission but the HPSEBL is reluctant to adjust the relief/ refund granted by the Electricity Forum or the Ombudsman. Since the Forum has been created by the HPSEBL as per regulations issued by the Commission and for the recovery of their money the HPSEBL goes to the extent of disconnection in addition to charging of interest from the Consumers. A time limit for compliance of the order of the Forum/Ombudsman may be fixed by the Commission failing which officers/officials may be personally held responsible for interest and frivolous litigation otherwise the discipline and level playing field will not be laid for the HPSEB and the Consumer.

8.54.2 Nagar Jan Kalyan Sabha Sunni has requested the Commission to restructure and streamline the existing tariff structure so as to relief general public from the Cumbersome levies in the name & shape of fixed charge, ED, Local Bodies cess, never ending meter rent etc.

8.54.3 Ambuja Cement Factory has mentioned that the CERC orders affect the Consumers of the State so that the CERC hearing may also be notified to the people living in affected states and may not be restricted to the power licensees in these states.

8.54.4 Ambuja Cement Factory has highlighted that the Electricity Act 2003 does not provide any Infrastructure Development Charge or normative charge which is to be recovered from the Consumer and therefore the proposal of the Petitioner to enhance the Infrastructure Development Charge may be rejected out-rightly and Infrastructure Development Charge/normative charge may be scrapped all together because these violate the provisions of the Act.

8.54.5 Vardhman Textiles Ltd. has submitted that concept of connected load in KW to be replaced with contract demand in case of Industrial Consumers. A contract demand is sanctioned by HPSEB which is entered in A & A form. Since, the objector cannot draw more load than sanctioned contract demand without violation of an agreement entered between Consumer & state utility, there is no significance of load getting sanctioned in KW. The objector has therefore submitted that the connected load built up in the industry be relaxed without any binding of connected load in KWs, in case the contract demand in KVA is agreed upon.

8.54.6 The objector has responded to the Petitioners reply that based on the contract demand, the electricity charges are billed to the Consumers with no reference to the connected load of the manufacturing unit. Also, many Electricity Boards like Madhya Pradesh, Maharashtra and Punjab follow the Contract Demand concept and no weightage is given to the connected load. Thus, the objector persists that connected load concept be waived off for Large Industrial Consumers and Contact Demand (in KVA) terminology be used in all technical and commercial matters.

8.54.7 Further in regard to simple tariff structure and delinking educational institutions from commercial tariff category the Petitioner has submitted that most of the objections/suggestion by the objector are not based on any specifics of the ARR Petition, being of general and suggestive nature, Commission may decide keeping in view the existing Tariff and other Regulations.

Petitioner's Response

8.54.8 In regards to providing surplus power to industries the Petitioner has submitted that the suggestion by the objector are not based on any specifics of the ARR Petition being of general and suggestive nature, Commission may decide keeping in view the existing Tariff and other Regulations.

8.54.9 In regards to the Concept of connected load in KW be replaced with contract demand in case of Industrial Consumers, the Petitioner has submitted the matter pertains to HPERC Supply Code and does not pertain to current Petition.

Commission's Observations

8.54.10 The stakeholder has raised a serious issue of non compliance of the Orders of the Statutory Authorities made under Electricity Act, 2003.The Commission directed the Petitioner to look into the matter and any casual approach on its part shall be dealt as per the Act and under relevant provisions of the HPERC Regulations.

8.54.11 Regarding notifying the Hon'ble CERC hearings as requested by one of the stakeholder, the same are being notified by the CERC as per their regulations. The stakeholders may approach Hon'ble CERC in this regard.

8.54.12 Infrastructure Development Charges has been levied by the Petitioner from Consumers for the creation of new power system infrastructure. Since its utilisation reported by HPSEBL has been quite dismal so far. Therefore, IDC charges have been reduced in this Tariff Order significantly on the proposal of the Petitioner.

8.54.13 The stakeholder has requested to streamline the tariff structure and give relief to the common man by not levying charges in various names.

8.54.14 The Commission is fixing the tariff as per its regulations. Further, the stakeholder must appreciate that the electricity tariff in the State over the past 7-8 years has been quite stable.

8.54.15 Regarding the proposal of the stakeholder to done away with the concept of connected load in KW as everything including tariff is based on kVA, especially for industrial Consumers, the Commission direct the Petitioner to submit its reply/ observation with proper analysis within 3 months of issuance of this Order.

9 TRUE-UP OF UNCONTROLLABLE PARAMETERS FOR FY 2018-19 UNDER THE THIRD MYT CONTROL PERIOD

9.1 Background

9.1.1 The Commission had undertaken provisional truing-up for FY 2018-19 in absence of audited accounts for FY 2018-19 in the previous Tariff Order dated 31 May 2021, in order to assess any revenue surplus /deficit and its timely adjustment in the ARR for FY 2021-22.

9.1.2 However, HPSEBL in its Mid-Term review Petition for the fourth Control Period has submitted final true-up of uncontrollable parameters for FY 2018-19 based on CAG audited accounts for the period April 1, 2018 to March 31, 2019.

9.1.3 The Commission has reassessed the provisional true-up for FY 2018-19 based on the CAG audited accounts made available, and has undertaken a true-up in line with the Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011 and amendments thereof (hereinafter referred to as the 'MYT Regulations, 2011'), taking into account all the information, data submissions and necessary clarifications submitted by the licensee as well as views expressed by the stakeholders.

9.1.4 The relevant extract stated in the amended Regulation 11 of the Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) (Second Amendment) Regulations, 2013 has been described below:

*"11. **True Up***
(1) The true up across various parameters shall be conducted by the Commission, for the previous years for which the actual/ audited accounts are made available by the distribution licensee, at the times and as per principles stated below:-
(B) as per principles -
(a) Variation in revenue / expenditure on account of uncontrollable sales and power purchase shall be trued up every year. Truing-up shall be carried out based on the actual/audited information and prudence check by the Commission:

Provided that if such variations are large, and it is not feasible to recover in one year alone, the Commission may take a view to create a regulatory asset, as per the guidelines provided in clause 8.2.2 of the National Tariff Policy;

Provided further that under business as usual conditions, the Commission, to ensure tariff stability, may include the opening balances of uncovered gap / trued-up costs in the subsequent Control Period's ARR instead of including in the year succeeding the relevant year of the Control Period after providing for transition financing arrangement or capital restructuring.

(b) for controllable parameters –
(I) any surplus or deficit on account of O&M expenses shall be to the account of the licensee and shall not be trued up in ARR unless such is treated as uncontrollable by the Commission in accordance with these regulations;
(II) any surplus or deficit on account of the distribution losses shall be shared between the licensee and the Consumers in accordance with these regulations…;

(2) The distribution licensee, for the approved true-up of any year over and above that approved in the Tariff Order for that year, shall be entitled to a carrying cost at the Base Rate of State Bank of India plus 350 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."

9.1.5 The Commission undertook an initial scrutiny of the numbers in final audited accounts as against the provisional accounts submitted at the time of provisional truing-up. The Commission on comparison of both provisional accounts and audited annual accounts of FY 2018-19 observed that there are minor variations in numbers between the provisional accounts and CAG audited annual accounts of FY 2018-19 provided by the Petitioner. Therefore, the Commission has reviewed the specific areas where the Petitioner has made additional submissions.

9.1.6 The following sections details the methodology adopted by the Commission for truing-up of uncontrollable parameters for FY 2018-19 based on the CAG audited accounts submitted by HPSEBL for FY 2018-19.

9.2 Energy Sales

9.2.1 As per the final true-up submission, the actual energy sales of 9,041 MUs reported by HPSEBL remains unchanged with respect to provisional true-up.

9.2.2 The following table shows the actual energy sales submitted by HPSEBL vis-à-vis the provisionally trued up sales and approved sales by the Commission for FY 2018-19 in the 2nd APR order of the fourth control period and APR Order for FY 2018-19 respectively.

Table 151: Category-wise Trued-up Sales for FY19 (MUs)

Category	APR Order	Provisionally Trued-Up	HPSEBL's Submission	Final Trued-Up
Domestic	2,137	2,106	2,106	2,106

Category	APR Order	Provisionally Trued-Up	HPSEBL's Submission	Final Trued-Up
Non-Domestic Non-Commercial	140	159	159	159
Commercial	587	615	615	615
Temporary	30	38	38	38
Small Power	93	92	92	92
Medium Power	137	116	116	116
Large Supply	4,619	5,127	5,127	5,127
Govt. Irrigation & Water Pumping	643	566	566	566
Public Lighting	13	10	10	10
Irrigation & Agriculture	69	63	63	63
Bulk Supply	172	151	151	151
Total Energy Sales	**8,638**	**9,041**	**9,041**	**9,041**

9.2.3 The Provisional trued up sales approved by the Commission and the actual sales submitted by the Petitioner in the MTR petition are in line with the CAG audited accounts of FY 2018-19.

9.2.4 Thus, the Commission approves the actual sales as submitted by the Petitioner for truing-up for FY 2018-19.

9.3 Revenue from Sale of Power

9.3.1 Since, the reported revenue in final audited accounts is similar to that approved in provisional true-up, the Commission has considered revenue of Rs. 5,101.13 Cr. for FY 2018-19.

9.3.2 The table below provides a comparison of the category-wise revenue as approved in APR Order, provisionally trued up, as submitted by the Petitioner for final true-up and approved by the Commission for FY 2018-19, respectively.

Table 152: Category-wise Trued-up Revenue from Sale of Power for FY19 (Rs. Cr.)

Particulars	APR Order	Provisionally Trued-Up	HPSEBL's Submission	Final Trued-Up
Domestic	1,046.81	985.99	985.99	985.99
Non-Domestic Non-Commercial	83.81	113.11	113.11	113.11
Commercial	357.99	373.30	373.30	373.30
Small Power	95.77	61.36	61.36	61.36
Medium Power	33.03	67.45	67.45	67.45
Large supply	2,658.88	2,853.04	2,853.04	2,853.04
Public Lighting	6.57	7.31	7.31	7.31
Govt. Irrigation & Water Pumping	414.39	36.53	36.53	36.53
IPH		455.68	455.68	455.68
Bulk and Grid supply	109.33	113.27	113.27	113.27
Temporary Metered Supply	29.93	34.09	34.09	34.09
Total	**4,836.51**	**5,101.13**	**5,101.13**	**5,101.13**

9.3.3 The Commission has also reviewed the submission of the Petitioner for revenue from sale of power outside state and has considered the actual revenue of Rs. 833.10 Cr. as per the CAG audited accounts. The Commission observes that the revenue from sale of power approved by the Commission and the actual sales submitted by the Petitioner in the MTR petition are in line with the CAG audited accounts of FY 2018-19. Banking being a cashless transaction, notional revenue towards banked power recorded in the accounts has been excluded while considering the revenue from sale of power outside the state.

Table 153: Trued-up Revenue from Sale of Power outside State for FY19 (Rs. Cr.)

Particulars	Actual as per Provisional Accounts	Actual as per CAG Audited Accounts
Revenue from sale of power outside State	1,820.19	1,820.19
Less: Banking Sale	987.09	987.09
Net Revenue from sale of power outside State	**833.10**	**833.10**

9.4 Transmission and Distribution (T&D) Loss

9.4.1 The Commission had approved T&D loss level at 12.00% for FY 2018-19 in the third Control Period. As per the Petitioner's submission, T&D loss level of 11.53% has been achieved during FY 2018-19.

9.4.2 The Commission observes that the T&D loss for FY 2018-19 as claimed by the Petitioner is identical to the T&D loss approved by the Commission during provisional true-up for FY 2018-19 in the 2nd APR order of the fourth control period. However, during scrutiny small variation in free power available from Larji was observed which was slightly higher at 71.62 MUs as compared with the earlier claim of 71.01 Mus. Based on the energy units available from various sources, energy sold under inter-state and to the Consumers within the State, the Commission has approved the T&D loss level for FY 2018-19 as 11.54%.

9.4.3 The following table shows the approved T&D loss, provisionally trued-up, revised submission and final trued-up by the Commission for FY 2018-19, respectively.

Table 154: MYT Approved, Proposed and Approved T&D Loss for FY19 (Rs. Cr.)

Sl.	Name of the Plant	APR Order	Provisionally Trued-Up	HPSEBL's Submission	Final Trued-Up
A	Units Procured from Interstate- Generating Stations (including free power stations connected to ISTS)		7,664.19	7,664.19	7,664.19
B	Banking Purchase at ISTS		2,063.60	2,063.60	2,063.60
C	Interstate Transmission Loss (%)		3.42%	3.42%	3.42%
D	Transmission Loss (MUs)		332.21	332.21	332.21
E	**Net Energy Available at Periphery**		**9,395.58**	**9,395.58**	**9,395.58**
F	**Power Available within the state (i+ii+iii)**		**3,671.74**	**3,671.74**	**3,671.74**
	(i) State Generating Stations		1,955.72	1,955.72	1,955.72

Sl.	Name of the Plant	APR Order	Provisionally Trued-Up	HPSEBL's Submission	Final Trued-Up
	(ii) GoHP Free Power (own generation & IPPs)		218.35	218.35	218.97
	(iii) IPPs		1,497.66	1,497.66	1,497.66
G	**Power from Other Sources (i+ii)**		**840.04**	**840.04**	**840.04**
	(i) UI Power		338.29	338.29	338.29
	(ii) IEX/PXIL		501.74	501.74	501.74
H	**Total Energy Available (E+F+G)**		**13,907.36**	**13,907.36**	**13,907.98**
I	**Energy Sales within the state**		**9,041.44**	**9,041.44**	**9,041.44**
J	**Inter-State Sale of Power (i+ii+iii)**		**3,687.51**	**3,687.51**	**3,687.51**
	(i) Sale of Power (including UI, Bilateral & IEX/PXIL)		338.29	338.29	338.29
	(ii) Banking		1,880.17	1,880.17	1,880.17
	(iii) RE sale		1,469.05	1,469.05	1,469.05
K	**Total Energy Available for sale within the state (H-J)**		**10,219.85**	**10,219.85**	**10,220.47**
L	Total Energy Sale (I+J)		12,728.95	12,728.95	12,728.95
M	T&D loss (in MUs) (K-I)		1,178.41	1,178.41	1,179.02
N	**T&D loss (%) = (1-I/K) X 100**	**12.00%**	**11.53%**	**11.53%**	**11.54%**

9.4.4 The T&D loss achieved by HPSEBL has resulted in an over-achievement of 0.46% which is eligible for incentive as per Regulation 15 of Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) (Second Amendment) Regulations, 2013.

9.5 Power Purchase

9.5.1 HPSEBL has submitted source wise power purchase cost (excluding transmission and other charges) of Rs. 3,637.47 Cr. for FY 2018-19 as per CAG audited accounts for truing-up after adjusting for banking power and other charges such as transmission, SLDC, etc. Additionally, cost of power procurement from own-generation sources has been considered by the Petitioner in the power purchase cost for FY 2018-19.

9.5.2 The Commission observes that the power purchase cost (excluding transmission and other charges) for FY 2018-19 as claimed by the Petitioner is identical to the source-wise power purchase cost (excluding transmission and other charges) approved by the Commission during provisional true-up for FY 2018-19 in the 2nd APR order of the fourth control period. Thus, the Commission approves the source wise power purchase cost (excluding transmission and other charges) for FY 2018-19 as Rs. 3,637.47 Cr.

9.5.3 The following table shows the power purchased cost approved in APR, provisionally trued-up, revised submission of Petitioner and final trued-up for FY 2018-19 respectively.

Table 155: Source wise Power purchase cost for FY19 (Rs. Cr.)

Sources of Power	APR Order	Provisionally Trued-Up	HPSEBL's Submission	Final Trued-Up
HPSEBL Own Generation	436.00	285.83	285.83	285.83
NTPC	635.00	1,066.02	1,066.02	1,066.02
NHPC	62.00	68.91	68.91	68.91
SJVNL & Others	611.00	866.95	866.95	866.95
Nuclear	61.00	75.69	75.69	75.69
BBMB and shared stations	92.00	81.68	81.68	81.68
IPP and others	636.00	581.86	581.86	581.86
GoHP Free Power	144.00	186.42	186.42	186.42
Solar	58.00	25.34	25.34	25.34
Other Sources	**0.00**	**398.76**	**398.76**	**398.76**
i. UI	0.00	190.65	190.65	190.65
ii. Banking Purchase	0.00	0.00	0.00	0.00
iii. Contingency (IEX/PXIL)	0.00	208.11	208.11	208.11
Total	**2,735.00**	**3,637.47**	**3,637.47**	**3,637.47**

9.6 Transmission and Other Charges

9.6.1 HPSEBL has submitted Transmission & Other charges (including PGCIL charges, HPPTCL Charges, SLDC charges, STOA charges & other charges) of Rs. 271.40 Cr. for FY 2018-19.

9.6.2 As there is no change in the amount of Transmission & Other charges for FY 2018-19 in the final accounts vis-à-vis the provisional accounts, the Commission approves the Transmission & Other charges (including PGCIL charges, HPPTCL Charges, SLDC charges, STOA charges & other charges) for FY 2018-19 as Rs. 271.40 Cr.

9.6.3 While approving the PGCIL charges, it is observed that an amount towards non-PoC charges PKATL assets of Rs. 48.85 Cr. and Hamripur bays Rs. 0.68 Cr. is included. In the Tariff Order for FY 2021-22, the Commission had stated as below:

"7.6.6 However, considering the submissions of the Petitioner and taking in view that the appeal on this matter is still pending with Hon'ble APTEL, the Commission has provisionally considered the actual amount paid to PGCIL for FY 2018-19 towards PKATL Assets and Hamirpur Substation to avoid any financial hardships to HPSEBL. The Commission shall review the matter in subsequent Tariff Orders. However, the Petitioner is directed to take up the matter with respect to utilization of all bays of Kala-Amb sub-station with the management

in order to ensure that no additional payment is required to be paid to PGCIL on this account. A status update along with minutes of meeting of the Board is required to be submitted along with next tariff petition.

7.6.7 Accordingly, an amount of Rs. 210.68 Cr. towards PGCIL Charges for FY 2018-19 has been considered provisionally by the Commission. …………"

9.6.4 In response to the query, the Petitioner has submitted that the appeal with Hon'ble APTEL is still pending. Therefore, the Commission has continued with the approach adopted during the provisional truing-up with regard to the payment of non-PoC charges elements.

9.6.5 The following table shows the actual Transmission and other charges approved in APR Order, provisionally trued-up, revised submission of Petitioner, respectively.

Table 156: Transmission and Other charges for FY19 (Rs. Cr.)

Sources of Power	APR Order	Provisionally Trued-Up	HPSEBL's Submission
PGCIL Charges	242.36	210.68	210.68
HPPTCL Charges	6.04	9.65	9.65
SLDC Charges	2.12	1.97	1.97
STOA Charges	69.65	39.06	39.06
Sub-total	**320.17**	**261.36**	**261.36**
Other Charges	0.00	10.04	10.04
Total	**320.17**	**271.40**	**271.40**

9.6.6 The total power purchase cost after incorporating all the responses of the Petitioner has been summarized below:

Table 157: Total Power Purchase Cost approved for FY19 (Rs. Cr.)

Sl.	Description	Provisionally Trued-Up	HPSEBL's Submission	Final Trued-Up
A.	**Power Purchase Cost (exc. PGCIL Charges and Other Costs)**	**3,351.64**	**3,351.64**	**3,351.64**
B.	**Own Generation**	**285.83**	**285.83**	**285.83**
C.	Inter-State Charges			
	PGCIL	210.68	210.68	210.68
	OA	39.06	39.06	39.06
D.	Intra-State Charges			
	HPPTCL	9.65	9.65	9.65
	SLDC	1.97	1.97	1.97
E.	Other Charges			
	Trading Margin	4.92	4.92	4.92
	Reactive Charges	0.13	0.13	0.13
	NRLDC	1.05	1.05	1.05
	Operation Circle Nahan	0.63	0.63	0.63
	UI (Malana)	0.37	0.37	0.37
	System/Marketing operation charges	1.64	1.64	1.64

Sl.	Description	Provisionally Trued-Up	HPSEBL's Submission	Final Trued-Up
	SJVNL Arrears (GoHP)	1.29	1.29	1.29
F.	**Total Power Purchase Cost (inc. Own Gen.) (A+B+C+D+E)**	**3,908.87**	**3,908.87**	**3,908.87**

9.6.7 Accordingly, the Commission has considered total power purchase cost (including power purchase cost from own generating stations) as Rs. 3,908.87 Cr.

9.7 Incentive for Over-achievement of T&D Loss

9.7.1 The Petitioner has submitted that it has been able to achieve an overall T&D loss level of 11.53% for FY 2018-19 as against the approved T&D loss of 12.00% for FY 2018-19 in the APR Order. As per Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) (Second Amendment) Regulations, 2013, Regulation 15 was amended to include a mechanism for pass-through of gains or losses on account of variations in the distribution loss. The amended regulation states:

"(a) The approved aggregate gain to the distribution licensee on account of controllable factor of distribution loss shall be dealt with in the following manner:-
i. 40% of the amount of such gains shall be adjusted in ARR over such period as may be stipulated in the Order of the Commission;
ii. The balance 60% of such gains, may be utilized at the discretion of the distribution licensee;"

9.7.2 On account of minor change in input of larji plant, there has been a small change in actual loss, which has been considered for computing the incentive for over-achievement. The savings resulting from the over-achievement of T&D loss for FY 2018-19 is as below:

Table 158: Savings on account of Over-achievement of T&D loss for FY19

S. No.	Particulars	Provisionally Trued-Up	HPSEBL's Submission	Final Trued-Up
A	Energy Sales within state (MU)	9,041.44	9,041.44	9,041.44
B	T&D Losses (%)	12.00%	12.00%	12.00%
C	**Power Purchase Requirement to meet state requirement (MU)**	**10274.37**	**10274.37**	**10274.37**
D	**Inter – State Sale (MU) (i+ii+iii)**	**3687.51**	**3687.51**	**3687.51**
(i)	For Sale of Power (including UI, Bilateral & IEX/PXIL) (MU)	338.29	338.29	338.29
(ii)	For Banking arrangements (MU)	1880.17	1880.17	1880.17
(iii)	For RE sale (MU)	1469.05	1469.05	1469.05
E	**Total Power Purchase Quantum Approved at State Periphery (MU) (C+D)**	**13961.88**	**13961.88**	**13961.88**
F	Actual Power Purchase Quantum at State Periphery (MU)	13907.36	13907.36	13907.97
G	**No. of units saved (MU) (E-F)**	**54.52**	**54.52**	**53.91**

9.7.3 Based on the savings in power purchase quantum computed as per the above table, the Commission has computed the incentive for over-achievement of T&D loss as detailed in table below:

Table 159: Incentive for over-achievement of T&D Loss for FY19

S. No.	Particulars	Unit	Amount
A	**No. of units**	**MU**	**53.91**
B	**Cost of Power for over-achievement**		
(i)	Cost of Power Purchase from Other than own sources	Rs. Cr.	2,954.22*
(ii)	Power purchased from other than own sources	MU	10,220.87
(iii)	Less: PGCIL Losses	MU	332.21
(iv)	Net Power Purchase (ii-iii)	MU	9,888.66
C	**Cost of Power Purchase from Other than own sources (i*10 / iv)**	**Rs. /Kwh**	**2.99**
D	**Incentive on account of T&D loss over-achievement (A X C X 60%/10)**	**Rs. Cr.**	**9.66**

**Cost of Power purchase has been adjusted for large amount of arrears of Rampur, NJPS, PTC UI settlement, THDC, NHPC, etc.*

9.7.4 The share of Petitioner's incentive is Rs. 9.66 Cr. as computed above on account of overachievement of T&D losses as per Regulation 15(1) of the MYT Regulations, 2011.

9.7.5 The total power purchase cost in comparison with the approved MTR Order for third Control Period figures and HPSEBL's submission for the final true-up of FY 2018-19 is summarized in table below:

Table 160: Trued-up Total Power Purchase Cost for FY19 (Rs. Cr.)

Particulars	MTR Order	Provisionally Trued-Up	HPSEBL's Submission	Final Trued-Up
Power Purchase Expenses	2,734.55	3,637.47	3,637.48	3,637.47
PGCIL Charges	242.36	210.68	210.68	210.68
Short Term Open Access Charges	69.65	39.06	39.06	39.06
HPPTCL Charges	6.04	9.65	9.65	9.65
SLDC Charges	2.12	1.97	1.97	1.97
Other Charges (NRLDC, Reactive Energy Charges, GoHP & Malana Deviation)	-	10.04	10.04	10.04
Total Power Purchase	**3,054.72**	**3,908.87**	**3,908.87**	**3,908.87**
Less/Add: Adjustment in PP cost on account of underachievement/ overachievement	-	9.77	9.77	9.66
Net Power Purchase Expense	**2,734.55**	**3,918.64**	**3,918.64**	**3,918.53**

9.8 O&M Expenses

9.8.1 The Commission in the MYT Order for third Control Period of HPSEBL had approved the O&M expenses for each year based on the submissions of the Petitioner and provisions of HPERC MYT Distribution Tariff Regulations, 2011.

9.8.2 Subsequently, an Annual-Performance Review for FY 2018-19 was conducted. In the APR Order for FY 2018-19, the Commission had continued with the projections of components of O&M expenses as approved in the MYT Order for the third Control period for FY 2018-19. In case of R&M expense, the Commission had provisionally allowed an additional amount of Rs. 20 Cr. towards expenditure on IT systems over and above the Rs 65.09 Cr of R&M expense approved in the MYT Order for the third Control Period for FY 2018-19.

9.8.3 As per MYT Regulations, 2011, O&M expense is of controllable nature and any surplus or deficit on account of O&M expenses is to be treated on account of the licensee without any true-up unless some amount is considered as uncontrollable by the Commission.

9.8.4 Expenses such as pay commission revisions and amount paid on account of terminal benefits have been considered as uncontrollable by the Commission in its past Orders and have been approved as per actuals.

9.8.5 For truing-up of FY 2018-19, the Commission has reviewed the various components of O&M expenses in line with the provisions of MYT Regulations 2011 and has undertaken prudence check of each element as detailed in subsequent sections:

9.9 Employee Expenses

9.9.1 The Commission in the 2nd APR order of the fourth control period has provisionally approved Employee expenses for FY 2018-19 as Rs. 1,539.58 Cr. In doing so the Commission has considered certain adjustments on account of the following line items from the total employee cost of Rs. 1,693.62 Cr.

- Return on GoHP Equity approved for Generation and Distribution: Rs. 47.50 Cr
- Pension Contribution of generation employees: 9.71 Cr
- Pension contribution of BVPCL, Projects and S&I employees: 3.72 Cr

9.9.2 However, the Petitioner in the MTR petition has not considered the disallowance of "Pension Contribution of generation employees" stating that HPSEBL has been claiming the terminal benefits after deducting the terminal benefits attributed to generation business and considering disallowance on account of "Pension Contribution of generation employees" will lead to double accounting.

9.9.3 Further, the Petitioner has also not considered the disallowance of "Pension Contribution of BVPCL, Projects & S&I employees" stating that HPSEBL is a vertically integrated utility and though the employees are deputed or deployed across other business, they are part of HPSEBL, as a whole business and hence cannot be parted or shown separately. Thus, the amount attributed by Commission towards "Pension Contribution of BVPCL, Projects and S&I employees" is incorrect, as no amount is being paid by HPSEBL towards it.

9.9.4 In response to a query regarding providing valid justifications for not considering disallowance on account of "Pension Contribution of generation employees" and "Pension Contribution of BVPCL, Projects and S&I employees" the Petitioner reiterated the same rationale as mentioned in the MTR petition initially.

9.9.5 Based on the audited accounts provided by the Petitioner, the Commission has considered the total amount of Rs. 895.39 Cr on account of "Pension and Terminal benefits" pertaining to both distribution and generation business for computation of Net Employee expenses. The Commission has retained its methodology adopted during provisional truing up of employee expenses of FY 2018-19 and has adjusted the amount towards "Pension Contribution of generation employees" and "Pension Contribution of BVPCL, Projects and S&I employees" in line with the approved amount in the MYT Order for fourth Control Period. It is clarified that the amount towards" Pension Contribution of generation employee" has been appropriately included in the tariff of own generating stations of HPSEBL and therefore allowing the same as part of distribution tariff would result in double counting. Also, amount adjusted towards "Pension Contribution of BVPCL, Projects and S&I employees" is with respect to employee working in these departments which is not part of the licensed business. It is the obligation of the licensee to segregate all such expenses which are not part of licensed business. In absence of the same the Commission has considered the approved amount in the MYT Order and adjusted the same from overall employee costs.

9.9.6 In line with the discussions with respect to adjustments in the employee cost the Commission has approved the employee cost for FY 2018-19 as given below:

Table 161: Comparison of Employee Cost for FY19 after Adjustments (Rs. Cr.)

Sl.	Particulars	APR Order	Provisionally Trued-up	HPSEBL's Submission	Final Trued-Up
A	**Salary & Other Costs**	**1226.64**	**799.65**	**799.64**	**799.64**
B	**Pension and Terminal benefits**	**596.28**	**893.97**	**893.97**	**895.39**
	Less:				
	Annual Share of State Government (Return on GoHP Equity approved for Generation and Distribution)	47.50	47.50	47.50	47.50
	Pension contribution of employee on deputation	2.00	-	-	-
	Pension contribution of generation employees	9.71	9.71	-	9.71
	Pension contribution of BVPCL, Projects and S&I employees	3.72	3.72	-	3.72
C	**Gross Employee Cost (A+B)**	**1759.99**	**1632.69**	**1646.11**	**1634.10**
D	Less: Capitalization	61.30	52.64	52.64	52.64
	Less: Provision towards terminal benefits, Additional Dearness Allowance and 7th pay Commission		40.47	40.47	40.47
E	**Net Employee Cost (C-D)**	**1698.69**	**1,539.58**	**1,553.00**	**1,540.99**

**after reducing the provisioning amount*

9.10 Repairs and Maintenance Expenses

9.10.1 The Petitioner has submitted actual R&M expense of Rs. 91.24 Cr. towards distribution business as against the approved R&M Expense of Rs. 85.09 Cr. for FY 2018-19 in the APR Order for FY 2018-19 which includes an additional amount of Rs. 20 Cr. towards IT related expenditure. During technical validation, the Petitioner clarified that while it is claiming an amount of Rs. 85.09 Cr. as part of truing-up in line with the MYT Regulations, 2011, it requested the Commission to approve the actual expenditure considering that the higher cost was on account of IT related expenses.

9.10.2 While undertaking provisional truing-up for FY 2018-19 in the Tariff Order for FY 2021-22, the Commission had mentioned the following:

"7.10.2 Based on Petitioner's submission, the claim towards R&M expense is higher by an amount of Rs. 6.15 Cr. which is primarily on account of Rs. 30.88 Cr towards R&M expense of IT equipment. The Petitioner has submitted that it had commissioned two data centres under R-APDRP schemes in FY 2016-17 and also introduced computerized billing, MDAS, AMR etc. across the State. Further, ERP and billing were also rolled out to all units of the Board which necessitated regular AMC of the total hardware, support of

the various applications and ATS charges of the different licenses essentially required to run and maintain the IT systems. The expenditure towards these is being met through R&M of the IT system. As per the submission of the Petitioner, the expenditure includes:

- *Annual Technical Support (ATS) of software such as Oracle, SAP ISU & SAP ERP licences, Microsoft, etc.*
- *Annual Maintenance Contract (AMC) of IT & Non-IT infrastructure installed at DC/ DRC*
- *Facilities Management Support Charges.*

7.10.3 The Petitioner has additionally submitted that the expenditure on R&M of lines, cables, network and office equipment has been higher by ~Rs. 10 Cr. as compared with previous year resulting in significant increase in R&M expenses.

7.10.4 It is observed that implementation of works under R-APDRP scheme expenditure such as provision for Data Centre and Disaster Recovery Centre has resulted in significant increase in AMC and ATS of IT related equipment. Since, such expenses were not a part of the base R&M expense at the time of issuance of MYT Order, the same were not considered while projecting the R&M expenses during the third Control Period. In view of the IT related expenditure, the Commission had provisioned for an additional amount of Rs. 20 Cr. at the time of issuance of APR Order for FY 2018-19. As per the claim of Petitioner, the actual expenditure towards IT systems have been approximately Rs. 30 Cr. (~Rs. 10 Cr. higher than the additional provision of Rs. 20 Cr.) during FY 2018-19 as against the overall increase of Rs. 6.15 Cr. in R&M expenses."

9.10.3 Based on the details submitted along with the petition, it is observed that an amount of Rs. 30.93 Cr. was incurred towards various IT related expense comprising of AMC and ATS with respect to IT equipment. Considering that there is an additional expenditure of Rs. 6.15 Cr. on an overall basis, the Commission feels it appropriate to allow such additional R&M cost on account of AMC and ATS expenditure as these are integral part of data centre and disaster recovery activities planned under the R-APDRP scheme.

9.10.4 Based on the submissions of the Petitioner and prudence check of R&M cost, the Commission has approved the R&M expenses for FY 2018-19 in line with the audited accounts. The approved R&M expenses for FY 2018-19 is represented in the table below:

Table 162: R&M Approved for FY19 (Rs. Cr.)

Particulars	APR Order	Provisionally Trued-Up	HPSEBL's Submission	Final Trued-Up
R&M Expenses	85.09	85.09	85.09	91.24

9.11 Administrative and General Expenses

9.11.1 HPSEBL has submitted actual A&G expenses of Rs. 48.20 Cr. for FY 2018-19 as against the approved amount of Rs. 50.60 Cr. in the APR Order for FY 2018-19 and 2nd APR order of fourth control period. However, the Petitioner has requested the Commission to approve the amount of Rs. 50.60 Cr. as A&G expense is a controllable parameter.

9.11.2 The Commission retains the A&G expense as approved in the APR Order for FY 2018-19 and provisionally trued-up in the 2nd APR order of fourth control period. Details of A&G amount proposed and approved is summarized in the following table:

Table 163: A&G Approved for FY19 (Rs. Cr.)

Particulars	APR Order	Provisionally Trued-up	Actual Expense	Final True-Up
A&G Expenses	50.60	50.60	48.20	50.60

9.12 Total O&M Charges

9.12.1 Based on the above discussions, the Commission approves the total O&M expense for FY 2018-19 as provided in the table below:

Table 164: Total O&M Expenses Approved for FY19 (Rs. Cr.)

Particulars	APR Order	Provisionally Trued-Up	HPSEBL's Submission	Final True-Up
Net Employee Cost	1,698.69	1,539.58	1,553.00	1,540.99
R&M Expenses	85.09	85.09	85.09	91.24
Net A&G Expense	50.60	50.60	50.60	50.60
Total O&M Expenses	**1,834.38**	**1,675.27**	**1,688.69**	**1,682.83**

9.13 Interest and Finance Charges

9.13.1 The Commission has reviewed and revised the Interest and Finance charges to the extent of change in working capital and Consumer security deposit as per the CAG audited accounts for FY 2018-19. The true-up on account of interest on capital loans has been considered based on the truing-up of capital expenditure and capitalization at the end of the third Control Period (FY 2015-19) in Chapter 12.

9.13.2 The working capital requirements and interest on working capital has been revised and approved as follows:

Table 165: Trued-up Interest on Working Capital for FY19 (Rs. Cr.)

Particulars	APR Order	Provisionally Trued-Up	HPSEBL's Submission	Final Trued-Up
O&M Expenses for one month	152.86	139.61	140.72	140.24
Receivables equivalent to 2 months	857.89	850.19	850.19	850.19
Maintenance Spares 40% of the R&M expense for one month	2.17	2.84	2.84	3.04
Less: Consumer Security Deposit	368.55	394.37	394.37	394.37
Less: One Month Power Purchase	254.56	325.74	325.74	325.74
Working Capital Requirement	**389.82**	**272.52**	**273.64**	**273.36**
Rate of Interest	12.79%	12.43%	12.43%	12.43%
Interest on Working Capital	**49.85**	**33.87**	**34.01**	**33.97**

9.13.3 Further, the interest on Consumer security deposit has been considered as per the audited accounts of FY 2018-19 and is approved as below:

Table 166: Trued-up Interest on Consumer Security Deposit for FY19 (Rs. Cr.)

Particulars	Provisionally Trued-Up	HPSEBL's Submission	Final Trued-Up
Opening	341.09	341.09	341.09
Additions	53.28	53.28	53.28
Closing	394.37	394.37	394.37

Particulars	Provisionally Trued-Up	HPSEBL's Submission	Final Trued-Up
Interest on Consumer security deposit	**16.47**	**16.47**	**16.47**

9.13.4 Based on the revision in interest on working capital and Consumer security deposit, the total interest expense approved for provisional truing-up for FY 2018-19 is as below:

Table 167: Trued up Interest and Finance Charges for FY19 (Rs. Cr.)

Particulars	APR Order	Provisionally Trued-Up	HPSEBL's Submission	Final Trued-Up
Interest on Long term loans	219.25	219.25	219.25	219.25
Interest on Working Capital	49.85	33.87	34.01	33.97
Interest on Consumer security deposit	22.84	16.47	16.47	16.47
Total Interest & Finance Charges	**291.93**	**269.59**	**269.73**	**269.69**

9.14 Other Controllable Parameters

9.14.1 The true-up on account of other aspects i.e., RoE and depreciation has been considered based on the truing-up of capital expenditure and capitalization at the end of the third Control Period (FY 2015-19) in Chapter 12.

9.14.2 Therefore, the Commission has retained the amount at the same level as approved in the APR Order for FY 2018-19 in this section.

Table 168: Depreciation and Return on Equity approved for FY19 (Rs. Cr.)

Particulars	MTR Order	Provisionally Trued-Up	HPSEBL's Submission	Final Trued-Up
Depreciation	107.91	107.91	107.91	107.91
Return on Equity	30.24	30.24	30.24	30.24

9.15 Non-Tariff Income

9.15.1 The Commission in the 2nd APR order of the fourth control period has provisionally approved Non-Tariff income for FY 2018-19 as Rs. 259.90 Cr.

9.15.2 In the MTR petition, HPSEBL has submitted that the amount booked under Accounting Head "Income from advance/loan from BVPCL" (A/C 62.234) of Rs. 19.66 Cr is a notional income booked in accounts and no actual amount is received by HPSEBL. Thus, the Petitioner has not considered this amount under the income head Non-Tariff income.

9.15.3 Adequate justification were sought to substantiate the claim along with documentary evidence.

9.15.4 In response to a query, the Petitioner submitted that HPSEBL is paying interest bearing advance to BVPCL to meet the capital requirement on monthly basis wherein the interest is being charged on applicable rates per annum and the same is shown recoverable from BVPCL as a sundry debtor. Further, the Petitioner added that the amount of Rs. 19.66 Cr booked under the Accounting head "Income from advance/loan from BVPCL" in accounts has not been realized from BVPCL till date, however, provision for the same has been made in the Accounts.

9.15.5 During TVS, the Commission deliberated the issue with the Petitioner, and it was clarified that the Petitioner had undertaken external loan from banks and other sources in order to extend the loan to BVPCL. As the interest of such loans is not approved as part of the interest and finance charges, any interest charges accrued on account of the loan amount may not be considered in the ARR.

9.15.6 The Commission had asked to submit adequate supporting documents in this regard. While the Petitioner was unable to provide any specific document in this regard, the Commission feels that considering the financial health of the Petitioner it would not be possible to have spare amount which could be extended as loan. In view of the claim of Petitioner that no actual interest was received from BVPCL during the period as well as consideration of interest on loans against GFA / normative working capital for tariff determination, the Commission has excluded the interest amount of Rs. 19.66 Cr. booked under the Accounting head "Income from advance/loan from BVPCL" from the non-tariff income.

9.15.7 The Commission, therefore, approves the Non-Tariff income for FY 2018-19 as summarised below:

Table 169: Trued-up Non-Tariff Income for FY19 (Rs. Cr.)

Particulars	Provisionally Trued-Up	HPSEBL's Submission	Final Trued-Up
Meter Rent/Service Line Rentals	45.95	45.95	45.95
Recovery for theft of Power / Malpractices	0.14	0.14	0.14
Wheeling Charges Recovery	46.38	46.94	46.95
Peak load violation charges	23.12	23.12	23.12
Miscellaneous Charges from Consumers	3.45	3.45	3.45
Sub-Total	**119.04**	**119.60**	**119.61**
Interest on Staff loans & Advances	0.25	0.25	0.25
Income from Investments	0.22	0.22	0.22
Income from advance/ loan from BVPCL	19.66	0.00	0.00
Delayed Payment Charges from Consumers	78.27	78.27	78.27
Delayed Payment Charges from PGCIL	0.38	0.38	0.38
Interest on Advances to Suppliers / Contractors	0.23	0.23	0.23
Interest on Banks (other than on Fixed Deposits)	-0.01	0.00	-0.01
Income from Trading	0.91	0.91	0.91
Other Misc. Receipt trading	3.86	3.86	3.86
Income fee collected against Staff Welfare Activities	0.10	0.10	0.10
Sale of RE certificates	16.91	-	16.91
Miscellaneous Receipts	70.68	87.59	70.68
Amortization of Govt. grants	82.51	82.51	82.51
Subsidies against loss on account of flood	25.25	25.25	25.25
Prior Income	2.40	2.40	2.40
Sub-Total	**301.64**	**281.97**	**281.98**
Less:			
Amortization of Govt. grants	82.51	82.51	82.51
Delayed Payment Charges from Consumers	78.27	78.27	78.27

Particulars	Provisionally Trued-Up	HPSEBL's Submission	Final Trued-Up
Total Non-Tariff Income	**259.90**	**240.79**	**240.81**

9.15.8 Further, the Petitioner has submitted that it has incurred a prior period expense of Rs. 0.96 Cr booked under the Accounting Code 83.5 of the CAG audited accounts of FY 2018-19 and has requested the Commission to approve the prior period expense in the ARR of FY 2018-19.

9.15.9 In response to the query of the Commission, the Petitioner submitted that the amount pertained to salary arrears on account of pay fixation as detailed below:

Table 170: Prior Period Expenses details for FY19 (Rs. Cr.)

Name of Circle	Description	Amount
Shimla	Arrear of Employees Salary on a/c of pay fixation	0.16
Solan	Arrear of Employees Salary on a/c of pay fixation	0.80

9.15.10 Since the amount pertained to salary arrears, the Commission feels it appropriate to allow the additional amount as prior period expense.

9.15.11 Based on the submissions of the Petitioner and prudence check, the Commission approves the prior period expense of Rs. 0.96 Cr for FY 2018-19.

9.16 Aggregate Revenue Requirement

9.16.1 The ARR approved by the Commission in the APR Order for FY 2018-19 dated 4th May, 2018 and provisionally trued up in the 2nd APR order of the fourth Control Period, as submitted by the Petitioner in its true-up petition and now final true-up approved by the Commission for FY 2018-19 are shown in the table below:

Table 171: Summary of Provisionally Trued-up ARR for FY19 (Rs. Cr.)

Particulars	APR Order	Provisionally Trued-Up	HPSEBL's Submission	Final Trued-Up
Power Purchase Expenses	3,054.72	3,918.64	3,918.65	3,918.53
Operation & Maintenance Costs	**1,834.38**	**1,675.27**	**1,688.69**	**1,682.83**
Employee Cost	1,698.69	1,539.58	1,553.00	1,540.99
R&M Cost	85.09	85.09	85.09	91.24
A&G Cost	50.60	50.60	50.60	50.60
Interest & Financing Charges	291.93	269.59	269.73	269.69
Depreciation	107.91	107.91	107.91	107.91
Return on Equity	30.24	30.24	30.24	30.24
Prior Period Income	-	-	0.96	0.96
Less: Non-Tariff & Other Income	171.83	259.90	240.79	240.81
Aggregate Revenue Requirement	**5,147.35**	**5,741.75**	**5,775.39**	**5,769.36**

9.17 Adjustments to ARR

9.17.1 The Commission in the 2nd APR order of fourth control period dated 31 May 2021 while provisional truing up of FY 2018-19 has adjusted an amount of Rs. 41.92 Cr in the final ARR of FY 2018-19 on account of impact of final truing-up for FY 2015-16.

9.17.2 Accordingly, the trued-up ARR for FY 2018-19 as approved by the Commission after considering the approved adjustments is as below:

Table 172: Final Approved ARR after Adjustments for FY19 (Rs. Cr.)

Particulars	Approved
Aggregate Revenue Requirement	**5,769.36**
Add:	
Impact of Final Truing up for FY16	41.92
Total ARR including adjustments	**5,811.28**

9.18 Revenue Gap

9.18.1 The Revenue Gap/Surplus for FY 2018-19 based on the approved trued-up costs and revenues of HPSEBL is as determined below:

Table 173: Approved Revenue Gap for FY19 (Rs. Cr.)

Particulars	Provisionally Trued-Up	HPSEBL's Submission	Final Trued-Up
Total ARR including adjustments	**5,783.67**	**5,817.31**	**5,811.28**
Revenue			
Revenue from sale of power within state	5,101.13	5,101.13	5,101.13
Revenue from sale of power outside state	833.10	833.10	833.10
Total Revenue	**5,934.23**	**5,934.23**	**5,934.23**
Revenue Surplus/(Gap)	**150.55**	**116.92**	**122.95**

9.18.2 Based on the truing-up of ARR for FY 2018-19, the Commissions approves a revenue surplus of Rs. 122.95 Cr. as against Rs. 150.55 Cr. surplus determined during provisional truing-up.

9.19 Carrying Cost

9.19.1 The Petitioner has requested for approval of the revenue gap along with carrying cost as per the provisions of clause (2) of Regulations 11 as amended by HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) (Second Amendment) Regulations, 2018.

9.19.2 The Commission has already undertaken provisional true-up of FY 2018-19 in the previous tariff order and has passed over the impact in the ARR of FY 2021-22. Therefore, the new surplus/gap in relation to already approved revenue surplus has been computed and difference amount is allowed to be carried forward and adjusted in this Order:

Table 174: Approved Revenue Surplus / (Gap) for FY19 (Rs. Cr.)

Particulars	Amount
Revenue Surplus / (Gap) for FY19 provisionally trued-up	150.55
Revenue Surplus / (Gap) for FY19 final trued-up	122.95
Net Surplus/ (Gap) to be carry forwarded	**(27.60)**

9.19.3 The Commission has already undertaken a provisional true-up for FY 2019 and has accounted the revenue surplus of Rs. 122.95 Cr. in the ARR for FY 2022. Therefore, the Commission shall consider the revised surplus amount of FY 2019 at the time of final truing-up of FY 2022 along with carrying cost.

10 TRUE-UP OF UNCONTROLLABLE PARAMETERS FOR FY 2019-20 UNDER THE FOURTH MYT CONTROL PERIOD

10.1 Background

10.1.1 HPSEBL has submitted a petition for true-up of uncontrollable parameters for FY 2019-20 on the basis of variation in actual expenses and revenue in FY 2019-20 vis-à-vis the expenses and revenue approved for FY 2019-20 in the MYT Order dated June 29,2019 along with the CAG Audited Annual Accounts for the period April 1, 2019 to March 31, 2020 to support the actual expense and revenue for FY 2019-20.

10.1.2 As part of the Tariff Order for FY 2021-22, the Commission had reviewed the operational and financial performance of HPSEBL for FY 2019-20 based on the provisional accounts made available and had undertaken a provisional true-up in line with the Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011 and amendments thereof (hereinafter referred to as the 'MYT Regulations, 2011'), taking into account all the information, data submissions and necessary clarifications submitted by the licensee as well as views expressed by the stakeholders. A provisional revenue surplus of Rs. 80.77 Cr. was determined and was adjusted in the ARR for FY 2021-22 along with carrying cost.

10.1.3 Considering that the final audited accounts for FY 2019-20 are available, the Commission is undertaking a detailed prudence check of various operational and financial aspects as part of final truing-up for FY 2019-20.

10.1.4 The relevant extract stated in the amended Regulation 11 of the Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) (Second Amendment) Regulations, 2013 has been described below:

> *"11.* ***True Up***
> *(1) The true up across various parameters shall be conducted by the Commission, for the previous years for which the actual/ audited accounts are made available by the distribution licensee, at the times and as per principles stated below:-*
> *(B) as per principles -*

(a) Variation in revenue / expenditure on account of uncontrollable sales and power purchase shall be trued up every year. Truing-up shall be carried out based on the actual/audited information and prudence check by the Commission:

Provided that if such variations are large, and it is not feasible to recover in one year alone, the Commission may take a view to create a regulatory asset, as per the guidelines provided in clause 8.2.2 of the National Tariff Policy;

Provided further that under business-as-usual conditions, the Commission, to ensure tariff stability, may include the opening balances of uncovered gap / trued-up costs in the subsequent Control Period's ARR instead of including in the year succeeding the relevant year of the Control Period after providing for transition financing arrangement or capital restructuring.

(b) for controllable parameters –
(I) any surplus or deficit on account of O&M expenses shall be to the account of the licensee and shall not be trued up in ARR unless such is treated as uncontrollable by the Commission in accordance with these regulations;
(II) any surplus or deficit on account of the distribution losses shall be shared between the licensee and the Consumers in accordance with these regulations…;

(2) The distribution licensee, for the approved true-up of any year over and above that approved in the Tariff Order for that year, shall be entitled to a carrying cost at the Base Rate of State Bank of India plus 350 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."

10.1.5 The following sections details the methodology adopted by the Commission for truing-up of uncontrollable parameters for FY 2019-20 based on the CAG audited accounts submitted by HPSEBL for FY 2019-20.

10.2 Energy Sales

10.2.1 As per the final true-up submission, the actual energy sales of 9,125 MUs reported by HPSEBL remain unchanged with respect to provisional true-up.

10.2.2 The following table shows the actual energy sales submitted by HPSEBL vis-à-vis the approved sales by the Commission for FY 2019-20 in the MYT Order.

Table 175: Category-wise Trued-up Sales for FY20 (MUs)

Category (MU)	MYT Order	HPSEBL's Submission	Final Trued-up
Domestic	2,137	2,194	2,194
Non-Domestic Non-Commercial	158	160	160
Commercial	635	623	623
Temporary	40	46	46
Small Power	84	90	90
Medium Power	118	90	90

Category (MU)	MYT Order	HPSEBL's Submission	Final Trued-up
Large Supply	5,016	5,144	5,144
Govt. Irrigation & Water Pumping	661	560	560
Public Lighting	12	11	11
Irrigation & Agriculture	77	57	57
Bulk Supply	161	151	152
Total Energy Sales	**9,101**	**9,125**	**9,125**

10.2.3 The Commission approves the actual sales as submitted by the Petitioner for truing-up for FY 2019-20.

10.3 Revenue from Sale of Power

10.3.1 As per the submission of the Petitioner, revenue from sale of power has been higher as compared with the approved sales for FY 2019-20 and less than the revenue approved in provisional true-up. Hence, the Commission has considered revenue of Rs. 5,127.36 Cr. for FY 2019-20, as reflected in the Audited Accounts and in line with the revenue submitted by HPSEBL in its petition.

10.3.2 The table below provides a comparison of the category-wise revenue as submitted by the Petitioner for FY 2019-20:

Table 176: Category-wise Trued-up Revenue from Sale of Power for FY20 (Rs. Cr.)

Particulars	MYT Order	HPSEBL's Submission	Final Trued-Up
Domestic	1,056.08	1,046.79	1,046.79
Non-Domestic Non-Commercial	90.61	98.61	98.61
Commercial	374.12	379.81	379.81
Small Power	60.47	53.22	53.22
Medium Power	61.16	59.01	59.01
Large supply	2,770.50	2,877.79	2,877.79
Public Lighting	6.21	7.14	7.14
Govt. Irrigation & Water Pumping	428.60	422.27	422.27
IPH		34.77	34.77
Bulk and Grid supply	95.66	107.87	107.87
Temporary Metered Supply	35.10	40.08	40.08
Total	**4,978.51**	**5,127.35**	**5,127.35**

10.3.3 The Commission has also reviewed the submission of the Petitioner for revenue from sale of power outside state and has considered the actual revenue of Rs. 474.40 Cr. as per the Audited accounts. The Commission observes that the revenue from sale of power approved by the Commission and the actual sales submitted by the Petitioner in the MTR petition are in line with the Audited accounts of FY 2019-20. Banking being a cashless transaction, notional revenue towards banked power recorded in the accounts has been excluded while considering the revenue from sale of power outside the state.

10.3.4 As part of additional submissions, the Petitioner has submitted that it provides rebate for timely payment in case of inter-state sale of RE power. The revenue from such sale is not adjusted for the rebates paid for such power sold and reflected separately under "Finance Cost" in the books of accounts. Moreover, the Petitioner has mentioned that HPSEBL claims power purchase cost after deducting of any rebates paid towards the power purchase units.

10.3.5 Accordingly, the Petitioner has claimed a rebate of Rs. 4.72 Cr for providing rebate for Inter-State sale of RE power against revenue from RE sale amounting to Rs. 233.50 Cr. for FY 2019-20.

10.3.6 The Commission finds merit within the submissions made by the Petitioner and has decided to account for the impact of rebate provided by the Petitioner on Inter-State sale of RE power.

10.3.7 The table below provides revenue from sale of power outside State as submitted for FY 2019-20:

Table 177: Trued-up Revenue from Sale of Power outside State for FY20 (Rs. Cr.)

Particulars	Actual as per Provisional Accounts
Revenue from sale of power outside State	1,635.65
Less: Banking Sale	1,161.25
Less: Rebate on RE sale of power	4.72
Net Revenue from sale of power outside State	**469.63**

10.3.8 The Commission has considered the actual revenue from sale of surplus power claimed by the Petitioner for FY 2019-20 which is also in line with the audited accounts for FY 2019-20 and has adjusted the same for rebate provided by Petitioner which is reflected separately in the accounts.

10.4 Transmission and Distribution (T&D) Loss

10.4.1 The Commission had approved T&D loss level at 10.30% for FY 2019-20 in the MYT order of fourth Control Period. The Petitioner has requested the Commission to revise the T&D Loss trajectory for the fourth control period. In view of the various submissions and clarifications submitted by the Petitioner as part of mid-term review petition, the Commission has revised the T&D loss trajectory for FY 2019-20 to FY 2023-24 as detailed out in Chapter "Mid Term Performance Review for 4th MYT Control Period".

10.4.2 In lieu of the above the Commission has considered revised T&D loss level as 11.30% for FY 2019-20. As per the Petitioner's submission, T&D loss level of 12.08% has been achieved during FY 2019-20.

10.4.3 During the review of input energy from various sources, minor discrepancies were observed in the units available from free power and own generation which after clarification from the Petitioner were corrected for computing the T&D loss.

10.4.4 Further, the Commission observed that the Petitioner has claimed Actual T&D loss as 12.08% however as per accounts, the Actual T&D loss is 12.11%. During TVS, the Petitioner clarified that T&D loss recorded in audited accounts were slightly incorrect as the reconciliation with units considered from few generating stations were incorrect. Accordingly, the Petitioner has requested the Commission to consider the T&D loss of 12.08% submitted in true-up of FY 2020 as final.

10.4.5 In view of the source-wise generation quantum, sales, etc. and submission of the Petitioner, the Commission has considered the T&D loss claimed by the Petitioner for FY 2019-20 after prudence check.

Table 178: MYT Approved, Proposed and Approved T&D Loss for FY20 (Rs. Cr.)

Sl.	Name of the Plant	MYT Order	HPSEBL's Submission	Final Trued-Up
A	Units Procured from Interstate-Generating Stations (including free power stations connected to ISTS)		7,617.26	7,617.07
B	Banking Purchase at ISTS		2,053.40	2,053.40
C	Interstate Transmission Loss (%)		3.18%	3.18%
D	Transmission Loss (MUs)		307.91	307.71
E	**Net Energy Available at Periphery**		**9,362.76**	**9,362.57**
F	**Power Available within the state (i+ii+iii)**		**4,141.33**	**4,142.25**
	(i) State Generating Stations		2,121.80	2,121.80
	(ii) GoHP Power (own generation & IPPs)		249.92	250.84
	(iii) IPPs		1,769.60	1,769.60
G	**Power from Other Sources (i+ii)**		**419.60**	**419.60**
	(i) UI Power		146.45	146.45
	(ii) IEX/PXIL		273.15	273.15
H	**Total Energy Available (E+F+G)**		**13,923.69**	**13,924.42**
I	**Energy Sales within the state**		**9,124.89**	**9,124.89**
J	**Inter-State Sale of Power (i+ii+iii)**		**3,545.56**	**3,545.56**
	(i) Sale of Power (including UI, Bilateral & IEX/PXIL)		920.03	920.02
	(ii) Banking		2,095.46	2,095.46
	(iii) RE sale		530.07	530.07
K	**Total Energy Available for sale within the state (H-J)**		**10,378.13**	**10,378.14**
L	Total Energy Sale (I+J)		12,670.45	12,670.45
M	T&D loss (in MUs) (K-I)		1,253.24	1,253.25
N	**T&D loss (%) = (1-I/K) X 100**	**10.30%**	**12.08%**	**12.08%**

10.5 Power Purchase

10.5.1 HPSEBL has submitted total power purchase cost (including transmission and other charges) of Rs. 3,467.34 Cr. for FY 2019-20 as per Audited accounts for truing-up. Notional cost booked in the accounts towards banking and provisioning made towards Local Area Development Fund (LADF) has been excluded from the claim of power purchase cost. Additionally, cost of power procurement from own-generation sources has been considered by the Petitioner in the total power purchase cost for FY 2019-20.

10.5.2 The Commission has scrutinised the submissions made by the Petitioner including the reconciliation between the power purchase cost claimed in the petition and CAG audited accounts. With respect to queries of the Commission on reconciliation of few power purchase elements, the Petitioner has submitted following responses / clarifications:

- On query regarding several arrear cost within the total power purchase cost of various generating plants, the Petitioner submitted that in case of CPSU owned generating stations the provisional/final tariff is determined by Hon'ble CERC, true-up of the tariff is also done from time to time and in case of State Sector PSUs, respective SERCs determine the provisional/final tariff. Therefore, the monthly power purchase bills includes current year tariff-based billing as well as the prior period billing whenever any true-up tariff order, review tariff order etc. is issued by the respective Central or State Electricity Regulatory Commission. Similarly, in case of other statutory fees, etc. reimbursement to the generating stations under the Regulations are made, the revised bills are issued. The arrears cost and adjusted arrears amount is the part of power purchase bills received by HPSEBL during the financial year. The current amount is segregated from arrears so as to work out the per unit purchase cost.
- On query regarding UI purchase of Rs. 101.46 Cr and whether prior approval was taken from the Commission for procuring above mentioned quantum of UI purchase, the Petitioner mentioned that Unscheduled Interchange (UI) is based on the real time system operation in a time block of 15 minutes variation to the schedule & actual demand observed. In such a situation, either power cuts can be imposed to match with revised schedule or power over-drawal/under-drawal from the grid can be opted to meet the demand in real time system operations under IEGC regulations & DSM Regulations.

10.5.3 With regard to UI purchase, the Commission is of the view that the per unit rate of UI purchased during FY 2019-20 is very high and is primarily on account of additional surcharge which is due to non-adherence to the grid discipline. In response to clarification sought during TVS, the Petitioner clarified that due to hydro dependency of the state, the quantum of additional surcharge is high. The Commission feels that with proper tools for scheduling the high variance and additional surcharge could be controlled and Petitioner should take steps to eliminate incidence of additional surcharge. The Petitioner is therefore directed to undertake adequate steps for proper scheduling of power and provide status of the same to Commission along with next tariff petition. Also, Petitioner is directed to provide information of UI units, total amount paid/ received, additional surcharge paid, etc. in subsequent true-up for each year.

10.5.4 For FY 2019-20, the Commission has reconciled source-wise power purchase cost for truing-up after adjustments on account of banking and other matters discussed below. A summary table of the power purchase cost considered as per accounts has been provided below:

Table 179: Power Purchase Cost (excluding PGCIL and Other Costs) for FY20 (Rs. Cr.)

S. No.	Particulars	Final Trued-Up
A.	**Total Power Purchase Cost as per audited accounts**	**4,190.91**
	Less:	
B.	**Banking Power Purchase {sum (i) to (viii)}**	**1,052.17**
i.	BRPL	0.64
ii.	BYPL	8.01

S. No.	Particulars	Final Trued-Up
iii.	GMR	0.47
iv.	UPPCL	74.81
v.	APPCPL	238.57
vi.	MPPL	676.58
vii.	PSPCL	1.14
viii.	PTC	51.94
C	**PGCIL**	346.80
D	**HPPTCL**	12.74
E	**SLDC Charges**	4.01
F	**STOA charges**	64.46
G	**Other Charges (NRLDC, Reactive Energy Charges, GoHP & Malana Deviation)**	2.10
H	**LADF (DOE)**	2.45
I	**Power Purchase Cost (excluding transmission and other Charges) A-(B+C+D+E+F+G+H)**	**2,706.19**

10.5.5 Banking being a cashless transaction is considered at zero cost in petition under total power purchase cost. An amount of Rs. 1,052.17 Cr. was reflected towards cost from banking procurement during FY 2019-20 in the Audited accounts which has been suitably adjusted while considering the total power purchase cost for FY 2019-20.

10.5.6 The Petitioner in the true-up Petition has clarified that an amount of Rs. 2.45 Cr. has been provisioned in the power purchase cost towards LADF. Since the amount has been provisioned and not actually paid, the Commission has excluded this amount while approving the power purchase cost for FY 2019-20.

10.5.7 On query regarding total energy units and cost from Own generating stations, the Petitioner submitted that revised computation for own generating stations has been made for FY 2020 as per HPERC (Terms and Conditions for Determination of Hydro Generation Tariff) Regulations, 2011 and recent Tariff order for own generating stations issued by the Commission on dated 11.11.2021.

10.5.8 In absence of finalization of project specific tariff petition for Ghanvi-II, the Commission has considered the generic tariff of Rs. 2.25/- as considered in the past Orders.

10.5.9 Based on the above considerations and in line with the provisions of the MYT Regulations, 2011 for generation business, the Commission has reassessed the units and cost for own generating stations as summarised below:

Table 180: Power Purchase computed by the Commission from Own Generating Stations for FY20

Name of Station	Net Generation (MUs)	Amount (Rs. Cr.)
Bhaba	582.57	47.71
Bassi	330.17	20.75
Giri	224.23	17.53
Andhra	75.02	10.15
Ghanvi	87.77	19.75

Name of Station	Net Generation (MUs)	Amount (Rs. Cr.)
Ghanvi II	39.27	8.84
Baner	40.34	9.67
Gaj	46.67	10.62
Binwa	36.86	6.98
Thirot	6.67	1.50
Gumma	3.26	0.73
Holi	-	-
Larji	589.53	64.92
Khauli	37.38	8.41
Nogli	6.10	2.51
Rongtong	0.31	1.34
Sal-II	-	-
Chaba	4.67	1.76
Rukti	3.20	0.38
Chamba	2.07	0.52
Killar	0.26	0.06
Bhabha Augmentation	5.47	1.23
Total	**2,121.80**	**235.35**

10.6 Transmission and Other Charges

10.6.1 It is observed that the Petitioner has claimed PoC charges Rs. 346.80 Cr which pertains to PGCIL charges towards HPSEBL.

10.6.2 The Commission from the CAG audited annual accounts and the submissions made by the Petitioner observed that the total PGCIL charges amounting to Rs. 346.80 Cr accounts for PoC charges and the total amount paid to PGCIL towards non-PoC charges in FY 2019-20 is Rs. 62.41 Cr. out of which Rs. 61.74 Cr pertains to bilateral charges of PKATL assets and Rs. 0.68 Cr pertains to Hamirpur PGCIL bays.

10.6.3 The Petitioner further submitted that presently the billing by PKATL is being done in accordance with the CERC Order dated 18.09.2018. HPSEBL has filed Appeal No. 343/2018 against the CERC Order before Hon’ble APTEL. HPSEBL is provisionally paying for the bilateral billing of PKATL assets which is subject to adjustment on the outcome of the Appeal. The remaining amount booked under PGCIL Charges is towards PoC charges.

10.6.4 The Commission in its previous Tariff Order for FY 2021-22 had noted that Hon’ble CERC in Order dated 18.09.2018 in Petition no. 104/MP/2018 had allowed 15.5% charges recovery through PoC mechanism and 84.5% of total annual charges from the Petitioner till the downstream transmission network is made ready by HPPTCL and connected with GIS Substation 7x105 MVA (1-ph), 400/220 kV at Kala Amb (HP). HPSEBL has appealed before Hon’ble APTEL against the CERC order dated 18.09.2018. Similarly, the Petitioner has submitted that it is paying non-POC Charges to PGCIL towards 02 No. 220kV Line Bays (HPSEBL Future Bays) at Hamirpur Sub Station in Northern Region as per Tariff approved by CERC in petition No. 99/TT/2014 from March 2017 onwards.

10.6.5 Moreover, the Petitioner has also submitted that the downstream system comprising of 220/132kV sub-station at Kala Amb and associated 220kV transmission lines from 400/220kV sub-station of PGCIL has to be created by STU (HPPTCL) as the system is incidental to Inter-State Transmission System. The work was transferred to HPPTCL in February 2018 and thus HPPTCL has the mandate and responsibility to create the downstream system. Accordingly, the bilateral charges being paid by HPSEBL may be allowed in the ARR of FY 2023 and HPSEBL shall not be penalized for the delays attributable to HPPTCL.

10.6.6 The Petitioner has also provided in the Petition the following clarification in regard to PGCIL charges incurred by HPSEBL.

"After commissioning of downstream system, that is, 220/132kV sub-station and associated transmission lines, the recovery of charges towards this transmission system of PGCIL will be done as per the CERC (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2020. These Regulations provide for recovery of transmission charges under following 4 components: -

- *National Component*
- *Regional Component*
- *Transformer Component*
- *AC System Component*

Transmission system created at Kala Amb consists of following two components: -

i) 400/220kV Transformers - AFC of same will be recovered under Transformer component of ISTS Transmission Chagres

ii) Series compensation of 400kV Karcham Wangtoo - Abdullapur transmission line – AFC of same will be recovered under Regional Component.

Out of the total project cost, 15.5% is towards the Series compensation of 400kV Karcham Wangtoo – Abdullapur Transmission lines and the AFC towards the same is being recovered under Regional Component, thus all the regional entities of Northern Region are sharing the transmission charges in proportion to their LTA.

Balance 84.5% of total project cost is towards the 400/220kV Power Transformers and allied equipments and as per the CERC (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2020, the costs towards the Transformer Component for a State shall be borne and shared by the drawee Designated ISTS Customer (DIC) located in the concerned State in proportion to their Long-Term Access plus Medium Term Open Access. Thus as per the CERC (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2020, even after commissioning of downstream system by STU (HPPTCL), the entire cost towards the AFC of Transformer Component in respect of PGCIL Transmission System at Kala Amb shall have to be borne by HPSEBL only and same will not be shared by Regional beneficiaries. Accordingly, HPSEBL submits before Hon'ble HPERC that bilateral transmission charges being paid by HPSEBL shall have to be borne by HPSEBL even after commissioning of downstream system also and no extra amount is being paid by HPSEBL. Therefore, the amount paid by HPSEBL as bilateral transmission charges for non-commissioning of downstream system by STU (HPPTCL) may be allowed in the ARR of FY 23 as the downstream system has to be created by HPPTCL. Moreover, HPSEBL is obligated to make payments towards these bilateral charges as non-payment of mandatory charges may result into non-scheduling/regulation of power of HP State by NLDC/NRLDC.

Various other entities are also paying the bilateral charges to PGCIL for non-completion of downstream system as per the details in the following Table 7-15. The respective State Commissions are allowing the pass through of these bilateral charges in the ARR of respective entities. On the similar analogy HPSEBL submits before the Commission to consider the bilateral charges being paid by HPSEBL in the ARR of FY 23."

Table 181: Bilateral charges paid to PGCIL by various states

Name of DIC	Region	Yearly Amount (in Rs. Lacs)	Monthly Amount (in Rs. lacs)	Remarks
Himachal Pradesh	NR	6229	5.12	under Regulation 13(12)
Jharkhand	ER	255	0.21	under Regulation 13(12)
Mizoram	NER	468	0.38	under Regulation 13(12)
Punjab	NR	161	0.13	under Regulation 13(12)
Rajasthan	NR	557	0.46	under Regulation 13(12)
Uttar Pradesh	NR	652	0.54	under Regulation 13(12)
Karnataka	SR	418	0.34	under Regulation 13(12)
Madhya Pradesh	WR	499	0.41	under Regulation 13(12)
Goa	WR	171	0.14	under Regulation 13(12)
Gujarat	WR	115	0.09	under Regulation 13(12)
Uttarakhand	NR	3171	2.61	under Regulation 13(12)
Assam	NER	119	0.10	Under Regulation 13(12)
Uttarakhand (STU)	NR	312	0.26	under Regulation 13(12)

10.6.7 However, considering the submissions of the Petitioner and taking in view that the appeal on this matter is still pending with Hon'ble APTEL, the Commission has provisionally considered the actual amount paid to PGCIL for FY 2019-20 towards PKATL Assets and Hamirpur Substation to avoid any financial hardships to HPSEBL. The Commission shall review the matter in subsequent Tariff Orders based on the final outcome of the appeal.

10.6.8 Accordingly, an amount of Rs. 346.80 Cr. towards PGCIL Charges for FY 2019-20 has been considered by the Commission.

10.6.9 The Commission asked the Petitioner to provide a detailed breakup of open access charges claimed for FY 2019-20. In response to the query the Petitioner submitted the detailed break-up which was reconciled with the Audited accounts. Accordingly, based on the submissions of the Petitioner, the open access charges of Rs. 64.46 Cr. during FY 2019-20 has been considered.

10.6.10 The Petitioner has submitted that the SLDC charges incurred in FY 2019-20 is Rs. 4.01 Cr. The Commission from the Audited annual accounts and the submissions made by the Petitioner observed that the SLDC charges incurred in FY 2019-20 booked under HPLDC head is Rs. 4.01 Cr which pertains to Rs.3.68 Cr as SLDC charges and Rs. 0.33 Cr as system upgradation charges. Accordingly, the Commission has considered Rs. 4.01 Cr. towards SLDC charges for FY 2019-20.

10.6.11 The Petitioner has claimed an amount of Rs. 12.74 Cr. towards intra-state transmission charges payable to HPPTCL. In response to a query raised by the Commission on higher HPPTCL charges the Petitioner mentioned that the HPPTCL charges claimed includes STU charges, ADPHL's dedicated transmission line charges, Phojal substation (11.4 MW) charges, and Kashang Bhaba 220 kV transmission line charges. Accordingly, the Commission has considered the HPPTCL charges as per Audited account for truing-up of FY 2019-20.

10.6.12 Besides the above, the Commission has approved other charges of Rs. 2.10 Cr., which includes Reactive charge, NRLDC and System/ Marketing operation charge as reflected in the CAG audited accounts of FY 2019-20.

10.6.13 The total power purchase cost for FY 2019-20 as submitted and considered by the Commission has been summarized below:

Table 182: Total Power Purchase Cost approved for FY20 (Rs. Cr.)

S. No.	Description	HPSEBL's Submission	Trued-up
A.	**Power Purchase Cost (exc. PGCIL Charges and Other Costs)**	**2,706.19**	**2,706.19**
B.	**Own Generation**	**331.04**	**235.35**
C.	Inter-State Charges		
	PGCIL	346.80	346.80
	OA	64.46	64.46
D.	Intra-State Charges		
	HPPTCL	12.74	12.74
	SLDC	4.01	4.01
E.	Other Charges		
	System/Marketing operation charges	0.0034	0.0034
	NRLDC	1.46	1.46
	Reactive Charges	0.64	0.64
F.	**Total Power Purchase Cost (inc. Own Gen.) (A+B+C+D+E)**	**3,467.34**	**3,371.65**

10.7 Penalty for Under-achievement of T&D Loss

10.7.1 The Petitioner has submitted that it has been able to achieve an overall T&D loss level of 12.08% for FY 2019-20 as against the approved T&D loss of 10.30% for FY 2019-20 in the MYT Order. As per Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) (Second Amendment) Regulations, 2013, Regulation 15 was amended to include a mechanism for pass-through of gains or losses on account of variations in the distribution loss. The amended regulation states:

(b) The approved aggregate loss to the distribution licensee on account of controllable factor of distribution loss shall be dealt with in the following manner: -

i. 40% of the amount of such loss may be passed on in the ARR over such period as may be stipulated in the Order of the Commission; and

ii. The balance 60% of amount of such loss shall be absorbed by the licensee;

10.7.2 The Petitioner has requested the Commission to revise the T&D Loss trajectory for the fourth control period. The Commission has reviewed the submissions of the Petitioner and has decided to continue with the T&D loss trajectory for FY 2019-20 to FY 2023-24 as approved in the MYT Order. However, the Commission has adjusted the loss targets for FY 2021 and FY 2022 as detailed out in Chapter "Mid Term Performance Review for 4th MYT Control Period".

10.7.3 In lieu of the above, the Commission has continued with the T&D loss level of 10.30% for FY 2019-20.

10.7.4 The loss resulting from the under-achievement of T&D loss for FY 2019-20 is as below:

Table 183: Loss on account of Under-achievement of T&D loss for FY20

S. No.	Particulars	Trued-up
A	Energy Sales within state (MU)	9,124.89
B	T&D Losses (%)	10.30%
C	**Power Purchase Requirement to meet state requirement (MU)**	**10,172.68**
D	**Inter – State Sale (MU) (i+ii)**	**3,545.56**
(i)	For Sale of Power (including UI, Bilateral & IEX/PXIL) (MU)	1,450.10
(ii)	For Banking arrangements (MU)	2,095.46
E	**Total Power Purchase Quantum Approved at State Periphery (MU) (C+D)**	**13,718.23**
F	Actual Power Purchase Quantum at State Periphery (MU)	13,924.42
G	**No. of units Lost (MU) (E-F)**	**206.19**

10.7.5 Based on the loss in power purchase quantum computed as per the above table, the Commission has computed the penalty for under-achievement of T&D loss as detailed in table below:

Table 184: Penalty for Under-achievement of T&D Loss for FY20

S. No.	Particulars	Unit	Amount
A	**No. of units**	**MU**	**206.19**
B	**Cost of Power for over-achievement**		
(i)	Cost of Power Purchase from Other than own sources	Rs. Cr.	2,700.28
(ii)	Power purchased from other than own sources	MU	10,057.12
(iii)	Less: PGCIL Losses	MU	307.91
(iv)	Net Power Purchase (ii-iii)	MU	9,749.21
C	**Cost of Power Purchase from Other than own sources (i*10 / iv)**	**Rs. /Kwh**	**2.77**
D	**Penalty on account of T&D loss over-achievement (A X C X 60%/10)**	**Rs. Cr.**	**34.26**

10.7.6 The share of Petitioner's penalty is Rs. 34.26 Cr. as computed above on account of underachievement of T&D losses as per Regulation 15(1) of the MYT Regulations, 2011.

10.7.7 The total power purchase cost in comparison with the approved MTR Order for third Control Period figures and HPSEBL's submission for the final true-up of FY 2019-20 is summarized in table below:

Table 185: Trued-up Total Power Purchase Cost for FY20 (Rs. Cr.)

Particulars	MYT Order	HPSEBL's Submission	Trued-up
Power Purchase Expenses	2,734.55	3,037.23	2,941.54
PGCIL Charges	290.56	346.80	346.80

Particulars	MYT Order	HPSEBL's Submission	Trued-up
Short Term Open Access Charges	9.76	64.46	64.46
HPPTCL Charges	70.01	12.74	12.74
SLDC Charges	5.12	4.01	4.01
Other Charges (NRLDC, Reactive Energy Charges, GoHP & Malana Deviation)	0.00	2.10	2.10
Total Power Purchase	**3,028.47**	**3,467.34**	**3,371.65**
Less/Add: Adjustment in PP cost on account of underachievement/overachievement	-	(34.15)	(34.26)
Net Power Purchase Expense	**3,028.47**	**3,433.19**	**3,337.39**

10.8 O&M Expenses

10.8.1 The Commission in the MYT Order for fourth Control Period of HPSEBL had approved the O&M expenses for each year based on the submissions of the Petitioner and provisions of HPERC MYT Distribution Tariff Regulations, 2011.

10.8.2 As per MYT Regulations, 2011, O&M expense is of controllable nature and any surplus or deficit on account of O&M expenses is to be treated on account of the licensee without any true-up unless some amount is considered as uncontrollable by the Commission.

10.8.3 Expenses such as pay commission revisions and amount paid on account of terminal benefits have been considered as uncontrollable by the Commission in its past Orders and have been approved as per actuals.

10.8.4 For truing-up of FY 2019-20, the Commission has reviewed the various components of O&M expenses in line with the provisions of MYT Regulations 2011 and has undertaken prudence check of each element as detailed in subsequent sections:

10.8.5 It is observed that the Petitioner has not considered the adjustment of Pension contribution on generation employees, BVPCL, Projects and S&I employees (approved by Commission in the MYT Order) amounting to Rs. 14.37 Cr. towards the pension cost of the board employees retired prior to the transfer scheme in line with the HPERC (Terms and Conditions for sharing of Cost of Terminal benefits of Personnel of the erstwhile Himachal Pradesh State Electricity Board and Successor Entities) Regulations, 2015.

10.8.6 The Commission has performed a detailed scrutiny of O&M expenses as per the Audited accounts. The methodology adopted by the Commission to approve O&M expenses for FY 2019-20 is detailed out in the subsequent sections.

10.9 Employee Expenses

10.9.1 HPSEBL has submitted actual net employee cost of Rs. 1,736.51 Cr. towards distribution business as against the approved employee cost of Rs. 1,698.22 Cr. for FY 2019-20 in the MYT Order for the fourth Control Period.

10.9.2 In its employee expense claim for Rs. 1,736.51 Cr., the Petitioner has adjusted an amount of Rs. 47.56 Cr. towards provision for terminal benefits, additional dearness allowance. Break-up of amount of provisioning under employee expenses in the provisional accounts for FY 2019-20 as provided by the Petitioner is summarised below:

Table 186: Details of provisioned amount under Employee Expenses in FY20

Particulars	Amount (Rs. Cr.)	Classification
Pension	11.32	Terminal Benefits
Gratuity	13.99	Terminal Benefits
Leave Encashment	10.29	Terminal Benefits
Amount of provision in pension and terminal benefits	**35.59**	
Additional Dearness Allowance	11.97	Salary Cost
Total Amount of Provision	**47.56**	

10.9.3 The Commission in the MYT order of the fourth control period has approved Employee expenses for FY 2019-20 as Rs. 1,698.22 Cr. In doing so the Commission has considered certain adjustments on account of the following line items from the total employee cost of Rs. 1,802.77 Cr.

- Return on GoHP Equity approved for Generation and Distribution: Rs. 47.50 Cr
- Pension Contribution of generation employees: 10.39 Cr
- Pension contribution of BVPCL, Projects and S&I employees: 3.98 Cr

10.9.4 However, the Petitioner in the MTR petition has not considered the disallowance of "Pension Contribution of generation employees" stating that HPSEBL has been claiming the terminal benefits after deducting the terminal benefits attributed to generation business and considering disallowance on account of "Pension Contribution of generation employees" will lead to double accounting.

10.9.5 Further, the Petitioner has also not considered the disallowance of "Pension Contribution of BVPCL, Projects and S&I employees" stating that HPSEBL is a vertically integrated utility and though the employees are deputed or deployed across other business, they are part of HPSEBL, as a whole business and hence cannot be parted or shown separately. Thus, the amount attributed by Commission towards "Pension Contribution of BVPCL, Projects and S&I employees" is incorrect, as no amount is being paid by HPSEBL towards it.

10.9.6 In response to a query regarding providing valid justifications for not considering disallowance on account of "Pension Contribution of generation employees" and "Pension Contribution of BVPCL, Projects and S&I employees" the Petitioner reiterated the same rationale as mentioned in the MTR petition initially.

10.9.7 Based on the audited accounts provided by the Petitioner, the Commission has considered the total amount of Rs. 976.20 Cr on account of "Pension and Terminal benefits" pertaining to both distribution and generation business for computation of Net Employee expenses. The Commission has adopted the same methodology as used during truing up of employee expenses of FY 2018-19 and has adjusted the amount towards "Pension Contribution of generation employees" and "Pension Contribution of BVPCL, Projects and S&I employees". It is clarified that the amount towards" Pension Contribution of generation employee" has been appropriately included in the tariff of own generating stations of HPSEBL and therefore allowing the same as part of distribution tariff would result in double counting. Also, amount adjusted towards "Pension Contribution of BVPCL, Projects and S&I employees" is with respect to employee working in these departments which is not part of the licensed business. It is the obligation of the licensee to segregate all such expenses which are not part of licensed business. In absence of the same the Commission has considered the approved amount and adjusted the same from overall employee costs.

10.9.8 In line with the discussions with respect to adjustments in the employee cost and terminal benefits as detailed above, the Commission has approved the employee cost for FY 2019-20 as given below:

Table 187: Comparison of Employee Cost for FY20 after Adjustments (Rs. Cr.)

Sl.	Particulars	MYT Order	HPSEBL's Submission	Trued-up
A	**Salary & Other Costs**	**964.76**	**909.47**	**909.47**
B	**Pension and Terminal benefits**	**838.01**	**974.91**	**976.20**
	Less:			
	Annual Share of State Government (Return on GoHP Equity approved for Generation and Distribution)	47.50	47.50	47.50
	Pension contribution of generation employees	10.39	-	10.39
	Pension contribution of BVPCL, Projects and S&I employees	3.98	-	3.98
C	**Gross Employee Cost (A+B)**	**1,740.90**	**1,836.88**	**1,823.80**
D	Less: Capitalization	42.68	52.81	52.81
	Less: Provision towards terminal benefits, Additional Dearness Allowance and 7th pay Commission		47.56	47.56
E	**Net Employee Cost (C-D)**	**1,698.22**	**1,736.51**	**1,723.43**

**after reducing the provisioning amount*

10.10 Repairs and Maintenance Expenses

10.10.1 The Petitioner has submitted actual R&M expense of Rs. 97.26 Cr. towards distribution business as against the approved R&M Expense of Rs. 92.70 Cr. for FY 2019-20 in the MYT Order for FY 2019-20 which includes an additional amount of Rs. 20 Cr. towards IT related expenditure.

10.10.2 The claim towards R&M expense is higher by an amount of Rs. 4.56 Cr. which the Petitioner has submitted that the increase was mainly on account of R&M towards IT Infrastructure. HPSEBL has submitted that against the total provisions of Rs. 20 Cr allowed towards data centre; the total IT R&M expenses booked under the Accounting Head for 'Office Equipments' is Rs. 27.70 Cr.

10.10.3 While approving the R&M expense for the fourth Control Period, the Commission had considered the actual expenditure of R&M expense for previous years which included the expense booked towards R&M of IT equipment. Considering the submissions of the Petitioner with regard to ATC and AMC charges, the Commission had allowed additional amount of Rs. 20 Cr.

10.10.4 Further, the Commission performed an y-o-y comparison of break-up of R&M expenses incurred by the Petitioner as follows:

Table 188: Actual vs Approved R&M expense (Rs. Cr.)

Particulars	FY18	FY19	FY20	FY21
Lines, Cables Networks	63.87	59.04	64.79	59.63
Office Equipment	28.97	30.88	29.11	24.91

Particulars	FY18	FY19	FY20	FY21
Others	1.31	1.32	3.36	8.55
Actual R&M Expense	**94.15**	**91.24**	**97.26**	**93.09**
R&M expense approved	94.15	91.24	92.70	99.49
Difference	**-**	**-**	***4.56***	***(6.4)***

10.10.5 Majority of the R&M expense incurred by the Petitioner is on accounts of two major heads "Lines, Cables Networks" and "Office Equipments". As per the submission of the Petitioner, the expenses related to R&M of IT are booked under the head "Office Equipments".

10.10.6 It is also observed that R&M expenses related to IT booked under the head "Office Equipments" has remained constant for the year FY 2018 to FY 2020 and has reduced in FY 2021. Thus, the reasoning of higher R&M expenses mentioned by the Petitioner on account of higher IT R&M expenses for FY 2020 is not justifiable. The increase has been on account of R&M undertaken under lines and cable network as compared to previous year. While the actual R&M expense in FY 2020 exceeds the approved R&M expense, the Petitioner has spent lesser amount in FY 2021 as compared with approved quantum.

10.10.7 Further, in response to a query, the Petitioner has provided item-wise expense incurred towards IT for FY 2019-20. However, the information provided does not completely mention the nature of expenses. The Petitioner was further asked to provide adequate details supported by copies of invoices against payments made by HPSEBL for R&M towards IT system for validation of its claim.

10.10.8 In response, the Petitioner submitted copies of LOAs and break-up amounting to Rs. 28.80 Cr. towards IT expense. However, based on the submissions, it is difficult to validate the entire amount claimed by the Petitioner towards IT expense. Further, part of the amount also pertained to expense towards broadband line which was booked under A&G expense.

10.10.9 Therefore, the Commission is of the view that the increase in R&M expense during FY 2020 is not particularly on account of IT expense and therefore retains the amount approved in the MYT Order as per the MYT Regulations 2011 for truing-up purpose.

Table 189: R&M Approved for FY20 (Rs. Cr.)

Particulars	MYT Order	HPSEBL's Submission	Trued-up
R&M Expenses	92.70	97.26	92.70

10.11 Administrative and General Expenses

10.11.1 As against Rs. 49.91 Cr. approved towards A&G expense in MYT Order for FY 2019-20, the Petitioner had claimed actual A&G expense of Rs. 45.93 Cr. in the true-up.

10.11.2 The Commission in the MYT order dated 29th June 2019 has allowed a one-time provision of Rs. 5 Cr under A&G expense towards. Further, the Commission in the MYT Order also mentioned that the Petitioner needs to provide details of expense incurred against which the approved provisional amount shall be reviewed.

10.11.3 The Petitioner was asked to provide a detailed breakup of expenses incurred under the one-time provision of Rs. 5 Cr. allowed by the Commission. In response to a query regarding the same the Petitioner submitted:

"The Commission had allowed a provision of Rs. 5.00 Crores in MYT Order dated 29.6.2019 towards Public interaction programme and connectivity charges and the same is included in the total A&G expenses of Rs. 49.91 Crores allowed. The total A&G expenses for FY 20 claimed by the Petitioner is Rs. 45.93 Crores, which includes the expenses towards Public interaction programme and connectivity charges. The expenditure towards public interaction programme amounting to Rs. 0.19 Crore and connectivity charges (under head "IP VSAT Connectivity Charges") of Rs. 2.70 Crores are also shown separately in Table 3-20 of the Petition. The Commission is requested to approve the A&G expense as per Actuals."

10.11.4 However, it is observed that the amount towards public interaction and connectivity charges was already part of the base year and therefore does not require to be included separately. In absence of adequate details on expenses incurred towards one-time expenses, the Commission has decided to exclude the one-time provision of Rs. 5 Cr. from the approved A&G expenses in the MYT Order.

10.11.5 Further, A&G expense is a controllable parameter, the Commission retains the A&G expense as approved in the MYT Order excluding the one-time provision of Rs. 5 Cr. for FY 2019-20. Details of A&G amount proposed and approved is summarized in the following table:

Table 190: A&G Approved for FY20 (Rs. Cr.)

Particulars	MYT Order	HPSEBL's Submission	Trued-up
Net A&G Expenses	44.91	45.93	44.91
Provision for one-time expenses	5.00	-	-
Total A&G Expense	**49.91**	**45.93**	**44.91**

10.12 Total O&M Charges

10.12.1 Based on the above discussions, the Commission approves the provisional total O&M expense for FY 2019-20 as provided in the table below:

Table 191: Total O&M Expenses Approved for FY20 (Rs. Cr.)

Particulars	MYT Order	HPSEBL's Submission	Trued-up
Net Employee Cost	1,698.22	1,736.51	1,723.43
R&M Expenses	92.70	97.26	92.70
Net A&G Expense	49.91	45.93	44.91
Total O&M Expenses	**1,840.83**	**1,879.70**	**1,861.04**

10.13 Interest and Finance Charges

10.13.1 The Commission has reviewed and revised the Interest and Finance charges to the extent of change in working capital and Consumer security deposit as per the provisional accounts for FY 2019-20. The interest on capital loans shall be trued-up based on the true-up of capital expenditure and capitalization at the end of the fourth Control Period (FY 2020-24).

10.13.2 The working capital requirements and interest on working capital has been revised and approved as follows:

Table 192: Trued-up Interest on Working Capital for FY20 (Rs. Cr.)

Particulars	MYT Order	HPSEBL's Submission	Trued-up
O&M Expenses for one month	153.40	156.64	155.09
Receivables equivalent to 2 months	826.34	854.56	855.68
Maintenance Spares 15% of the O&M expense for one month	13.00	12.35	12.50
Less: One Month Power Purchase	252.37	288.94	280.97
Less: Consumer Security Deposits	393.06	415.37	415.37
Working Capital Requirement	**347.31**	**319.23**	**326.93**
Rate of Interest	11.15%	10.75%	10.75%
Interest on Working Capital	**38.72**	**34.32**	**35.14**

10.13.3 Further, the interest on Consumer security deposit as per audited accounts has been considered as below:

Table 193: Trued-up Interest on Consumer Security Deposit for FY20 (Rs. Cr.)

Particulars	Trued-up
Opening	394.37
Additions	21.00
Closing	415.37
Interest on Consumer security deposit	**15.95**

10.13.4 As part of additional submissions, the Petitioner has requested the Commission to allow interest charges paid on account of Letter of Credit charges as per Ministry of Power's mandate for the distribution licensees to open and maintain adequate Letter of Credit (LC) as Payment Security Mechanism, under Power purchase Agreements by Distribution Licensees.

10.13.5 Based on the revision in interest on working capital and Consumer security deposit, and LC charges the total interest expense approved for final truing-up for FY 2019-20 is as below.

Table 194: Trued up Interest and Finance Charges for FY20 (Rs. Cr.)

Particulars	MYT Order	HPSEBL's Submission	Trued-up
Interest on Long term loans	131.26	131.26	131.26
Interest on Working Capital	38.72	34.32	35.14
Interest on Consumer security deposit	24.68	15.95	15.95
LC Charges	-	-	1.24
Total Interest & Finance Charges	**194.66**	**181.53**	**183.60**

10.14 Other Controllable Parameters

10.14.1 As per the HPERC MYT Regulations, 2011, any variation in actual capital expenditure and subsequent variations in depreciation, interest cost and return on equity with respect to the figures approved in the MYT Order shall be considered at the end of MYT Control Period based on audited annual accounts. Accordingly, the Commission has retained depreciation and return on equity amounts at the same level as approved for FY 2019-20 in the MYT Order for fourth Control Period.

Table 195: Depreciation and Return on Equity approved for FY20 (Rs. Cr.)

Particulars	MYT Order	HPSEBL's Submission	Trued-up
Depreciation	127.29	127.29	127.29
Return on Equity	42.88	42.88	42.88

10.15 Non-Tariff Income

10.15.1 The non-tariff income is required to be deducted from the ARR of the Petitioner. The Petitioner has claimed non-tariff income of Rs. 223.12 Cr. towards distribution business for true-up of FY 2019-20, while the balance amount has been claimed towards generation business. The Commission has been considering the entire non-tariff income as part of the distribution business as the generation tariff is determined plant-wise without factoring for any non-tariff income.

10.15.2 The Commission has been considering the entire non-tariff income as part of the distribution business as the generation tariff is determined plant-wise without considering any non-tariff income. The Commission is of the view that other income charges of Rs. 2.72 Cr are to be considered while calculating non-tariff income. As per MYT Regulations 2011, the amount of delayed payment surcharge recovered shall not be considered as part of non-tariff income for tariff determination. Accordingly, the Commission has excluded the amount of delayed payment surcharge recovered by the Petitioner from the non-tariff income as per the provisional accounts.

10.15.3 With regard to reduction of value of amortization of Govt. grants, the Petitioner clarified that the amount relates to the depreciation of cost of assets created from the Govt. grants and Consumers contribution and such depreciation on assets created from Govt. grant and Consumers contribution are not allowed in ARR/Tariff by the Commission. As the Commission has not been allowing any depreciation on assets created from Government grants, the same has been excluded from the non-tariff income.

10.15.4 However, the Petitioner in the MTR petition has submitted that the amount booked under Accounting Head "Income from advance/loan from BVPCL" (A/C 62.234) of Rs. 34.57 Cr is a notional income booked in accounts and no actual amount is received by HPSEBL. Thus, the Petitioner has not considered this amount under the income head Non-Tariff income.

10.15.5 Adequate justification were sought to substantiate the claim along with documentary evidence.

10.15.6 The Commission asked the Petitioner to provide a valid justification for not considering the amount under Accounting Head "Income from advance/loan from BVPCL" and substantiate the claim along with documentary evidence.

10.15.7 In response to a query the Petitioner submitted that HPSEBL is paying interest bearing advance to BVPCL to meet the capital requirement on monthly basis wherein the interest is being charged on applicable rates per annum and the same is shown recoverable from BVPCL as a sundry debtor. Further, the Petitioner added that the amount of Rs. 34.57 Cr booked under the Accounting head "Income from advance/loan from BVPCL" in accounts has not been realized from BVPCL till date, however, provision for the same has been made in the Accounts.

10.15.8 During TVS, the Commission deliberated the issue with the Petitioner and it was clarified that the Petitioner had undertaken external loan from banks and other sources in order to extend the loan to BVPCL. As the interest of such loans is not approved as part of the interest and finance charges, any interest charges accrued on account of the loan amount may not be considered in the ARR.

10.15.9 The Commission had asked to submit adequate supporting documents in this regard. While the Petitioner was unable to provide any specific document in this regard, the Commission feels that considering the financial health of the Petitioner it would not be possible to have surplus amount which could be extended as loan. The approach of the Commission while computing interest cost is to allow interest towards loan against capitalized assets while for interest on working capital is towards normative requirement worked out on the basis of MYT Regulations, 2011. Therefore, there is no scope for allowing interest on loans taken for other purposes by the Petitioner such as extending to its sister concern i.e. BVPCL. In view of the above and claim of Petitioner that no actual interest was received from BVPCL during the period, the Commission has excluded the interest amount of Rs. 34.57 Cr. booked under the Accounting head "Income from advance/loan from BVPCL" from the non-tariff income.

10.15.10 The Commission, therefore, approves the Non-Tariff income for FY 2019-20 as summarised below:

Table 196: Trued-up Non-Tariff Income for FY20 (Rs. Cr.)

Particulars	MYT Order	HPSEBL's Submission	Trued-Up
Meter Rent/Service Line Rentals		47.34	47.34
Recovery for theft of Power / Malpractices		0.16	0.16
Wheeling Charges Recovery		52.60	52.60
Peak load violation charges		7.39	7.39
Miscellaneous Charges from Consumers		0.00	0.00
Sub-Total		**112.16**	**112.16**
Interest on Staff loans & Advances		0.21	0.21
Income from Investments		2.46	2.46
Income from advance/ loan from BVPCL		0.00	0.00
Delayed Payment Charges from Consumers		80.02	80.02
Delayed Payment Charges from PGCIL		0.00	0.00
Interest on Advances to Suppliers / Contractors		0.00	0.00
Interest on Banks (other than on Fixed Deposits)		1.53	1.53
Income from Trading		10.87	10.87
Other Misc. Receipt trading		0.00	0.00
Income fee collected against Staff Welfare Activities		0.08	0.08
Miscellaneous Receipts		75.81	75.81
Amortization of Govt. grants		89.36	89.36
Subsidies against loss on account of flood		20.00	20.00
Prior Income		0.00	0.00
Sub-Total		**280.34**	**280.34**
Less:			

Particulars	**MYT Order**	**HPSEBL's Submission**	**Trued-Up**
Amortization of Govt. grants		89.36	89.36
Delayed Payment Charges from Consumers		80.02	80.02
Total Non-Tariff Income	**116.19**	**223.12**	**223.12**

10.16 Aggregate Revenue Requirement

10.16.1 The ARR approved by the Commission in the MYT Order for fourth Control Period, as submitted by the Petitioner in its true-up petition and now approved by the Commission for FY 2019-20 are shown in the table below:

Table 197: Summary of Provisionally Trued-up ARR for FY20 (Rs. Cr.)

Particulars	**MYT Order**	**HPSEBL's Submission**	**Trued-Up**
Power Purchase Expenses	3028.47	3,433.19	3,337.39
Operation & Maintenance Costs	**1,840.83**	**1,875.72**	**1,861.04**
Employee Cost	1,698.22	1,736.51	1,723.43
R&M Cost	92.70	97.26	92.70
A&G Cost	49.91	45.93	44.91
Interest & Financing Charges	**194.66**	**181.53**	**183.60**
Depreciation	127.29	127.29	127.29
Return on Equity	42.88	42.88	42.88
Miscellaneous written off		0.02	-
Less:			
Non-Tariff & Other Income	(116.19)	(223.12)	(223.12)
Aggregate Revenue Requirement	**5,117.94**	**5,441.50**	**5,329.08**

10.17 Adjustments to ARR

10.17.1 In the MYT Order for FY 2019-20, the Commission has made adjustments in the final ARR on account of impact of final truing-up for FY 2016-17 and additional provisions for payment of 7th pay commission revision arrears, impact of Order on Petition No. 25/2018 dated 29.10.2018 and impact of generation petition. In the truing-up the following adjustments have been reviewed and considered as below:

- The Commission has considered adjustment of cumulative revenue gap of Rs. 18.12 Cr on account of final true up of FY 2016-17 in the ARR for FY 2019-20.
- The Commission has considered adjustment of Rs. 49.21 Cr on account of the impact of disallowance of carrying cost in its Order in Petition No. 25/2018 in the final true-up Order of FY 2011 & FY 2012 dated 30.3.2015.
- The Commission had approved a provisional amount of Rs. 50 Cr. towards impact of generation petition due to delay in finalization of generation tariff order. However, the Commission has issued generation tariff order for fourth MYT Control Period on dated 11th November 2021 and the tariff approved for respective stations have been considered while determining the power purchase cost from own generating stations for FY 2019-20.

Therefore, the provision has not been considered while determining true-up of FY 2019-20.

- Also, provision of Rs. 50 Cr. towards 7th pay commission has not been considered as no amount was paid by Petitioner and actual employee cost has been considered as part of truing-up for FY 2020.

10.17.2 The trued-up ARR for FY 2019-20 as approved by the Commission after considering the approved adjustments is as below:

Table 198: Final Approved ARR after Adjustments for FY20 (Rs. Cr.)

Particulars	MYT Approved	HPSEBL Submission	Approved
Aggregate Revenue Requirement	**5,117.94**	**5,441.49**	**5,329.08**
Add:			
(i) True-up Revenue Gap for FY17	18.12	18.12	18.12
(ii) Impact of Order on Petition No. 25/2018	49.21	49.21	49.21
(iii) Provision towards impact of generation petition	50.00	50.00	-
(iv) Provisions of 7th Pay revision	50.00	-	-
Total ARR including adjustments	**5,285.27**	**5,558.82**	**5,396.41**

10.18 Revenue Gap

10.18.1 The Revenue Gap/Surplus for FY 2019-20 based on the approved trued-up costs and revenues of HPSEBL is as determined below:

Table 199: Approved Revenue Gap for FY20 (Rs. Cr.)

Particulars	HPSEBL's Submission	Trued-up Surplus/(Gap)
Total ARR including adjustments	**5,558.82**	**5,396.41**
Revenue		
Revenue from sale of power within state	5,127.35	5,127.35
Revenue from sale of power outside state	474.40	469.63
Total Revenue	**5,601.75**	**5,596.99**
Revenue Surplus/(Gap)	**42.92**	**200.58**

10.18.2 Based on the truing-up of ARR for FY 2019-20, the Commission approve a revenue surplus of Rs. 200.58 Cr. as against revenue surplus of Rs. 80.76 Cr. approved based on provisional truing-up for FY20.

10.19 Carrying Cost

10.19.1 The Petitioner has requested for approval of the revenue gap along with carrying cost as per the provisions of clause (2) of Regulations 11 as amended by HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) (Third Amendment) Regulations, 2018.

Table 200: Approved Revenue Surplus / (Gap) for FY20 (Rs. Cr.)

Particulars	Amount
Revenue Surplus / (Gap) for FY19 provisionally trued-up	200.58
Revenue Surplus / (Gap) for FY19 final trued-up	80.76

Particulars	Amount
Net Surplus/ (Gap) to be carry forwarded	**119.82**

10.19.2 The Commission in the 2nd APR Order dated 31 May 2021 had computed a revenue surplus of Rs. 80.76 Cr based on provisional true-up of FY 2019-20 and considered the same in the final ARR of FY 2021-22. Therefore, the Commission shall consider the revised surplus amount of FY 2019-20 at the time of final truing-up of FY 2021-22 along with carrying cost.

11 TRUE-UP OF UNCONTROLLABLE PARAMETERS FOR FY 2020-21 UNDER THE FOURTH MYT CONTROL PERIOD

11.1 Background

11.1.1 HPSEBL has submitted a petition for true-up of uncontrollable parameters for FY 2020-21 on the basis of variation in actual expenses and revenue in FY 2020-21 vis-à-vis the expenses and revenue approved for FY 2020-21 in the APR Order dated June 06,2021 along with the Audited Annual Accounts for the period April 1, 2020 to March 31, 2021 to support the actual expense and revenue for FY 2020-21.

11.1.2 The Commission has reviewed the operational and financial performance of HPSEBL for FY 2020-21 based on the CAG audited accounts made available, and has undertaken a true-up in line with the Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011 and amendments thereof (hereinafter referred to as the 'MYT Regulations, 2011'), taking into account all the information, data submissions and necessary clarifications submitted by the licensee as well as views expressed by the stakeholders.

11.1.3 The relevant extract stated in the amended Regulation 11 of the Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) (Second Amendment) Regulations, 2013 has been described below:

> *"11. **True Up***
> *(1) The true up across various parameters shall be conducted by the Commission, for the previous years for which the actual/ audited accounts are made available by the distribution licensee, at the times and as per principles stated below:-*
> *(B) as per principles -*
> *(a) Variation in revenue / expenditure on account of uncontrollable sales and power purchase shall be trued up every year. Truing-up shall be carried out based on the actual/audited information and prudence check by the Commission:*

Provided that if such variations are large, and it is not feasible to recover in one year alone, the Commission may take a view to create a regulatory asset, as per the guidelines provided in clause 8.2.2 of the National Tariff Policy;

Provided further that under business-as-usual conditions, the Commission, to ensure tariff stability, may include the opening balances of uncovered gap / trued-up costs in the subsequent Control Period's ARR instead of including in the year succeeding the relevant year of the Control Period after providing for transition financing arrangement or capital restructuring.

(b) for controllable parameters –
(I) any surplus or deficit on account of O&M expenses shall be to the account of the licensee and shall not be trued up in ARR unless such is treated as uncontrollable by the Commission in accordance with these regulations;
(II) any surplus or deficit on account of the distribution losses shall be shared between the licensee and the Consumers in accordance with these regulations…;

(2) The distribution licensee, for the approved true-up of any year over and above that approved in the Tariff Order for that year, shall be entitled to a carrying cost at the Base Rate of State Bank of India plus 350 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."

11.1.4 The following sections details the methodology adopted by the Commission for truing-up of uncontrollable parameters for FY 2020-21 based on the Audited accounts submitted by HPSEBL for FY 2020-21.

11.2 Energy Sales

11.2.1 HPSEBL in its true-up petition for FY 2020-21 has submitted the actual sales of 8,635 MUs as compared with the approved sales of 8,663 MUs in the MYT Order for FY 2020-21, which is lesser by 28 MUs.

11.2.2 The following table shows the actual sales submitted by HPSEBL vis-à-vis the approved sales by the Commission for FY 2020-21 in the MYT Order.

Table 201: Category-wise Trued-up Sales for FY21 (MUs)

Category (MU)	APR Order	HPSEBL's Submission	Final Trued-up
Domestic	2,288	2,357	2,357
Non-Domestic Non-Commercial	163	125	125
Commercial	544	518	518
Temporary	38	47	47
Small Power	77	85	85
Medium Power	108	86	86
Large Supply	4,640	4,598	4,598
Govt. Irrigation & Water Pumping	577	603	603
Public Lighting	10	10	10

Category (MU)	APR Order	HPSEBL's Submission	Final Trued-up
Irrigation & Agriculture	64	73	73
Bulk Supply	155	133	133
Total Energy Sales	**8,663**	**8,635**	**8,635**

11.2.3 The Commission approves the actual sales as submitted by the Petitioner which also reconciles with the audited accounts for truing-up for FY 2020-21.

11.3 Revenue from Sale of Power

11.3.1 As per the submission of the Petitioner, revenue from sale of power has been higher as compared with the approved sales for FY 2020-21. The Commission has considered revenue of Rs. 4,969.18 Cr. for FY 2020-21, as reflected in the Audited accounts and in line with the revenue submitted by HPSEBL in its petition.

11.3.2 The table below provides a comparison of the category-wise revenue as submitted by the Petitioner for FY 2020-21:

Table 202: Category-wise Trued-up Revenue from Sale of Power for FY21 (Rs. Cr.)

Particulars	APR Order	HPSEBL's Submission	Final Trued-up
Domestic	1,148.30	1,164.37	1,164.37
Non-Domestic Non-Commercial	93.60	102.58	102.58
Commercial	325.20	347.30	347.30
Small Power	75.80	50.66	50.66
Medium Power	37.10	58.42	58.42
Large supply	2,619.10	2,596.78	2,596.78
Public Lighting	5.30	7.01	7.01
Govt. Irrigation & Water Pumping	373.90	462.78	462.78
IPH		34.67	34.67
Bulk and Grid supply	92.80	100.99	100.99
Temporary Metered Supply	33.50	43.61	43.61
Total	**4,804.60**	**4,969.18**	**4,969.18**

11.3.3 Also, the Petitioner has claimed revenue of Rs. 766.36 Cr. from sale of surplus power during FY 2020-21 after adjusting for cost of banking, which is a cashless transaction.

11.3.4 As part of additional submissions, the Petitioner has submitted that it provides rebate for timely payment in case of inter-state sale of RE power. The revenue from such sale is not adjusted for the rebates paid for such power sold and reflected separately under "Finance Cost" in the books of accounts. Moreover, the Petitioner has mentioned that HPSEBL claims power purchase cost after deducting of any rebates paid towards the power purchase units.

11.3.5 Accordingly, the Petitioner has claimed a rebate of Rs. 10.80 Cr for providing rebate for Inter-State sale of RE power which is 2% on the revenue from RE sale amounting to Rs. 540.27 Cr. for FY 2019-20.

11.3.6 The Commission finds merit within the submissions made by the Petitioner and has decided to account for the impact of rebate provided by the Petitioner on Inter-State sale of RE power.

11.3.7 The table below provides revenue from sale of power outside State as submitted for FY 2020-21:

Table 203: Trued-up Revenue from Sale of Power outside State for FY21 (Rs. Cr.)

Particulars	Actual
Revenue from sale of power outside State	1,485.66
Less: Banking Sale	719.30
Less: Rebate on RE sale of power	10.80
Net Revenue from sale of power outside State	**755.56**

11.3.8 The Commission has considered the actual revenue from sale of power and sale of surplus power claimed by the Petitioner for FY 2020-21.

11.4 Transmission and Distribution (T&D) Loss

11.4.1 The Commission had approved T&D loss level at 10.10% for FY 2020-21 in the MYT order of fourth Control Period. As per the Petitioner's submission, T&D loss level of 13.95% has been achieved during FY 2020-21.

11.4.2 The Petitioner has requested the Commission to revise the T&D Loss trajectory for the fourth control period. The Commission has reviewed the submissions of the Petitioner and has decided to continue with the T&D loss trajectory for FY 2019-20 to FY 2023-24 as approved in the MYT Order. However, the Commission has adjusted the loss targets for FY 2021 and FY 2022 as detailed out in Chapter "Mid Term Performance Review for 4th MYT Control Period".

11.4.3 In lieu of the above the Commission has continued with the approved T&D loss level of 10.10% for FY 2020-21 and in view of the challenges faced by the Petitioner due to Covid lockdown during initial months of FY 2021, the Commission has also allowed relaxation of 3% in T&D loss which has been considered subsequently while computing the incentive / penalty on account of over/ under achievement in T&D loss.

11.4.4 During the review of input energy from various sources, minor discrepancies were observed in the units available IPPs which after clarification from the Petitioner were corrected for computing the T&D loss.

11.4.5 The Commission noticed discrepancies in the interstate transmission loss of 3.39% which did not corelate with the quantum of transmission loss of 273.17 MUs considered by the Petitioner. In response to the clarification sought by the Commission, the Petitioner submitted that the inter-state transmission loss of 290.72 MUs in FY 2020-21 is due to PGCIL transmission system losses which includes transmission loss corresponding to purchase from IEX of 17.55 MUs that has been excluded as the purchase from IEX of 531.13 MUs in Energy Balance and is considered at HP- Periphery only. Therefore, the net transmission loss shown in Energy Balance is 273.17 MUs only.

11.4.6 Further, the Commission observed that the Petitioner has claimed actual T&D loss as 13.95% however as per accounts, the Actual T&D loss is 12.11%. The

Commission asked the Petitioner to provide the actual T&D loss for FY 2020-21 along with valid justification for such mismatch. In response, the Petitioner clarified that the T&D loss is computed as per actual figures for sales and power purchased at HP-Periphery. Further, the T&D loss referred to the accounts are incorrect, and Petitioner has requested the Commission to consider the T&D loss of 13.95% submitted against true-up of FY 2021 as final.

11.4.7 In accordance with the above the Commission has considered the T&D loss claimed by the Petitioner for FY 2020-21 after doing prudence check.

Table 204: MYT Approved, Proposed and Approved T&D Loss for FY21 (Rs. Cr.)

Sl.	Name of the Plant	APR Order	HPSEBL's Submission	Final Trued-up
A	Units Procured from Interstate-Generating Stations (including free power stations connected to ISTS)		7,095.45	7,095.45
B	Banking Purchase at ISTS		1,474.29	1,474.29
C	Interstate Transmission Loss (%)		3.39%	3.39%
D	Transmission Loss (MUs)		273.17	273.17
E	**Net Energy Available at Periphery**		**8,279.02**	**8,279.02**
F	**Power Available within the state (i+ii+iii)**		**3,782.70**	**3,782.24**
	(i) State Generating Stations		1,840.33	1,840.33
	(ii) GoHP Power (own generation & IPPs)		225.99	225.99
	(iii) IPPs		1,716.38	1,715.92
G	**Power from Other Sources (i+ii)**		**1,386.80**	**1,386.80**
	(i) UI Power		174.35	174.35
	(ii) IEX/PXIL		531.13	531.13
	(iii) Short term power		681.33	681.33
H	**Total Energy Available (E+F+G)**		**13,466.07**	**13,465.62**
I	**Energy Sales within the state**		**8,635.31**	**8,635.31**
J	**Inter-State Sale of Power (i+ii+iii)**		**3,431.31**	**3,431.31**
	(i) Sale of Power (including UI, Bilateral & IEX/PXIL)		911.30	911.30
	(ii) Banking		1,370.10	1,370.10
	(iii) RE sale		1,149.91	1,149.91
K	**Total Energy Available for sale within the state (H-J)**		**10,034.77**	**10,034.31**
L	**Total Energy Sale (I+J)**		**12,066.62**	**12,066.62**
M	T&D loss (in MUs) (K-I)		1,399.45	1,399.00
N	**T&D loss (%) = (1-I/K) X 100**	**10.10%**	**13.95%**	**13.94%**

11.5 Power Purchase

11.5.1 HPSEBL has submitted total power purchase cost (including transmission and other charges) of Rs. 3,657.49 Cr. for FY 2020-21 as per CAG audited accounts for truing-up. Notional cost booked in the accounts towards banking and provisioning made towards Local Area Development Fund (LADF) have been excluded from the claim of power purchase cost. Additionally, cost of power procurement from own-generation sources has been considered by the Petitioner in the total power purchase cost for FY 2020-21.

11.5.2 The Commission has scrutinised the submissions made by the Petitioner including the reconciliation between the power purchase cost claimed in the petition and CAG audited accounts. With respect to queries of the Commission on reconciliation of few power purchase elements, the Petitioner has submitted following responses / clarifications:

- On query regarding various arrears cost within the total power purchase cost of various generating plants, the Petitioner submitted that in case of CPSU owned generating stations the provisional/final tariff is determined by Hon'ble CERC, true-up of the tariff is also done from time to time and in case of State Sector PSUs, respective SERCs determine the provisional/final tariff. Therefore, the monthly power purchase bills includes current year tariff-based billing as well as the prior period billing whenever any true-up tariff order, review tariff order etc. are issued by the respective Central or State Electricity Regulatory Commissions or reimbursement to the generating stations towards any other statutory fees, etc. under the Regulations. The arrears cost and adjusted arrears amount is the part of power purchase bills received by HPSEBL during the financial year. The current amount is segregated from arrears so as to work out the per unit purchase cost.
- On query regarding UI purchase of Rs. 83.89 Cr and whether prior approval was taken from the Commission for procuring above mentioned quantum of UI purchase, the Petitioner mentioned that Unscheduled Interchange (UI) is based on the real time system operation in a time block of 15 minutes variation to the schedule & actual demand observed. In such a situation, either power cuts can be imposed to match with revised schedule or power over-drawal/under-drawal from the grid can be opted to meet the demand in real time system operations under IEGC regulations & DSM Regulations.

11.5.3 For FY 2020-21, the Commission has reconciled source-wise power purchase cost for truing-up after adjustments on account of banking and other matters discussed below. A summary table of the power purchase cost considered as per accounts has been provided below:

Table 205: Power Purchase Cost (excluding PGCIL and Other Costs) for FY21 (Rs. Cr.)

S. No.	Particulars	Final Trued-up
A.	**Total Power Purchase Cost as per audited accounts**	**4,094.11**
	Less:	
B.	**Banking Power Purchase {sum (i) to (vi)}**	**719.30**
i.	MPL (BRPL)	77.40
ii.	APPCPL (BRPL)	130.24
iii.	GMR	489.80
iv.	BRPL	21.34
v.	BYPL	0.10
vi.	KEIPL (BYPL)	0.42
C	Inter-State Transmission Charges	338.84

S. No.	Particulars	Final Trued-up
D	Intra-State Transmission Charges	40.14
E	SLDC Charges	4.16
F	STOA charges	36.97
G	Other Charges (NRLDC, Reactive Energy Charges, GoHP & Malana Deviation)	7.02
H	LADF (DOE)	2.22
I	**Power Purchase Cost (excluding transmission and other Charges) A-(B+C+D+E+F+G+H)**	**2,945.48**

11.5.4 Banking being a cashless transaction is considered at zero cost in petition under total power purchase cost. An amount of Rs. 719.30 Cr. was reflected towards cost from banking procurement during FY 2020-21 in the CAG audited accounts which has been suitably adjusted while considering the total power purchase cost for FY 2020-21.

11.5.5 The Petitioner in the true-up Petition has clarified that an amount of Rs. 2.22 Cr. has been provisioned in the power purchase cost towards LADF. Since the amount has been provisioned and not actually paid, the Commission has excluded this amount while approving the power purchase cost for FY 2020-21.

11.5.6 On query regarding total units and cost from own generating stations, the Petitioner submitted revised computation for own generating station for FY 2021 as per HPERC (Terms and Conditions for Determination of Hydro Generation Tariff) Regulations, 2011 and in line with the recent Tariff Order dated 11.11.2021 for own generating stations.

11.5.7 In absence of finalization of project specific tariff petition for Ghanvi-II, the Commission has considered the generic tariff of Rs. 2.25/- as considered in the past Orders.

11.5.8 Based on the above considerations and in line with the provisions of the MYT Regulations, 2011 for generation business, the Commission has reassessed the units and cost for own generating stations as summarised below:

Table 206: Power Purchase computed by the Commission from Own Generating Stations for FY21

Name of Station	Net Generation (MUs)	Amount (Rs. Cr.)
Bhaba	471.84	42.76
Bassi	303.72	19.33
Giri	164.09	16.22
Andhra	62.58	9.69
Ghanvi	78.54	17.67
Ghanvi II	36.85	8.29
Baner	39.23	9.78
Gaj	42.54	10.41
Binwa	26.95	6.16
Thirot	1.86	0.42
Gumma	0.89	0.20
Holi	2.79	0.63
Larji	541.32	63.15

Name of Station	Net Generation (MUs)	Amount (Rs. Cr.)
Khauli	42.25	9.51
Nogli	5.06	2.44
Rongtong	0.32	1.39
Sal-II	-	-
Chaba	4.77	1.85
Rukti	3.83	0.40
Chamba	1.33	0.44
Killar	-	-
Bhabha Augmentation	9.54	2.15
Total	**1,840.33**	**222.88**

11.6 Transmission and Other Charges

11.6.1 It is observed that the Petitioner has claimed total PoC charges as Rs. 384.79 Cr out of which an amount of Rs. 284.53 Cr pertains to PGCIL charges and an amount of Rs. 100.26 Cr pertains to GoHP sale of free power.

11.6.2 The Commission from the CAG audited annual accounts and the submissions made by the Petitioner observed that the total PGCIL charges amounting to Rs. 338.84 Cr accounts for PoC charges. The total amount paid to PGCIL includes non-PoC charges of Rs. 61.77 Cr. out of which Rs. 61.09 Cr pertains to bilateral charges of PKATL assets and Rs. 0.68 Cr pertains to Hamirpur PGCIL bays.

11.6.3 However, in lieu of the rationale detailed out in section 10.6, the Commission has provisionally considered the actual amount paid to PGCIL for FY 2020-21 towards PKATL Assets and Hamirpur Substation to avoid any financial hardships to HPSEBL.

11.6.4 Accordingly, an amount of Rs. 338.84 Cr. towards PGCIL Charges for FY 2020-21 has been considered by the Commission.

11.6.5 The Commission asked the Petitioner to provide a detailed breakup of open access charges claimed for FY 2020-21. In response to the query the Petitioner submitted detailed breakup of open access charges in reconciliation with audited accounts. Based on the submissions of the Petitioner, the open access charges of Rs. 36.96 Cr. during FY 2020-21 has been considered.

11.6.6 The Petitioner has submitted that the SLDC charges incurred in FY 2020-21 is Rs. 4.16 Cr. The Commission verified this amount from the CAG audited annual accounts. Accordingly, the Commission has considered Rs. 4.16 Cr. towards SLDC charges for FY 2020-21.

11.6.7 The Petitioner has claimed an amount of Rs. 40.14 Cr. towards intra-state transmission charges payable to HPPTCL. The Commission asked the Petitioner to provide a rationale for such high intra-state charges.

11.6.8 In response to the query raised by the Commission the Petitioner provided a detailed breakup of HPPTCL charges in reconciliation with CAG audited annual accounts of FY 2020-21 as below:

- STU charges: Rs. 14.38 Cr
- ADPHL’s dedicated transmission line charges: Rs. 2.27 Cr

- Phojal substation (11.4 MW) charges: Rs. 0.75 Cr
- Transmission charges for Bhoktoo S/Stn as per tariff order dated 25.07.2020 (AFC of FY 2018, FY 2019, FY 2020 & partial amount of AFC of FY 2021): Rs. 22 Cr
- Arrears of ADHPL for past adjustments: Rs. 0.74 Cr

11.6.9 In response to a query raised by the Commission regarding partial charges considered by the Petitioner for FY 2021, the Petitioner submitted that the Bhoktoo Pooling substation AFC recovery bill was submitted by HPPTCL in March 2021 & certain clarification was sought from HPPTCL which delayed passing of the bill. The clarification along with revised bill was submitted by HPPTCL & same was approved by HPSEBL. However, while closing the accounts, F&A (Finance) wing of HPSEBL booked the amount of pre-revised bill.

11.6.10 Accordingly, the Commission has considered the HPPTCL charges as per Audited account for truing-up of FY 2020-21.

11.6.11 Besides the above, the Commission has approved other charges of Rs. 7.02 Cr., which includes Trading Margin, Reactive charge, NRLDC, Operation ULDC charges, and miscellaneous charges as per actual reflected in the Audited accounts of FY 2020-21.

11.6.12 The total power purchase cost for FY 2020-21 as submitted and considered by the Commission has been summarized below:

Table 207: Total Power Purchase Cost approved for FY21 (Rs. Cr.)

S. No.	Description	HPSEBL's Submission	Final Trued-up
A.	**Power Purchase Cost (exc. PGCIL Charges and Other Costs)**	**2,945.49**	**2,945.48**
B.	**Own Generation**	**284.89**	**222.88**
C.	Inter-State Charges		
	PGCIL	338.84	338.84
	OA	36.96	36.97
D.	Intra-State Charges		
	HPPTCL	40.14	40.14
	SLDC	4.16	4.16
E.	Other Charges		
	Trading Margin	4.16	4.16
	NRLDC	0.31	0.31
	Reactive charge	2.18	2.18
	ULDC Charges	0.09	0.09
	Miscellaneous Charges	0.28	0.28
F.	**Total Power Purchase Cost (inc. Own Gen.) (A+B+C+D+E)**	**3,657.49**	**3,595.49**

11.7 Penalty for Under-achievement of T&D Loss

11.7.1 The Petitioner has submitted that it has been able to achieve an overall T&D loss level of 13.95% for FY 2020-21 as against the approved T&D loss of 10.10% for FY 2020-21 in the APR Order.

11.7.2 The Petitioner further submitted that due to Nationwide lockdown on account of COVID-19 pandemic in the FY 2020-21, energy sales of HPSEBL at HT and EHT level has reduced by ~11.07% whereas the sales at LT level increased by ~7.50%, which resulted into higher T&D Losses.

11.7.3 Moreover, the Petitioner has mentioned that in FY 2020-21 power requirement in areas rich in hydro generation reduced drastically due to Nationwide lockdown. Thus, the energy procured around 1800 MUs (approx.) from various Small Hydro Power Stations (IPPs up to 25 MW) in the State, had to wheeled outside the State, which under normal conditions would have been consumed locally. This further added to T&D losses.

11.7.4 Also, due to nationwide lockdown, execution of various CAPEX works envisaged for reduction in T&D losses has been delayed, which has adversely affected the performance of HPSEBL resulting into under-achievement of T&D loss targets.

11.7.5 In lieu of the above the Petitioner has requested the Commission to take a lenient view in this regard and relax the penalty on account of non-achievement of T&D loss targets for FY 2020-21 considering the event of nationwide lockdown on account of COVID-19 pandemic as a Force Majeure event in regard to clause *"(11-a) Force majeure" HPERC Tariff Regulations 2011.*

11.7.6 The Petitioner has also requested the Commission to consider actual T&D losses of 13.95% achieved by HPSEBL for True UP of FY 2020-21.

11.7.7 The Petitioner has requested the Commission to revise the T&D Loss trajectory for the fourth control period. The Commission has reviewed the submissions of the Petitioner and has decided to continue with the T&D loss trajectory for FY 2019-20 to FY 2023-24 as approved in the MYT Order. However, the Commission has adjusted the loss targets for FY 2021 and FY 2022 by 3% and 1%, respectively, as detailed out in Chapter "Mid Term Performance Review for 4th MYT Control Period".

11.7.8 Based on the review and submissions of the Petitioner regarding the reduction of industrial and commercial sales at HT/EHT level and also other factors as explained above on account of COVID induced lockdown during the period, the Commission has decided to consider a relaxation of 3% in the T&D loss target for FY 2021 and has therefore considered relaxed T&D loss target of 13.10% for FY 2021.

11.7.9 As per Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) (Second Amendment) Regulations, 2013, Regulation 15 was amended to include a mechanism for pass-through of gains or losses on account of variations in the distribution loss. The amended regulation states:

(b) The approved aggregate loss to the distribution licensee on account of controllable factor of distribution loss shall be dealt with in the following manner: -

iii. 40% of the amount of such loss may be passed on in the ARR over such period as may be stipulated in the Order of the Commission; and

iv. The balance 60% of amount of such loss shall be absorbed by the licensee;

11.7.10 Accordingly, the Commission has computed the loss resulting from the under-achievement of T&D loss for FY 2020-21 which is highlighted as below:

Table 208: Loss on account of Under-achievement of T&D loss for FY21

S. No.	Particulars	Final Trued-up
A	Energy Sales within state (MU)	8,635.31
B	Revised T&D Losses (%)	10.10%
C	Relaxation in T&D loss % on account of COVID	3.00%
D	**Power Purchase Requirement to meet state requirement (MU)**	**9,937.06**
E	**Inter – State Sale (MU) (i+ii+iii)**	**3,431.31**
(i)	For Sale of Power (including UI, Bilateral & IEX/PXIL) (MU)	911.30
(ii)	For Banking arrangements (MU)	1,370.10
(iii)	RE sale	1,149.91
F	**Total Power Purchase Quantum Approved at State Periphery (MU) (D+E)**	**13,368.37**
G	Actual Power Purchase Quantum at State Periphery (MU)	13,465.62
H	**No. of units Lost (MU) (F-G)**	**97.24**

11.7.11 Based on the loss in power purchase quantum computed as per the above table, the Commission has computed the penalty for under-achievement of T&D loss as detailed in table below:

Table 209: Penalty for Under-achievement of T&D Loss for FY21

S. No.	Particulars	Unit	Amount
A	**No. of units**	**MU**	**97.24**
B	**Cost of Power for over-achievement**		
(i)	Cost of Power Purchase from Other than own sources	Rs. Cr.	**2,925.79**
(ii)	Power purchased from other than own sources	MU	10,424.17
(iii)	Less: PGCIL Losses	MU	273.17
(iv)	Net Power Purchase (ii-iii)	MU	10,151.00
C	**Cost of Power Purchase from Other than own sources (i*10 / iv)**	**Rs. /Kwh**	**2.88**
D	**Penalty on account of T&D loss under-achievement (A X C X 60%/10)**	**Rs. Cr.**	**16.82**

11.7.12 The share of Petitioner's penalty is Rs. 16.82 Cr. as computed above on account of Underachievement of T&D losses as per Regulation 15(1) of the MYT Regulations, 2011.

11.7.13 The total power purchase cost in comparison with the approved MTR Order for third Control Period figures and HPSEBL's submission for the final true-up of FY 2020-21 is summarized in table below:

Table 210: Trued-up Total Power Purchase Cost for FY21 (Rs. Cr.)

Particulars	APR Order	HPSEBL's Submission	Final Trued-up
Power Purchase Expenses	2,876.64	3,230.38	3,168.36
PGCIL Charges	254.20	338.84	338.84

Particulars	APR Order	HPSEBL's Submission	Final Trued-up
Short Term Open Access Charges	55.16	36.96	36.96
HPPTCL Charges	15.12	40.14	40.14
SLDC Charges	7.82	4.16	4.16
Other Charges (NRLDC, Reactive Energy Charges, GoHP & Malana Deviation)	0.00	7.01	7.02
Total Power Purchase	**3,208.94**	**3,657.49**	**3,595.49**
Less/Add: Adjustment in PP cost on account of underachievement/overachievement	-	-	(16.82)
Net Power Purchase Expense	**3,208.94**	**3,657.49**	**3,578.67**

11.8 O&M Expenses

11.8.1 The Commission in the MYT Order for fourth Control Period of HPSEBL had approved the O&M expenses for each year based on the submissions of the Petitioner and provisions of HPERC MYT Distribution Tariff Regulations, 2011.

11.8.2 As per MYT Regulations, 2011, O&M expense is of controllable nature and any surplus or deficit on account of O&M expenses is to be treated on account of the licensee without any true-up unless some amount is considered as uncontrollable by the Commission.

11.8.3 However, expenses such as pay commission revisions and amount paid on account of terminal benefits have been considered as uncontrollable by the Commission in its past Orders and have been approved as per actuals.

11.8.4 The Commission has performed a detailed scrutiny of O&M expenses as per the CAG audited accounts. The methodology adopted by the Commission to approve O&M expenses for FY 2020-21 is detailed out in the subsequent sections.

11.9 Employee Expenses

11.9.1 HPSEBL has submitted actual net employee cost of Rs. 1,687.91 Cr. towards distribution business as against the approved employee cost of Rs. 1,809.02 Cr. for FY 2020-21 in the APR Order for the FY 2020-21.

11.9.2 In its employee expense claim for Rs. 1,687.91 Cr., the Petitioner has adjusted an amount of Rs. 35.59 Cr. towards provision for pension, gratuity and leave encashment. Break-up of amount of provisioning under employee expenses in the provisional accounts for FY 2020-21 as provided by the Petitioner is summarised below:

Table 211: Details of provisioned amount under Employee Expenses in FY21

Particulars	Amount (Rs. Cr.)	Classification
Pension	11.32	Terminal Benefits
Gratuity	13.99	Terminal Benefits
Leave Encashment	10.29	Terminal Benefits
Total Amount of Provision	**35.59**	

11.9.3 The Commission in the MYT order of the fourth control period has approved Employee expenses for FY 2020-21 as Rs. 1,809.02 Cr. In doing so the Commission has considered certain adjustments on account of the following line items from the total employee cost of Rs. 1,917.03 Cr.

- Return on GoHP Equity approved for Generation and Distribution: Rs. 47.50 Cr
- Pension Contribution of generation employees: 11.11 Cr
- Pension contribution of BVPCL, Projects and S&I employees: 4.26 Cr

11.9.4 However, the Petitioner in its petition has not considered the disallowance of "Pension Contribution of generation employees" stating that HPSEBL has been claiming the terminal benefits after deducting the terminal benefits attributed to generation business and considering disallowance on account of "Pension Contribution of generation employees" will lead to double accounting.

11.9.5 Further, the Petitioner has also not considered the disallowance of "Pension Contribution of BVPCL, Projects and S&I employees" stating that HPSEBL is a vertically integrated utility and though the employees are deputed or deployed across other business, they are part of HPSEBL, as a whole business and hence cannot be parted or shown separately. Thus, the amount attributed by Commission towards "Pension Contribution of BVPCL, Projects and S&I employees" is incorrect, as no amount is being paid by HPSEBL towards it.

11.9.6 In response to a query regarding providing valid justifications for not considering disallowance on account of "Pension Contribution of generation employees" and "Pension Contribution of BVPCL, Projects and S&I employees" the Petitioner reiterated the same rationale as mentioned in the petition initially.

11.9.7 Based on the audited accounts provided by the Petitioner, the Commission has considered the total amount of Rs. 946.31 Cr on account of "Pension and Terminal benefits" pertaining to both distribution and generation business for computation of Net Employee expenses. The Commission has adopted the same methodology as used during truing up of employee expenses of FY 2018-19 & FY 2019-20 and has adjusted the amount towards "Pension Contribution of generation employees" and "Pension Contribution of BVPCL, Projects and S&I employees". It is clarified that the amount towards" Pension Contribution of generation employee" has been appropriately included in the tariff of own generating stations of HPSEBL and therefore allowing the same as part of distribution tariff would result in double counting. Also, amount adjusted towards "Pension Contribution of BVPCL, Projects and S&I employees" is with respect to employee working in these departments which are not part of the licensed business. It is the obligation of the licensee to maintain all such expenses separately which are not part of licensed business. In absence of the same the Commission has considered the amount approved towards these aspects and adjusted the same from actual overall employee costs.

11.9.8 In line with the discussions with respect to adjustments in the employee cost and terminal benefits as detailed above, the Commission has approved the provisional employee cost for FY 2020-21 as given below:

Table 212: Comparison of Employee Cost for FY20 after Adjustments (Rs. Cr.)

Sl.	Particulars	APR Order	HPSEBL's Submission	Final Trued-up
A	**Salary & Other Costs**	**1,020.36**	**880.38**	**880.38**
B	**Pension and Terminal benefits**	**896.67**	**943.85**	**946.31**
	Less:			
	Annual Share of State Government (Return on GoHP Equity approved for Generation and Distribution)	47.50	47.50	47.50

Sl.	Particulars	APR Order	HPSEBL's Submission	Final Trued-up
	Pension contribution of generation employees	11.11	-	11.11
	Pension contribution of BVPCL, Projects and S&I employees	4.26	-	4.26
C	**Gross Employee Cost (A+B)**	**1,854.16**	**1,776.73**	**1763.82**
D	Less: Capitalization	45.14	53.23	53.23
	Less: Provision towards terminal benefits, Additional Dearness Allowance and 7th pay Commission		35.59	35.59
E	**Net Employee Cost (C-D)**	**1,809.02**	**1,687.91**	**1,675.00**

after reducing the provisioning amount

11.10 Repairs and Maintenance Expenses

11.10.1 The Petitioner has submitted actual R&M expense of Rs. 93.09 Cr. towards distribution business as against the approved R&M Expense of Rs. 99.49 Cr. for FY 2020-21 in the APR Order for FY 2020-21 which includes an additional amount of Rs. 20 Cr. towards IT related expenditure.

11.10.2 The Commission has already deliberated the issue of R&M expense in detail in the previous Chapter and has therefore retained the R&M expense approved in the First APR Order for FY 2020-21 as summarized below:

Table 213: R&M Approved for FY21 (Rs. Cr.)

Particulars	APR Order	Actual as per Accounts	HPSEBL's Submission	Final Trued-up
R&M Expenses	99.49	93.09	99.49	99.49

11.11 Administrative and General Expenses

11.11.1 As against Rs. 50.58 Cr. approved towards A&G expense in APR Order for FY 2020-21, the Petitioner had claimed actual A&G expense of Rs. 43.97 Cr. in the true-up.

11.11.2 The Commission in the MYT order dated 29th June 2019 has allowed a one-time provision of Rs. 5 Cr under A&G expense Further, the Commission in the MYT order also mentioned that the Petitioner needs to provide details of expenses incurred, based on which the Commission shall approve the actual expenditure subject to prudence check.

11.11.3 It is observed that the Petitioner has not provided any details in its petition with respect to expenses incurred under the one-time provision of Rs. 5 Cr. allowed by the Commission. The Petitioner was asked to provide a detailed breakup of expenses incurred under the one-time provision of Rs. 5 Cr. against which the Petitioner was unable to furnish appropriate details.

11.11.4 In absence of adequate details on expenses incurred towards one-time expense as well as actual expenditure being lower than the approved A&G expense for distribution business, the Commission has decided to exclude the one-time provision of Rs. 5 Cr. from the approved A&G expenses in the MYT Order.

11.11.5 As A&G expense is a controllable parameter, the Commission retains the A&G expense as approved in the APR Order excluding the one-time provision of Rs. 5 Cr. for FY 2020-21. Details of A&G amount proposed and approved is summarized in the following table:

Table 214: A&G Approved for FY21 (Rs. Cr.)

Particulars	APR Order	HPSEBL's Submission	Final Trued-up
Net A&G Expenses	45.58	43.97	45.58
Provision for one-time expenses	5.00	-	-
Total A&G Expense	**50.58**	**43.97**	**45.58**

11.12 Total O&M Charges

11.12.1 Based on the above discussions, the Commission approves the total O&M expense for FY 2020-21 as provided in the table below:

Table 215: Total O&M Expenses Approved for FY21 (Rs. Cr.)

Particulars	APR Order	HPSEBL's Submission	Final Trued-up
Net Employee Cost	1,809.02	1,687.91	1,675.00
R&M Expenses	99.49	99.49	99.49
Net A&G Expense	50.58	50.58	45.58
Total O&M Expenses	**1,959.09**	**1,837.98**	**1,820.08**

11.13 Interest and Finance Charges

11.13.1 The Commission has reviewed and revised the Interest and Finance charges to the extent of change in working capital and Consumer security deposit as per the provisional accounts for FY 2020-21. The interest on capital loans shall be trued-up based on the true-up of capital expenditure and capitalization at the end of the fourth Control Period (FY 2020-24).

11.13.2 The working capital requirements and interest on working capital has been revised and approved as follows:

Table 216: Trued-up Interest on Working Capital for FY21 (Rs. Cr.)

Particulars	APR Order	HPSEBL's Submission	Final Trued-up
O&M Expenses for one month	163.26	152.81	151.67
Receivables equivalent to 2 months	800.76	828.20	828.20
Maintenance Spares 15% of the O&M expense for one month	13.28	12.22	12.05
Less: One Month Power Purchase	267.41	304.79	299.62
Less: Consumer Security Deposits	481.10	440.34	440.34
Working Capital Requirement	**228.79**	**248.45**	**251.95**
Rate of Interest	10.75%	10.00%	10.00%
Interest on Working Capital	**24.59**	**24.84**	**25.20**

11.13.3 Further, the interest on Consumer security deposit has been considered as below:

Table 217: Trued-up Interest on Consumer Security Deposit for FY21 (Rs. Cr.)

Particulars	Final Trued-up
Opening	415.37
Additions	24.97
Closing	440.34
Interest on Consumer security deposit	**18.68**

11.13.4 As part of additional submissions, the Petitioner has requested the Commission to allow interest charges paid on account of Letter of Credit charges as per Ministry of Power's mandate for the distribution licensees to open and maintain adequate Letter of Credit (LC) as Payment Security Mechanism, under Power purchase Agreements by Distribution Licensees.

11.13.5 Based on the revision in interest on working capital, actual Consumer security deposit and LC charges, the total interest expense approved for final truing-up for FY 2020-21 is as below.

Table 218: Trued up Interest and Finance Charges for FY21 (Rs. Cr.)

Particulars	APR Order	HPSEBL's Submission	Final Trued-up
Interest on Long term loans	154.75	154.75	154.75
Interest on Working Capital	24.59	24.84	25.20
Interest on Consumer security deposit	24.33	18.68	18.68
LC Charges	-	-	1.67
Total Interest & Finance Charges	**203.68**	**198.28**	**200.30**

11.14 Other Controllable Parameters

11.14.1 As per the HPERC MYT Regulations, 2011, any variation in actual capital expenditure and subsequent variations in depreciation, interest cost and return on equity with respect to the figures approved in the MYT Order shall be considered during True-up of the MYT Control Period based on CAG audited annual accounts. Accordingly, the Commission has retained depreciation and return on equity amounts at the same level as approved for FY 2020-21 in the MYT Order for fourth Control Period.

Table 219: Depreciation and Return on Equity approved for FY21 (Rs. Cr.)

Particulars	MYT Order	HPSEBL's Submission	Final Trued-up
Depreciation	140.99	140.99	140.99
Return on Equity	49.68	49.68	49.68

11.15 Non-Tariff Income

11.15.1 The non-tariff income is required to be deducted from the ARR of the Petitioner. The Petitioner has claimed non-tariff income of Rs. 181.09 Cr. towards distribution business for true-up of FY 2020-21, while the balance amount has been claimed towards generation business. The Commission has been considering the entire non-tariff income as part of the distribution business as the generation tariff is determined plant-wise without factoring for any non-tariff income.

11.15.2 The Commission has been considering the entire non-tariff income as part of the distribution business as the generation tariff is determined plant-wise without considering any non-tariff income. As per MYT Regulations 2011, the amount of delayed payment surcharge recovered shall not be considered as part of non-tariff for tariff determination. Accordingly, the Commission has excluded the amount of delayed payment surcharge recovered by the Petitioner from the non-tariff income as per the provisional accounts.

11.15.3 With regard to reduction of value of amortization of Govt. grants, the Petitioner clarified that the amount relates to the depreciation of cost of assets created from the Govt. grants and Consumers contribution and such depreciation on assets created from Govt. grant and Consumers contribution are not allowed in ARR/Tariff by the Commission. As the Commission has not been allowing any depreciation on assets created from Government grants, the same has been excluded from the non-tariff income.

11.15.4 However, the Petitioner in the MPR petition has submitted that the amount booked under Accounting Head "Income from advance/loan from BVPCL" (A/C 62.234) of Rs. 39.65 Cr is a notional income booked in accounts and no actual amount is received by HPSEBL. Thus, the Petitioner has not considered this amount under the income head Non-Tariff income.

11.15.5 Adequate justification were sought to substantiate the claim along with documentary evidence.

11.15.6 The Commission asked the Petitioner to provide a valid justification for not considering the amount under Accounting Head "Income from advance/loan from BVPCL" and substantiate the claim along with documentary evidence.

11.15.7 In response to a query the Petitioner submitted that HPSEBL is paying interest bearing advance to BVPCL to meet the capital requirement on monthly basis wherein the interest is being charged on applicable rates per annum and the same is shown recoverable from BVPCL as a sundry debtor. Further, the Petitioner added that the amount of Rs. 39.65 Cr booked under the Accounting head "Income from advance/loan from BVPCL" in accounts has not been realized from BVPCL till date, however, provision for the same has been made in the Accounts.

11.15.8 During TVS, the Commission deliberated the issue with the Petitioner and it was clarified that the Petitioner had undertaken external loan from banks and other sources in order to extend the loan to BVPCL. As the interest of such loans is not approved as part of the interest and finance charges, any interest charges accrued on account of the loan amount may not be considered in the ARR.

11.15.9 The Commission had asked to submit adequate supporting documents in this regard. While the Petitioner was unable to provide any specific document in this regard, the Commission feels that considering the financial health of the Petitioner it would not be possible to have surplus amount which could be extended as loan. The approach of the Commission while computing interest cost is to allow interest towards loan against capitalized assets while for interest on working capital is towards normative requirement worked out on the basis of MYT Regulations, 2011. Therefore, there is no scope for allowing interest on loans taken for other purposes by the Petitioner such as extending to its sister concern i.e. BVPCL. In view of the above and claim of Petitioner that no actual interest was received from BVPCL during the period, the Commission has excluded the interest amount of Rs. 39.65 Cr. booked under the Accounting head "Income from advance/loan from BVPCL" from the non-tariff income.

11.15.10 The Commission, therefore, approves the Non-Tariff income for FY 2020-21 as summarised below:

Table 220: Trued-up Non-Tariff Income for FY21 (Rs. Cr.)

Particulars	APR Order	HPSEBL's Submission	Final Trued-up
Meter Rent/Service Line Rentals		54.19	54.19
Recovery for theft of Power / Malpractices		0.37	0.37
Wheeling Charges Recovery		26.64	26.64
O&M Charges Recovery		8.38	8.38
Miscellaneous Charges from Consumers		4.18	4.18
Sub-Total		**93.76**	**93.76**
Interest on Staff loans & Advances		0.13	0.13
Income from Investments		4.04	4.04
Income from advance/ loan from BVPCL		0.00	0.00
Delayed Payment Charges from Consumers		76.24	76.24
Delayed Payment Charges from PGCIL		0.02	0.02
Interest on Advances to Suppliers / Contractors		0.16	0.16
Interest on Banks (other than on Fixed Deposits)		2.92	2.92
Income from Trading		2.66	2.66
Other Misc. Receipt trading		0.05	0.05
Income fee collected against Staff Welfare Activities		0.08	0.08
Miscellaneous Receipts		28.09	28.09
Amortization of Govt. grants		98.58	98.58
Subsidies against loss on account of flood		11.00	11.00
Prior Income		3.77	3.77
Rebate to CPSUs		21.25	21.25
Subsidies from State Govt. (General)		13.16	13.16
Sub-Total		**262.15**	**262.15**
Less:			
Amortization of Govt. grants		76.24	76.24
Delayed Payment Charges from Consumers		98.58	98.58
Total Non-Tariff Income	**178.23**	**181.09**	**181.07**

11.16 Aggregate Revenue Requirement

11.16.1 The ARR approved by the Commission in the APR Order for FY 2020-21, as submitted by the Petitioner in its true-up petition and now approved by the Commission for FY 2020-21 are shown in the table below:

Table 221: Summary of Provisionally Trued-up ARR for FY21 (Rs. Cr.)

Particulars	APR Order	HPSEBL's Submission	Final Trued-up
Power Purchase Expenses	3,208.94	3,657.49	3,578.67
Operation & Maintenance Costs	**1,959.09**	**1,837.98**	**1,820.08**

Particulars	APR Order	HPSEBL's Submission	Final Trued-up
Employee Cost	1,809.02	1,687.91	1,675.00
R&M Cost	99.49	99.49	99.49
A&G Cost	50.58	50.58	45.59
Interest & Financing Charges	**203.68**	**198.28**	**200.30**
Depreciation	140.99	140.99	140.99
Return on Equity	49.68	49.68	49.68
Miscellaneous written off	-	0.01	-
Less:			
Non-Tariff & Other Income	(178.23)	(181.09)	(181.07)
Aggregate Revenue Requirement	**5,384.14**	**5,703.36**	**5,608.64**

11.17 Adjustments to ARR

11.17.1 In the APR Order for FY 2020-21, the Commission has made adjustments in the final ARR on account of impact of final truing-up for FY 2017-18 and additional provisions for payment of past year SJVNL payables, provision towards COVID relief fund. In the truing-up the following adjustments have been reviewed and considered as below:

- The Commission has considered adjustment of cumulative revenue surplus of Rs. 354.03 Cr on account of final true up of FY 2017-18 in the ARR for FY 2020-21.
- The Commission has considered a provision of net amount of Rs. 159.86 Cr to be paid by HPSEBL to SJVNL plants on account of revision in AFC by CERC for Nathpa Jhakri HPS and Rampur HPS for the period 2014-19, and the same was adjusted in the ARR of FY 2020-21. However, the Commission has allowed actual power purchase cost for FY 2020-21 as per Audited accounts, which includes all arrears paid by HPSEBL towards Nathpa Jhakri HPS and Rampur HEP on account of revision of tariff by CERC. Therefore, the Commission has not considered the additional provision of Rs. 159.86 Cr in the true-up of FY 2020-21.
- The Commission had approved a provisional amount of Rs. 50 Cr. towards COVID relief fund. In regard to this the Petitioner has provided the following justifications and has requested the Commission to allow the provision of Rs. 50 Cr towards COVID relief fund.
    - The lockdown has adversely impacted the meter billing and revenue collection of HPSEBL resulting to collection efficiency as low as ~62%.
    - The lockdown had brought the economic activity within the state of Himachal Pradesh to a halt reducing the sales of industrial and commercial Consumers by ~70% which resulted in revenue loss to HPSEBL in terms of cross subsidies further aggravating the overall reduction in Average Billing Rate (ABR).
    - Another adverse impact on account of the lockdown is the increase in AT&C losses due to reduction of sales related to industrial and commercial categories and shifting of sales to low voltage Consumers, as losses related to supply to low voltage Consumers are considerably higher compared to the losses related to supply to high voltage lines.

  - HPSEBL had to pay off its fixed cost obligation towards the generators with which it has tied up long term PPAs irrespective of quantum of power purchased or not. Further, HPSEBL had to incur other expenses such as employee expenses, R&M, A&G, Interest and Finance Charges and other operational expenses. With reduction in the billing and collection efficiency catering to such expenses was a challenging task for HPSEBL which enhanced its financial stress.
  - HPSEBL had received multiple notices from its Consumers referring to the above Clause 'E' in the General Conditions of Tariff, for waiver or reduction of fixed charges or demand charges.
- Other than the difficulties faced by the Petitioner as mentioned above the Petitioner also had provided relief measures to the electricity Consumers to cope with the situation which are as follows:
  - Deferment of payment of demand charges specific to Industrial, Commercial and Agricultural Consumers for the bill of May'20 and June'20, which were recovered in three instalments starting from July'20 to Sep'20. Late payment was not recovered from the Consumers for the said period.
  - The demand charges for registered hotels and restaurants were waived off for 6 months starting from April'20 to Sep'20, thus providing relief to the Consumers.
  - The due date for payment of bills of March'20 was extended up to 30th April'20 without late payment surcharge.
  - Rebate of 1% of the bill amount subject to Rs. 10,000/- for bill payment on or before due date for the bill of May'20 and June'20 for industrial, commercial, and agricultural Consumers was provided.
  - Rebate of Rs. 10/- per bill was given to domestic Consumers for digital payment.
  - No disconnection of electricity supply for non-payment of electricity dues till 30th June'20.

11.17.2 Accordingly, the Petitioner has requested the Commission to take cognizance of the likely impacts of the above-mentioned situations and take a lenient view in this regard and allow the Provision of Rs. 50 Cr towards COVID relief fund for FY 2020-21 considering the event of nationwide lockdown on account of COVID-19 pandemic as a Force Majeure event in regard to clause "(11-a) Force majeure" HPERC Tariff Regulations 2011.

11.17.3 The Commission asked the Petitioner to provide a detailed working to substantiate its claim of Rs. 50 Cr.

11.17.4 In response to the query the Petitioner submitted that HPSEBL vide office order no. HPSEBL/CE(Comm.)/S-4/2020-774-1123 dated 22.4.2020 has extended various COVID-reliefs to Consumers which had financial implications. The details of reliefs along with associated financial implications are as follows:

  - The payment of electricity bills raised in the months of March for the consumption of Feb,2020 and in the month of April 2020 for the consumption of March 2020 was already extended vide office order dated 21.3.2020 and 13.4.2020 up to 24.4.2020. However, the payment date of same bills were further extended up to 30.4.2020 without levy of late payment surcharge.

- The Petitioner further submitted that the bills to be raised in the month of May 2020 for the consumption of April 2020 will be payable up to 31.5.2020 without levy of late payment surcharge. Accordingly, the financial implication due to waiver of late payment surcharge amounting to Rs. 4.56 Crore.
- The payment of demand charges in respect of industrial, commercial and agriculture Consumers for the consumption of April 2020 was billed in May 2020 and for the consumption of May 2020 was billed in June, 2020 which got deferred till 30.6.2020. These charges were recovered in 3 equal instalments during the months of July, August and September 2020. Accordingly, the financial implication due to waiver of late payment surcharge amounting to Rs. 4.25 Crore.
- Further, the Petitioner has submitted that there are other financial implications of Rs. 1.18 Cr, Rs. 5.50 Cr and Rs. 74.81 Cr on account of rebate provided to domestic/industrial and Commercial Consumers, concession to tourism sector and working capital loan availed by the Petitioner respectively.

11.17.5 Thus, the total financial implication on account of COVID induced lockdown is Rs. 90.30 Cr as submitted by the Petitioner.

11.17.6 Further, the Petitioner in reply to a quey raised by the Commission has mentioned that average realization of revenue of HPSEBL during the pre-COVID months turned out to be Rs. 425 Cr. to Rs. 430 Cr. However, during the months of Mar-20, April-20, May-20 and June-20, the revenue realization of HPSEBL drastically reduced to Rs. 362.27 Cr., Rs. 249.50 Cr and Rs. 355.50 Cr., respectively, thus affecting the working capital requirements. However, HPSEBL had to meet the fixed cost obligations which includes, fixed component of power purchase cost, finance cost, employee expenses, etc. Thus, working capital requirement of HPSEBL increased, which was met through short term borrowings. Accordingly, the Petitioner has requested the Commission to allow the additional interest on working capital due to COVID-19 pandemic of Rs. 16.55 Crores for FY 2020-21.

11.17.7 The Commission scrutinized the submissions made by the Petitioner and in lieu of the discussion held during TVS meeting, the Commission acknowledges the unprecedented situation caused due to the COVID-19 pandemic and in cognizance to the difficulties faced by the Petitioner and relief measures, the Commission has allowed the following provision towards COVID relief fund in the true-up of FY 2020-21.

- The Commission finds merit in the submissions made by the Petitioner and has allowed financial implications of Rs. 1.90 Cr and 1.88 Cr on account of deferred charges and late payment of bills without any penalty. However, the Commission has considered interest rate specific to working capital for calculating the financial implications.
- Further, the Commission is of the viewpoint that the relief sought by the Petitioner on account of rebate provided to domestic/industrial and Commercial Consumers, concession to tourism sector has been accounted for in the revenue of FY 2020-21 and hence no separate relief is required to be provided in this regard.
- COVID induced lockdown impacted the overall revenue realization while the total amount payable against power purchase and other aspects continued to remain resulting in working capital challenges for the

Petitioner. Hence the Commission has allowed additional interest on the differential amount in monthly revenue realization and monthly expense during the initial months as per the working capital rate of interest to meet the cash deficit. Accordingly, a relief of Rs. 10.25 Cr on account of this has been provided.

11.17.8 Thus, the Commission has allowed a total relief of Rs. 14.04 Cr on account of COVID induced lockdown as against the provisional amount of Rs. 50 Cr. approved earlier.

11.17.9 The trued-up ARR for FY 2020-21 as approved by the Commission after considering the approved adjustments is as below:

Table 222: Final Approved ARR after Adjustments for FY21 (Rs. Cr.)

Particulars	Approved
Aggregate Revenue Requirement	**5,608.64**
Add:	
(i) True-up Revenue Gap for FY18	(354.03)
(ii) Provision towards COVID Relief Fund	14.04
(iii) Provisioning of Past SJVNL payables	-
Total ARR including adjustments	**5,268.64**

11.18 Revenue Gap

11.18.1 The Revenue Gap/Surplus for FY 2020-21 based on the approved trued-up costs and revenues of HPSEBL is as determined below:

Table 223: Approved Revenue Gap for FY21 (Rs. Cr.)

Particulars	HPSEBL's Submission	Trued-up Surplus/(Gap)
Total ARR including adjustments	**5,399.33**	**5,268.64**
Revenue		
Revenue from sale of power within state	4,969.18	4,969.18
Revenue from sale of power outside state	766.36	755.56
Total Revenue	**5,735.54**	**5,724.74**
Revenue Surplus/(Gap)	**336.21**	**456.10**

11.18.2 Based on the truing-up of ARR for FY 2020-21, the Commissions approves a revenue surplus of Rs. 456.10 Cr.

11.19 Carrying Cost

11.19.1 The Petitioner has requested for approval of the revenue gap along with carrying cost as per the provisions of clause (2) of Regulations 11 as amended by HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) (Third Amendment) Regulations, 2018.

11.19.2 As per the Regulation 11(2), carrying cost is to be provided as below:

"(2) The distribution licensee, for the approved true-up of any year over and above that approved in the Tariff Order for that year, shall be entitled to a carrying cost at one (1) Year weighted average State Bank of India (SBI) MCLR / any replacement thereof as notified by RBI for the time being in effect applicable for one (1) Year period of the relevant Year 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."

11.19.3 The Commission has determined the revenue surplus/ gap for FY 2020-21 in this Order. The approved revenue surplus/gap has been carried forward along with carrying cost for adjustment in ARR for FY 2022-23. The computation of carrying cost and cumulative revenue surplus/ (gap) is summarized in table below:

Table 224: Approved Carrying Cost for Revenue Surplus/ (Gap) (Rs. Cr.)

Particulars	FY21	FY22
Opening Gap	0.00	479.07
Surplus/ (Gap) on account of truing-up of uncontrollable parameters	456.10	-
Closing	456.10	479.07
Interest Rate for Carrying Cost	10.07%	10.00%
Carrying Cost	22.97	47.91
Total (Gap)/Surplus	**479.07**	**526.98**

11.19.4 The revenue surplus with carrying cost based on the true-up of FY 2020-21 has been adjusted in the ARR for FY 2022-23 in the subsequent Chapter.

12 True-up of Controllable parameters of the Third MYT Control Period (FY2015-FY2019)

12.1 Background

12.1.1 HPSEBL has submitted a petition for true-up of the controllable parameters for the Third MYT Control Period (FY 2015-FY 2019) on the basis of difference between the audited accounts and approved controllable parameters in the MYT Order for the Third Control Period (FY 2015-FY 2019) dated 12th June 2014. The submission for truing-up is for the distribution business only and capitalization in generation business has been excluded as part of this true-up. The Commission shall consider the truing-up of the controllable parameters of generation business for the Third Control Period along with the mid-term review of generation business based on availability of information.

12.1.2 As per Regulation 11 (1) (b) of the HPERC MYT Regulations, 2011

11. True Up

(b) for controllable parameters -

(I) any surplus or deficit on account of the O&M expenses shall be to the account of the licensee and shall not be trued up in ARR unless such is treated as uncontrollable by the Commission in accordance with these regulations;

(II) any surplus or deficit on account of the distribution losses shall be shared between the licensee and the Consumers in accordance with these regulations;

(III) during mid-term performance review and during the end of the control period true up –

(i) O&M expenses treated as uncontrollable may be trued-up on the basis of actual/ audited information and prudence check by the Commission;

(ii) any surplus or deficit on account of variations in the costs and targets of distribution losses treated as uncontrollable, may be trued-up on the basis of actual/ audited information and prudence check by the Commission and shall be shared between the licensee and the Consumers in accordance with these regulations;

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

(iv) 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."

12.1.3 The truing-up of uncontrollable parameters has been already undertaken by the Commission in the previous Tariff Orders along with truing-up on account of O&M expenses and distribution losses for the Third Control Period. However, the Commission has not undertaken any true up of controllable parameters like depreciation, interest & finance charges, return on equity etc. in absence of audited accounts for the entire Third Control Period and inadequate information with regard to the capitalization.

12.1.4 The Petitioner had submitted for truing-up of Controllable parameters for the third Control Period along with the petition for 2nd APR for the fourth Control Period. Based on the submissions of the Petitioner, it was observed that the information provided for truing-up of controllable parameter was deficient in several aspects like unavailability of audited accounts for FY 2018-19, scheme-wise expenditure, capitalization, sources of funding, etc.

12.1.5 In view of the unsatisfactory and invalidated information, the Commission did not undertake truing-up of controllable parameters for the third Control Period in the previous Order and had directed HPSEBL to attend to the following discrepancies and submit the revised claim along with the Mid-Term Performance Review petition. Relevant extract of the previous order is as below:

"8.1.5 Also, during scrutiny of the Petitioner's submission with regard to truing-up of controllable parameters for third Control Period, it is observed that there are several aspects which have resulted in unreasonable claim amount by the Petitioner. The Commission is highlighting these aspects and directs the Petitioner to amend its claim and align the same with the provisions of the MYT Regulations 2011 while resubmitting its claim post availability of audited accounts for FY 2018-19:

a. Certification of commissioning from Electrical Inspector towards transmission works (EHT and HT) capitalized during each year of the Control Period.

b. IDC amount recovered from users and utilized for specific capitalization.

c. Depreciation has not been computed in line with the depreciation rates prescribed in the regulations resulting in significantly large amount of claim towards depreciation

d. Claim towards interest and finance charges is not in line with the provisions of the MYT Regulations 2011. Also, loan outstanding are not in line with the closing balances of second Control Period

e. Details with respect to loans undertaken and cost of loans during the third Control Period have not been provided

f. Elements such as interest towards non-capex loan, interest on GPF, rebate on timely payment, etc. claimed under interest and finance charges do not qualify under the head of interest and finance charges which are towards loans undertaken for capex schemes.

g. With regards to claim amount of RoE, the opening balance of equity for third Control Period does not reconcile with the approved closing balance of previous year.

Also, Petitioner has considered total equity as against equity towards capitalized schemes only, as per MYT Regulations 2011, for the purpose of RoE computation.

h. The supporting documents with respect to equity and loans have to be summarized along with key supporting documents to ensure proper validation."

12.1.6 With respect to the truing-up of controllable parameters for the third Control Period incorporated in the Mid-Term Performance Review Petition filed by HPSEBL, it is observed that while the Petitioner has not been able to provide detailed information for the schemes and works commissioned during the third Control Period, the audited accounts for each year are available and details provided are broadly sufficient to conclude the truing-up which is pending since long. Therefore, the Commission feels that there is no reason to further delay the truing-up of the Controllable parameters of the third Control Period for distribution business.

12.1.7 The Commission has reviewed the capital investment, capitalisation, depreciation, interest cost and return on equity for each year of the third MYT Period (FY 2015-FY 2019) for the distribution business of the HPSEBL and has finalised the true up based on the MYT Regulations 2011, information submissions, necessary clarifications submitted by the licensee and views expressed by the stakeholders.

12.2 Capital Investment and Capitalization

12.2.1 The details of actual capitalization submitted by the Petitioner for the third Control Period i.e. FY 2015-FY 2019 as compared with the approved capitalization is summarized in table below:

Table 225: Approved vs Actual Capitalization submitted by the Petitioner for third Control Period (Rs. Cr.)

Particulars	FY15	FY16	FY17	FY18	FY19	Total
MYT Approved Capitalization	286	426	551	615	637	**2,514**
Actual Claimed Capitalization	401	421	429	478	378	**2,107**

12.2.2 The Petitioner was asked to reconcile the amount of capitalization claimed for distribution business each year with the audited accounts. In response the Petitioner submitted the following details:

Table 226: Reconciliation of Capitalization claimed for distribution business with audited accounts for third Control Period (Rs. Cr.)

Particulars	FY15	FY16	FY17	FY18	FY19	Total
Distribution Wing	209.56	300.21	266.15	316.74	242.06	**1,334.72**
ES Wing	143.14	121.02	162.74	152.72	72.20	**651.82**
Generation Wing	0.95	4.38	86.44	172.13	22.37	**286.27**
CE (PCA)/ Mtc.	(6.33)	71.60	(3.29)	(0.31)	(74.08)	**(12.41)**
CE (System Operation)	1.09	0.06	0.10	(1.76)	0.84	**0.33**
HO	47.69	-	(0.23)	2.60	3.77	**53.83**
Sub-total as per accounts	**396.10**	**497.27**	**511.91**	**642.12**	**267.16**	**2,314.57**
Less:						
Generation Wing	0.95	4.38	86.44	172.13	22.37	**286.27**

Particulars	FY15	FY16	FY17	FY18	FY19	Total
CE (PCA)/ Mtc.	(6.33)	71.60	(3.29)	(0.31)	(74.08)	**(12.41)**
Sub-total of Generation	**(5.38)**	**75.98**	**83.15**	**171.82**	**(51.71)**	**273.86**
Add: Intangible Assets	-	-	-	7.84	58.94	**66.78**
Capitalisation claimed for Distribution Business	**401.48**	**421.29**	**428.76**	**478.14**	**377.81**	**2,107.49**

12.2.3 As the amount of capitalization claimed for distribution business reconciled with the audited accounts for each year after excluding the capitalization on account of generation business, the total capitalization of Rs. 2,107.49 Cr. is approved by the Commission for the truing-up of the third Control Period.

12.2.4 The Petitioner has also provided summary of the various schemes / works which have been capitalized during the third Control Period FY 2015-FY 2019 which is summarized below:

Table 227: Summary of Schemes Capitalized during third Control Period (Rs. Cr.)

Sl.	Particulars	FY15	FY16	FY17	FY18	FY19
A	**OP Wing**					
	Distribution scheme works (33 kV & below)	25.76	55.06	54.60	37.87	45.59
	Replacement works	34.74	42.18	37.37	28.11	28.58
	Consumer Services and Electrification (Rural Electrification)	57.13	59.50	68.13	73.44	75.32
	Civil works	0.53	-	-	-	-
	REC Funded	-	0.12	-	-	-
	Centrally sponsored Schemes	34.89	86.54	41.48	111.69	29.03
	Tribal Area sub Plan (GOHP)	0.01	-	-	-	-
	Schedule caste Sub plan (GOHP)	3.75	3.07	3.33	1.72	0.26
	BASP	-	0.07	-	-	-
	BRGF	-	-	-	-	-
	Deposit Works	47.91	50.73	58.38	57.14	60.16
	OLd T&D Scheme	3.43	1.24	-	-	-
	Other Works	1.41	1.70	2.86	6.77	3.12
	Sub-Total OP Wing	**209.56**	**300.21**	**266.15**	**316.74**	**242.06**
B	**ES Wing**					
	R-APDRP PART B	-	87.85	62.01	-	-
	PSDF	-	-	-	8.27	2.87
	Tribal Scheme	-	-	9.67	7.48	-
	REC Scheme	-	28.35	59.00	95.47	53.93
	Deposits	143.14	-	26.44	15.83	13.66
	Others	-	4.82	5.62	25.67	1.74
	Sub-Total ES Wing	**143.14**	**121.02**	**162.74**	**152.72**	**72.20**
C	**HO Works**					
	R-APDRP PART A	47.69	-	-	-	0.29
	Smart Grid Kala Amb	-	-	-	-	0.88
	Others	-	-	(0.23)	2.60	2.60
D	**Sub-total HO Works**	**47.69**	**-**	**(0.23)**	**2.60**	**3.77**
E	**System Operations**	**1.09**	**0.06**	**0.10**	**(1.76)**	**0.84**
F	**Intangible /Software**	**-**	**-**	**-**	**7.84**	**58.94**
G	**Grand Total (A+B+C+D+E+F)**	**401.48**	**421.29**	**428.76**	**478.14**	**377.81**

12.2.5 While the Petitioner has been unable to submit the details of works carried out under the various schemes and capitalized during the period, the Commission has considered the break-up of amount capitalized under various schemes as proposed by the Petitioner which on an overall basis reconciles with the audited accounts of each year. In view of the above approved capitalization and considering the closing GFA at the end of second Control Period, the Commission approves the following opening and closing GFA for each year of the third Control Period:

Table 228: Approved Capitalization and Trued-up GFA for Third Control Period (Rs. Cr.)

Particulars	FY15	FY16	FY17	FY18	FY19
Opening GFA	3,965.08	4,366.56	4,787.85	5,216.61	5,694.75
Addition: Capitalization	401.48	421.29	428.76	478.14	377.81
Closing GFA	4,366.56	4,787.85	5,216.61	5,694.75	6,072.56

12.3 Funding of Capitalization

12.3.1 With respect to funding of the capitalization under various schemes, the Petitioner has not provided any details as part of written submission. However, as per the workings shared, it is observed that the following funding pattern has been utilized by the Petitioner:

Table 229: Funding of Scheme-wise Capitalization as submitted by the Petitioner for third Control Period

Schemes	Debt	Equity	Grant	Consumer Contribution
OP Wing				
Distribution scheme works (33 kV & below)	90%	10%		
Replacement works	90%	10%		
Consumer Services and Electrification (Rural Electrification)	90%	10%		
Civil works		100%		
REC Funded	90%	10%		
Centrally sponsored Schemes				
RGGVY	10%		90%	
R-APDRP (Part- A)	90%	10%		
R-APDRP (Part- B)	90%	10%		
PMGY			100%	
DDUGJY	10%	5%	85%	
Tribal Area sub Plan (GOHP)			100%	
Schedule caste Sub plan (GOHP)			100%	
BASP			100%	
BRGF			100%	
Deposit Works				100%
Old T&D Scheme		100%		
REC Works	90%	10%		
ES Wing				
R-APDRP PART B	90%	10%		
PSDF			100%	
Tribal Scheme			100%	
REC Scheme	90%	10%		
Deposits				100%

Schemes	Debt	Equity	Grant	Consumer Contribution
Others (Misc)		100%		
HO Works				
R-APDRP PART A		10%	90%	
Smart Grid Kala Amb	44%	19%	37%	
Others (IT Scheme)	10%	5%	85%	
System Operations		100%		
Software		100%		

12.3.2 It is observed that for a number of schemes the funding pattern considered by the Petitioner was erroneous. In case of R-APDRP Part A and Part B, debt has been considered as 90% and equity as 10%. However, as per the scheme guidelines the debt was convertible to grant in case of R-APDRP Part B while in case of Part A it is convertible to 100% grant. For several schemes including system operation, software, Misc schemes under HO, etc, the Petitioner has considered 100% as equity. However, it is not in line with the provisions of regulations.

12.3.3 Based on the various queries raised by the Commission with respect to the basis for consideration of funding pattern for R-APDRP scheme, the Petitioner responded:

"In this context, it is submitted that initially the RAPDRP A and B has been sanctioned as a 100% loan and the same are to be converted as mix of grant/loan after achievement of the benchmark devised in the scheme. Since, the said scheme has not been converted into grant till date and the same has been shown as loan. Further, in process of conversion of loan into grant under RAPDRP scheme, PFC has appointed M/s Pranat Engineers as Third Party Independent Evaluation Agency, the requisite documents showing year wise town level and utility level AT&C loss figures stands shared with PFC and M/s Pranat Engineers, same is enclosed herewith as Annexure D3c for ready reference.

In this context, it is submitted that HPSEBL is continuously honoring the principal and interest on the said loans strictly in terms of the scheme guidelines. Moreover, as per the scheme methodology, the funds disbursed under the RAPDRP schemes are to be recognized as loan till the recognition of the same as grant by the Monitoring Committee established by the GoI. The yearly principal repaid and interest charges paid for RAPDRP A and RAPDRP B schemes is enclosed as Annexure G5f."

12.3.4 It is understood that the funding towards R-APDRP schemes was initially in the form of loan which was to be converted to grant later and therefore, the Petitioner would be entitled for reimbursement of interest and repayment made with respect to these schemes. However, the Commission in its MYT Order dated 29.06.2019 has also mentioned the following:

"The licensee shall ensure timely completion and compliance of the loss reduction targets as well as various other conditions associated with R-APDRP and RGGVY schemes. In case the licensee fails to get any loan converted into grant as per the provision of R-APDRP due to non-compliance of any condition, the Commission shall not allow any such loan as pass through in the ARR."

12.3.5 Therefore, the Commission has considered the amount convertible to grant as per the guidelines of the scheme. Also, during the TVS, the Petitioner submitted that the balance amount under Central Govt. schemes such as R-APDRP was also arranged as counterpart funding from respective nodal agency i.e. REC and therefore, 90% of the amount has been considered as grant and balance 10% funding has been considered as debt for works carried out under R-APDRP Part B scheme.

Table 230: Funding of Scheme-wise Capitalization as approved by the Commission for third Control Period

Schemes	Debt	Equity	Grant	Consumer Contribution
OP Wing				
Distribution scheme works (33 kV & below)	90%	10%		
Replacement works	90%	10%		
Consumer Services and Electrification (Rural Electrification)	90%	10%		
Civil works	70%	30%		
REC Funded	90%	10%		
Centrally sponsored Schemes				
RGGVY	10%		90%	
R-APDRP (Part- A)			100%	
R-APDRP (Part- B)	10%		90%	
PMGY			100%	
DDUGJY	10%	5%	85%	
Tribal Area sub Plan (GOHP)			100%	
Schedule caste Sub plan (GOHP)			100%	
BASP			100%	
BRGF			100%	
Deposit Works				100%
Old T&D Scheme	70%	30%		
REC Works	90%	10%		
ES Wing				
R-APDRP PART B	10%		90%	
PSDF			100%	
Tribal Scheme			100%	
REC Scheme	90%	10%		
Deposits				100%
Others (Misc)	70%	30%		
HO Works				
R-APDRP PART A			100%	
Smart Grid Kala Amb	44%	19%	37%	
Others (IT Scheme)	10%	5%	85%	
System Operations	80%	20%		
Software				
R-APDRP Part A			100%	
SAP ISU	90%	10%		
SAP ERP	15%		85%	

12.3.6 With respect to submission of the Petitioner that initially there is a requirement to repay the loan and interest until the amount is converted to grant, the Commission is of the view that the repayment of loans and interest made towards the scheme, which would be reimbursed at a later stage, would result in temporary working capital requirements for the utility. Therefore, carrying cost to the extent of the amount of interest and principal payment made annually towards R-APDRP Part A and B schemes has been provided to compensate the Petitioner for such additional working capital requirement.

Table 231: Carrying cost for amount paid towards repayment of principal and interest on R-APDRP Part A and B schemes (Rs. Cr.)

Particulars	FY15	FY16	FY17	FY18	FY19
Opening	-	11.08	46.19	68.24	118.62
Principal Payment					
R-APDRP Part A	10.38	11.63	7.53	16.55	14.53
R-APDRP Part B	-	5.69	0.92	7.52	9.91
Interest Payment					
R-APDRP Part A	-	5.94	3.63	11.01	1.78
R-APDRP Part B	-	8.34	3.09	4.35	25.82
Closing	10.38	42.69	61.37	107.69	170.65
Rate of Interest	13.50%	13.04%	12.79%	12.43%	12.43%
Interest Amount	**0.70**	**3.50**	**6.88**	**10.93**	**17.98**

12.3.7 Under the intangible assets, the Petitioner had claimed 100% funding through equity. On clarification, the Petitioner mentioned that intangible assets were procured under various schemes and as per following funding mechanism - a) RAPDRP (Part-A): 90% PFC loan convertible to Grant and 10% Equity/Loan b) SAP-ISU Billing: 90% REC loan under comprehensive IT scheme and 10% own resources c) SAP-ERP: 85% loan convertible to grant and 15% own resources.

12.3.8 The Commission has accordingly modified the funding of various IT works in view of the fact that most of these funds were in form of grants or to be converted to grants and for balance amount counterpart funding was availed by HPSEBL through the nodal agency.

12.3.9 Based on the scheme-wise determination of funding, the Commission has approved the funding for the capitalization of schemes during the third Control Period as below:

Table 232: Funding Requirement and Approved Sources of Funding for Third Control Period (Rs. Cr.)

Particulars	FY15	FY16	FY17	FY18	FY19
Funding Requirement	**401.48**	**421.29**	**428.76**	**478.14**	**377.81**
Funding Break-up					
Debt	113.55	188.76	210.89	254.98	224.51
Equity	13.49	20.65	23.93	30.14	25.92
Grant	83.38	161.15	109.12	120.05	53.57
Consumer Contribution	191.05	50.73	84.82	72.97	73.81
Total	**401.48**	**421.29**	**428.76**	**478.14**	**377.81**

12.4 Depreciation

12.4.1 The Petitioner in its submission has considered the closing GFA as approved by the Commission in the true-up for second Control Period and have applied the depreciation rates on the average gross fixed assets for each year for arriving at the depreciation. Also, assets funded through grants, Consumer contribution or capital subsidy has been excluded for computation of depreciation. The following submission has been made by Petitioner with respect to depreciation:

Table 233: Proposed Depreciation for Third Control Period (Rs. Cr.)

Particulars	FY15	FY16	FY17	FY18	FY19
Depreciation approved in MYT Order	62.74	70.27	80.90	93.90	107.91
Actual depreciation	95.03	109.82	118.58	131.25	128.24
Difference (+/-)	**32.29**	**39.55**	**37.68**	**37.35**	**20.33**

12.4.2 During review of the depreciation claimed, it is observed that the Petitioner has not considered the aspect of accumulated depreciation on the assets which may have been outlived their useful life as prescribed under the regulations and therefore have been fully depreciated. During TVS, Petitioner was asked to provide the FAR for ascertaining the quantum of such assets. However, the Petitioner responded that the preparation of FAR is still under progress and would take time as records for old assets are not available. However, Petitioner claimed that the depreciation for new assets should be allowed as per the rates of depreciation prescribed in the MYT Regulations 2011.

12.4.3 In absence of relevant information, the Commission has considered a depreciation rate of 2.5% on the opening assets for FY 2015 while for capitalized assets during the third Control Period, depreciation rate in line with the regulations have been considered for working out a weighted average rate of depreciation. Accordingly, the Commission has revised the depreciation for each year of the third Control Period based on the approved year-wise capitalization and approach discussed above. Further, the depreciation on assets created out of grants, deposit works and Consumer contribution have been reduced as per Regulation 23 of the MYT Tariff Regulations, 2011.

12.4.4 The revised depreciation now approved by the Commission is as below:

Table 234: Trued-up Depreciation for Third Control Period (Rs. Cr.)

Particulars	FY15	FY16	FY17	FY18	FY19
Depreciation on Assets prior to third Control Period					
Opening Assets	3,965.08	3,965.08	3,965.08	3,965.08	3,965.08
Rate of depreciation	2.50%	2.50%	2.50%	2.50%	2.50%
Depreciation on Assets	99.13	99.13	99.13	99.13	99.13
Less: Depreciation on Assets created out of grants/ deposit works	37.73	37.73	37.73	37.73	37.73
Net Depreciation on Assets prior to third Control Period	**61.40**	**61.40**	**61.40**	**61.40**	**61.40**
Depreciation on Assets added during third Control Period					
Opening	-	401.48	822.77	1,251.53	1,729.67
Addition	401.48	421.29	428.76	478.14	377.81

Particulars	FY15	FY16	FY17	FY18	FY19
Closing	401.48	822.77	1,251.53	1,729.67	2,107.48
Weighted Avg. Rate of Depreciation	5.17%	4.65%	4.38%	4.20%	4.23%
Depreciation on Gross Assets	10.37	28.44	45.45	62.67	81.12
Less: Depreciation on Assets created out of grants/ deposit works	7.09	17.67	25.56	32.66	39.61
Net Depreciation on Assets capitalized in third Control Period	**3.28**	**10.77**	**19.89**	**30.01**	**41.50**
Total Depreciation	**64.68**	**72.17**	**81.29**	**91.41**	**102.90**

12.5 Interest Costs

12.5.1 The Commission had approved interest on new loans towards capitalization in each Control Period in the MYT Order for third Control Period as below:

Table 235: Approved Interest on Capital Loans in the MYT Order for Third Control Period (Rs. Cr.)

Particulars	FY15	FY16	FY17	FY18	FY19
Loans for FY 09-FY11	4.86	3.72	2.57	1.43	0.43
Loans for FY 12-FY14	88.10	76.87	65.64	54.42	43.19
Loan Schedule FY15-FY19	13.07	44.17	85.04	131.00	175.12
Total	**106.03**	**124.76**	**153.25**	**186.85**	**218.74**

12.5.2 The Petitioner has claimed complete interest amount based on audited accounts which includes several short-term loans, loans against non-capitalized assets and other bonds issued in the past.

12.5.3 The Commission for the purpose of truing-up for the interest cost of loans during the third Control period has considered the closing loan balances of previously trued-up second Control Period and have considered the weighted average rate of interest based on the details of opening, closing, addition, repayment, interest paid, etc. details of capital loan submitted by the Petitioner. With respect to the approved capitalization for the third Control Period, the Commission has considered the loan component of funding requirement each year.

12.5.4 Also, it is observed that the Petitioner’s loans were restructured under UDAY scheme during FY 2017. The Commission had considered an amount of Rs. 536.07 Cr. to be restructure towards the capital loans of the Petitioner and therefore allowed interest on the same in line with the rate of the bonds issued in the MYT Order for fourth Control Period dated 29.6.2019.

12.5.5 Accordingly, the Commission has adjusted the loan balances in FY 2017 to true-up the interest cost of the Petitioner as summarized below:

Table 236: Trued-up Interest on Capital Loans for Third Control Period (Rs. Cr.)

Particulars	FY15	FY16	FY17	FY18	FY19
Interest on Capex Loans					
Opening	458.09	503.36	608.71	180.15	308.45
Addition	113.55	188.76	210.89	254.98	224.51
Repayment	68.29	83.40	103.38	126.68	147.84

Particulars	FY15	FY16	FY17	FY18	FY19
Closing	503.36	608.71	716.22	308.45	385.12
Less: UDAY Bonds			536.07		
Interest Rate	12.19%	12.17%	11.98%	11.59%	10.99%
Interest Expense on Capex Loans	**58.59**	**67.69**	**74.44***	**28.31**	**38.10**
Interest on UDAY Bonds					
Opening	-	-	-	536.07	536.07
Addition	-	-	536.07	-	-
Repayment	-	-	-	-	-
Closing	-	-	536.07	536.07	536.07
Interest Rate	-	-	7.88%	7.88%	7.88%
Interest Expense on UDAY bonds	-	-	**3.59***	**42.24**	**42.24**
Total Interest Cost	**58.59**	**67.69**	**78.03**	**70.56**	**80.34**

**interest cost is adjusted considering part of loans were converted to UDAY bonds as on 28th Feb 2017*

12.6 Return on Equity

12.6.1 The Commission had not considered any equity addition during the third Control Period in the MYT Order. As per the funding pattern approved for the capitalization discussed in the previous section and closing balance of equity as per the true-up of second Control Period, the Commission has recomputed the return on equity towards the distribution business of HPSEBL.

12.6.2 Also, the Commission sought information with respect to amount of IDC utilized by the Petitioner towards the funding of works during the third Control Period. In response, the Petitioner submitted the following:

Table 237: Petitioner submission of IDC amount utilized during Third Control Period (Rs. Cr.)

Particulars	FY15	FY16	FY17	FY18	FY19
Opening	102.32	133.62	158.37	174.97	201.50
Receipt/ addition	37.10	36.03	23.16	53.16	34.48
Utilisation	5.80	11.28	6.56	26.63	4.23
Closing	133.62	158.37	174.97	201.50	231.75

12.6.3 It is observed that an amount of Rs. 54.50 Cr. has been utilized for funding of capex requirements by the Petitioner. Accordingly, the Commission has adjusted the amount of IDC utilized each year and computed the return on equity as below:

Table 238: Trued-up Return on Equity for Third Control Period (Rs. Cr.)

Particulars	FY15	FY16	FY17	FY18	FY19
Opening Equity	246.69	254.38	263.75	281.12	284.63
Addition	13.49	20.65	23.93	30.14	25.92
Less: IDC amount utilized	5.80	11.28	6.56	26.63	4.23
Closing Equity	254.38	263.75	281.12	284.63	306.32
Average Equity	250.53	259.06	272.43	282.87	295.47
Rate of Return	16%	16%	16%	16%	16%
RoE	**40.09**	**41.45**	**43.59**	**45.26**	**47.28**

12.7 Other Parameters

12.7.1 In addition to above, the Petitioner has also claimed additional aspects which are booked under finance charges and were not claimed in the annual truing-up exercise for respective years. Each of these elements are deliberated below:

Letter of Credit

12.7.2 As per Ministry of Power, distribution licensees are required to open and maintain Letter of Credit (LC) as Payment Security Mechanism under Power purchase Agreements by Distribution Licensees. Thus, DISCOMs have to ensure that the amount of Letter of Credit equals the power purchase requirement for the billing cycle. As the amount was reflected under finance charges, the Petitioner has not been claiming the amount earlier and has submitted it as part of truing-up of controllable parameters.

12.7.3 Since the LC is an integral part of power purchase cost, the same should be trued-up as per actual in each year. For third Control Period, the Commission is allowing the same as part of the additional financial costs based on documentary evidence and audited accounts provided by the Petitioner. The year-wise actual LC charges approved for the third Control Period is summarized below:

Table 239: Trued-up Letter of Credit Charges for Third Control Period (Rs. Cr.)

Particulars	FY15	FY16	FY17	FY18	FY19
LC charges	1.10	0.53	0.72	0.08	1.21

12.7.4 Also, the Commission has considered the same in truing-up for FY 2020 and FY 2021 as the same should not be considered as part of controllable parameters.

Rebate on timely payments

12.7.5 The Petitioner has claimed rebate on timely payments which pertains to "Rebate allowed for timely payment to Inter-state SOP Bulk Supply under bilateral agreement". In response to queries of the Commission, the Petitioner clarified that the amount pertains to rebates paid for sale of RE power corresponding to sale of surplus/ RE power, revenue for which is booked under "Revenue from sales" in the books of accounts. However, the rebates paid are reflected under "Finance Cost" in the books of accounts which have not been claimed by the Petitioner.

12.7.6 The Petitioner has submitted that it had inadvertently not claimed the rebates in the true-up of uncontrollable parameters for respective years. Also, as the benefits of sale of such power has been allowed to Consumers, the rebates paid to beneficiaries should also be allowed to the Petitioner.

12.7.7 The Commission sought information with respect to revenue earned from such sale corresponding which the rebate has been claimed. The following detail was submitted by the Petitioner:

Table 240: Detail of Rebate submitted by Petitioner (Rs. Cr.)

Financial Year	Revenue from RE sale (Rs. Cr.)	Rebate (Rs. Cr.)	Rebate (%)
2014-15	207.70	3.66	1.8%

Financial Year	Revenue from RE sale (Rs. Cr.)	Rebate (Rs. Cr.)	Rebate (%)
2015-16	368.50	7.66	2.1%
2016- 17	667.02	13.00	1.9%
2017- 18	506.82	10.19	2.0%
2018- 19	607.32	12.01	2.0%

12.7.8 After prudence check, the Commission approves the amount of rebate passed on to the beneficiaries by HPSEBL.

Other Finance Charges

12.7.9 The Petitioner has claimed other bank charges which pertain to transaction fees, cheque book charges, ledger folio charges, cash deposit charges, etc. The claim of the Petitioner with respect to other bank charges are as follows:

Table 241: Petitioner claim for Other Bank and Finance Charges for Third Control Period (Rs. Cr.)

Particulars	FY15	FY16	FY17	FY18	FY19
Cost of raising Finance & Bank Charges etc.	0.13	0.72	1.31	6.07	0.30
Other bank charges	0.38	0.30	0.31	0.45	0.32
Total Other finance charges	**0.51**	**1.02**	**1.62**	**6.52**	**0.62**

12.7.10 In view of the significant increase in other charges during FY 2018, additional queries were sought by the Commission. The Petitioner clarified that the claim of Rs. 6.52 Cr. for FY 2018 was erroneous, and the revised amount is Rs. 0.44 Cr.

12.7.11 The Petitioner clarified during the TVS that the utility does not pay any charges towards cost of raising finance for long term loans and the LC charges are included as part of the same code in the accounts. The Commission has approved the LC charges separately as per the claim of the Petitioner. Further, the Commission observed that the amount claimed towards other bank and finance charges (excluding cost of raising finance) are higher than the audited accounts in most of the years. Therefore, the Commission has considered lower of claimed and actual as per audited accounts while approving the other bank and finance charges.

Table 242: Comparison of Other Bank and Finance Charges claimed by Petitioner with Audited Accounts (Rs. Cr.)

Particulars	FY15	FY16	FY17	FY18	FY19
Total as per Petitioner's submission	0.51	1.02	1.62	0.89	0.62
Total as per account	0.26	0.30	1.14	0.45	1.58
Minimum	**0.26**	**0.30**	**1.14**	**0.45**	**0.62**

12.7.12 After prudence check, the Commission approves the following amount towards other bank and finance charges:

Table 243: Trued-up Other Bank and finance charges for Third Control Period (Rs. Cr.)

Particulars	FY15	FY16	FY17	FY18	FY19
Total other finance charges	0.26	0.30	1.14	0.45	0.62

12.8 Summary

12.8.1 The Commission has reviewed capitalization for the third Control Period FY 2015-FY 2019 and relevant associated parameters i.e. depreciation, interest and return on equity for each year. The table below summarizes the change in depreciation, interest and return on equity between the approved amount in the MYT Order for the third Control Period and now trued-up amount:

Table 244: Trued-up Controllable Parameters for the Third Control Period (Rs. Cr.)

Particulars	FY15	FY16	FY17	FY18	FY19
Approved in MYT Order					
Depreciation	62.74	70.27	80.90	93.90	107.91
Interest on Capital Loans	30.24	30.24	30.24	30.24	30.24
Return on Equity	106.03	124.76	153.25	186.85	218.74
Total	**199.01**	**225.27**	**264.39**	**310.99**	**356.89**
Trued-up Controllable Parameters					
Depreciation	64.68	72.17	81.29	91.41	102.90
Interest on Capital Loans	58.59	67.69	78.03	70.56	80.34
Return on Equity	40.09	41.45	43.59	45.26	47.28
Letter of Credit	1.10	0.53	0.72	0.08	1.21
Rebate on timely payments	3.66	7.66	13.00	10.19	12.01
Other bank charges	0.26	0.30	1.14	0.45	0.62
Carrying cost on repayment and interest cost towards R-APDRP Part A and B	0.70	3.50	6.88	10.93	17.98
Total	**169.09**	**193.30**	**224.65**	**228.88**	**262.34**
Difference - Surplus/ (Gap)	**(29.92)**	**(31.97)**	**(39.74)**	**(82.11)**	**(94.55)**

12.8.2 The above revenue surplus required to be adjusted in the ARR of FY 2023 and has therefore been carried forward along with carrying cost as detailed below:

Table 245: Approved Surplus/ (Gap) from truing-up of Controllable parameters for third Control Period along with carrying cost (Rs. Cr.)

Surplus / Gap	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22
Opening	-	31.94	70.16	121.41	223.72	351.95	391.22	430.62
Surplus / (Gap)	29.92	31.97	39.74	82.11	94.55			
Closing	29.92	63.91	109.90	203.53	318.27	351.95	391.22	430.62
Rate of Carrying Cost	13.50%	13.04%	12.79%	12.43%	12.43%	11.16%	10.07%	10.00%
Carrying Cost	2.02	6.25	11.51	20.19	33.68	39.27	39.41	43.06
Closing (with carrying cost)	31.94	70.16	121.41	223.72	351.95	391.22	430.62	473.68

12.8.3 The above surplus amount has been adjusted in the ARR for FY 2023 as detailed in Chapter 14.

13 Mid-term Performance Review of Fourth MYT Control Period

13.1 Background

13.1.1 As per the MYT Order for the fourth Control Period i.e. FY 2020-FY 2024, the Commission had projected the controllable and uncontrollable parameters and had approved the ARR for each year of the fourth Control Period along with Tariff for the first year i.e. FY 2020. Subsequently, the Commission had undertaken Annual Performance Review (APR) in the APR Orders for the subsequent years i.e. FY 2021 and FY 2022 wherein the uncontrollable parameters for the subsequent years were reviewed and any variations were accounted for in the revised ARR and corresponding revision in tariff.

13.1.2 HPSEBL has now filed for a Mid-Term Review (MTR) along with review of the ARR for FY 2023 and for the corresponding revision of tariff for FY 2023 in accordance with the provisions of the MYT Regulations, 2011 and its amendments.

13.1.3 The Commission has analyzed the MTR Petition based on the submissions of the Petitioner for the past years and actual information for current year as per availability.

13.1.4 The Commission held technical discussions to validate the data submitted by the Petitioner and sought further clarifications on various issues. The Commission has considered all information submitted by the Petitioner as part of the tariff petition, audited accounts for past years, responses to various queries raised during the discussions and also during the public hearing, for determination of tariff.

13.1.5 This chapter contains detailed analysis of the HPSEBL's Mid-Term Review for the distribution business of HPSEBL.

13.2 Approach of the Mid-Term Performance Review (MPR)

13.2.1 In accordance with the MYT Regulations, 2011 and amendments thereof, HPSEBL has filed petition for Mid-Term Review and Determination of ARR for FY 2023.

13.2.2 The HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) (Second Amendment) Regulations, 2013 inserted clause (dd) to Regulation 4 which provides for a Mid-Term Performance Review for the year after the mid-year of the Control Period to assess the variations,

*"(dd) **mid-term performance review (MPR)** shall be conducted for the year after the mid-year of the control period and shall comprise the annual*

performance review for that year on account of uncontrollable parameters and for the variations in performance on account of controllable parameters for the control period vis-à-vis the ARR approved in the first year of the control period;"

13.2.3 In addition to this, the HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) (Second Amendment) Regulations, 2013 also included the following proviso to Regulation 7,

"Provided further that, based upon abnormal variations in controllable parameters (distribution losses, operation and maintenance expenditure, financing cost and depreciation) and for reasons beyond the control of the distribution licensee, the Commission may, at the time of mid-term performance review, review the approved expenditure vis-à-vis the actual expenditure for these controllable parameters and revise the targets set for the balance years of the control period."

13.2.4 The Commission in the MYT Order for fourth Control Period (FY 2020 to FY 2024) dated 29th June 2019 had fixed the targets for controllable parameters for each year of the fourth Control Period (FY 2020 to FY 2024). As a result, the Commission in this Order, has undertaken a review of the actual performance as compared with the approved numbers in the MYT Order for the controllable parameters for the balance years of the Fourth Control Period as detailed in sections below:

13.3 Transmission and Distribution Losses

13.3.1 In the current petition, the Petitioner has requested for revision of T&D losses for the balance fourth Control Period. In this regard, the Petitioner has submitted that the actual loss achieved during third Control Period and that achieved during first two years of fourth Control Period are as below:

Table 246: Approved and Actual T&D loss submitted by the Petitioner

Particulars	Approved in MYT Order	Actual
Third Control Period		
FY 2014-15	12.80%	11.46%
FY 2015-16	12.60%	12.09%
FY 2016-17	12.40%	11.71%
FY 2017-18	12.20%	11.05%
FY 2018-19	12.00%	11.53%
Fourth Control Period		
FY 2019-20	10.30%	12.08%
FY 2020-21	10.10%	13.95%
FY 2021-22	9.90%	NA
FY 2022-23	9.70%	NA
FY 2023-24	9.50%	NA

13.3.2 The Petitioner has stated that the T&D loss trajectory is unachievable and has submitted the following reasons for revision of trajectory:

"The T&D loss target for FY19 as approved in the 3rd MYT Order dated 12.06.2014 was 12%, however, as per the T&D loss trajectory approved by HPERC for 4th Control Period, the target for FY 20 is 10.30%, that is, 1.70% reduction in T&D losses in 1 year. Thus, the trajectory approved by HPERC is highly skewed and is not pragmatic or achievable.

The trajectory of T&D losses as approved by HPERC vide MYT Order dated 29.06.2019, was submitted by HPSEBL considering the CAPEX investments of Rs. 6,229 Crore, which includes CAPEX of around Rs. 1,650 Crore on EHV works. However, HPERC approved CAPEX of Rs. 2473 Crore, including CAPEX of Rs. 544 Crore on EHV works. In addition to this, against New EHV works CAPEX Rs. 40.60 Crore was approved against the requisitioned CAPEX of Rs. 900 Crore. Thus, it is evident that while approving the CAPEX, HPERC curtailed the CAPEX from Rs. 6,229 Crore to Rs. 2,473 Crore, however, similar prudence and diligence was not followed by Hon'ble HPERC while approving the T&D losses trajectory for 4th MYT Control Period. Hence, the T&D loss trajectory approved by Hon'ble HPERC for 4th MYT Control Period needs to be reviewed and same needs to be aligned with the CAPEX allowed by Hon'ble HPERC for 4th MYT Control Period.

HPSEBL would like to highlight that consideration for higher AT&C losses due to COVID-19 pandemic have been approved by the respective State Commissions in other States also. For example, in Haryana, UHBVN and DHBVNL had submitted the Petition to Commission to reset the distribution loss trajectory for the control period of FY 2020-21 to FY 2024-25. The Haryana Electricity Regulatory Commission (HERC), due to the unprecedented situation arising out of COVID-19 had considered to peg the DISCOM's losses for FY 2021-22, assuming FY 2021-22 as the zero year and also revisit the loss at the time of True Up based on audited figures.

As per the Balance Sheet of HPSEBL, the cumulative losses as on 31.03.2021 are Rs. 1,700 Crore approximately and Petitioner is already reeling under severe financial crunch situation. Also, penalty to the tune of Rs. 34.22 Crore has already been imposed on Petitioner for FY 2020 on account of non-achievement of T&D loss target. Further, HPSEBL will not be able to achieve the T&D loss trajectory as approved in the MYT Order dated 29.06.2019, which shall result into penalties, thereby further adding to the cumulative losses of Petitioner. The cumulative losses are already at a very high level of Rs. 1700 Crore and further increase in the same may adversely impact the financial situation, operation efficiency and the very survival of HPSEBL."

13.3.3 Based on the above, the Petitioner has proposed the following loss trajectory:

Table 247: Revised T&D Loss targets proposed for 4th MYT Control Period

Particulars	FY20	FY21	FY22	FY23	FY24
T&D Loss approved in Tariff Order dated 29.6.2019	10.30%	10.10%	9.90%	9.70%	9.50%
Actual loss	12.04%	13.95%			
Revised T&D loss target			11.50%	11.25%	11.00%

13.3.4 In the MYT Order dated 29.06.2019, the Commission has the T&D losses proposed by the Petitioner in view of the significant year-on-year overachievement vis-à-vis the targets set by the Commission during the third Control Period. However, the T&D losses achieved by the Petitioner during the third control period has been quite range bound in spite of significant investments made by the Petitioner during the third Control Period.

13.3.5 Now, in the fourth control period the T&D losses have gone up significantly for the first two years for the reasons mentioned by the Petitioner as discussed above. The Petitioner has highlighted in its submission that the Commission should have done its due diligence before approving the T&D loss trajectory proposed by the Petitioner. In this regard, the Commission is of the view that the Petitioner should have taken adequate assessment of its actual losses before proposing the loss trajectory for future years and should not put the onus on the Commission for fixing the steep trajectory.

13.3.6 As per the Circle-wise information of T&D losses submitted by the Petitioner, it is observed that several Circles have high losses and therefore there is a significant scope was available for the Petitioner to reduce losses in these areas and improve its operational efficiency. In the MYT Order, the Commission had also given a directive to the Petitioner to have a roadmap for reducing losses in such high loss area:

"The Commission directs the Petitioner to submit quarterly T&D loss levels for all circles and divisions to the Commission. Further, the Petitioner is directed to identify circles / divisions with high T&D loss levels and prepare a roadmap for measures to be undertaken during the fourth Control Period for aligning the loss in these circles/ divisions with the average loss targets. The Petitioner should submit the roadmap with proposed actions to the Commission within three months from issuance of this Order."

13.3.7 However, no such roadmap was submitted by the Petitioner even after repetitive reminders and follow-up by the Commission. This reflects on poor planning and lack of focus for reduction of losses by the Petitioner.

13.3.8 It is observed that the T&D losses of the Petitioner during the third Control Period have been rangebound. Further, the T&D losses during first two years of fourth Control Period have been on an increasing trend including higher than 20% losses in several circles/ divisions. Therefore, the Petitioner must ensure that the T&D loss for all the circles are brought down within 20% range in the subsequent years of the fourth Control Period. In absence of the same, the Commission shall be constrained to additionally penalize the Petitioner with respect to higher than 20% losses for the respective circles

13.3.9 With respect to claim of Petitioner on disallowance of EHV system, the Commission has already made this clear that HPPTCL has been formed for the purpose of developing and strengthening the transmission network in the state and the Petitioner should work in close coordination with the STU for undertaking all such EHV works. Therefore, the Petitioner was obliged to plan the improvements required in the EHV network to ensure that it is able to achieve its loss targets.

13.3.10 The Commission is of the considered view that the T&D loss trajectory cannot be revised for the fourth Control Period. However, the Commission recognizes the unprecedented challenge caused due to COVID lockdown which resulted in shutdown of industries and commercial establishments during FY 2021 and FY 2022. The reduction of industrial and commercial sales at HT/EHT level and also other factors such as wheeling of surplus power to other circles and sale outside state resulted in increase in T&D loss for FY 2021.

13.3.11 The Commission feels it appropriate to allow relaxation of 3% over and above the approved T&D loss for FY 2021 and 1% for FY 2022. However, the Commission does not find any reason to revise the T&D loss targets for the balance years of the Control Period. The T&D loss targets for FY 2021 and FY 2022 are revised as provided in table below:

Table 248: Mid-Term Review-Approved and Adjusted T&D loss for Fourth Control Period

Particulars	FY20	FY21	FY22	FY23	FY24
T&D Loss approved in Tariff Order dated 29.6.2019	10.30%	10.10%	9.90%	9.70%	9.50%
Additional Relaxation on account of COVID		3.00%	1.00%		
Adjusted T&D loss target	10.30%	13.10%	10.90%	9.70%	9.50%

13.3.12 The Commission directs the Petitioner to undertake separate accounting for Transmission losses of its 66 kV and above network and Distribution losses of its 33kV and below network. Further, the Petitioner is also required to account for the HPPTCL network and own network losses separately.

13.4 Capital Expenditure

13.4.1 The Commission had approved total capital expenditure of Rs. 2,473 Cr and Capitalization of Rs. 2,636 Cr. for the Fourth Control Period in the MYT Order. The summary of the approved capital expenditure in the MYT Order is as provided in table below:

Table 249: MYT Order Approved Capital Expenditure for Fourth Control Period (Rs. Cr.)

Particulars	FY20	FY21	FY22	FY23	FY24
Approved Capital Expenditure	583.68	557.05	555.76	388.12	388.12
Approved Capitalization	568.63	564.00	560.71	491.67	450.25

13.4.2 In the Petition, HPSEBL has mentioned that it has been undertaking the capital investment plan as approved in the MYT Order. However, there has been significant delay in execution of capital expenditure works in the FY 2020-21 due to lockdown induced by COVID-19 pandemic.

13.4.3 Moreover, the Petitioner has submitted for capitalisation for new EHV schemes, in addition to approved capitalisation. The Commission sought details regarding the proposed schemes from the Petitioner to clarify whether prior approvals of the EHV schemes have been undertaken by the Petitioner. In response, the Petitioner provided the following details with respect to the proposed schemes:

Sl.	Particular	Status
1.	Scheme for construction of 220/66kV, 2x25/31.5MVA (Three Phase) GIS Sub-station at Nadokhar along with LILO of 220kV D/C Bhaba-	Approval has been conveyed vide letter No. HPERC/MYT4/CAPEX-HPSEBL/2020-210-211 dated

Sl.	Particular	Status
	Kunihar line and 66kV D/C line from proposed Sub-Station to LILO point of existing 66kV S/C line from Jutogh to Gumma.	22.04.2021.
2.	Scheme for providing additional 1x10MVA, 66/22kV Power Transformer at existing 2x10 MVA, 66/22kV Sub-Station Hulli (Kotkhai) under ES Division, HPSEBL, Shimla.	Approval has been vide letter No. HPERC-F(I)-15/2020-2959 dated 02.02.2021.
3.	Scheme for construction of 66kV D/C Transmission Line from 400/220/66kV Sub-Station Pragatinagar of HPPTCL to 66/22kV Sub-Station Hulli for LILOing of existing 66kV Sainj-Hulli Transmission Line.	Approval has been conveyed vide letter No. HPERC-MYT4/CAPEX-HPSEBL/2020-3132 dated 20.02.2021.
4.	Providing, erection, testing and commissioning of additional 1x80/100MVA, 220/132kV Three Phase Power Transformer along with 01 no. 220kV Transformer bay and 01 no. 132kV Transformer outgoing bay at 220/132/33kV Substation Girinagar.	Approval for the said scheme was conveyed by Commission earlier, however, vide letter No. HPERC/F(1)-23/2022-2882-83 dated 17.01.2022 the approval for this scheme has been withdrawn by HPERC and instead the scheme for providing additional 16 MVA, 132/33kV Power Transformer at Girinagar along with associated bays has been approved by HPERC.

13.4.4 Further, the Petitioner has requested the Commission to approve the inclusion of 29 Nos. schemes in the CAPEX Plan of 4th Control Period (FY 2020 to FY 2024) vide letter No. HPSEBL/CE-(Comm.)/SERC-45(Vol-VI)/2021-22-8747 dated 10.12.2021. Also, as part of additional submissions, the Petitioner has requested the Commission to approve the inclusion of another 22 schemes in the CAPEX Plan of fourth Control Period (FY 2020 to FY 2024).

13.4.5 Two more schemes vide addition submissions have been submitted by the Petitioner, the details of same are as below.

13.4.6 Thus, in totality the Petitioner vide letter No. HPSEBL/CE-(Comm.)/SERC-45 (Vol-VI)/2021-22-8747 dated 10/12/2021 has requested the Commission to approve the inclusion of 51 schemes amounting to Rs. 354.02 Crores to be executed in the remaining period (i.e., from FY 2022-23 to FY 2023-24) under “New s/s, augmentation, line & R&M” head of Capex plan approved in MYT Order dated 29.6.2019, wherein a provision of Rs. 200 Crores have been made for each year of the fourth Control Period.

13.4.7 The Commission has reviewed the details submitted by the Petitioner and in view of the urgency shown by the Petitioner, the Commission has already approved some of the works as listed vide letter No. HPERC-MYT/CAPEX/HPSEBL/VOL-II-3454-55 dated 15/03/2022. Details of approved capital expenditure with regard to the above works are as below:

SL.No.	OP Circle	Name of Scheme	Cost of Scheme (in Lacs)
1	Nahan	Scheme for new 33/11 kV, 2x3.15 MVA Sub-Station at Rukhree Shambhuwala under Electrical Division HPSEBL, Nahan	1403.86
2	Nahan	Schemes for Aug. of 33/11 kV 2x6.3 MVA S/Stn to 33/11 KV 2x10 MVA S/Stn (Manned) at Rampurghat Under Electrical Sub Division, HPSEBL, Paonta Sahib.	189.74

SL.No.	OP Circle	Name of Scheme	Cost of Scheme (in Lacs)
3	Nahan	Schemes for prop. 33/11 kV, 2x10 MVA GIS Sub Station at Gondpur in Electrical Sub Division, HPSEBL, Paonta Sahib under Electrical Division, HPSEBL, Paonta Sahib.	1014.76
4	Nahan	Scheme for Re-coductoring of 33 kV GIRI-IT Feeder from ACSR 6/1/4.72 to ACSR 30/7/2.59 STACIR Wolf conductor from 132/33 kV S/Stn Girnagar to Badrinagar under Electrical Sub Division, HPSEBL, Paonta Sahib.	320.15
5	Rohru	Replacement of 22 kV RMU's VCB's (Indoor Type) 22 kV Control Point at Ghunglidhar in (E) Sub-Division, HPSEBL, Jubbal under (E) Division Jubbal.	101
6	Kangra	System Improvement scheme for construction of 33/11 kV 2x3.15 MVA Sub-Station at Village-Dhangwahar in Tehsil Dharamshala of Distt. Kangra under Electrical Division, HPSEBL, Dharamashala.	823.37
7	Dalhousie	Scheme for C/O 33/11 kV, 2x1.6 MVA HV Sub Station (Manned) at Gate under Electrical Division, HPSEBL, Chamba, District Chamba.	833.6
8	Rampur	Proposal for C/O 22 kV Control point at Dalash under Electrical Division Anni.	234.87
9	Solan	Scheme for construction of 33/11 kV, 2x3.15 MVA Sub Station at Shilli in Electrical Sub Division, No. I under Electrical Division, HPSEBL, Solan.	689.04
10	Hamirpur	Proposal of construction of 33/11 kV, 2x1.6 MVA Unmanned Sub Station at Lagaru under Electrical Division Jawalamukhi.	1067.49
11	Hamirpur	Scheme for augmentation of existing 33/11 kV Sub Station at HPSEBL, Bhoranj from 2x2.5 MVA to 2x6.3 MVA in Electrical Division HPSEBL Barsar.	120.52
12	Una	Scheme for C/O 33/11 kV, 2X3.15 MVA Sub Station at Village Loharli, Tehsil Ghanari, Distt. Una (H.P.) under ESD, HPSEBL, Gagret under Electrical Division, HPSEBL, Gagret.	474.625
13	Una	C/O 33/11 kV, 2x3.15 MVA (Manned) Sub Station at Village Mubarikpur, Tehsil Ghanari, Distt. Una (H.P.) under ED, HPSEBL, Amb.	743.25
14	Bilaspur	System improvement scheme for providing 33/11 kV, (1x3.15 MVA) Sub Station Bum under ED Ghumarwin, District Bilaspur.	392.14
15	Bilaspur	Scheme for modernization and Renovation of 33/11 KV, 2x1.6 MVA at Jhabola under Electrical Sub Division Talai and Electrical Division Ghumarwin.	291
16	Hamirpur	Scheme for augmentation for 33/11kV Sub-station Gagal(nagaun) from 2x5 MVA to 2x6.3MVA , HPSEBL, Naudaun.	244.79
17	Rampur	System improvement scheme for construction of 22 kV Control sub-station at Kharahan under ESD Nankhari.	81.94
18	Nahan	Balance work for the scheme of augmentation for 33/11kV, 2x6.3MVA Sub-station to2x10 MVA at Do-Sarka Nahan, HPSEBL.	134.85
19	Mandi	Purpose of augmentation for 33/11kV Sub-station Makriri 1x1.6MVA to 2x1.6MVA , Jogindernagar, HPSEBL	117.6
20	Nahan	Scheme for Reorganization of 33 kV Multi Circuit line of 33 kv Badripur and Malwa Feeder & 11 kV Gondpur and Industrial Feeder from Badripur to	706.43

SL.No.	OP Circle	Name of Scheme	Cost of Scheme (in Lacs)
		Gondpur & 33 kV CCE, Sataun and Puruwala feeder from Gondpur to Kishankot on 33 kV, HPSEBL, Paonta Sahib	
21	Bilaspur	Construction of 33 kV Batala Bahal –Pangna interlinking line from 33/22kv Manned S/Stn. Batala Bahal 33kv/22kV (Manned) S/Stn. Panga under,Ed HPSEBL Karsog.	301.38
22	Kangra	Scheme for augmentation for 33/11kV,2x3.15MVA to 2x5.00 MVA Sub-station Jawalamukhi,HPSEBL,Kangra	220.08
23	Mandi	Estimate for prov. 33kV express feeder to interlink the 33/22kV,2x3.15 MVA S/Sub., Thunag from 33/22kV S/s Pandoh USED Jnjehli under E, HPSEBL, Gohar.	291.84
24	Mandi	Scheme for renewal and replacement of old equipment of 33/11 kV, 2x1.6MVA S/s at Cholthra under Electrical Sub Division , Tihra.	104
25	Nahan	Scheme for energization of left out upcoming new as well as existing Pump/Tube well connection and segregation of agriculture & Domestic Consumers under electrical divistion, HPSEBL, Paonta Sahib.	779.18
26	Bilaspur	Scheme for additional work in Augmentation, Modernization/Renovation of 33/11kV, 1.25MVA to 1.6MVA Sub-Station Swarahghat, HPSEBL, Kot.	348.13
27	Solan	Scheme for evacuation of power from 66/33/11kV S/s Snerh by construction of 33kV and 11kV line network under Electrical division, HPSEBL, Nalagarh.	259.76
28	Shimla	Proposal for C/O interlinking 22kV H.T Feeder newly constructed 66/22kV S/stn at Lastadhar under, HPSEBL, Chopal.	374.42
29	Shimla	Proposal for shifting of 22 kv supply form old 66/22kV, 2x10MVA S/stn Gumma to newly constructed 66/22kV, 2x6.3 MVA, S/s at Bangoo Sandhu with additional 22kV Feeders under, ED, Theog.	253.18
30	Una	Providing supply of Power to Tube well under (Op) Circle , HPSEBL, Una (3rd phase)	1080.12
31	Kullu	Proposal for 33/11kV 2x10 MVA GIS E-House Type S/s at IBEX Chowk Manali.	1784.93
		Total Amount	**15,782.05**

13.4.8 The Commission had approved few elements of capex works on a gross amount basis in absence of details of works planned by the Petitioner at the time of MYT Order. It is observed that the Petitioner has proposed the details of works which it plans to undertake during the fourth control period within the amounts already approved by the Commission in the MYT Order for the respective years. Therefore, no additional provision in tariff is required to be undertaken towards the above approved schemes.

13.4.9 The Commission feels that the Petitioner has sufficient scope to execute the above-mentioned 31 schemes in the remaining period (i.e., from FY 2022-23 to FY 2023-24) for which approval has been granted.

13.4.10 As per the MYT Regulations 2011, truing-up of controllable parameters has to be undertaken at the end of Control Period based on audited accounts. Therefore, the Commission feels it appropriate to treat any variance on account of controllable parameters at the end of fourth Control Period.

13.4.11 It is however, clarified that any revision in scheme cost on account of time and cost over-run due to factors under the control of the Petitioner shall not be considered at the time of final truing-up at the end of the Control Period.

13.4.12 Therefore, as a part of Mid Term Review, the Commission decides to retain the capital expenditure and capitalization for the fourth Control Period as approved in the MYT Order. Any further deviations shall be considered during the truing up of controllable parameters at the end of the Control Period.

Table 250: Approved Capital Expenditure for Fourth Control Period (Rs. Cr.)

Particulars	FY20	FY21	FY22	FY23	FY24
Approved Capital Expenditure in Tariff Order dated 29.6.2019	583.68	557.05	555.76	388.12	388.12
Approved Capital Expenditure	583.68	557.05	555.76	388.12	388.12
Approved Capitalization	568.63	564.00	560.71	491.67	450.25

13.5 Interest on Long Term Loans

13.5.1 The Commission had approved Interest on Long Term Loans for the Fourth Control Period in the MYT Order as provided in table below:

Table 251: MYT Order Approved Interest on Long Term Loans for Fourth Control Period (Rs. Cr.)

Particulars	FY20	FY21	FY22	FY23	FY24
Approved Interest on Long Term Loans in Tariff Order dated 29.6.2019	131.26	154.75	174.93	188.37	193.58

13.5.2 The Petitioner has proposed revised Interest on Long Term Loans for FY 2022 to FY 2024 on account of additional interest on loan charges for new EHV schemes and has envisaged payment of Letter of Credit (LC) charges as per Ministry of Power's mandate for the distribution licensees to open and maintain adequate Letter of Credit (LC) as Payment Security Mechanism, under Power purchase Agreements by Distribution Licensees.

13.5.3 The interest on long terms loans claimed by the Petitioner are as follows:

Table 252: Interest on long terms loans claimed by the Petitioner (Rs. Cr)

Particular		FY22	FY23	FY24
Opening Loan on EHV scheme	A	-	14.51	53.49
Addition during the year	B	14.51	40.44	4.34
Repayment during the year	C	-	1.45	6.80
Closing Loan on EHV scheme (A+B-C)	D	14.51	53.49	81.03
Interest rate considered (%)	E	11.50%	11.50%	11.50%
Interest on Loan for funding new EHV schemes (E X AVERAGE (A and D))	**F**	**0.83**	**3.91**	**7.74**
LC Charges		9.90	9.90	9.90
Interest on Long term loan Claimed (including other finance charges)		**185.66**	**202.18**	**211.22**

13.5.4 The Commission sought clarifications from the Petitioner regarding the basis for considering interest rates of 11.50% for EHV schemes. In response to the query raised by the Commission the Petitioner replied that it has considered the same interest rate of 11.50% as approved by the Commission in MYT Order dated 29.6.2019 for the purpose of new loans.

13.5.5 Further, the Commission also asked the Petitioner to provide the basis for arriving at the proposed LC charges while the actual LC charges were very less in prior years (FY 2015-19). In response to the query raised by the Commission the Petitioner replied that earlier HPSEBL established the Inland Letter of Credit (ILC) against a few PPAs due to which the amount of charges was on very lower side. But in August 2019, the MoP, GoI has made it mandatory for all Discoms to open ILCs against all the PPAs failing which no power will be scheduled by the generator to the Discoms. Due to this the Petitioner has to establish ILCs against all the PPAs resulting into increased ILC charges. At present, the ILCs are established against fixed deposits on which the banks will charge one fourth of normal charges, but in case the ILCs are established against Govt. guarantee, the charges will be levied as per bank card rate and due to which the ILC charges increased four times. The Petitioner has estimated that around Rs. 300 Crores of power purchase has to be secured by Letter of Credit (LC) as per MoP notification dated 28.6.2019, for which the cost of opening LC is arrived at 3.3% (estimated bank card rate 2.10% and Govt. guarantee fees of 1.20%). Therefore, the annual cost of LC charges is estimated to be Rs. 9.90 Crores (Rs. 300 Crores x 3.3%).

13.5.6 The Commission has approved a provisional amount of Rs. 9.90 Cr on account of LC charges for the years FY 2023 and FY 2024 of the fourth Control period and have considered the same as part of ARR. Truing-up with respect to LC charges shall be undertaken along with true-up of uncontrollable parameters.

13.5.7 With respect to UDAY bonds the Commission had approved the interest cost during the fourth Control Period in anticipation that the Government shall convert the bonds to equity and grant in the balance sheet of HPSEBL as per the provisions of the tripartite agreement entered between GoI, GoHP and HPSEBL. The abstract of the said agreement is reproduced as under:-

Year	Total debt to be taken over	Transfer to the DISCOMs in the form of Grants (in Rs. Cr.)	Transfer to the DISCOMs in the form of Loan (in Cr.)	Transfer to the DISCOMs in the form of Equity (in Cr.)	Outstanding State loan of the DISCOMs (in Cr.)
2015-16	-	-	-	-	-
2016-17	2890.50 Cr. (75% of the debt Rs. 3854 Cr. outstanding as on 30.09.2015)	-	2890.50	-	2890.50
2017-18	-	-	-	-	2890.50
2018-19	-	-	-	-	2890.50
2019-20	-	-	-	-	2890.50
2020-21	-	2167.50	-	723.00	-
2015-16	-	-	-	-	-

13.5.8 It is very much evident from the above mentioned provision of the agreement that the HPSEBL's debt has to be taken over by GoHP in FY 2020-21 in the ratio of 75% as grant and 25% as equity.

13.5.9 However, the same has not been done till date in line with the agreement resulting in additional burden on the Consumers of the State. The Commission feels that one of the main purposes of the UDAY scheme was the financial turnaround of the DISCOMs. If the burden of Bond's repayment and its interest cost are still to be borne by the DISCOM then the DISCOM will not be able to come out from its losses and its financial viability will gets severely hampered. Therefore, the Commission feels it appropriate to exclude the amount of interest on the UDAY bonds for FY 2023 and FY 2024. The Petitioner is directed to take up the matter with the State Government for taking over the interest and repayment liabilities of these bonds and reimburse the interest paid on these bonds

13.5.10 The revised Interest on Long Term Loans for the fourth Control Period is as follows:

Table 253: Mid-Term Performance Review-Revised Interest on Long Term Loans for Fourth Control Period (Rs. Cr)

Particulars	FY20	FY21	FY22	FY23	FY24
Approved Interest on Long Term Loans in Tariff Order dated 29.6.2019	131.26	154.75	174.93	188.37	193.58
Less: Interest on UDAY Bonds	-	-	-	40.13	35.91
Approved Interest on Long Term Loans	131.26	154.75	174.93	148.24	157.68

13.6 O&M Expenses

Administrative and General Expenses

13.6.1 The Commission had approved Administrative and General Expenses for the Fourth Control Period in the MYT Order as provided in table below:

Table 254: A&G Expenses approved by the Commission (Rs. Cr)

Particulars	FY20	FY21	FY22	FY23	FY24
Net A&G Expense	44.91	45.59	46.27	46.96	47.66
Add: Provision for one-time expenses	5.00	5.00	5.00	5.00	5.00
Total A&G Expense	**49.91**	**50.59**	**51.27**	**51.96**	**52.66**

13.6.2 From the above table it is observed that the Commission had approved Rs. 5 Cr each year as one-time provision. Further, the Commission directed the Petitioner to furnish details of the expenses made under the one-time provision at the time of truing up.

13.6.3 The Petitioner in the petition has appraised the Commission that it intends to convert 1.5 lakh meters in to smart meters by March 2022. Further, HPSEBL has proposed to implement ~3.2 lakh AMI with smart meters in 13 towns under Himachal Hydro Power and Renewable Power Sector Development Program funded by World Bank scheme by FY 2023 to FY 2024. In addition to the above-mentioned schemes, the Petitioner also envisages to install smart meters under the RDSS scheme of central government.

13.6.4 The Petitioner has estimated roll out of at least 1,23,000 smart meters in FY 2022. The meter rent service charges in this regard (per Consumer payable from operational acceptance of smart meters) excluding GST is Rs. 76.972 per meter per month.

13.6.5 Accordingly, the Petitioner has considered the financial implications on A&G expense on account of meter rent from FY 2022 to FY 2024 and has proposed revised A&G expenses for FY 2022 to FY 2024 of the fourth control period.

Table 255: A&G Expenses claimed by the Petitioner (Rs. Cr)

Particulars	FY20	FY21	FY22	FY23	FY24
Net A&G Expense	44.91	45.59	46.27	46.96	47.66
Add: Provision for one-time expenses	5.00	5.00	5.00	5.00	5.00
Add: Meter Rent charges for smart meters	-	-	4.00	14.02	14.02
Total A&G Expense	**49.91**	**50.59**	**55.27**	**65.97**	**66.67**

13.6.6 The Commission sought clarifications from the Petitioner whether HPSEBL distribution business has incurred any expenses in this regard. In response to the query raised by the Commission the Petitioner replied that the Commission had allowed a provision of Rs. 5.00 Crores in MYT Order dated 29.6.2019 towards Public interaction programme and connectivity charges and the same is included in the total A&G expenses of Rs. 49.91 Crores allowed. Further, the Petitioner mentioned that the A&G expenses are as per actual for the respective years and expenditure towards public interaction programme and connectivity charges (under head "IP VSAT Connectivity Charges") of are included within the actual A&G expenses claimed by the Petitioner.

13.6.7 The Commission deliberated on the various responses submitted by the Petitioner and is of the viewpoint that the charges under public interaction programme are not of new origin and were already covered in the base cost while projecting A&G expenses of the fourth control period. Further, the Commission observed that the Petitioner was unable to furnish any documentary evidence in regard to expenses incurred under one time provision of Rs. 5 Cr. Accordingly the Commission feels it appropriate to discontinue the provision of one-time expense of Rs. 5 Cr from the A&G expense of the fourth control period.

13.6.8 With respect to meter rent charges for smart meters, the Commission has allowed a provisional amount of Rs. 14.02 Cr for the years FY 2023 and FY 2024 of the fourth Control period. The same shall be trued-up based on actual at the time of truing-up of uncontrollable parameters for respective years.

13.6.9 The revised A&G expenses approved by the Commission for the fourth Control Period is as follows:

Table 256: Revised A&G Expenses approved by the Commission (Rs. Cr.)

Particulars	FY23	FY24
Net A&G Expense	46.96	47.66
Add: Provision for one-time expenses	-	-
Add: Meter Rent charges for smart meters	14.02	14.02
Total A&G Expense	**60.98**	**61.68**

Table 257: Revised O&M Expenses approved by the Commission for the fourth Control Period (Rs. Cr)

Particulars	FY23	FY24

Particulars	FY23	FY24
Employee expense	2,052.36	2,185.86
R&M Expense	112.91	118.78
A&G Expense	60.98	61.68
Total O&M Expense	**2,226.25**	**2,366.32**

13.7 Depreciation and Return on Equity

13.7.1 Controllable parameters such as Depreciation, Return on Equity are dependent on capitalization have been retained as per the MYT Order dated 29.06.2019, as the Commission has not revised the approved capitalization for the balance years of the fourth Control Period. Any changes shall be considered at the time of final truing-up of the controllable parameters at the end of the Control Period as per the audited accounts.

14 Analysis of the Annual Performance Review (APR) and ARR for FY 2023

14.1 Background

14.1.1 The Commission has analysed the Annual Performance Review (APR) Petition and revised the Aggregate Revenue Requirement (ARR) for FY 2022-23 based on the submissions of the Petitioner for the past years and actual information for current year as per information submitted by the Petitioner.

14.1.2 The Commission held Technical Validation Session with HPSEBL to validate the data submitted by the Petitioner and sought further clarifications on various issues. The Commission has considered all information provided by the Petitioner subsequent to filing of tariff petition including response to queries of the Commission, responses during Technical Validation Session, additional submissions, etc. as part of the tariff petition.

14.1.3 This Chapter contains detailed analysis of the Petitioner's claim and the Commission's Annual Performance Review of various parameters for determination of revised ARR for the distribution business of HPSEBL for FY 2022-23.

14.2 Aggregate Revenue Requirement (ARR) of HPSEBL as per 4th MYT Order

14.2.1 The Aggregate Revenue Requirement approved by the Commission for HPSEBL for the fourth Control Period (FY2020-24) under its MYT Order dated June 29, 2019 is summarized in the table below:

Table 258: Approved ARR for the fourth Control Period as per MYT Order (Rs. Cr.)

Particulars	FY20	FY21	FY22	FY23	FY24
Power Purchase Expenses for Supply in the State	**3,028.47**	**3,286.97**	**3,499.30**	**3,576.31**	**3,675.41**
Cost of electricity purchase including own generation	2,653.02	2,880.13	3,053.77	3,090.03	3,157.70
Inter-State Charges					
Power Grid Charges	290.56	310.90	332.67	355.95	380.87
Open Access Charges	70.01	74.91	80.16	85.77	91.77
Intra-State Charges					
HPPTCL Charges	9.76	13.21	23.65	34.32	33.87
SLDC Charges	5.12	7.82	9.06	10.24	11.20
Operation & Maintenance Costs	**1,840.84**	**1,959.09**	**2,084.40**	**2,217.23**	**2,357.29**
Employee Cost	1,698.22	1,809.02	1,926.91	2,052.36	2,185.86

Particulars	FY20	FY21	FY22	FY23	FY24
R&M Cost	92.70	99.49	106.22	112.91	118.78
A&G Cost	49.91	50.58	51.26	51.95	52.65
Interest & Financing Charges	194.66	218.18	238.67	253.80	260.67
Depreciation	127.29	140.99	154.60	167.33	178.73
Return on Equity	42.88	49.68	56.43	62.74	68.39
Less: Non-Tariff & Other Income	(116.19)	(122.00)	(128.10)	(134.51)	(141.23)
Aggregate Revenue Requirement	**5,117.95**	**5,532.91**	**5,905.28**	**6,142.90**	**6,399.26**

14.3 Approach of the Third APR under fourth MYT Control Period

14.3.1 In accordance with the HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011 and amendments thereof, HPSEBL has filed the ARR for FY 2022-23.

14.3.2 The Commission in its MYT Order for fourth Control Period (FY 2020 to FY 2024) dated 29th June 2019 has fixed the targets for controllable parameters i.e., O&M expense, depreciation, return on equity, interest on loans, etc. Any variation on these controllable parameters like depreciation, return on equity, interest and finance charges shall be considered at the time of final truing-up. However, any variation on account of factors deemed uncontrollable such as power purchase cost and energy sales are subject to revision in the Annual Performance Review exercise after prudence check by the Commission.

14.3.3 HPSEBL has filed for a review of the ARR for FY 2022-23 and requested for corresponding revision of in tariff for FY 2022-23 for meeting the revenue gap based on the revised ARR and estimated revenue based on the existing tariff.

14.3.4 In this chapter, the Commission has reviewed the ARR for FY 2022-23 on account of changes in the uncontrollable parameters as per the provisions of MYT Regulations, 2011 and amendments thereof. Other controllable components of costs i.e., O&M expense, depreciation, return on equity, interest on loans, etc. are considered as per the amount approved by the Commission in the MYT Order for the fourth Control Period.

14.4 Sales Forecast

14.4.1 HPSEBL has submitted actual sales for FY 2019-20 at 9,125 MUs, which has been considered as the base for projection of energy sales for FY 2022-23. The Petitioner has projected energy sales by applying the appropriate category-wise CAGR based on the historical trend and average growth rate in past few years considering actual sales for FY 2019-20 as base year.

14.4.2 Further, the Petitioner has submitted that the nationwide lockdown and restrictions in Himachal Pradesh due to COVID-19 pandemic have adversely affected the sales for FY 2021 as a result of which the actual sales of FY 2021 is low as compared to that of FY 2019-20. In view of the same, the Petitioner has modified the assumptions for revising the projection of sales for second half of FY 2022 and FY 2023.

14.4.3 Considering that sales is an uncontrollable parameter and keeping in view the submissions of the Petitioner, the Commission has reassessed its approach for projection of sales for each category for FY 2022-23. For undertaking projections for FY 2023, the Commission has considered the sales of FY 2019-20 as the base year and has considered suitable growth based on 1 year, 3 year or 5-year CAGR as found reasonable based on recent trends, etc. For the purpose of computing the CAGR, energy sales of FY 2021 has been excluded as it was a COVID affected year and the growth was negative in some of the key categories such as industrial, commercial, etc. Also, the actual energy sales during first half of FY 2022 have been considered to ascertain the effect of recovery across the various categories. The CAGR growth has been applied twice to arrive at FY 2022 projected sales.

14.4.4 Post arriving at FY 2022 estimated sales, suitable increase as per past CAGR (similar to earlier applied CAGR) or reasonable growth rate has been applied as considered appropriate by the Commission based on recovery of sales during six months of FY 2022 in respective categories.

14.4.5 Based on the approach detailed above, the Commission approves total sales of 9,798 MUs for FY 2022-23. Category-wise sales approved for FY 2022-23 is detailed in subsequent sections:

Domestic Supply

14.4.6 The energy sales of domestic category during FY 2014-15 to FY 2019-20 has grown at a CAGR of 3%. It is observed that the growth in sales recorded under this category has been in the range of 4.2%-4.5% during last three years.

14.4.7 In view of the recent trends, the Commission has adopted three years CAGR of 4.2% for sales projections in domestic category for FY 2022-23.

Non-Domestic Non-Commercial Supply (NDNCS)

14.4.8 The Commission has adopted 5-year CAGR of 4.2% as the growth rate for projections of energy sales of NDNCS for FY 2022-23 considering the year-on-year growth of sales in the past years.

Commercial Supply

14.4.9 The sales to commercial category have seen consistent growth over the last few years. However, sales to this category increased by 1.37% during FY 2019-20 and continues to be range bound even post the lockdown. Therefore, taking a conservative approach, the Commission has projected the sales for FY 2022-23 at a growth rate of 2% per annum over FY 2021-22 actual sales.

Industrial Power Supply

14.4.10 Based on the actual sales data for the last five years from FY 2014-15 to FY 2019-20 and monthly sales during FY 2021-22, the Commission has projected the sales to the industrial categories as below:

Small and Medium Industrial Power Supply

14.4.11 The Commission has observed the sales to small and medium industrial Consumers to remain range bound between 200-210 MUs during the period FY 2015 to FY 2019. However, data for FY 2019-20 indicates that consumption of small and medium enterprises has declined with respect to last years.

14.4.12 Considering that the small and medium industries sales declined further in FY 2020-21 due to lockdown, the Commission has considered a conservative growth rate of 3% for FY 2022-23 based on the increase in sales to this category for six months (April to September) of FY 2021-22.

Large Industrial Power Supply

14.4.13 An analysis of year-on-year growth of sales for last six years in this category indicates revival during the last three years after a negative growth in FY 2015-16. The growth in actual sales after increasing by 5.96% and 11.14% during FY 2017-18 and FY 2018-19 respectively, has been only 0.3% during FY 2019-20.

14.4.14 While the sales in FY 2020-21 remained low due to lockdown, month-on-month sales to this category post the lockdown has seen gradual increase during six months (April to September) of FY 2021-22. Therefore, the Commission has considered a growth of 1.5% per annum to arrive at sales for FY 2022 and an increase of 2% over FY 2022 sales have been applied for projecting large industrial sales for FY 2023.

Irrigation and Drinking Water Pumping Supply (IDWPS)

14.4.15 An analysis of year-on-year growth of sales for last two-three years in this category indicates negative growth. However, actual energy sale during first six months of FY 2021-22 has seen positive growth of 15% as compared with similar period of FY 2019-20. Further, energy sale during FY 2014-15 to FY 2019-20 has increased at a CAGR of 2.2%.

14.4.16 The Commission has adopted five years CAGR of 2.2% for sales projections in this category for FY 2022-23.

Public Lighting

14.4.17 No specific trend is observed in the year-on-year growth of sales to public lighting. It is observed that the energy sales have remained range bound in the last 5 years. Therefore, the Commission has considered no growth in sales projections for this category for FY 2022-23.

Agricultural Supply

14.4.18 No specific trend is observed in the year-on-year growth of sales to agricultural supply. Sales during FY 2019-20 has reduced in this category by 6 MUs but witnessed an increase during FY 2021 and first six months of FY 2022. Therefore, in view of the recent increase in agricultural sales, the Commission has considered five years CAGR of 4.7% for sales projections for FY 2022-23.

Bulk Supply

14.4.19 Sales in this category has remained rangebound with 150-154 MUs during last four years. Therefore, the Commission has considered no growth in sales projections for this category for FY 2022-23.

Temporary Supply

14.4.20 No specific trend is observed in the year-on-year growth of sales to temporary supply. Therefore, the Commission has considered no growth in sales projections for this category for FY 2022-23.

14.4.21 After detailed scrutiny of the Consumer category wise sales, the Commission estimates the following sales to retail Consumers within the State for FY 2022-23 as below:

Table 259: Revised Approved Sales for FY23 (MUs)

S. No.	Consumer Category	MYT Approved	HPSEBL's Submission	Approved
1	Domestic	2,345	2,440	2,483
2	NDNC	181	160	181
3	Commercial	752	634	661
4	Temporary	46	56	46
5	Small Power	86	90	92
6	Medium Power	120	90	103
7	Large Power	5,338	5,344	5,405
8	Govt. Irrigation & Water Pumping	755	560	598
9	Public Lighting	14	11	11
10	Irrigation & Agriculture	107	57	65
11	Bulk Supply	173	152	152
	Total	**9,917**	**9,594**	**9,798**

14.5 Transmission and Distribution Losses

14.5.1 The Petitioner has requested the Commission to revise the trajectory of T&D losses as approved in the MYT Order dated 29.06.2019 due to reasons detailed out in the Chapter "Mid Term Performance Review for 4th MYT Control Period".

14.5.2 As discussed in previous Chapter for Mid-term Review for fourth Control Period, the Commission has continued with the T&D loss target of 9.70% as approved in the MYT Order for FY 2023. The proposed and approved T&D loss target for FY 2023 is summarized below:

Table 260: Proposed and Approved T&D loss for FY23

Particulars	MYT Approved	Petitioner Submission	Approved
Approved T&D loss	9.70%	11.25%	9.70%

14.6 Energy Requirement

14.6.1 The Commission's estimates of energy requirement at state periphery for FY 2022-23 is based on the revised sales and T&D loss target approved by the Commission. The Commission's estimate for power requirement is tabulated as below:

Table 261: Approved Energy Requirement for FY23

Particulars	MYT Order	Petitioner	Revised Approved
Sales (MU)	9,917	9,592	9,798
Approved Loss (%)	9.70%	11.25%	9.70%
Energy Requirement at State Periphery for own consumption (MU)	**11,982**	**10,808**	**10,850**

14.7 Power Purchase

14.7.1 As per the MYT Regulations, power purchase is an uncontrollable parameter and needs to be reviewed each year as part of the Annual Performance Review (APR) based on actual power purchase cost from various sources for past year(s).

14.7.2 For projecting power purchase cost of FY 2022-23, the Commission has updated the station-wise projection of energy availability and power purchase cost taking into consideration the actual performance of the generating stations in FY 2019-20, FY 2020-21, and six months of FY 2021-22 as well as change in allocation, if any.

14.7.3 The following power generating stations have been considered for the purpose of estimation of power availability for the Control Period:

- HPSEBL's own generating stations
- Purchase from BBMB and shared stations;
- Purchase from Baspa, private SHPs up to 25 MW and under APPC mechanism for REC;
- Purchase of Free and Equity power from the GoHP;
- Purchase through bilateral short-term arrangements;
- Purchase from Central Generating Stations of NTPC, NHPC, SJVNL, NPCIL and THDC; new plants expected to be commissioned during FY 2021-22 and FY 2022-23;

14.7.4 In the following sub sections, estimation of power purchase along with certain assumptions thereof, from each of the above sources has been discussed.

Allocation and Energy Availability from Own Generating Stations

14.7.5 Based on the existing arrangements between the HPSEBL and GoHP, the Commission has considered 100% allocation from HPSEBL's own generating stations except those stations where HPSEBL is obligated to supply 12% free power to the GoHP. The Commission has considered energy availability from the HPSEBL's own generating stations as per the MYT Order.

14.7.6 In case of Uhl-III (3X33, 100 MW), the Petitioner has submitted that the plant is not expected to be commissioned till the end of next financial year. Therefore, the Commission has not projected generation from Uhl-III considering the delay in commissioning of the plant.

14.7.7 The table below summarizes HPSEBL's share, generation and auxiliary consumption considered by the Commission for the projection of power purchase quantum from own generating stations above 25 MW for FY 2022-23 whereas the generation from power projects below 25 MW has been considered under renewable power (non-solar).

Table 262: Allocation and Energy Availability from Own Generating Stations for FY 2022-23*

Generating Station	Capacity (MW)	Generation (MUs)	HPSEBL Share	Annual Energy available to HPSEBL (MUs)
Larji	126	586.82	88%	510.20
Bhaba	120	464.70	100%	459.12
Bassi	60	346.83	100%	344.40
Giri	60	289.55	100%	287.52
Total Energy Available				**1,601.25***

**Excluding own generating stations with capacity of less than 25MW*

Allocation and Energy Availability from firm Share in Central Generating Stations (CGS)

14.7.8 The State of Himachal Pradesh has firm allocated share in Central Sector Generating Stations (CGS) of National Thermal Power Corporation (NTPC), National Hydroelectric Power Corporation (NHPC), Satluj Jal Vidyut Nigam Limited (SJVNL) and Nuclear Power Corporation Limited (NPCIL). In its Petition, HPSEBL has claimed that firm share allocation of power from NTPC stations has not changed majorly however the unallocated share has changed after the revision of allocation by NRPC vide Revision No. NRPC/OPR/103/02/2021/5813-5840 dated 28.6.2021. The Commission has considered the allocation from CGS as per claim of the Petitioner.

14.7.9 The Petitioner is also procuring unallocated power from few CGS. The distribution of this unallocated power among the constituents of Northern Region is decided from time to time, based on the power requirement and power shortage in different States.

14.7.10 The power from unallocated share (15 MW) from select NTPC stations namely, Unchahar-I, II, III & IV, Rihand-I, II, III, Singrauli Super Thermal Plant (SSTP), Dadri-II and Tanda II as part of bundled power from Singrauli Solar plant has been approved. However, Northern Regional Power Committee (NRPC) has made certain revisions in the allocation of power from most of the thermal generating stations vide NRPC notification dated 28.6.2021. The details of revised unallocated share of HPSEBL is summarized in the table below:

Table 263: Energy Availability from firm Share in Central Generating Stations

Station	Capacity (MW)	Unallocated Share	
		%	MW
Unchahar-I	420	0.06%	0.25
Unchahar-II	420	0.20%	0.84
Unchahar-III	210	0.19%	0.40
Rihand-1 STPS	1000	0.17%	1.70
Rihand-2 STPS	1000	0.18%	1.80
Singrauli STPS	2000	0.17%	3.40
Tanda II	660.00	0.14%	1.80
Rihand-3 Units-1,2	1000	0.20%	2.00
Unchahar IV	500	0.20%	1.05

Station	Capacity (MW)	Unallocated Share	
		%	MW
Dadri-II	980	0.18%	1.76
Total Thermal (Bundled)			**15.00**
Singrauli Solar	15	100	15.00
Total			**30.00**

14.7.11 The Commission has therefore, considered allocation of firm and unallocated power from CGS in accordance with latest allocations issued by the NRPC.

14.7.12 The energy available from NTPC (except gas-based stations) has been considered based on the average PLF achieved by respective generating stations during the last 3 years (FY 2018 to FY 2020), based on the data available from CEA. In case of gas-based stations (Anta, Auriya and Dadri), the Commission has considered the normalized PLF during FY 2017-18, FY 2018-19, and FY 2019-20. The Commission has considered normative auxiliary consumption as approved by CERC to arrive at the energy generated from each of these stations.

14.7.13 In case of NPCIL plants, the Commission has considered the average PLF for last 3 years (FY 2018 to FY 2020) along with normative auxiliary consumption for projecting the energy availability from these stations.

14.7.14 The Petitioner has mentioned that it has tied up for power purchase from the RAPP VII & RAPP VIII units of NPCIL. However, it is observed that the expected commissioning of these units has not been anticipated in FY 2021-22 and FY 2022-23. Therefore, the Petitioner has not projected power from RAPP VII and VIII for FY 2022-23.

14.7.15 As per the information given on the NPCIL website, the Commission has observed that the commissioning of RAPP VII is expected to be completed by March 2022. Therefore, projection from RAPP VII has been considered for FY 2022-23.

14.7.16 In case of generating stations of NHPC and SJVNL, average energy generated during the last 3 years (FY 2018 to FY 2021) has been considered for estimating future energy available from these stations.

14.7.17 The table below summarizes the allocation as well as energy available from CGS during the MYT Control Period.

Table 264: Approved Energy Availability from firm Share in Central Generating Stations for FY23

Name of Generating Station	Expected PLF/ Energy at Ex Bus (MUs)	HPSEBL Share (%)	Energy available to HPSEBL (MUs)
SJVNL			
Nathpa Jhakri SOR	7,182.85	2.47%	168.66
Rampur SOR	1,986.31	2.81%	53.06
Total			**221.73**
NPCIL			
NAPP	3,526.26	3.18%	101.48

Name of Generating Station	Expected PLF/ Energy at Ex Bus (MUs)	HPSEBL Share (%)	Energy available to HPSEBL (MUs)
RAPP (V & VI)	3,404.33	3.40%	104.75
RAPP VII	5,518.80	1.90%	71.24
Total			**277.47**
NTPC – Thermal			
Anta (G)	434.31	3.58%	15.08
Auriya (G)	455.20	3.32%	14.66
Dadri (G)	1,712.06	3.01%	49.99
Unchahar-I	2,542.08	1.73%	40.02
Unchahar-II	2,542.08	3.06%	70.79
Unchahar-III	1,271.04	4.00%	46.27
Rihand-1 STPS	7,723.69	3.67%	259.37
Rihand-2 STPS	7,723.69	3.48%	251.31
Singrauli Bundled	14,956.24	0.17%	23.77
Kahalgaon – II	10,526.45	1.53%	146.56
Rihand-3 Units-1,2	7,723.69	3.57%	250.92
Dadri-II TPS	4,845.26	0.18%	7.94
Koldam HEP	3,157.70	15.00%	468.92
Tanda II	4,006.65	0.14%	5.94
Unchahar-IV	3,026.29	0.20%	5.51
Total			**1,657.03**
NHPC			
Salal	3,488.94	0.99%	34.20
Tanakpur	448.13	3.84%	17.04
Chamera I	2,429.70	2.90%	69.62
Chamera II	1,115.02	3.67%	40.43
Uri	3,032.60	2.71%	81.20
Dhauliganga	1,157.13	3.57%	40.81
Total			**283.29**
Grand Total			**2,439.52**

Energy Availability from Unallocated Power from CGS

14.7.18 The Petitioner's share in CGS unallocated quota varies from time to time based on the allocation made to HP depending upon power requirement and power shortage in different States. As per the recent firm share and unallocated share allocation by NRPC as on 28.6.2021, the State of HP is getting 15MW of unallocated power which is in lieu of bundled solar power from Singrauli under JNNSM. The Commission has considered this under Singrauli Bundled Power for FY 2022-23.

Allocation and Energy Availability from Shared Generating Stations

14.7.19 HP has fixed allocation from Shanan and Shanan (Extension) at 1 MW at 60% PLF and 45 MU respectively. For power availability from Yamuna, the Commission has considered the approved power generation as per the MYT Order for UJVNL Hydro Stations. In case of energy available from Khara, the

Commission has considered the average of the energy generated during last three years.

Table 265: Allocation and Energy Availability from Shared Generating Stations for FY23

Name of Generating Station	Expected PLF/ Energy Generated	Aux Cons.	HPSEB Share	Annual Energy available to HPSEBL (MUs)
Shanan	60%		Fixed at 1 MW	5.26
Shanan (Extension)			Fixed 45MU	45.00
Yamuna		1%	24.68%	431.77
Khara		1%	20%	51.32
Total Available from Shared Generating Stations				**533.34**

Allocation and Energy Availability from IPP with Long-term PPA

14.7.20 The total energy available from Baspa-II HEP has been considered based on design energy of 1050 MUs as per the MYT Order for the fourth Control Period of Baspa-II approved by the Commission and secondary energy equivalent to average of last three years. Any variations in the quantum available shall be considered at the time of truing-up of FY 2022-23.

Allocation and Energy Availability from Free Power

14.7.21 The GoHP has free power entitlement in several stations including NTPC, NHPC, SJVNL, PSPCL, HPSEBL and IPPs in lieu of project site used by these generating stations. This power is available to HPSEBL for meeting its power requirement as per mutually agreed terms between HPSEBL and GoHP at a price fixed by the Commission.

14.7.22 The GoHP has 12% free power share in seven of the HPSEBL own generating stations viz. Ghanvi, Baner, Gaj, Larji, Khauli, Ghanvi-II, Uhl-III and in three NHPC plants (i.e. Bairasiul, Chamera-I, Chamera-II), Shanan (500 KW), Baspa II, Nathpa Jhakri. Further, it has 13% free power share in Chamera-III (NHPC), Kashang (HPPC), 20% in Malana, 4.6% in Ranjeet Sagar Dam and 16.23% in Chanju HEP. In addition, GoHP is scheduled to receive free power from new stations expected to commission in the coming years.

14.7.23 Considering the total energy requirement of HPSEBL in FY 2022-23, the Commission has only approved the free power availability from the stations which are connected to intra-state network. While projecting the power generation from these generating stations, the Commission has considered either last 3 years average or design energy generation based on availability.

14.7.24 The table given below shows the Commission's estimates of plant-wise energy availability to the HPSEBL for FY 2022-23:

Table 266: Energy Availability from Free Power (MU) for FY23

Free Power	Petition	Now Approved
Shanan Share	2.63	2.63
Ranjeet Sagar Dam Share	78.70	73.88
Malana	67.61	66.55
Baspa – II	155.79	173.16

Free Power	Petition	Now Approved
Ghanvi	8.68	11.07
Baner	4.17	7.21
Gaj	7.55	4.55
Larji	74.86	69.57
Khauli	5.32	5.95
Ghanvi II	4.01	4.28
Kashang	17.23	13.23
Chanju	20.20	21.03
Small HEP/ Private Micro - Free	128.47	131.21
Total Free Power	**575.22**	**584.32**

Allocation and Energy Availability from BBMB

14.7.25 In case of generating stations of BBMB, the average energy has been considered based on the energy generated during the last 3 years (FY 2018 to FY 2021). The table below summarizes the allocation as well as energy available from BBMB stations for FY 2022-23.

Table 267: HPSEBL Share and Energy Availability from BBMB for FY23

Name of Generating Station	Energy (ex-bus)	HPSEB Share	Energy available to HPSEBL (MUs)
BBMB Old		Fixed 1.2LU/day	43.80
BBMB New	4863.75	7.19%	346.21
Dehar	3,111.30	5.75%	177.17
Pong	1,518.17	2.98%	44.85
Total			**612.03**

Energy Availability from Renewable Power (Non-Solar and Solar)

14.7.26 The Petitioner is required to comply with the HPERC (Renewable Power Purchase obligation and its Compliance) Regulation, 2010 and its subsequent amendments wherein the Commission has approved the non-solar and solar renewable power procurement trajectory to be complied by the licensee. The targets laid down by the Commission as per Himachal Pradesh Electricity Regulatory Commission (Renewable Power Purchase Obligation and its Compliance) (Seventh Amendment) Regulations, 2021 for non-solar and solar power purchase for FY 2022-23 is given in the table below:

Table 268: Minimum quantum of purchase from Renewable Sources

Financial Year	Total RPPO %age	Minimum Non-Solar RPPO %age of the total purchase	Minimum Solar RPPO %age of the total purchase
FY 2022-23	21.35%	10.85%	10.50%

Renewable Power (Non-solar)

14.7.27 The Petitioner has own generating hydro power plants which are lower than 25MW capacity and qualify under the renewable power projects. The Commission has considered availability from these plants based on the availability considered in the MYT Order for the fourth Control Period dated 11th November 2021. The table given below summarizes HPSEBL's share, generation and auxiliary consumption considered by the Commission for the projection of power purchase quantum from own generating stations (less than 25MW capacity) for FY 2022-23:

Table 269: Allocation, HPSEBL share and Energy Availability from Own Generating Stations for FY23

Name of Generating Station	Capacity (MW)	Generation (MUs)	HPSEBL Share	Auxiliary Consumption (MUs)	Annual Energy available to HPSEBL (MUs)
Andhra	16.95	87.3	100%	1.00%	86.43
Ghanvi	22.50	93.34	88%	1.20%	81.15
Baner	12.00	60.67	88%	1.00%	52.85
Gaj	10.50	38.31	88%	1.00%	33.38
Khauli	12.00	49.95	88%	0.70%	43.65
Binwa	6.00	29.25	100%	0.70%	29.05
Thirot	4.50	17.74	100%	0.90%	17.58
Gumma	3.00	11.83	100%	1.00%	11.71
Holi	3.00	11.83	100%	1.00%	11.71
Bhaba Aug	4.50	17.74	100%	0.90%	17.58
Nogli	2.50	9.85	100%	1.00%	9.75
Rongtong	2.00	7.64	100%	1.00%	7.56
Sal-II	2.00	7.88	100%	1.14%	7.79
Chaba	1.75	7.67	100%	1.00%	7.59
Rukti	1.50	6.54	100%	1.00%	6.47
Chamba	0.45	1.77	100%	1.00%	1.75
Killar	0.30	1.16	100%	0.86%	1.15
Ghanvi II	10.00	52.27	88%	1.20%	45.45
Total					**472.60**

14.7.28 In addition, the Petitioner has PPAs with various SHPs/ IPPs/ private micro hydel projects. Power from these projects is also considered towards meeting the non-solar renewable obligation of the Petitioner.

14.7.29 The Commission has compared the actual units of FY 2020-21 and six months of FY 2021-22 and has accordingly considered an increase of 7% y-o-y in availability of power from Small HEP/ Private Micro. The table below summarizes energy availability for HPSEBL from own and private small and micro hydel projects:

Table 270: Energy Availability from Small Hydro Own and IPPs/ Private Stations for FY23

Particulars	Energy Available (MUs)
Small Hydro Own Generation	472.60
Small HEP/ Private Micro <5MW	1,239.31
Small HEP/ Private Micro >5MW	329.02
Total Non-solar Renewable Power	**2,040.93**

14.7.30 Further, HPSEBL has submitted procurement of power from two municipal solid waste to energy projects with total capacity 3.5 MW (2.5+1) which are expected to be commissioned during FY 2022-23. The energy availability from these two stations has been considered based on the submission of the Petitioner as provided in the table below:

Table 271: Energy Availability from Municipal Solid Waste Projects for FY23

Particulars	Energy Available (MUs)
Municipal Solid Waste (MSW) projects	24.53

14.7.31 The power procured by HPSEBL from any other renewable source during FY 2022-23, for which the Commission has approved generic tariff, shall be considered at the time of truing up based on the actuals.

Renewable Power (Solar)

14.7.32 The Petitioner is procuring solar power from NTPC's Singrauli Solar PV Power Project (15 MW) bundled with thermal power, in which 15 MW of power is being made available to HPSEBL from FY 2015 onwards. The bundling ratio of solar & conventional thermal is 1:1 in MW terms. Further, the Petitioner has also submitted that it is procuring power from SECI w.e.f. 6th June 2015 against contracted capacity of 20 MW.

14.7.33 In addition to above mentioned solar power, Petitioner has also submitted details of procurement of additional solar power from existing and upcoming private developers with cumulative installed capacity of 36.10 MW with expected quantum of 53.76 MUs by end of FY 2022-23.

14.7.34 In response to a query raised by the Commission, the Petitioner has submitted details of Solar PV projects commissioned and expected to be commissioned by FY 2023. The Petitioner has mentioned that out of total planned capacity of 36.10 MW, 30.05 MW has already been commissioned, while remaining solar plants with capacity of 6.05 MW are expected to be commissioned during FY 2022-23.

14.7.35 The Commission has considered the actual generation of past years for projecting the power from various solar sources for FY 2022-23:

Table 272: Energy Availability from Solar Power (MUs) for FY23

Sources	Energy Available (MUs)
Singrauli Solar	20.31
SECI	42.81
Additional Private Solar plants	53.76
Total	**116.88**

14.7.36 Further, the Petitioner should undertake procurement of sufficient solar power or REC certificates to meet any shortfall in the solar RPO requirement for FY 2022-23 in line with the Himachal Pradesh Electricity Regulatory Commission (Renewable Power Purchase Obligation and its Compliance) (Seventh Amendment) Regulations, 2021.

Energy Availability from Private Micro Hydel Projects (Purchase at APPC under REC Framework)

14.7.37 The Petitioner also purchases power at APPC rate from small and micro hydel projects which are under the REC framework. In case of power available from micro hydro projects under REC mechanism, the Commission has considered an increase of 3% y-o-y in the energy generated in FY 2020-21. The details of energy available from these sources for FY 2022-23 is provided below:

Table 273: Energy Availability from IPPs and Private SHPs for FY23 (MUs)

Particulars	Energy Available (MUs)
Small HEP/ Private Micro – REC	339.09

Energy Availability from Equity Share in Generating Plants

14.7.38 The GoHP has equity share of 22% in the Nathpa Jhakri and 26.1% share in Rampur HEP. The Commission has projected the energy available from NJPS for FY 2021-22 based on actual energy generated during the last three years (FY 2019 to FY 2021). The details of power projected from these plants are as per table below:

Table 274: HPSEBL share and Energy Availability from NJPS and Rampur for FY23

Name of Generating Station	HPSEBL Share	Annual Energy available to HPSEBL (MUs)
Rampur Equity	26.10%	492.85
Nathpa Jhakri Equity	22.00%	1,502.26
Total from Equity share		**1,995.12**

Allocation and Energy Availability from Other Sources, Bilateral and Short-Term Arrangements

14.7.39 The Petitioner has submitted that it has not projected any short-term power purchase since it has sufficient availability of power during summer and any shortfall in winter months shall be met with banking arrangements.

14.7.40 In view of the above the Commission has considered the submission of the Petitioner and has not projected any short-term power purchase for FY 2022-23.

14.7.41 For the purpose of projecting power purchase from Bilateral, Short term arrangements and Banking, the Commission has carried out a month-wise demand supply analysis for FY 2022-23.

14.7.42 For FY 2022-23, the Commission has considered that the commercially prudent surplus power available during the summer months can be banked to meet the shortfall during the winter months. Any further shortfall can be met from the GoHP free/equity power share and market purchases. However, the Petitioner may consider the most appropriate combination of banking and bilateral arrangement for meeting the deficit on commercial principles and with the intention of reducing the power purchase cost. The summary of monthly demand supply positions during FY 2022-23 is shown in the tables as follows:

Table 275: Monthly Demand Supply Position – FY23

Power Purchase	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
Sales (MU)	754	797	819	829	820	834	833	796	802	821	854	839	**9,798**
Losses	9.70%	9.70%	9.70%	9.70%	9.70%	9.70%	9.70%	9.70%	9.70%	9.70%	9.70%	9.70%	
Monthly Demand (MU) State Periphery	835	883	906	918	908	923	923	882	889	909	945	930	**10,850**
Monthly Availability (MU) State Periphery	795	1,071	1,398	1,584	1,615	1,375	825	561	490	457	447	583	**11,199**
Deficit Power (MU) State Periphery	-	-	-	-	-	-	(98)	(321)	(399)	(452)	(499)	(347)	**(2,115)**
Deficit Power (MU) Ex Bus	-	-	-	-	-	-	(101)	(332)	(413)	(468)	(516)	(359)	**(2,189)**
Surplus Power (MU) State Periphery	(40)	108	506	725	752	551	-	-	-	-	-	-	**2,603**
Surplus Power (MU) Ex Bus	(41)	195	509	689	731	468	(101)	(332)	(413)	(468)	(516)	(359)	**361**
Net Surplus/(Deficit) (Ex Bus)	**(41)**	**195**	**509**	**689**	**731**	**468**	**(101)**	**(332)**	**(413)**	**(468)**	**(516)**	**(359)**	**361**

14.7.43 Based on the analysis of month-wise energy demand and supply considering the firm sources and tied-up short-term sources, it is observed that the Petitioner shall be in some deficit during few months of October to March while there would be surplus during summer months. It is observed that the Petitioner has already entered into some banking arrangements for managing this surplus and shortfall. The Commission advices the Petitioner to optimize its power procurement in benefit of the Consumer by planning in advance for its surplus/deficit power for FY 2022-23.

14.7.44 It is observed that during last two years, the Petitioner has been incurring significant additional charges under the DSM mechanism. These additional surcharge are a reflection of poor planning of demand and supply. The Petitioner is directed to undertaken use of software and tools for better demand estimation and scheduling of power from various sources which would eliminate / reduce large incidence of additional surcharge. In event of Petitioner unable to do so, the Commission shall be constraint to disallow such additional surcharge in future truing-up.

14.7.45 The Petitioner is required to take regular approvals for any power purchase exceeding 5% limit for each of the quarter of FY 2021-22. In absence of such submissions/ approvals, power purchase beyond 5% shall be disallowed by the Commission.

14.8 Power Purchase Cost

14.8.1 In the following sub sections, the Commission has estimated the cost of the projected power purchase quantum along with certain assumptions thereof, from each of the above sources. While doing so, the Commission has exercised due caution in analysing the recent trends and available tariff orders of the stations.

14.8.2 The tariff for Central Generating Stations (CGS) is determined by Central Electricity Regulatory Commission (CERC) for a Control Period of five years. The last tariff approved by CERC is for the Control Period FY 2014-19. It is observed that the new CERC (Terms and Conditions of Tariff) Regulations, 2019 for determination of tariff for CGS for the Control Period 2020-24 has been issued on 7th March 2019. However, the Tariff Orders for the generating stations are yet to be issued. Therefore, the impact on the fixed cost for central generating stations cannot be determined with certainty at the time of issuance of this Order. In absence of the tariff orders for CGS, the Commission has considered appropriate assumption for projecting the power purchase cost for the fourth Control Period which are detailed in the write-up of respective sources.

Generation cost of HPSEBL own stations

14.8.3 The Commission has issued MYT order for Generation Business for the fourth Control Period dated 11th November 2021 and has approved the capital cost and tariff for hydel stations.

14.8.4 In view of the above, the Commission has considered the AFC determined by the Commission in the MYT order for the respective years. For generating stations where generic tariff is applicable (i.e., Ghanvi, Khauli, Thirot, Gumma, Holi, Bhaba Aug, Sal-II and Killar), the Commission has considered a tariff of Rs. 2.25 per unit as approved by the Commission in its Order dated 15.01.2014 against Petition no. 54/2013.

Cost of Free Power

14.8.5 The purchase rate of free power available to HPSEBL from GoHP has been fixed at 249 Paise/unit for FY 2022-23 in line with the Commission's latest Order dated 28.03.2022. Therefore, in order to project the power purchase cost for FY 2022-23, the Commission has considered the same rate of 249 Paise/unit for determining free power available to the HPSEBL from GoHP for FY 2022-23.

Cost of Power from NPCIL Stations

14.8.6 The Commission has considered the charges as per actual for FY 2020-21 and FY 2021-22 submitted by HPSEBL in Form 4a for the NPCIL stations with an escalation of 4% to arrive at the power purchase cost for FY 2022-23.

Cost of Power from BBMB and Other Plants

14.8.7 For BBMB Old station, Shanan BBMB New, Dehar, Khara and Pong stations, the Commission has considered an escalation of 3% per annum on the actual power purchase cost as submitted by HPSEBL for FY 2020-21 in Form 4a.

14.8.8 For Yamuna stations, Commission has considered an escalation of 4% per annum over and above the approved annual charges for FY 2021-22 by UERC as per the APR Tariff Order for FY 2021-22 dated 26.04.2021 for UJVNL.

14.8.9 Any additional changes in tariff from these stations shall be considered at the time of truing-up for FY 2022-23.

Cost of Power from SJVN Plant

14.8.10 The Commission observed that the Petitioner has mentioned that an additional 15% escalation in fixed charge is considered on account of higher plant availability factor for SJVNL stations. The Commission sought suitable justification along-with detailed workings for substantiating the assumptions considered for projections.

14.8.11 In response to the query, the Petitioner submitted that the normative Plant Availability Factor of Rampur HPS is 85% and NJHPS PAF is 90% while the annual average Plant Availability Factor has remained around 105% in FY 2020 and FY 2021. The Fixed charges of the stations are based on the Plant Availability Factor for the month as per the CERC Tariff Regulations. Accordingly, additional escalation of 15% was proposed in fixed charges by the Petitioner.

14.8.12 Consider the difference in fixed charges as per normative availability and actual fixed charges paid during six months of FY 2021-22, the Commission has considered the monthly average fixed charges paid during FY 2020-21 along with an escalation of 3% for projecting the fixed charges for SJVN and Rampur power plants.

14.8.13 Any additional changes in tariff from NJPS or Rampur station on account of revised tariff for FY 2022-23 shall be considered at the time of truing-up for FY 2022-23.

Cost of Power from IPPs and Private SHPs

14.8.14 The Commission has considered the tariff for Baspa-II Plant for FY 2021-22 as per the Tariff Order for fourth Control Period for Baspa-II issued by the Commission. Further, the Commission has also considered cost towards secondary energy based on the PPA provisions. Additional cost towards higher availability from Baspa plant has also been considered.

14.8.15 For projecting the power purchase cost from private SHPs, average rate of power from private SHP during FY 2020-21 has been considered along with existing quantum of power being available from various private SHPs in FY 2022-23.

14.8.16 Average Power Purchase Cost (APPC) for purchase of power from SHPs generator in the State availing REC facility has been considered as per the Commission's Order dated 03rd January 2022 in petition No.28/2021 for determination of APPC i.e., at the rate of Rs. 2.49/ unit.

Cost of Additional Solar Power

14.8.17 The Petitioner has been procuring bundled power from Singrauli Solar power plant. The Commission has considered the cost of thermal power (15 MW) in the previous sections. For solar power of 15 MW, a rate of Rs. 7.87 per unit has been considered as per the actual rate in FY 2020-21. Similarly, as per the SECI agreement, power from SECI has been considered at a rate of Rs.5.50 per unit for FY 2022-23 which includes STU charges payable in Rajasthan.

14.8.18 In addition to the solar power being procured by HPSEBL from Singrauli solar power plant and SECI, additional quantum has been considered from private solar IPPs in line with the claim of the Petitioner. The rate of these private solar plants has been considered as the weighted average rate for all plants for which PPAs have been signed by the Petitioner.

Cost of Power from NTPC stations

14.8.19 In the absence of Tariff Orders of the respective years for CGS, the Commission has considered the fixed charges as per actual for FY 2020-21 submitted by HPSEBL in Form 4a for the NTPC stations with an escalation of 3% y-o-y to arrive at the fixed cost for FY 2022-23 and has applied the allocation to the state of HP for approving the fixed cost from the respective CGS plants for FY 2022-23.

14.8.20 Further, the Petitioner has appraised the Commission regarding additional financial implications on HPSEBL on account of ash transportation charges of the NTPC stations on account of change in law event vide MoEF&CC, GoI Notification dated 03.11.2019 & dated 25.01.2016.

14.8.21 The variable cost for existing NTPC thermal generating stations, including Fuel Price Adjustment (FPA) for the Control Period has been based upon the actual power purchase data for FY 2020-21, as submitted by HPSEBL in Form 4a. An escalation of 4% has been applied for coal and gas-based plants to arrive at the variable cost for subsequent years. Other Charges (per unit) have been considered to be at the same level as per actual submitted by HPSEBL in Form 4a.

14.8.22 The Commission is of the viewpoint that any additional changes in tariff from NTPC stations on account of revised tariff for FY 2022-23 and any other associated charges shall be considered at the time of truing-up for FY 2022-23.

Cost of Power from NHPC Plants

14.8.23 As reasoned earlier, the tariff order for NHPC stations for 2020-24 is yet to be issued by CERC. Therefore, the Commission has considered an annual escalation of 3% on the actual fixed and energy charges for FY 2020-21 as submitted by HPSEBL in Form 4a and has applied the allocation of power from these plants to the State of HP to compute the total charges payable by the Petitioner in FY 2022-23. The other charges paid by NHPC are considered to be at the level as actually paid by HPSEBL as per actual for past year.

Cost of Waste to Energy Plants

14.8.24 The Commission has retained the power purchase cost from waste to energy project as approved by in the MYT Order dated 29.06.2019 for FY 2022-23.

Source-wise Power Purchase Cost

14.8.25 Based on the principles discussed above, the table below summarizes power purchase cost of each plant for FY 2022-23.

Table 276: Approved Power Purchase Cost for FY23 (Rs. Cr.)

Name of Station/ Source	MUs	Cost (Rs. Cr.)	Rate (Rs/ unit)
Own Generation			
Bhaba	459.12	42.89	0.93
Bassi	344.40	20.80	0.60
Giri	287.52	28.99	1.01
Andhra	86.43	12.09	1.40
Ghanvi	81.15	18.26	2.25
Baner	52.86	11.90	2.25
Gaj	33.38	9.90	2.97
Larji	510.20	63.63	1.25
Khauli	43.65	9.82	2.25
Binwa	29.05	6.91	2.38
Thirot	17.58	3.96	2.25
Gumma	11.71	2.64	2.25
Holi	11.71	2.64	2.25
Bhaba Aug	17.58	3.96	2.25
Nogli	9.75	3.47	3.56
Rongtong	7.56	2.86	3.78
Sal-II	7.79	1.75	2.25
Chaba	7.59	2.46	3.24
Rukti	6.47	0.55	0.85
Chamba	1.75	0.54	3.08
Killar	1.15	0.26	2.25
Ghanvi II	45.45	10.23	2.25
Total - Own Generation	**2,073.86**	**260.49**	**1.26**

Name of Station/ Source	MUs	Cost (Rs. Cr.)	Rate (Rs/ unit)
GoHP Free Power			
Shanan Share	2.63	0.65	2.49
Ranjeet Sagar Dam Share	73.88	18.40	2.49
Malana	66.55	16.57	2.49
Baspa – II	173.16	43.12	2.49
Ghanvi	11.07	2.76	2.49
Baner	7.21	1.79	2.49
Gaj	4.55	1.13	2.49
Larji	69.57	17.32	2.49
Khauli	5.95	1.48	2.49
Ghanvi II	4.28	1.06	2.49
Kashang	13.23	3.29	2.49
Chanju	21.03	5.24	2.49
Small HEP/Private Micro – Free	131.21	32.67	2.49
Total – GoHP Free Power	**584.32**	**145.50**	**2.49**
NTPC			
Anta	15.08	12.67	8.40
Auriya	14.66	16.66	11.37
Dadri (G)	49.99	24.24	4.85
Unchahar-I*	40.02	18.71	4.68
Unchahar-II*	70.79	32.44	4.58
Unchahar-III*	46.27	23.39	5.06
Rihand-1 STPS*	259.37	62.57	2.41
Rihand-2 STPS*	251.31	56.94	2.27
Rihand-3 Units-1,2*	250.92	5.27	2.22
Singrauli STPS*	23.77	52.57	3.59
Kahalgaon – II	146.56	76.34	3.04
Dadri-II TPS*	7.94	4.69	5.91
Koldam HEP	468.92	287.12	6.12
Tanda II	5.94	2.74	4.61
Unchahar IV*	5.51	2.89	5.25
Total - NTPC	**1,657.03**	**679.24**	**4.10**
NPCIL			
NAPP	101.48	31.86	3.14
RAPP (V & VI)	104.75	41.98	4.01
RAPP VII	71.24	32.06	4.50
Total – NPCIL	**277.47**	**105.90**	**3.82**
NHPC			
Salal	34.20	10.93	3.20
Tanakpur	17.04	7.24	4.25

Name of Station/ Source	MUs	Cost (Rs. Cr.)	Rate (Rs/ unit)
Chamera-I	69.62	22.77	3.27
Chamera-II	40.43	12.26	3.03
Uri	81.20	24.49	3.02
Dhauliganga	40.81	16.61	4.07
Total - NHPC	**283.29**	**94.30**	**3.33**
Other CG & Other Shared Stations			
BBMB Old	43.80	4.06	0.93
BBMB New	346.21	25.68	0.74
Dehar	177.17	20.12	1.14
Pong	44.85	2.38	0.53
Shanan (available to HPSEB)	5.26	0.33	0.63
Shanan Ext (available to HPSEB)	45.00	3.06	0.68
Yamuna	431.77	64.81	1.50
Khara	51.32	5.97	1.16
Total – Other CG & Other Shared Stations	**1,145.37**	**126.41**	**1.10**
SJVNL			
Nathpa Jhakri HEP	168.66	43.27	2.57
Nathpa Jhakri Equity	1,502.26	385.43	2.57
Rampur SOR	53.06	26.87	5.06
Rampur Equity	492.85	249.61	5.06
Total - SJVNL	**2,216.84**	**705.18**	**3.18**
Other IPPs & Private SHPs			
Small HEP/ Private Micro<5MW	1,239.31	366.84	2.96
Small HEP/ Private Micro>5MW	329.02	94.43	2.87
Small HEP/ Private Micro – REC	339.09	84.43	2.49
Baspa - II	1,050.06	232.06	2.21
Baspa - II Secondary Energy	103.73	42.71	4.12
Total – IPPs & Private SHPs	**3,061.20**	**820.47**	**2.68**
Solar			
Singrauli Solar	20.31	15.99	7.87
SECI Solar	42.81	23.54	5.50
Additional Solar Power	53.76	23.68	4.40
Total - Solar	**116.88**	**63.21**	**5.41**
Co-Gen			
Waste to Energy (WTE)	**24.53**	**19.38**	**7.90**

Name of Station/ Source	MUs	Cost (Rs. Cr.)	Rate (Rs/ unit)
Grant Total	**11,440.79**	**3,020.07**	**2.64**

14.9 PGCIL Charges

14.9.1 HPSEBL in its Petition has submitted that the new CERC (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2020 dated 4th May, 2020 has come in effect from 1st November, 2020. Therefore, based on the Inter-State Transmission charges incurred in H1 of FY 2021-22, the Petitioner has projected the Inter-State Transmission charges for FY 2023.

14.9.2 In addition to the above, the Petitioner has submitted that it has been paying bilateral charges towards the transmission system created by POWERGRID Kala Amb Transmission Assets (PKATL assets) i.e., GIS Substation 7x105 MVA (1-ph), 400/220 kV at Kala Amb (HP) and LILO of Karcham Wangtoo-Abdullapur 400kV D/C and 40% Series Compensation. The bills have been accepted provisionally in line with the CERC Order dated 22.08.2014 in Petition No. 93/TT/2014, CERC Order dated 04.01.2017 in petition No. 155/MP/2016 of Patran Transmission Company Limited and Regional Transmission Accounts for the respective month issued by NRPC.

14.9.3 In the petition No. 104/MP/2018, the Petitioner had contended that transmission charges for PKATL assets shall be included in PoC mechanism and recovered from all constituents of Northern Region. CERC in Order dated 18.09.2018 in Petition No. 104/MP/2018 has allowed 15.5% charges recovery through PoC mechanism and 84.5% of total annual charges from the Petitioner till the downstream transmission network is made ready by HPPTCL and connected with GIS Substation 7x105 MVA (1-ph), 400/220 kV at Kala Amb (HP). The Petitioner submitted that it has appealed before APTEL against the CERC order dated 18.09.2018.

14.9.4 The Petitioner has also mentioned that the downstream system comprising of 220/132kV sub-station at Kala Amb and associated 220kV transmission lines from 400/220kV sub-station of PGCIL has to be created by STU (HPPTCL) as the system is incidental to Inter-State Transmission System and the related work has been transferred to HPPTCL in February 2018.

14.9.5 Subsequently, the Petitioner made additional submission that after commissioning of downstream system, that is, 220/132kV sub-station and associated transmission lines, the recovery of charges towards this transmission system of PGCIL will be done as per new CERC (Sharing of Interstate Transmission Charges and Losses) Regulations, 2020 with effect from November 2020. As per CERC Sharing Regulations 2020, the calculations of interstate transmission charges based on Point of Connection (PoC) Charges has been replaced with the following components:

- National Component
- Regional Component
- Transformer Component
- AC System Component

14.9.6 Accordingly, out of the total project cost 15.5% is towards the Series compensation of 400kV Karcham Wangtoo – Abdullapur Transmission lines and the AFC towards the same is being recovered under Regional Component and all the regional entities of Northern Region are sharing the transmission charges in proportion to their LTA. Whereas the remaining 84.5% of total project cost is towards the 400/220kV Power Transformers and allied equipments comes under the Transformer component and shall be borne and shared by the drawee Designated ISTS Customer (DIC) located in the concerned State in proportion to their Long-Term Access plus Medium-Term Open Access.

14.9.7 The Petitioner further submitted that as per the new CERC (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2020, even after commissioning of downstream system by STU (HPPTCL), the entire cost towards the AFC of Transformer Component in respect of PGCIL Transmission System at Kala Amb shall have to be borne by HPSEBL only and same will not be shared by Regional beneficiaries. Hence, the Petitioner has to pay bilateral transmission charges even after commissioning of downstream system. Accordingly, the Petitioner requested the Commission to allow the bilateral charges being paid by the Petitioner in the ARR of FY 2022-23.

14.9.8 Moreover, the Petitioner has also submitted that it pays bilateral charges to PGCIL towards 02 No. 220kV Line Bays (HPSEBL Future Bays) at 400/220kV Hamirpur sub-station as per Tariff approved by CERC in petition no. 99/TT/2014. Hence, the Petitioner has also requested the Commission to allow these bilateral charges in the ARR of HPSEBL for FY 2023.

14.9.9 Therefore, in view of the above details and change of methodology for transmission charges, the Petitioner had proposed an escalation of 10% on y-o-y for projecting PGCIL charges for FY 2022-23.

14.9.10 The Commission scrutinised the submissions made by the Petitioner and observed that the PGCIL charges have increased significantly on account of CERC Sharing Regulations, 2020.

14.9.11 Further, the Commission asked the Petitioner to submit actual PGCIL charges paid by the Petitioner for FY 2021-22. In reply to the query raised by the Commission the Petitioner submitted 9 months actual PGCIL charges amounting to Rs. 369.54 Cr. In addition to this the Petitioner also submitted that the CTU bills of prior period have been paid during April 2021 to December 2021 amounting to Rs. 41.57 Crore (including recovery from DoE, GoHP of Rs. 10.89 Crores and that of HPSEBL amounting to Rs. 30.69 Crores) which is inclusive of the total amount of Rs. 369.54.

14.9.12 Therefore, the Commission has considered the actual transmission charges paid by the Petitioner for nine months of FY 2022 and considered an escalation of 5% over and above the same for projecting the inter-state transmission charges for FY 2023.

14.9.13 In response to one of the queries on the beneficiary of PGCIL Kala Amb transmission assets, the Petitioner has submitted that as per CEA standing committee minutes (39th Meeting), 400/220 kV Kala-Amb GIS was planned to have (6x105) MVA +105 MVA spare, as per standard guidelines established by

CEA and HPSEBL is 100% beneficiary of the substation. However, in future, the capacity will be shared among the DICs.

14.9.14 Moreover, the Petitioner has claimed bilateral charges payable on account of PKATL assets and 2 Nos. 220 kV line bays of Hamirpur-PGCIL substation as Rs. 56.46 Cr. and Rs. 0.68 Cr., respectively.

14.9.15 As per the submission of the Petitioner and considering that the Petitioner has filed an appeal before APTEL, which is currently pending, the Commission has provisionally considered the amount of charges required to be paid by HPSEBL towards PKATL assets during FY 2022-23.

14.9.16 However, the Petitioner is directed to take up adequate representations to CERC and other stakeholders which would immediately prevent the incidence of these annual fixed charges on HP state alone. Also, the Petitioner is required to take steps for reversal of the charges against these assets in the past years. The Petitioner is directed to provide a status report of the various steps undertaken in this regard along with supporting documents in the subsequent tariff filing. Also, the Commission shall review the matter based on initiatives undertaken by HPSEBL in this regard in the subsequent tariff orders and at the time of truing-up for FY 2022-23 while approving this amount.

14.9.17 Further, the Commission in the second APR order dated 31.05.2021 issued a directive to the Petitioner that *"The Commission has been provisionally considering the amount of non-PoC charges required to be paid by HPSEBL towards PKATL assets Hamirpur-PGCIL substation. However, the Petitioner is directed to take up adequate representations to CERC and other stakeholders which would immediately prevent the incidence of these annual fixed charges. The Petitioner is required to take steps for reversal of the charges against these assets already paid in the past years. The Petitioner is required to provide a status report of the various steps undertaken in this regard along with supporting documents in the subsequent tariff filing.*

The Petitioner is also directed to take all required steps (including discussion at the management level and co-ordination with HPPTCL) to ensure completion of the downstream transmission network by FY 2022-23 failing which the Commission shall be constrained to disallow these charges from FY 2023-24 onwards. Also, for Hamirpur substation these charges would be disallowed after FY 2021-22."

14.9.18 In accordance with the above directive, it is observed that the case of PKATL assets is still pending at Hon'ble APTEL for which the Commission is continuing with provision amount. However, in case of non-utilization of bays at Hamirpur S/s, the Commission has disallowed the annual charges in line with the directive.

14.9.19 The PGCIL charges projected by the Commission for FY 2022-23 which shall be reviewed by the Commission at the time of truing-up for FY 2022-23 is as follows:

Table 277: PGCIL charges approved by the Commission FY23

Particulars	Projection by Petitioner	Approved

Particulars	Projection by Petitioner	Approved
PGCIL charges for FY23	463.13	474.39
Add: PKATL Assets Annual charges	56.46	56.46
Add: 2 no. Future Bays at Hamirpur-POWERGRID 220kV S/Stn charges	0.68	-
Total inter-state transmission charges	**520.27**	**530.85**

14.10 HPPTCL Charges

14.10.1 The Petitioner has submitted that it has a share of ~96% of the long-term capacity and has accordingly prorated the ARR approved by the Commission for FY 2022-23 vide HPPTCL MYT Order dated 29.06.2019. Further, the Petitioner has claimed additional charges to be paid towards Bhoktoo substation w.r.t. Tariff Order dated 25.7.2020 and charges for Kashang Bhaba transmission line, which has been projected by the Petitioner on prorata basis (65 MW share of HPSEBL out of 195 MW) as per Tariff Order dated 26.8.2020.

14.10.2 Also, the Petitioner has claimed the transmission charges paid for wheeling of 11 MW power of HPSEBL towards Phojal Substation and ADHPL's 220 kV dedicated transmission line from Phojal substation to CTU interconnection point at mutually agreed rates.

14.10.3 In addition to the above the Petitioner has claimed other charges based on the Petitions filed by HPPTCL before the Commission which are as follows:

- HPPTCL has filed the petition for determination of capital cost and ARR in respect of 132/33 kV, 2x25/31.5 MVA GIS sub-station at Chambi (Shahpur) along with 132 kV Double Circuit transmission line in October 2021. The Commissioning of the Substation and the transmission line is expected by 28.08.2019 and 05.08.2020 respectively. As per the petition HPSEBL is the only beneficiary of the transmission system and hence the entire ARR of the transmission system needs to be considered in the ARR of FY 2023.

- HPPTCL has filed the petition for determination of capital cost and ARR in respect of 132/33 kV GIS sub-station Pandoh (Mandi) along with associated transmission lines in October 2021. The commissioning of the substation, transmission line and additional transformer is expected by 24.08.2019 and 08.10.2020 respectively. As per the petition HPSEBL is the only beneficiary of the transmission system and hence the entire ARR of the transmission system needs to be considered in the ARR of FY 2023.

- The Petitioner has signed PPA with various SHEPs operating in the Ravi Basin of Himachal Pradesh and HPPTCL is developing an evacuation system consisting of 2x315MVA, 400/220/33 kV GIS Pooling Station at Lahal and a 40 km, 400kV D/C Twin Moose transmission line to 2x315 MVA Chamera pooling Station of PGCIL to evacuate the power generated from various proposed/under construction Hydro Power projects located in the Ravi Basin. The construction of the pooling substation and the 220 KV line is completed, while the construction of 400kV D/C Twin Moose transmission line is delayed. As a result of which idling of already commissioned hydro power projects at the Ravi basin is occurring due to non-evacuation of hydro power from those plants. To bail out the idled hydro power plants HPPTCL and HPSEBL has filed a joint petition before Hon'ble Uttarakhand Electricity Regulatory Commission (UERC) to allow them to evacuate power up to 26 MW via dedicated line of M/s Greenko Budhil HEP temporarily till 30.09.2021. UERC vide its order dated 04.12.2020 in Petition No. 31 of 2020 allowed the evacuation arrangement till 30.09.2021. Further, UERC vide its Suo-Motu order dated 30.06.2021 in Petition No. 29 of 2021 allowed M/s Greenko to charge from the Petitioners for the usage of its dedicated transmission line based on the ARR/Annual Transmission charges (ATC) determined by HPERC for HPPTCL vide its Tariff Orders based on actual per MW per day usage basis corresponding to daily declared capacity till the effectiveness of the interim arrangement along with payment of proportionate PoC Injection charges and GIS Bay charges by the beneficiaries of the System. Further, HPPTCL has stated that 400kV D/C Twin Moose transmission line is slightly delayed and is expected to be commissioned latest by March 2022. Thus, HPPTCL & HPSEBL have jointly filed the petition on 19.10.2021 seeking extension of interim arrangement up to March 2022 or till commissioning of 400kV Lahal-Chamera III D/C line. The Petitioner has submitted that the charges for the above-mentioned arrangement works out to be Rs. 4.32 Cr and these charges are payable by HPSEBL to M/s Greenco Budhil HEP or UPCL.

- HPSEBL has PPAs of 17.5 MW with IPPs owned SHP in Parbati river belt in Kullu area and to evacuate the power, the Petitioner utilizes the 132kV double circuit Malana-Bajaura line which is a dedicated transmission line of M/s Malana Power from Malana HEP at Jari to 132/33 kV Bajaura sub-station of HPSEBL. Accordingly, the Petitioner pays provisional monthly charges of Rs. 3,46,236/- to M/s MPCL which is subject to adjustment as per the final Order of APTEL in the petition filed by M/s MPCL.
- HPPTCL has filed the petition for determination of capital cost and AFC in respect of 400/220/66kV GIS sub-station Wangtoo along with associated transmission lines. However, the Petitioner has mentioned that the impact of same may be allowed in the True Up of respective years as per the actual payments made by HPSEBL.

14.10.4 The Commission observed the several components claimed by the Petitioner under HPPTCL charges. In respect of transmission elements where the Commission has determined the tariff, the transmission charges corresponding to the share of HPSEBL has been considered. However, in case of transmission line and substation, where the tariff is still to be determined, the Commission has considered 80% of the overall cost proposed by the Petitioner and any changes shall be considered at the time of truing-up.

14.10.5 The Commission observed that the charges claimed by the Petitioner that stands payable to M/s Greenco Budhil HEP or to UPCL specific to evacuation of 26 MW power has no financial implications in FY 2022-23 as the interim arrangement is approved until 30.09.2021 and subject to extension till 19.10.2021. Similarly, with respect to the transmission system of 400/220/66kV GIS sub-station

Wangtoo and associated transmission lines it is unclear whether the transmission system will be a part of Inter-State transmission system or Intra-State transmission system and hence the impact of the same on the ARR cannot be determined. Accordingly, the Commission has decided to allow cost implications pertaining to the above-mentioned items as per actual at the time of truing-up for respective years based on prudence check and hence has not considered the same within the ARR of FY 2022-23.

14.10.6 The Commission has scrutinised the submissions made by the Petitioner and in cognizance to the rationale provided by the Petitioner has provisionally approved the amounts and shall consider the same as per actual at the time of truing-up for FY 2022-23 based on prudence check. HPPTCL charges approved for FY 2022-23 are summarized in table below:

Table 278: Approved HPPTCL Charges for FY23 (Rs. Cr.)

Particulars	Petitioner Submission	Now Approved
STU Charges (Prorate share of HPSEBL 96%)	34.79	34.79
Approved ARR for Bhoktoo substation FY 23 (Prorate share of HPSEBL 100%)	5.96	5.96
Approved ARR for Kashang Bhaba FY 23 (Prorate share of HPSEBL 13%)	0.98	0.98
*Phojal - 220KV Sub-station	4.00	3.20
*ADHPL Transmission Line	1.30	1.04
*Chambi GIS Substation & associated line	15.31	12.25
*Pandoh (Mandi) GIS Substation and associated assets	10.87	8.70
*Utilization of 132kV D/C Malana-Bajaura line to M/s MPCL	0.42	0.34
Total HPPTCL Charges	**73.63**	**67.25**

**Commission has considered prorate share of 80%*

14.11 Other Power Purchase Related Charges

14.11.1 The Commission has considered the proposed ARR as provisional SLDC charges and shall considered the actual at the time of truing-up for FY 2022-23.

14.11.2 In response to a query, the Petitioner has submitted open access charges of FY 2020-21 and FY 2021-22 as Rs. 36.96 Cr and Rs. 22.56 Cr respectively.

14.11.3 The Commission has approved the actual open access charges based on the actual open access charges submitted by the Petitioner for FY 2021-22 with an annual escalation of 10%. The same would be trued-up along with other power purchase cost, based on actual amount paid. The summary of SLDC charges and open access charges are provided in table below:

Table 279: Approved SLDC & Short-term Open Access Charges for FY23 (Rs. Cr.)

Particulars	Petitioner Submission	Now Approved
SLDC Charges	4.49	4.49
Open Access charges	25.05	24.81
Total	**29.54**	**29.30**

14.12 Operation and Maintenance (O&M) Expenses

14.12.1 As per the MYT Regulations 2011 and amendments thereof, O&M expenses are controllable and hence the O&M expenses approved for the Control Period, as per the methodology specified in the Regulations, are not subjected to truing-up in the APR.

14.12.2 HPSEBL in its APR Petition for FY 2022-23 has claimed R&M expenses and Employee Cost to the same level as approved for FY 2022-23 in the MYT Order for the fourth Control Period. The Commission has therefore continued with the approved R&M expenses and Employee Cost in the MYT Order.

14.12.3 However, the Petitioner has requested for additional expenditure under A&G expense towards meter rental charges under smart metering initiative at Shimla, Dharamshala and smart metering in 13 towns under Himachal Hydro Power and Renewable Power Sector Development Program funded by World Bank scheme.

14.12.4 As detailed out in the Chapter "Mid Term Performance Review for 4th MYT Control Period", the Commission has excluded the provision of Rs. 5 Cr. towards one-time A&G expense and has provisionally included the proposed amount of Rs. 14.02 Cr. towards meter rental charges under smart metering initiative.

14.12.5 The details of the O&M expenditure approved by the Commission for FY 2022-23 is detailed below:

Table 280: O&M Expense Approved for FY23 (Rs. Cr.)

Particulars	Approved in MYT	Petitioner's Submission	Approved Now
Employee Cost	2,052.36	2,052.36	2,052.36
R&M Expense	112.91	112.91	112.91
A&G Expense	51.95	65.97	60.97
Total O&M Expense	**2,217.23**	**2,231.24**	**2,226.24**

14.13 Depreciation

14.13.1 Depreciation for each year of the 4th Control Period in the MYT Order dated 29th June 2019 has been approved by the Commission. Being a controllable parameter dependent on capitalization, depreciation shall be reviewed at the end of the Control Period.

14.13.2 Therefore, the Commission approves the depreciation for FY 2022-23 as approved in the MYT Order for the fourth Control Period.

14.14 Interest and Financing Charges

14.14.1 The Commission has approved a capital investment plan, capitalization schedule, source of funding and financing as part of the Business Plan for the fourth Control Period in the MYT Order.

14.14.2 The Petitioner has requested for revision in the interest on long-term loans on account of additional interest charges to be incurred by the Petitioner in FY 2022-23 on account of loans on new EHV schemes and letter of credit charges.

14.14.3 The Commission has already undertaken a detailed assessment of the interest on capital loans as part of previous Chapter "Mid Term Performance Review for 4th MYT Control Period". Accordingly, the interest on long-term loans have been revised to Rs. 148.24 Cr.

14.14.4 Letter of Credit charges have also been considered provisionally based on the submission of the Petitioner. The same are subject to true-up based on actual at the time of truing-up of uncontrollable parameters for FY 2023.

14.15 Working Capital Requirement

14.15.1 In view of the revision in power purchase cost, receivables, Consumer security deposits, etc.; the Commission has re-determined the working capital requirement for FY 2022-23. The revised approved working capital requirement is summarized below:

Table 281: Working Capital Requirement Approved for FY23 (Rs. Cr.)

Particulars	Approved in MYT Order	Petitioner's Submission	Now Approved
O&M Expense for one month	184.77	185.94	185.52
Receivables equivalent to 2 months average billing	901.06	1,032.09	955.00
Maintenance Spares 15% of the O&M expense for one month	15.38	15.87	27.83
Less: Consumer Security Deposit	502.06	492.18	506.51
Less: One Month Power Purchase	298.03	301.19	303.96
Working Capital Requirement	**301.13**	**440.54**	**357.88**

14.15.2 The interest on working capital has been considered as per the Third Amendment in the MYT Regulations, 2011. Accordingly, rate of interest on working capital has been considered equal to one-year State Bank of India (SBI) MCLR as applicable on 1st April 2021 plus 300 basis points. The revised estimates of interest on working capital requirements is as below:

Table 282: Approved Interest on Working Capital for FY23 (Rs. Cr.)

Particulars	Approved in MYT Order	Petitioner's Submission	Now Approved
Working Capital Requirement	**301.13**	**440.54**	**357.88**
Rate of Interest on Working Capital	11.15%	10.00%	10.00%
Interest on Working Capital	**33.58**	**44.05**	**35.79**

14.15.3 The Commission has referred to the Himachal Pradesh Electricity Regulatory Commission (Security Deposit) (Second Amendment) Regulations, 2015 which prescribes the use of weighted average of actual Bank Rate(s) for the previous year to calculate the interest rate on Consumer security deposit for FY 2022-23. Further, the revised interest on Consumer security deposit is determined as provided in table below:

Table 283: Approved Interest on Consumer Contribution for FY23 (Rs. Cr.)

Particulars	Approved in MYT Order	Petitioner's Submission	Now Approved
Opening Consumer security deposit	**31.86**	465.94	473.43

Particulars	Approved in MYT Order	Petitioner's Submission	Now Approved
Additions		26.24	33.09
Closing Consumer security deposit		492.18	506.51
Rate of Interest for Consumer Security Deposit		4.31%	4.31%
Interest on Consumer security deposit		**20.63**	**21.10**

14.15.4 Based on the details of interest and financing charges discussed above, the revised approved Interest and Finance charges for FY 2022-23 are as below:

Table 284: Revised Interest and Finance Charges for FY23 (Rs. Cr.)

Particulars	Approved in MYT Order	Petitioner's Submission	Now Approved
Interest on Long Term Loans	188.37	202.18	148.24
Interest on Working Capital	33.58	43.19	35.79
Interest on Consumer Deposit	31.86	20.63	21.10
LC Charges	-	-	9.90
Total	**253.80**	**266.00**	**215.03**

14.16 Return on Equity

14.16.1 The Petitioner has requested the Commission to revise the interest on long-term loans on account of additional Return on Equity of 16% for new EHV schemes as detailed out in the Chapter "Mid Term Performance Review for 4th MYT Control Period".

14.16.2 Considering the controllable nature of the parameter, the Commission has considered the approved RoE for FY 2022-23 in the MYT Order for the fourth Control Period.

14.17 Non-tariff and Other Income

14.17.1 For the purpose of projection of non-tariff, the Commission has analysed the trend of actual non-tariff income of FY 2018-19 to FY 2020-21. Further, the Commission has taken into consideration the request of the stakeholders to abolish meter rent and has accordingly decided to abolish the levy of meter rent from all categories of Consumers. Thus, the amount realized from meter rent has also been excluded from the base year cost for projecting the NTI for FY 2023.

14.17.2 In addition to this, it is observed that the open access activity in the state has reduced due to relatively increased power cost in power exchanges and short-term market during the last two years. Accordingly, the Commission has reduced the amount under NTI by Rs. 10 Cr. to account for reduced recovery of such open access charges.

14.17.3 The non-tariff income approved by the Commission for FY 2022-23 is summarized in table below:

Table 285: Revised Approved Non-Tariff Income for FY23 (Rs. Cr.)

Particulars	MYT Approved	Petitioner Submission	Now Approved

Non-Tariff Income	**134.51**	**202.10**	**116.88**

14.18 Aggregate Revenue Requirement

14.18.1 The table given as follows provides a summary view of the Aggregate Revenue Requirement of Distribution business as approved by the Commission for FY 2022-23:

Table 286: Approved Aggregate Revenue Requirement for FY23 (Rs. Cr.)

Particulars	MYT Approved	Petitioner Submission	Revised ARR
Power Purchase Expenses for Supply in the State	**3,576.31**	**3,614.26**	**3,647.48**
Cost of electricity purchase including own generation	*3,090.03*	*2,990.82*	*3,020.07*
Inter-State Charges	**441.72**	**545.32**	**555.66**
Power Grid Charges	*355.95*	*520.27*	*530.85*
Open Access Charges	*85.77*	*25.05*	*24.81*
Intra-State Charges	**44.56**	**78.12**	**71.74**
HPPTCL Charges	*34.32*	*73.63*	*67.25*
SLDC Charges	*10.24*	*4.49*	*4.49*
Operation & Maintenance Costs	**2,217.22**	**2,231.24**	**2,226.24**
Employee Cost	*2052.36*	*2052.36*	*2052.36*
R&M Cost	*112.91*	*112.91*	*112.91*
A&G Cost	*51.95*	*65.97*	*60.97*
Interest & Financing Charges	**253.80**	**266.00**	**215.03**
Interest on Working Capital	*33.58*	*43.19*	*35.79*
Interest on Security Deposit	*31.86*	*20.63*	*21.10*
Interest on Long term Loans	*188.37*	*192.28*	*148.24*
LC Charges	-	*9.90*	*9.90*
Depreciation	167.33	168.51	167.33
Return on Equity	62.74	63.02	62.74
Less: Non-Tariff & Other Income	(134.51)	(202.10)	(116.88)
Aggregate Revenue Requirement	**6,142.89**	**6,140.92**	**6,201.93**

14.18.2 In addition to the above Distribution ARR, the Commission has considered the following adjustments in ARR of FY 2022-23:

A) Impact of True-up on account of uncontrollable parameters for FY 2020-21 along with carrying cost

14.18.3 The Commission has approved a revenue surplus of Rs. 526.98 Cr (along with carrying cost) towards provisional truing-up of uncontrollable parameters for FY 2020-21 respectively which has been carried forward and adjusted in ARR of FY 2022-23.

B) Impact of True-up on account of controllable parameters for FY 2014-15 to FY 2018-19 along with carrying cost

14.18.4 The Commission has approved a revenue surplus of Rs. 473.68 Cr (along with carrying cost) towards provisional truing-up of controllable parameters for FY 2014-15 to FY 2018-19 which has been carried forward and adjusted in ARR of FY 2022-23.

C) Provision towards impact of Arrears on account of issuance of Tariff Order for Central Generating Stations

14.18.5 The Commission has also considered a provision of Rs. 75 Cr. towards likely arrears on account of issuance of Central Generating Stations tariff orders by CERC for the period FY 2019-24, which are still pending.

D) Provision towards impact of 6th Pay Commission revision

14.18.6 The Petitioner has submitted that as per the order of Govt. of Himachal Pradesh revised pay scales will be effective from 01.01.2022 in respect of all the government employees in the state of Himachal Pradesh. Therefore, an additional provision of Rs. 90.75 Cr & Rs. 363.00 Cr for FY 2021-22 and FY 2022-23 respectively has been considered in FY 2022-23 towards salary hike on account of 6th Pay Commission revision. Regarding the claim of the Petitioner with respect to financial impact of arrears in respect of employees and pensioners of HPSEBL (from 1.1.2016 to 31.12.2021) of Rs. 1,013.77 Cr., the Commission directs the Petitioner to take-up the matter with the State Government as allowing such large amount under the present ARR would result in tariff shock for the Consumers in the State.

14.18.7 Accordingly, the total revenue requirement for FY 2022-23 including various adjustments are summarised below:

Table 287: Total Revenue Requirement for FY23 including Past Adjustments (Rs. Cr.)

Particulars	Amount Approved
Annual Revenue Requirement for FY23	**6,201.93**
Add:	
Impact of True Up of Un-Controllable parameters FY21	(526.98)
Impact of True Up of Controllable parameters (FY15-FY19)	(473.68)
Provisioning towards CGS Orders	75.00
Provision towards impact of 6th Pay Commission revision	453.75
Total Revenue Requirement for FY23	**5,730.02**

14.19 Allocation of Distribution ARR into Wheeling and Retail Supply

14.19.1 As per the MYT Regulations, 2011, the total Distribution ARR for the Control Period has to be allocated between Wheeling and Retail Supply business. The wheeling charges would be calculated on the Wheeling ARR and the Retail Tariffs would be calculated on the Retail Supply ARR.

14.19.2 The Petitioner has proposed the allocation of Distribution ARR into Wheeling and Retail Supply business based on the allocation approved by the Commission. In absence of segregated information for wheeling and retail supply being maintained by the Petitioner, the Commission has no alternative but to continue with the segregation as approved in the MYT Order.

14.19.3 The allocation statement approved by the Commission in the MYT Order for fourth Control Period is as under:

Table 288: Approved Allocation of ARR of Distribution Business

Particulars	Wheeling	Retail Supply
Power Purchase Expenses	0%	100%
PGCIL Charges	0%	100%
HPPTCL Charges	0%	100%
SLDC Charges	0%	100%
Open Access Charges	0%	100%
Employee Expenses	70%	30%
R&M Expense	90%	10%
A&G Expense	60%	40%
Interest and Financing Charges	95%	5%
Depreciation	95%	5%
Return on Equity	100%	0%
Non-tariff Income	0%	100%
Wheeling Charges	100%	0%

14.19.4 The summary of Wheeling and Retail Supply ARR for the Control Period is shown as follows:

Table 289: Approved ARR of Wheeling Business for FY23 (Rs. Cr.)

Particulars	Amount
Operation & Maintenance Costs	1,574.85
Interest & Financing Charges	204.28
Depreciation	158.96
Return on Equity	62.74
Less: Wheeling charges recovered from short-term OA Consumers	(26.64)
Aggregate Revenue Requirement	**1,974.19**

Table 290: Approved ARR of Retail Supply Business for FY23 (Rs. Cr.)

Particulars	Amount
Power Purchase Expenses for Supply in the State	3,647.48
Operation & Maintenance Costs	651.39
Interest & Financing Charges	10.75
Depreciation	8.37
Less: Non-Tariff & Other Income	(90.24)
Aggregate Revenue Requirement	**4,227.74**

15 TARIFF PHILOSOPHY AND DESIGN

15.1 Tariff Principles

15.1.1 The philosophy of tariff determination is primarily guided by the principles enshrined in Section 61 of the Electricity Act, 2003, Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2011, National Tariff Policy and the National Electricity Policy.

15.1.2 The Commission has issued amendments to the HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011 on 1st November, 2013 wherein the Commission has laid down the principle of progressively moving towards the targeted roadmap of (-) 10% and (+) 5% of the average cost of supply by end of the fourth Control Period for all categories of Consumers excluding life line Consumers. The Commission has continued with the approach as per these regulations while approving tariff for the FY 2022-23.

15.1.3 However, the Regulation 41-B also states that during the interim periods as mentioned as sub regulations (3) and (4), the Commission shall, with an objective of broadly assessing, the trends and levels of category wise cost of supply for indicative purposes also carry out suitable exercise based on the available data, suitable assumptions and the concepts as may be considered appropriate. The assumptions and methodologies to be broadly followed for the allocation of costs for the purpose of cost to serve calculations is as follows:

Assumptions:

1) Energy Input: Only the energy input into the State transmission system is considered for intra-state consumption. Hence, the Commission has not considered energy sale outside the State for its cost-of-supply computation.
2) Category-wise sales have been allocated to different voltages proportionately based on the information made available by the Petitioner for FY 2019-20.
3) As the Petitioner has failed to submit authentic information on losses at different voltage level, the Commission has considered reasonable loss for respective voltage level upon the sales.
4) In absence of voltage-wise cost of study, segregation of cost has been done based on reasonable estimates as detailed in subsequent section.

Methodology:

15.1.4 Power Purchase Cost: The total cost of power purchase and own generation (reduced by the component of the sale outside the state) has been distributed over the energy sale grossed up for the losses at the respective level on per unit basis. The per unit power purchase cost has been assessed for various voltage level based on incremental costs corresponding to load factors for the consumption at various levels by adopting merit order concept.

15.1.5 Losses in the distribution system have been allocated based on the voltage level, ranging from 3.5% for EHV level, 7% for HT level and 15% for LT level.

15.1.6 Cost of Supply to Consumers at 66 kV and above has been determined by allocating 33% of the overall cost according to the sales in this network (66 kV and above) and power wheeled through this network. However, out of the total cost at 66 kV, a cost of Rs. 20 Cr has been only considered for the sales at 66 kV on account of expenses related to metering and billing related infrastructure / manpower cost only for 66 kV sales.

15.1.7 Cost of Supply to Consumers at High Tension (11 kV and above) has been estimated by allocating costs to the sales to HT Consumers and power wheeled to reach the LT network. However, out of the total cost at HT, a cost of Rs 40 Cr has been only considered for the sales at HT on account of expenses related to metering and billing related infrastructure/ manpower cost only for HT sales. It also proportionally includes the cost incurred during the wheeling of power at 66 kV and above network.

15.1.8 Cost of Supply for the Consumers at Low Tension (below 11 kV) level has been estimated by estimating the distribution cost (below 11 kV) and sales to LT Consumers. It also includes the proportional costs incurred for wheeling the power at higher voltage levels (from 220 kV till 11 kV).

15.2 Sales at Various Voltage Level

15.2.1 Based on the voltage-wise sales data provided by the Petitioner for FY 2019-20 and FY 2020-21, the Commission has apportioned the voltage level sales for FY 2022-23 as provided in the table as follows:

Table 291: Estimated Sales at different Voltage Levels for FY23 (MU)

Particulars	Total Sales (MU)	EHT (>=66 kV)	HT (33kV)	HT (>11 kV & <33kV)	LT (<11 kV)
Sales apportioned at different voltage levels		22%	13%	28%	37%
Total Sales (within State)	**9,798**	**2,107**	**4,063**	**3,628**	**9,798**

15.2.2 The cost to serve at different voltage level as calculated on this basis is indicated in the following table:

Table 292: Cost to Serve for FY23

Particulars	Generation bus bar	>=66 kV	>=11 kV	< 11 kV	Total
Energy Input (MU)	11,091.6	11,091.6	8,984.8	4,921.4	
Loss (MU)		-	-	-	-
Sales at respective level (MU)		2,106.8	4,063.4	3,627.7	9,797.8
Cost at respective level (Rs. Cr.)	3,647.5	843.0	893.7	757.8	6,141.9
Cost Allocation (Rs. per unit)					
Power Purchase Cost		2.50	2.36	1.85	
Cost of Losses		0.17	0.26	0.39	

Particulars	Generation bus bar	>=66 kV	>=11 kV	< 11 kV	Total
Transmission & Open Access Charges		0.64	0.64	0.64	
Distribution Cost (>=66kV)		0.96	0.86	0.86	
Distribution Cost (>=11 kV to <= 33KV)			1.26	1.16	
Distribution Cost (< 11 kV)				2.09	
Cost of Serve Model		**4.27**	**5.38**	**6.99**	**6.22**

** Rs. 6.22 per unit is the average cost of supply without considering past gap and carrying cost*

15.2.3 The above cost does not include the impact of the expenses pertaining to the past periods which have been approved at Rs. 526.98 Cr of surplus amount on account of truing-up of uncontrollable parameters of FY 2020-21 along with carrying cost, Rs. 473.68 Cr of surplus amount on account of truing-up of controllable parameters from FY 2014-15 to FY 2018-19 along with carrying cost, provisioning of Rs. 453.75 Cr for payment of salary of 6th Pay Commission revision during 3 months of FY 2021-22 and FY 2022-23, Rs. 75 Cr towards impact of arrears towards CGS Orders. These amounts shall also have to be adjusted to the above stated costs and shall decrease the average cost of supply marginally by about 48 Paise per unit. The total average cost of supply including these provisions adds up to Rs. 5.74 per unit.

15.2.4 The Commission would like to clarify here that these calculations have been made only for indicative purposes and for assessing the trends and not for fixing the tariffs. However, the data relating to cost allocation shall be used for determining the voltage-wise open access charges as adoption of an average rate for this purpose shall otherwise be restrictive to open access, as discussed in separate chapter relating to open access.

15.2.5 In view of the provisions of the Regulations and also in absence of authentic information regarding voltage level cost and losses, the Commission has computed the average cost of supply, as also mandated in the National Tariff Policy and amended HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011, for purpose of fixation of tariff for various categories of Consumers for the second year of the fourth Control Period i.e., FY 2022-23.

15.2.6 The average cost of supply computed for FY 2022-23 is provided in the table below:

Table 293: Average Cost of Supply for FY23 based on approved ARR

Particulars	FY23
Approved Aggregate Revenue Requirement (Rs. Cr.)	**6,201.93**
Less: Sale of Surplus Power (Rs. Cr.)	104.75
Net Aggregate Revenue Requirement (Rs. Cr.)	**6,097.19**
Projected Sales (MUs)	9,798.8
Average Cost of Supply (Rs. /unit)	**6.22**

15.2.7 The average cost of supply for FY 2022-23 works out to be Rs. 6.22 per unit which does not include the prior period and other adjustments. Considering the adjustments, the average cost of supply comes out to be Rs. 5.74 per unit.

15.3 Revenue from Existing Tariff

15.3.1 The Commission has computed the revenue from various categories as per the sales approved for FY 2022-23 and the existing applicable tariff in the respective categories. The summary of the estimated revenue for the FY 2022-23 is summarized in table below:

Table 294: Revenue for FY23 based on Existing Tariff

Consumer Category	Sales (MUs)	Revenue (Rs. Cr.)
Industrial Power Supply		
Small Industries	92	55
Medium Industries	103	59
Large Industries	5,405	2,970
Domestic	2,483	1,272
Irrigation and Drinking Water	663	381
Commercial	661	390
Bulk Supply	152	91
Non-Domestic Non-Commercial	181	109
Public Lighting	11	6
Temporary	46	42
Total	**9,798**	**5,374**

15.4 Revenue from Sale of Power Outside State

15.4.1 In addition, the Commission has observed that the average rate of power for the period May to September for the FY 2020-21 and FY 2021-22 at the platform of Power Exchange, has been approximately Rs. 3.00 Per unit. Therefore, the Commission has considered rate of Rs. 3.00 per unit for FY 2022-23 for disposal of surplus power of the Petitioner.

15.4.2 While the Commission has considered a conservative rate for projection of sale of surplus power, it feels that the Petitioner should be able to sell its surplus energy at better rates considering the fact that the Petitioner is having sufficient renewable power available.

15.4.3 The Commission expects that Petitioner should plan its power procurement and sale in a manner that optimizes the overall power purchase cost and directs the Petitioner to optimize sale of such surplus power at competitive rate in order to reduce the burden on Consumers. Any variation in the rate and quantum of surplus power shall be considered at the time of final truing-up based on actual.

15.4.4 The projected revenue from sale of power outside State is tabulated as follows:

Table 295: Revenue from Sale of Power outside the State for FY23

Parameters	Units (MUs)	Revenue (Cr.)	Cost (Rs. per unit)
Sale of surplus power	349	104.75	3.00

15.5 Revenue Surplus/Gap at Existing Tariff for FY23

15.5.1 Taking into account the revenue from sale within state at existing tariffs, revenue estimated from sale of power outside state for FY 2022-23 is as follows:

Table 296: Revenue Surplus/ Gap for FY23 based on Existing Tariff (Rs. Cr.)

Parameters	Amount
Approved Aggregate Revenue Requirement	**6,201.93**
Add:	
Impact of True Up of Un-Controllable parameters FY21	(526.98)
Impact of True Up of Controllable parameters (FY15-FY19)	(473.68)
Provisioning towards arrears of CGS Orders	75.00
Provision towards impact of 6th Pay Commission revision (FY22- 3 months and FY23)	453.75
Total Revenue Requirement for FY23	**5,730.02**
Revenue from Sale of Power outside the State	104.75
Revenue from Sale of Power within the State at Existing Tariff	5,374.31
Total Revenue	**5,479.06**
Revenue Surplus/ (Gap)	**(250.97)**

15.5.2 Considering the revenue from existing tariff, a revenue gap of Rs. 250.97 Cr. is observed for FY 2022-23. This revenue gap also takes into account the adjustments on account of truing-up of uncontrollable parameters for FY 2020-21 along with carrying cost, truing-up of controllable parameters from FY 2014-15 to FY 2018-19 along with carrying cost, provisioning for payment of arrears of 6th Pay Commission revision, provisioning towards revision in tariff of CGS stations.

15.5.3 Therefore, with a view to align the average realization with the average cost of supply for various Consumer categories in line with the road map prescribed in the Tariff Regulations and also to compensate for the above-mentioned revenue gap, the Commission is reviewing the tariff for various categories in this Order as detailed below:

15.6 Changes in Tariff Structure

15.6.1 In view of the submission of the Petitioner and other stakeholders with respect to changes in the tariff applicability and tariff structure, the proposed and approved tariff related changes are discussed as below:

Increase in fixed charges against abolishing meter rent charges

15.6.2 Representations from several stakeholders have been received by the Commission for abolishing the meter rent charges. Few of them have submitted that the Consumer should not be burdened with this cost and if need be, the cost incidence may be made a part of the distribution network and included in the overall tariff. Also, the Consumer representative has submitted that allowing the amount can be provided under different head so as to settle the objections of the general public demand and requested the Commission to allow recovery of fix charges as per provisions of Regulations and should rename the head "Meter Rent".

15.6.3 The Petitioner has also requested the Commission to review the provisions regarding levy of meter rent on monthly basis and the recovery of same may be allowed under some other head, wherein HPSEBL has sufficient justification to address the objections and concerns of Consumers.

15.6.4 It is observed that while the Petitioner is recovering some part of the revenue as meter rent, the same is being considered as non-tariff income and reduced from the overall ARR of the Petitioner. The Commission feels merit in the representations of the stakeholders to abolish meter rent and accordingly, the Commission decides to abolish the levy of meter rent charges and increase the fixed charges in order to avoid any under-recovery in overall cost on account of the same.

Demand charges applicable for Two-part tariff Consumers

15.6.5 The Petitioner in its current petition has submitted that Tariff Order provides for recovery of demand charges based on actual maximum recorded demand or 90% of the sanctioned contract demand, whichever is higher. Considering the request of industrial Consumers in the State, the Petitioner had requested for calculation of demand charges based on maximum recorded demand or 80% of sanctioned contract demand, whichever is higher. The Petitioner has submitted comparison of few states like Punjab, Haryana and Uttarakhand where the demand charges are levied as maximum of 80% of contract demand or actual demand.

15.6.6 Further, the Petitioner has stated that considering the request of Industrial Consumers and to align the tariff provisions with neighboring States, it is proposing that demand charges shall be applicable on actual maximum recorded demand or 80% of the sanctioned contract demand. The tentative financial implication on account of implementation of above provision as submitted by the Petitioner is Rs. 50 Crore per annum.

15.6.7 Further, several other industries and associations have backed the proposal of the Petitioner and requested the Commission to approve the proposal which would ensure sufficient margin for the Consumers to efficiently manage their Contract Demand.

15.6.8 In light of the proposal submitted by the Petitioner, the Commission is of the view that reducing the demand from existing 90% to 80% would result in significant loss of revenue which would be required to be met through increase in fixed or energy charges from the two-part tariff Consumers. Already the Petitioner is facing financial hardships due to upcoming payment towards pay revision on account of 6th Pay Commission recommendation and arrears thereof. Therefore, the Commission feels it would be appropriate to consider any such change in tariff structure, which would result in revenue under-recovery, post discharge of such employee liabilities and assessment of financial health of the Petitioner.

15.6.9 Further, the Petitioner has also submitted for deletion of Clause 3.10 of HP Electricity Supply Code, 2009 with regard to provides for "Temporary revision of contract demand". The Petitioner has highlighted difficulties in implementing the provisions of Clause 3.10 of HP Electricity Supply Code, 2009 in the Billing Software which are leading to litigations. In this regard, the Petitioner is required to submit its proposal for amendment in HP Electricity Supply Code, 2009 separately.

Tariff for Nunneries

15.6.10 Lahaul-Spiti Bauddh Sewa Sangh has requested the Commission to bring Nunneries too under Domestic Category for the purpose of tariff in the interest of gender equality.

15.6.11 The Commission observes that the current Domestic Tariff schedule already covers Monasteries and therefore approves inclusion of Nunneries to be included within the Domestic category.

Tariff for Goshalas and Cow Sanctuaries

15.6.12 RD&PR, AGR, AH and Fisheries Ministry department has represented that the State Govt. is committed to provide shelter to stray cattle in various cow sanctuaries and Goshalas. All the facilities like water, electricity, fodder, etc. is being provided by the Government. In view of representations from cow sanctuaries and goshalas to the GoHP for providing free electricity, the department has requested to include cow sanctuaries and goshalas, registered with Gau Sewa Ayog on agricultural rates instead of domestic rates.

15.6.13 In view of the Government intent to provide subsidy by inclusion of such cow sanctuaries and goshalas, the Commission approves inclusion of Goshalas and Cow Sanctuaries which are registered with Gau Sewa Ayog to be included within the Agriculture Category.

Tariff for Electric Vehicles

15.6.14 HPSEBL has requested the Commission to determine separate tariff for EV charging stations in line with the notification of Government of India and HP Electric Vehicle Policy, 2022.

15.6.15 As per Ministry of Power notification dated 14.01.2022, following is stated:

"7. Tariff for supply of electricity to EV Public Charging Stations:

7.1. The tariff for supply of electricity to Public EV Charging Stations shall be a single part tariff and shall not exceed the "Average Cost of Supply" till 31st March, 2025. The same tariff shall be applicable for Battery Charging Station (BCS).

7.2. The tariff applicable for domestic consumption shall be applicable for domestic charging.

7.3. The separate metering arrangement shall be made for PCS so that consumption may be recorded and billed as per applicable tariff for EV charging stations"

15.6.16 Further, GoHP has also notified the "Himachal Pradesh Electric Vehicle Policy, 2022" and Clause 5B(e) of the policy provides for Tariff Structure and same is reproduced as under: -

"e) Tariff structure:

HPSEBL will be empowered to set tariff applicable for all EV charging and battery swapping stations across the State.

The Board will consider preferential and time-of-use tariffs for EVs

The Board will issue a tariff order after this policy's notification"

15.6.17 In view of the above, the Commission has approved a separate tariff category for EV charging stations with single part tariff in this Tariff Order.

Modification of Electricity Tariff Slabs for Armed Forces

15.6.18 Representation has been received from Ministry of Defense to have a special tariff slab at par or lower than that applicable to domestic Consumers for Indian Armed Forces. Reference of letter written by General Bipin Rawat to Secretary, Ministry of Power is enclosed whereby request has been made for changing present tariff slab applicable to the Armed Forces from HT Bulk to domestic Consumers or creation of a special slab.

15.6.19 The Commission has considered the request of the Indian Armed Forces to include them under Domestic Category seeing the difficult situations and terrains wherein they operate. Presently, the electric supply to Arm Forces comes under Bulk Supply Category. Their load profile is a mix of Domestic, Commercial and Non-Domestic Non-Commercial (Offices). The Commission feels that if the Armed Forces are able to segregate their Domestic and Office load from Commercial loads in their respective cantonment area then it can apply for separate meter under Domestic category for Domestic and Office load else, they shall be charged at Domestic tariff along with additional 5% charge on the energy charges determined by the Commission in this Order.

Billing for Pre-paid Consumers

15.6.20 The Petitioner has submitted that the tariff for prepaid Consumers belonging to only Domestic Supply and Non-Domestic Non-Commercial (NDNC) (< 20 kVA) categories of Consumers has been determined in the Tariff Order dated 31.5.2021 while the prepaid tariff does not exists in case of other categories of Consumers.

15.6.21 Petitioner has submitted that it has already apprised the Commission regarding Consumers of Shimla and Dharamshala which would get the facility of smart prepaid meters for which HPSEBL had already submitted the plan for roll out in its Business plan for 4th MYT Control Period, wherein around 1.5 lakh meters are envisaged to be converted into smart meters. These smart meters with prepayment facilities are envisaged to be completed by December, 2021 and proposed to be completely rolled out by March, 2022. The Petitioner has also proposed to implement AMI with smart metering in 13 towns under Himachal Hydro Power and Renewable Power Sector Development Program funded by World Bank scheme. Also, Ministry of Power vide notification dated 17.8.2021 has notified that all meters except for agricultural Consumers shall be metered with smart meters by March, 2025.

15.6.22 In view of the ongoing implementation of smart meter and future planning to implement pre-paid smart meter across the categories, the Commission approves a rebate of 3% of the energy charges for the respective categories. Additional terms and conditions for pre-paid Consumers would be as follows:

a) General Conditions

1. The option of Pre-paid metering shall be available to all the categories of Consumers
2. The Petitioner shall make necessary provisions to provide friendly credit hours/limit to the Consumers, in order to ensure uninterrupted supply to the Consumers in the event of expiry of the balance during non-working hours, i.e. night time or during holiday, so as to provide reasonable time to the Consumer to recharge at the next possible working hours or working day. However, the charges for the electricity consumed between the expiry of the balance during non-working hours and subsequent recharge shall be adjusted from the next recharge.

b) Single Part Consumers

1. Fixed charges shall be deducted on the first day of every month.
2. Energy charges and any other charges will be deducted on daily basis and settlement of same will be done at 12:00 AM every day.
3. Final bill to the Consumers will be raised on the last day of every month and any deficit will be adjusted in the subsequent recharge as indicated under general conditions above.

c) Two Part Consumers

1. Demand charges corresponding to Billing Demand (proportion of Sanctioned Contract demand to be considered for billing in case Maximum Demand is less than Sanctioned Contract Demand) will be deducted on the first day of every month.
2. Energy charges/Electricity Duty/Any other charges will be deducted on daily basis and settlement of same will be done at 12:00 AM every day.
3. Final bill to the Consumer will be raised on the last day of every month and any deficit in the total payable amount will be recovered in the subsequent recharge as indicated under general conditions above.

15.6.23 With respect to changes in security deposit for prepaid Consumers, the Petitioner is directed to submit a proposal to the Commission within 1 month of issuance of this order in line with the provisions of the applicable regulations.

Revision of applicability of Medium Industrial Power Supply (MIPS)

15.6.24 In its additional submission, the Petitioner has submitted that Electricity (Rights of Consumers) Rules, 2020, notified by Ministry of Power in notification dated 31.12.2020, had specified as follows:

"For electrified areas up to 150 kW or such higher load as the Commission may specify the connection charges for new connection shall be fixed on the basis of

the load, category of connection sought and average cost of connection of the distribution licensee so as to avoid site inspection and estimation of demand charges for each and every case individually. The demand charges, in such cases, may be paid at the time of application for new connection"

15.6.25 In view of many representations from industrial Consumers to extend the slab for Medium Industries Power Supply (MIPS) up to 150 kVA, the Petitioner has proposed the contract demand slab applicable for "Medium Industrial Power Supply" shall be extended up to 150 kVA.

15.6.26 However, the Petitioner has also mentioned that the existing demand charges for MIPS category is Rs. 120/kVA/month and the existing demand charges for Large Industries Power Supply (LIPS) HT-1 category (up to contract demand of 1 MVA) is Rs. 250 / kVA/ month which would result in significant loss of revenue. Considering the same, the Petitioner has proposed that the demand charge applicable to MIPS Consumers should be increased to Rs. 190/kVA/month in order to compensate the reduction in revenue and to keep the total revenue recovered from existing charges at neutral level.

15.6.27 In view of the current financial hardships faced by the Petitioner, the Commission feels that it would not be correct to undertake any revisions in tariff structure which would result in loss of revenue to the Petitioner. Therefore, the Commission shall consider such requests post discharge of liabilities arising out of implementation of pay revisions on account of 6th Pay Commission recommendations.

15.7 Approved Tariff

15.7.1 The Commission has retained the tariff structure as per the MYT Order for FY 2022-23. The existing tariff for each category is as under:

DS: Domestic Supply

15.7.2 The existing schedule is applicable to Consumers using electrical energy for lights, fans, heaters, cooking ranges, ovens, refrigerators, air conditioners, stereos, radios, televisions, mixers, grinders, electric iron, sewing/embroidery/knitting machines, domestic pumping sets and other domestic appliances in a single private house/flat, garage used for personal light motor vehicle or any other residential premises; Religious places with connected load up to 5 kW; Monasteries and Nunneries; Panchayat Ghars with connected load up to 5 kW; Patwarkhanas and Kanungoo Bhawans (Government Buildings only) with connected load up to 5 kW; Community Gausadans, Goshalas and Cow Sanctuaries not registered with Gau Sewa Ayog with connected load up to 20kW; Orphanages, homes for old people and homes for destitute; Working Women Hostels, Hostels attached to the educational institutions if supply is given separately to each hostel and the electricity charges are recovered from the students; Leprosy Homes run by charity and un-aided by the Government; heritage hotels; residential paying guests; Incredible India bed-and-breakfast; "Home Stay Units" in rural areas duly registered with the District Tourism Development Officer; and Offices of the Himachal Pradesh Senior Citizen Forum; M.E.S and other Defence establishments. However, in case of MES, this schedule shall continue to apply till such time M.E.S. do not avail open access.

Note:

(i) Where a portion of the dwelling is used regularly for the conduct of a business, the consumption in that portion shall be separately metered and billed under the appropriate Commercial or Industrial power tariff whichever is applicable. If separate circuits are not provided, the entire supply will be classified under "Commercial or Industrial Supply."

(ii) Resale and supply to tenants, other flats etc. is strictly prohibited.

*(iii) No compounding will be permissible. For residential societies which wish to take a single point supply, this would be permitted, and the energy charges would be divided by the number of such units to determine the relevant slab. Thus, if there are 10 dwelling units in a society and the energy consumption in a month is 3,500 units, the first 1,250 (125*10) units would be charged at Rs 4.15 per kWh, the next 1,750 (175*10) at Rs 5.05 per unit and the balance 500 units at Rs. 5.65 per unit. Fixed charge shall be Rs. (85x10).*

15.7.3 The Commission has increased the existing tariff for Domestic category as under:

Table 297: Existing and Approved Tariff for Domestic Category

Description Units/month	Existing		Approved	
	Energy Charges (Rs/kWh)	Fixed Charges (Rs. /con/month)	Energy Charges (Rs/kWh)	Fixed Charges (Rs. /con/month)
0-60 (Lifeline Consumers including BPL)	3.30	40.00*	3.50	55.00*
0-125	3.95	70.00	4.15	85.00
126-300	4.85	70.00	5.05	85.00
301 & above	5.45#	70.00	5.65#	85.00

**fixed charge for tribal and difficult area is also fixed at Rs. 55/month irrespective of consumption*

#Heritage hotels, Incredible India bed-and-breakfast, homestay units in rural areas are to be charged under domestic category as per the HP Tourism Policy with energy charges for such Consumers to be levied at 30% higher than the net energy charges payable (net off subsidy) by the Consumers in the respective slab

@ For MES and other Defence Establishments, if they are able to segregate the commercial load in their respective cantonment area, then it can apply for separate meter under domestic category else they shall be charged at domestic tariff along with additional 5% on the Energy charge. Commercial load in cantonment areas and Defence establishments shall be charged under relevant commercial category.

$ For Industries which are under PDCO due to non-payment of dues or are sick & closed, prepaid meter shall be provided upto load of 20 kW for lighting & security purpose only till regular Industrial Connection is restored.

15.7.4 The Commission is continuing with the approach followed during the previous Tariff Orders whereby it had extended the benefit of lower electricity tariff available for BPL households, also to very poor and marginalized Consumers, in line with the principles laid out in Electricity Act, National Electricity Policy and National Tariff Policy.

15.7.5 The applicable rebates and surcharges for this category have been detailed in Part II of Annexure I of this Order.

NDNC : Non Domestic Non Commercial Supply

15.7.6 This schedule is applicable to Government and semi Government offices; Government – Hospitals, primary health centers, dispensaries and veterinary hospitals; Educational Institutions viz. Schools, Universities, ITIs, Colleges, Centre for Institute of Engineers, Sports Institutions, Mountaineering Institutions and allied sports and Libraries, Hostels and residential quarters, attached to the educational institutions; Private Medical Colleges with attached hospitals but user charges as per Govt. hospital rates if supply is given at single point; Religious places such as Temples, Gurudwaras, Mosques, Churches with connected load greater than 5 kW; Sainik and Government Rest Houses, Government Museums, Anganwari worker training centers, Mahila mandals, village community centers; Hospitals run on charity basis; Government Hospitals (including libraries, hostels and residential quarters attached to these establishments), primary health centers, dispensaries and veterinary hospitals; Sarais and Dharamsalas run by Panchayats and Municipal Committees or by voluntary organizations; and Panchayat Ghars with connected load greater than 5 kW; Patwar Khanas and Kanungoo Bhawans (Government buildings only) with connected load greater than 5 kW; Office of Lawyers and Government recognized Non-Government Organizations (NGOs); lifts operating under group housing societies, apartments, etc.

Note:

(1) In the case of residences attached to the Government as well as private Institutions, the same shall be charged at the 'Domestic tariff' where further distribution to such residential premises is undertaken by the Petitioner and the Petitioner provides meters for individual Consumers.

(2) Lifts in residential premises shall be charged at the 'Domestic tariff'

15.7.7 The Commission has increased the existing tariff for NDNCS category as shown in the table below:

Table 298: Existing and Approved Tariff for NDNC Category: Up to 20kVA

Slab	Existing		Approved by Commission	
	Energy Charges (Rs. /kWh)	Fixed Charges (Rs. /con/month)	Energy Charges (Rs. /kWh)	Fixed Charges (Rs. /con/month)
Up to 20kVA	5.00	130.00	5.20	145.00

Table 299: Existing and Approved Tariff for NDNCS Category: Above 20kVA

Slab	Existing			Approved by Commission		
	Energy Charges (Rs/kVAh)	Fixed Charges (Rs/con/ month)	Demand Charge (Rs/kVA/ month)	Energy Charges (Rs/kVAh)	Fixed Charges (Rs/con/ month)	Demand Charge (Rs/kVA/ month)
Above 20kVA	4.70	-	140	4.90	-	140

15.7.8 The applicable rebates and surcharges for this category have been detailed in Part II of Annexure I of this Order.

CS: Commercial Supply

15.7.9 This schedule is applicable to Consumers for lights, fans, appliances like pumping sets, central air conditioning plants, cold storages, lifts, heaters, embroidery machines, printing press, power press and small motors in all Commercial premises such as shops, business houses, cinemas, clubs, banks, private offices, private hospitals, petrol pumps, hotels/motels, welding sets, service stations, private nursing homes, private rest/guest houses, private research institutions, private coaching institutions, private museums, dry cleaning, garages and private auditoriums, departmental stores, restaurants, lodging and boarding houses, shopping malls and multiplexes. This schedule will also include all other categories, which are not covered by any other tariff schedule.

15.7.10 The Commission has increased the existing tariff for the Commercial Supply category as shown in the tables below:

Table 300: Existing and Approved Tariff for Commercial Supply (CS) Category: Up to 20kVA

Slab	Existing		Approved by Commission	
	Energy Charges (Rs. /kWh)	Fixed Charges (Rs. /con/month)	Energy Charges (Rs. /kWh)	Fixed Charges (Rs. /con/month)
Up to 20kVA	5.10	130.00	5.30	145.00

Table 301: Existing and Approved Tariff for Commercial Supply (CS) Category: Above 20kVA

Slab	Existing			Approved by Commission		
	Energy Charges (Rs/kVAh)	Fixed Charges (Rs/con/ month)	Demand Charge (Rs/kVA/ month)	Energy Charges (Rs/kVAh)	Fixed Charges (Rs/con/ month)	Demand Charge (Rs/kVA/ month)
Above 20-100 kVA	4.85	-	110	5.05	-	110
Above 100kVA	4.75	-	170	4.95	-	170

15.7.11 The applicable rebates and surcharges for this category have been detailed in Part II of Annexure I of this Order.

SIP: Small Industrial Power Supply

15.7.12 This schedule is applicable to industrial Consumers with contracted demand not exceeding 50 kVA including pumps (other than irrigation pumping), Atta Chakkis, and also for supply to Information Technology Industry, limited only to IT Parks recognised by the State/Central Government. The Industrial type of Agricultural loads with connected load falling in the above-mentioned range and not covered by Schedule "IDWPS" shall also be charged under this schedule.

15.7.13 The Commission has increased the existing tariff for the SIP category as shown in the table below:

Table 302: Existing and Approved Tariff for Small Industrial Supply

Slab	Existing			Approved		
	Energy Charges	Fixed Charges (Rs. /con/ month)	Demand Charges (Rs./kVA/ month)	Energy Charges	Fixed Charges (Rs. /con/ month)	Demand Charges (Rs./kVA/month)
Up to 20kVA	4.75 (Rs. /kWh)	140	-	4.95 (Rs. /kWh)	155	-
Above 20kVA - 50kVA	4.60 (Rs/kVAh)	-	100	4.80 (Rs/kVAh)	-	100

15.7.14 For new industries which have come into production between 01.04.2018 to 30.06.2019, the energy charges shall be 10% lower than the approved energy charges for the respective category for a period of 3 years.

15.7.15 For new industries which have come into production between 01.07.2019 to 31.05.2020, the energy charges shall be 15% lower than the approved energy charges for the respective category for a period of 3 years.

15.7.16 For new industries which have come into production between 01.06.2020 to 31.05.2021, the energy charges shall be 10% lower than the approved energy charges for the respective category for a period of 3 years.

15.7.17 For new industries which have come into production on or after 01.06.2021, the energy charges shall be 15% lower than the approved energy charges for the respective category for a period of 3 years.

15.7.18 For new industries coming into production on or after 01.04.2022 upto 31.12.2022, the energy charges shall be 15% lower than the approved energy charges for the respective category for a period of 3 years. Provided in case the GoHP Industrial Policy is continued beyond 31.12.2022, the above incentive shall continue upto 31st March, 2023.

15.7.19 For existing industries which have undergone expansion during 01.04.2018 to 30.06.2019 and/or during 01.06.2020 to 31.05.2021, energy charges shall be 10% lower than the approved energy charges corresponding to the respective category for a period of three years for quantum of energy consumption corresponding to proportionate increase in contract demand.

Provided that such expansion if undertaken during 1.07.2019 to 31.05.2020 and/or during 01.06.2021 to 31.03.2022 and/or shall be undergoing expansion on or after 01.04.2022 upto 31.12.2022, the energy charges shall be 15% lower than the approved energy charges for the respective category for a period of 3 years for quantum of energy consumption corresponding to proportionate increase in contract demand. For new industries coming into production on or after 01.04.2022 upto 31.12.2022, the energy charges shall be 15% lower than the approved energy charges for the respective category for a period of 3 years. Provided in case the GoHP Industrial Policy is continued beyond 31.12.2022, the above incentive shall continue upto 31st March, 2023.

15.7.20 The above-mentioned rebate on energy charges shall be applicable during normal and peak hours. In case of night hours, night-time concession shall only apply.

15.7.21 The applicable rebates and surcharges for this category have been detailed in Part II of Annexure I of this Order.

MIP: Medium Industrial Power Supply

15.7.22 This schedule is applicable to industrial Consumers with contracted demand above 50kVA and not exceeding 100 kVA including pumps (other than irrigation pumping), Atta Chakkis, and also for supply to Information Technology Industry, limited only to IT Parks recognised by the State/Central Government. The Industrial type of Agricultural loads with connected load falling in the above-mentioned range and not covered by Schedule "IDWPS" shall also be charged under this schedule.

15.7.23 The Commission has increased the existing tariff for the MIP category as shown in the table below:

Table 303: Existing and Approved Tariff for Medium Industrial Supply Category

Slab	Existing			Approved		
	Energy Charges (Rs/kVAh)	Fixed Charges (Rs/con/ month)	Demand Charge (Rs/kVA/ month)	Energy Charges (Rs/kVAh)	Fixed Charges (Rs/con/ month)	Demand Charge (Rs/kVA/ month)
Above 50kVA-100kVA	4.60	-	120	4.80	-	120

15.7.24 For new industries which have come into production between 01.04.2018 to 30.06.2019, the energy charges shall be 10% lower than the approved energy charges for the respective category for a period of 3 years.

15.7.25 For new industries which have come into production between 01.07.2019 to 31.05.2020, the energy charges shall be 15% lower than the approved energy charges for the respective category for a period of 3 years.

15.7.26 For new industries which have come into production between 01.06.2020 to 31.05.2021, the energy charges shall be 10% lower than the approved energy charges for the respective category for a period of 3 years.

15.7.27 For new industries which have come into production on or after 01.06.2021, the energy charges shall be 15% lower than the approved energy charges for the respective category for a period of 3 years.

15.7.28 For new industries coming into production on or after 01.04.2022 upto 31.12.2022, the energy charges shall be 15% lower than the approved energy charges for the respective category for a period of 3 years. Provided in case the GoHP Industrial Policy is continued beyond 31.12.2022, the above incentive shall continue upto 31st March, 2023.

15.7.29 For existing industries which have undergone expansion during 01.04.2018 to 30.06.2019 and/or during 01.06.2020 to 31.05.2021, energy charges shall be 10% lower than the approved energy charges corresponding to the respective category for a period of three years for quantum of energy consumption corresponding to proportionate increase in contract demand.

Provided that such expansion if undertaken during 1.07.2019 to 31.05.2020 and/or during 01.06.2021 to 31.03.2022 and/or shall be undergoing expansion on or after 01.04.2022 upto 31.12.2022, the energy charges shall be 15% lower than the approved energy charges for the respective category for a period of 3 years for quantum of energy consumption corresponding to proportionate increase in contract demand. For new industries coming into production on or after 01.04.2022 upto 31.12.2022, the energy charges shall be 15% lower than the approved energy charges for the respective category for a period of 3 years. Provided in case the GoHP Industrial Policy is continued beyond 31.12.2022, the above incentive shall continue upto 31st March, 2023.

15.7.30 The above-mentioned rebate on energy charges shall be applicable during normal and peak hours. In case of night hours, night-time concession shall only apply.

15.7.31 The applicable rebates and surcharges for this category have been detailed in Part II of Annexure I of this Order.

LIPS: Large Industrial Power Supply

15.7.32 This schedule is applicable to all industrial power Consumers with contracted demand exceeding 100 kVA including the Information Technology industry (limited only to IT parks recognized by the State/Central Government) and not covered by the schedule "IDWPS".

15.7.33 The Commission has increased the existing tariff for the Large Industrial Power Supply category as shown in the table below:

Table 304: Existing and Approved Tariff for Large Industrial Power Supply Category

Slab	Existing			Approved		
	Energy Charges (Rs/kVAh)	Fixed Charges (Rs/con/ month)	Demand Charge (Rs/kVA/ month)	Energy Charges (Rs/kVAh)	Fixed Charges (Rs/con/ month)	Demand Charge (Rs/kVA/ month)
EHT						
220 kV and above	4.20		425.00	4.40		425.00
132 kV	4.25		425.00	4.45		425.00
66 kV	4.30		425.00	4.50		425.00
HT-1 (up to 1 MVA)	4.60	-	250.00	4.80	-	250.00
HT-2 (More than 1 MVA)	4.35	-	400.00	4.55	-	400.00

15.7.34 For new industries which have come into production between 01.04.2018 to 30.06.2019, the energy charges shall be 10% lower than the approved energy charges for the respective category for a period of 3 years.

15.7.35 For new industries which have come into production between 01.07.2019 to 31.05.2020, the energy charges shall be 15% lower than the approved energy charges for the respective category for a period of 3 years.

15.7.36 For new industries which have come into production between 01.06.2020 to 31.05.2021, the energy charges shall be 10% lower than the approved energy charges for the respective category for a period of 3 years.

15.7.37 For new industries which have come into production on or after 01.06.2021, the energy charges shall be 15% lower than the approved energy charges for the respective category for a period of 3 years.

15.7.38 For new industries coming into production on or after 01.04.2022 upto 31.12.2022, the energy charges shall be 15% lower than the approved energy charges for the respective category for a period of 3 years. Provided in case the GoHP Industrial Policy is continued beyond 31.12.2022, the above incentive shall continue upto 31st March, 2023.

15.7.39 For existing industries which have undergone expansion during 01.04.2018 to 30.06.2019 and/or during 01.06.2020 to 31.05.2021, energy charges shall be 10% lower than the approved energy charges corresponding to the respective category for a period of three years for quantum of energy consumption corresponding to proportionate increase in contract demand.

Provided that such expansion if undertaken during 1.07.2019 to 31.05.2020 and/or during 01.06.2021 to 31.03.2022 and/or shall be undergoing expansion on or after 01.04.2022 upto 31.12.2022, the energy charges shall be 15% lower than the approved energy charges for the respective category for a period of 3 years for quantum of energy consumption corresponding to proportionate increase in contract demand. For new industries coming into production on or after 01.04.2022 upto 31.12.2022, the energy charges shall be 15% lower than the approved energy charges for the respective category for a period of 3 years. Provided in case the GoHP Industrial Policy is continued beyond 31.12.2022, the above incentive shall continue upto 31st March, 2023.

Example: In case of contracted demand is increased by an industry from 2 MVA to 3 MVA, the monthly units consumption for the purpose of lower energy charges shall be considered in proportion of the original contracted demand and increased contracted demand. i.e. In case of monthly consumption in 6 LUs, the lower energy charges shall be applicable on 2 LUs while 4 LUs shall be billed at the regular energy charge.

15.7.40 The above-mentioned rebate on energy charges shall be applicable during normal and peak hours. In case of night hours, night-time concession shall only apply.

15.7.41 The applicable rebates and surcharges for this category have been detailed in Part II of Annexure I of this Order.

BS: Bulk Supply

15.7.42 This schedule is applicable to general or mixed loads to Central PWD Institutions, Hospitals, Private Medical colleges with attached hospital and with user charges not as per Govt. hospital rates Departmental/private colonies, A.I.R Installations, Aerodromes, Bus Stands with single point connection, construction power to hydroelectric projects, tunnel construction and other similar establishments where further distribution to various residential and non-residential buildings is to be undertaken by the Consumers for their own bona fide use and not for resale to other Consumers with or without profit.

15.7.43 The Commission has increased the existing tariff for the Bulk Supply category as shown in the table below:

Table 305: Existing and Approved Tariff for Bulk Supply

Slab	Existing			Approved		
	Energy Charges (Rs/kVAh)	Fixed Charges (Rs/con/mth)	Demand Charge (Rs/kVA/ mth)	Energy Charges (Rs/kVAh)	Fixed Charges (Rs/con/mth)	Demand Charge (Rs/kVA/mth)
LT	4.80	-	250.00	5.00	-	250.00
HT	4.30	-	350.00	4.50	-	350.00
EHT	4.10	-	350.00	4.30	-	350.00

15.7.44 The applicable rebates and surcharges for this category have been detailed in Part II of Annexure I of this Order.

SLS: Street Lighting Supply

15.7.45 This schedule is applicable for Street Lighting system including traffic control signal systems on roads and Park lighting in Municipalities, Panchayats and Notified Committee areas.

15.7.46 The Commission has increased the existing tariff for Street Lighting category as shown in the table below.

Table 306: Existing and Approved Tariff for Street Lighting Supply Category

Existing		Approved by Commission	
Energy Charges (Rs. /kWh)	Fixed Charges (Rs. /con/mth)	Energy Charges (Rs. /kWh)	Fixed Charges (Rs. /con/mth)
4.95	130.00	5.15	145.00

15.7.47 The applicable rebates and surcharges for this category have been detailed in Part II of Annexure I of this Order.

TS: Temporary Metered Supply

15.7.48 This schedule is applicable to all loads of temporary nature including exhibitions, touring talkies, circuses, fairs, melas, marriages, festivals, temporary supply for construction purposes including civil works by Government departments and other similar purposes for temporary needs only. This schedule shall also be applicable for Consumers not having sanction/ completion plan for their premises from the appropriate authority. However, this tariff is not applicable to wheat threshers and paddy threshers which shall be covered under Irrigation and Drinking Water Pumping (IDWP) even for temporary connection.

15.7.49 The Commission has increased the existing tariff for Temporary Supply category as shown in the table below:

Table 307: Existing and Approved Tariff for Temporary Meter Category (up to 20kVA)

Slab	Existing	Approved

	Energy Charges (Rs. /kWh)	Fixed Charges (Rs. /con/mth)	Energy Charges (Rs. /kWh)	Fixed Charges (Rs. /con/mth)
Up to 20kVA	7.00	200.00	7.20	200.00

Table 308: Existing and Approved Tariff for Temporary Meter Category (above 20kVA)

Slab	Existing			Approved by Commission		
	Energy Charges (Rs/kVAh)	Fixed Charges (Rs/con/mth)	Demand Charge (Rs/kVA/ mth)	Energy Charges (Rs/kVAh)	Fixed Charges (Rs/con/ mth)	Demand Charge (Rs/kVA/ mth)
Above 20kVA	6.30	-	400.00	6.50	-	400.00

15.7.50 For Consumers availing temporary supply for up to 15 days, additional charges of Rs. 500 per day shall be applicable for both upto 20kVA and above 20kVA of Consumer load.

15.7.51 The applicable rebates and surcharges for this category have been detailed in Part II of Annexure I of this Order.

IDWPS: Irrigation and Drinking Water Pumping Supply

15.7.52 The existing schedule is applicable to Government connections for water and irrigation pumping and also covers all consumption for bona fide Pump House lighting. This schedule shall also be applicable to private Irrigation Pumping loads. This schedule shall also be applicable to green houses, poly houses, mushroom growing, poultry farms and sheds, processing facilities for agriculture, pond fish culture in farmer's own agriculture land, pisci-culture, horticulture, floriculture and sericulture etc. where all such activities are undertaken by farmers only under this category. This schedule will also be applicable to temporary agricultural loads such as wheat threshers, paddy threshers, tokas, and cane crushers. This schedule shall be applicable to sewerage treatment plant.

15.7.53 Since this schedule of tariff covers 'processing facilities for agriculture', all Consumers having processing facilities relating to agriculture such as seed treatment, etc. shall also be covered under this schedule. However, the Consumers involved in manufacturing, processing and service sector activities based on agriculture produce such as mushroom processing, etc. shall be covered under relevant industrial schedule of tariff. This schedule shall also be applicable to Cow sanctuaries and Gaushala registered with Gau Sewa Ayog.

15.7.54 The Commission has retained the existing tariff for this category as shown in the tables below:

Table 309: Existing and Approved Tariff for IDWPS up to 20kVA

Slab	Existing		Approved	
	Energy Charges (Rs. /kWh)	Fixed Charges (Rs. /con/mth)	Energy Charges (Rs. /kWh)	Fixed Charges (Rs. /con/mth)
Up to 20kVA	3.70	90.00	3.90	105.00

15.7.55 The two-part tariff applicable for IDWPS for connected load above 20 kVA shall be as shown in the table as follows:

Table 310: Existing and Approved Tariff for IDWPS above 20kVA

Slab	Existing			Approved		
	Energy Charges (Rs/kVAh)	Fixed Charges (Rs/con/mth)	Demand Charge (Rs/kVA/ mth)	Energy Charges (Rs/kVAh)	Fixed Charges (Rs/con/ mth)	Demand Charge (Rs/kVA/mth)
LT	5.00	-	100.00	5.20	-	100.00
HT	4.60	-	300.00	4.80	-	300.00
EHT	4.20	-	400.00	4.40	-	400.00

15.7.56 The applicable rebates and surcharges for this category have been detailed in Part II of Annexure I of this Order.

RT: Railway Traction

15.7.57 The Commission has increased the existing tariff for Railway Traction as shown in the table below:

Table 311: Existing and Approved Tariff for Railway Traction

Existing			Approved		
Energy Charges (Rs/kVAh	Fixed Charges (Rs/con/mth)	Demand Charge (Rs/kVA/mth)	Energy Charges (Rs/kVAh)	Fixed Charges (Rs/con/mth)	Demand Charge (Rs/kVA/mth)
4.70	-	400.00	4.90	-	400.00

15.7.58 The applicable rebates and surcharges for this category have been detailed in Part II of Annexure I of this Order.

EV: Electric Vehicle Charging Station

15.7.59 This schedule applies to Public Electric Vehicle Charging Stations set up for providing Electric Vehicle Charging facilities on commercial basis.

Table 312: Existing and Approved Tariff for EV Charging Station

Existing		Approved	
Energy Charges (Rs. /kWh)	Fixed Charges (Rs. /con/mth)	Energy Charges (Rs./kWh)	Fixed Charges (Rs. /con/mth)
-	-	5.70	-

15.7.60 The average revenue realization as percentage of average cost based on the tariff approved for FY 2022-23 is provided below:

Table 313: Average realization as % of Average CoS for FY23

Consumer Category	FY23 (Approved Tariff)
Industrial Power Supply	100%
Domestic	96%
Irrigation and Drinking Water	104%
Commercial	108%

Consumer Category	FY23 (Approved Tariff)
Non-Domestic Non-Commercial	109%
Bulk Supply	108%

15.8 Overall Revenue-Expenditure Position of HPSEBL at Approved Tariff

15.8.1 The Commission has computed the revenue surplus/ gap for FY 2022-23 based on the approved ARR and approved tariff which is given in the table below:

Table 314: Projected Revenue at Approved Tariff and Revenue Surplus/ (Gap) for FY23

Parameters	Amount (Rs. Cr.)
Small Industries	58
Medium Industries	61
Large Industries	3,084
Domestic	1,362
Irrigation and Drinking Water	395
Commercial	409
Bulk Supply	94
Non-Domestic Non-Commercial	113
Public Lighting	6
Temporary	42
Projected Revenue at Approved Tariff for FY23	**5,625**
Total Approved ARR (including prior period adjustments)	**5,730.02**
Revenue from Sale of Power outside State	104.75
Revenue from Sale of Power within the State at Approved Tariff	5,625.28
Total Revenue	**5,730.03**
Revenue Surplus / (Gap)	**-**

15.8.2 Based on the above table, it is observed that the Petitioner would be able to meet the approved ARR and the actual surplus shall be determined at the time of truing up for FY 2022-23 and adjusted in subsequent tariff order. Further, any amount received by HPSEBL during FY 2022-23 and subsequently on account of sale of renewable energy certificates for excess RPPO quantum (solar and non-solar) of power purchase by the Petitioner shall also be considered at the time of truing-up of the respective year.

15.9 Subsidy by Government of Himachal Pradesh

15.9.1 The Govt. of Himachal Pradesh has made a provision of Rs. 500.00 Cr. in the financial budget for 2022-23, for providing rollback subsidy to electricity Consumers of domestic and agriculture categories during the year. Further, the Govt. of Himachal Pradesh vide letter no. MPP-C010/5/2021 dated 26.03.2022 has committed to provide additional support as that will be required to keep the electricity tariff at the current level during the course of the next financial year. Therefore, the additional increase of 20 paisa per unit across all the categories of Consumers shall be borne by the State Government. The Government of

Himachal Pradesh has provided the subsidy rates that would be applicable for FY 2022-23 as under:

Table 315: Subsidy rates approved by GoHP for FY 2022-23 (Rs. per unit)

Particulars	Slabs	Units/month	GoHP Subsidy for FY23 (Rs./kWh)	Additional Govt. Subsidy for FY23 (Rs./kWh)**
Domestic Consumers	Lifeline Consumers	0-60*	3.30	0.20
	1st Slab	0-125	2.95	0.20
	2nd Slab	0-125	2.10	0.20
		126-300	0.90	0.20
	3rd Slab	0-125	2.10	0.20
		126-300	0.90	0.20
		Above 300	0.45	0.20
Agricultural Consumers	For the agricultural Consumers under IDWPS category, the energy charges shall be Rs. 0.30 per kWh upto the contract demand of 20kVA			0.20
Non-Domestic Non-Commercial	0-20 kVA	-	-	0.20
	Above 20 kVA	-	-	0.20
Commercial	0-20 kVA	-	-	0.20
	>20-100kVA	-	-	0.20
	Above 100 kVA	-	-	0.20
Small Industrial	0-20 kVA	-	-	0.20
	>20 kVA	-	-	0.20
Medium Industrial	51-100 kVA	-	-	0.20
Large Industry	EHT	-	-	0.20
	HT 1	-	-	0.20
	HT 2	-	-	0.20
Irrigation and drinking water supply	LT	-	-	0.20
	HT	-	-	0.20
	EHT	-	-	0.20
Bulk Supply	LT	-	-	0.20
	HT	-	-	0.20
	EHT	-	-	0.20
Street lighting		-	-	0.20
Temporary Supply	0-20 kVA	-	-	0.20
	>20-200 kVA	-	-	0.20
Railways		-	-	0.20

**For Lifeline Consumers, the effective billing shall be Rs. 0.00 as announced by GoHP.*

***For Consumers governed under 2-part tariff, rate will be in Rs./kVAh*

15.9.2 In accordance with provisions of Section 65 of the Electricity Act, 2003, the Commission in terms of sub-regulation (5) of Regulation 42 of the Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011 in giving effect to the subsidy hereby makes the following provisions:

a. The effective energy charges for all Consumer categories as proposed by the GoHP after accounting for Government subsidy, shall be as given in the table below:-

Table 316: Subsidized Effective Energy Charge

Particulars	Slabs	Units/month	Approved Energy Tariff for FY23 (Rs/kWh)**	GoHP Subsidy for FY23 (Rs./kWh)**	Effective Energy Tariff after subsidy (Rs/kWh)**
Domestic Consumers	Lifeline Consumers	0-60*	3.50	3.50	0.00
	1st Slab	0-125	4.15	3.15	1.00
	2nd Slab	0-125	4.15	2.30	1.85
		126-300	5.05	1.10	3.95
	3rd Slab	0-125	4.15	2.30	1.85
		126-300	5.05	1.10	3.95
		Above 300	5.65	0.65	5.00
Agricultural Consumers			3.90	3.60	0.30
Non-Domestic Non-Commercial	0-20 kVA	-	5.20	0.20	5.00
	Above 20 kVA	-	4.90	0.20	4.70
Commercial	0-20 kVA	-	5.30	0.20	5.10
	>20-100kVA	-	5.05	0.20	4.85
	Above 100 kVA	-	4.95	0.20	4.75
Small Industrial	0-20 kVA	-	4.95	0.20	4.75
	>20 kVA	-	4.80	0.20	4.60
Medium Industrial	51-100 kVA	-	4.80	0.20	4.60
Large Industry	EHT – 220 kV and above	-	4.40	0.20	4.20
	EHT – 132 kV and above	-	4.45	0.20	4.25
	EHT – 66 kV and above	-	4.50	0.20	4.30
	HT 1	-	4.80	0.20	4.60
	HT 2	-	4.55	0.20	4.35
Irrigation and drinking water supply	LT	-	5.20	0.20	5.00
	HT	-	4.80	0.20	4.60
	EHT	-	4.40	0.20	4.20
Bulk Supply	LT	-	5.00	0.20	4.80
	HT	-	4.50	0.20	4.30
	EHT	-	4.30	0.20	4.10
Street lighting		-	5.15	0.20	4.95
Temporary Supply	0-20 kVA	-	7.20	0.20	7.00
	>20-200 kVA	-	6.50	0.20	6.30
Railways		-	4.90	0.20	4.70

**For Lifeline Consumers, the effective billing shall be Rs. 0.00 as announced by GoHP.*

***For Consumers governed under 2-part tariff, rate will be in Rs./kVAh*

b. Further, the GoHP shall provide subsidy against the fixed charges for lifeline Consumers as shown below:

Table 317: Subsidized Effective Fixed Charge

Particulars	Slabs	Units/month	Approved Fixed Charges for FY23 (Rs/conn./month)	GoHP Subsidy for FY23 (Rs./conn./ month)	Effective Fixed Charges after subsidy (Rs/kWh)
Domestic Consumers	Lifeline Consumers	0-60	55	55	0.00

c. With respect to agricultural Consumers under Irrigation and Drinking Water Pumping Supply (IDWPS) category, the energy charges shall be Rs 0.30 per kWh to the Consumer category up to contract demand up to 20 kVA. These revised energy charges on the account of Government subsidy would only be applicable to agricultural and allied activities, and which are paid for by individuals/ user groups but shall not be applicable for government supply.

d. Subsidy in case of Prepaid Consumers shall be applicable as per respective category and slabs.

e. The above revised tariffs in respect of all categories of Consumers shall be effective from April 1, 2022. HPSEBL shall give appropriate adjustments in Consumer bills for the subsidy amount.

f. In case the GoHP/ HPSEBL want to change the level of subsidy provided to above classes/ categories of Consumers, they shall inform the Commission accordingly for necessary changes.

15.9.3 The Commission orders that subsidy amount shall be paid in advance to the HPSEBL as per the provisions of Section 65 of the Electricity Act, 2003, and reconciled after every quarter. HPSEBL is directed to submit quarterly report regarding the payment of subsidy as well as the outstanding amount; if any. In case the State Government fails to pay subsidy on time, interest on such outstanding amounts shall be recoverable by the Petitioner. Further, in case the State Government fails to pay the subsidy, as per the provisions of Section 65 of the Act, the tariffs in respect of above two categories shall stand reverted back to the original tariff, as approved by the Commission in this tariff order.

16 OPEN ACCESS AND RENEWABLE POWER PURCHASE OBLIGATION

16.1 Introduction

16.1.1 The Commission has permitted Open Access to all the generators irrespective of installed capacity and to all the Consumers having contract demand above 1 MVA. The Commission has also made enabling provisions for availing the Open Access in its MYT Regulations, 2011 by segregation of the ARR of the distribution licensee in to ARR for Retail Supply and Wheeling Supply. Accordingly, the Wheeling Tariff and Retail Supply Tariffs are being determined by the Commission for each year of the Control Period.

16.1.2 Based on the wheeling ARR approved in Para 14.19.4, the average wheeling charges for FY 2022-23 are as below:

Table 318: Wheeling Charges for FY23

Particulars	Amount
Total ARR for Wheeling Business approved for FY23 (Rs. Cr.)	1,974.19
Approved Energy Sales (MU)	9,797.85
Average Wheeling Charge (paisa per unit)	**201**

16.1.3 The above computed average wheeling charge of 201 paisa is for the total distribution network of HPSEBL. Most of the open access Consumers are utilizing higher voltage level of the network and therefore, applying the average wheeling charge would restrict the open access within the State. Therefore, for the purpose of promoting open access, the Commission has worked out the voltage-wise wheeling charge applicable for open access Consumers at various voltage level.

16.1.4 Regulation 27 (2) of the Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011 stipulate that:

"*The distribution licensee shall maintain separate books of accounts for wheeling and retail supply business. For such period until accounts are segregated and separate books of accounts are maintained, the Commission shall stipulate the ratio of allocation of all expenses and return component, based on data obtained from the distribution licensee*."

16.1.5 In the absence of separate accounts for wheeling and retail supply business, the ARR of HPSEBL for FY 2022-23 have been segregated into wheeling and retail supply businesses in accordance with the allocation statement as detailed in subsequent section. The Commission observes that in spite of the obligation of the Petitioner as per Regulation 5(1) of the MYT Regulations 2011 to segregate the accounts of the licensed business into wheeling business and retail supply business, the Petitioner has not made any efforts in this direction and has continued with the allocation statement provided by the Commission. The Petitioner is directed to segregate its accounts into wheeling business and retail supply business from FY 2022-23 onwards.

16.1.6 The various charges payable by the Consumers availing open access have been determined in this chapter.

16.2 Wheeling Charges

16.2.1 The distribution system of HPSEBL consists of lines and associated equipment at various voltage levels of EHV, HV and LV connected with the generating stations, HPPTCL system and the Consumers of HPSEBL. Accordingly, the charges for these Consumers is required to be computed based on capacity basis (per MW) as against the short-term open access Consumers for which the wheeling charges shall be determined based on per unit basis.

16.2.2 The Commission in the fourth Control Period has approved capacity-based wheeling charges for long-term and medium-term open access Consumers based on the limited data made available by the Petitioner for computing long-term wheeling charges.

16.2.3 The Petitioner has provided data of voltage-wise sales, actual capacity of generator, etc. at each voltage level. The Commission has considered the submissions of the Petitioner for determining wheeling charges.

16.2.4 Wheeling costs varies with each voltage level at which the supply is wheeled and forms an integral part of the wheeling tariff. As per the submissions made by the Petitioner, the Commission has apportioned the cost of HPSEBL's wheeling business to various voltage classes. Accordingly, the Commission has determined the wheeling charges for the EHT (66 kV and above), HT (33 kV), HT (11 kV to less than 33 kV) and other voltage levels (less than11 kV) of the distribution system.

Sales at various voltage levels

16.2.5 The Petitioner in its original petition submitted that the sales of FY 2022-23 at EHT, HT and LT voltage-levels are to be apportioned as per the following table:

Table 319: Voltage wise sales as submitted by the Petitioner (MU)

Category		FY 2021-22			
	Total Sales (MU)	EHT (>=66 kV)	HT (33kV)	HT (>=11 kV & <33kV)	LT (<11 kV)
Sales apportioned at different voltage levels		19.4%	14.4%	26.2%	40.1%
Total (within State)	**9,591.53**	**1,856.88**	**1,377.66**	**2,514.05**	**3,842.95**

16.2.6 Subsequently, the Commission sought clarifications with respect to the basis for voltage-wise sales allocation for calculating the wheeling charges for FY 2022-23. In response, the Petitioner submitted the following table:

Table 320: Voltage-Wise sales of FY23 as submitted by the Petitioner (MU)

Category	Total Sales (MU)	EHT (>=66 kV)	HT (33kV)	HT (>=11 kV & <33kV)	LT (< 11 kV)
Small Power	89.57	-	-	-	89.57
Medium Power	89.51	-	-	0.69	88.82
Large Supply	5,343.87	1,856.88	1,324.54	2,142.50	19.95
Domestic	2,440.04	-	-	0.03	2,440.01
Govt. Irrigation & Water Pumping	560.47	-	30.19	214.61	315.67
Irrigation & Agriculture	56.73	-	-	0.00	56.72
Commercial	633.61	-	-	15.98	617.62
Bulk Supply	151.78	-	22.93	112.63	16.22
Non-Domestic Non-Commercial	159.69	-	-	18.92	140.76
Public Lighting	10.75	-	-	-	10.75
Temporary	55.53	-	-	8.69	46.85
Total	**9,591.53**	**1,856.88**	**1,377.66**	**2,514.05**	**3,842.95**

16.2.7 Based on the information of actual sales available for FY 2019-20 at various voltage levels, the Commission has worked out apportioned of sales for FY 2022-23 at EHT, HT and LT voltage-levels as presented in the table below:

Table 321: Estimated Sales at different Voltage Levels for FY23 (MU)

Category	FY 2022-23				
	Total Sales (MU)	EHT (>=66 kV)	HT (33kV)	HT (>=11 kV & <33kV)	LT (<11 kV)
Sales apportioned at different voltage levels		22%	13%	28%	37%
Total (within State)	**9,798**	**2,107**	**1,320**	**2,744**	**3,628**

16.2.8 Further, the estimated energy generated by the various generators connected at different voltage level have been considered additionally.

Cost Segregation and Methodology

16.2.9 The Commission in MYT Order for fourth Control Period had segregated the cost at each voltage level based on certain relevant parameters including the pattern of usage of the system by Consumers at various voltages. In its petition, the Petitioner has considered the allocation ratio approved by the Commission in the previous Tariff Order for allocating wheeling ARR in absence of voltage-wise cost of assets.

16.2.10 In response to the directive of the Commission regarding the voltage-wise cost of supply study, the Petitioner has submitted a report on voltage wise cost of supply to the Commission. However, the Commission on reviewing the report submitted by the Petitioner found several anomalies and lacunas within the report. Accordingly, the Commission highlighted the shortcomings and asked the Petitioner to submit a revised report on voltage-wise cost of supply. However, the Petitioner is yet to submit a revised report.

16.2.11 The Commission, thus in absence of any adequate details related to voltage-wise assets, has continued with the methodology adopted in MYT Order for fourth Control Period to allocate wheeling cost among different voltage levels.

16.2.12 To arrive at the cost of wheeling at the various voltage levels, the total Wheeling ARR at various voltage levels has been apportioned to different voltage levels (i.e., EHT, HT and LT) in the following ratio:

Table 322: Allocation of Wheeling cost across voltage levels

Particulars	EHT (>66 kV)	HT (33 kV)	HT (>=11 kV & <33kV)	LT (<11 kV)
Allocation Ratio	17%	21%	29%	33%

16.2.13 The Wheeling ARR at higher voltage levels has been further apportioned to lower voltage levels, since the EHT and HT system is also being used for LT supply.

16.2.14 The power handled at each voltage level has been estimated taking into account the demand of HPSEBL and capacity available. The Petitioner has submitted the details of capacity of generators at different voltage levels as represented below:

Table 323: Details of capacity of generators at different voltage levels

Particulars	220 kV	132 kV	66 kV	33 kV	22 kV	11 kV
Hydro IPPs	-	-	55.40	340.40	50.10	0.40
Open Access Generators	-	122.00	51.50	5.00	-	-
Own Generation	120.00	246.00	49.50	50.00	15.30	0.80
Solar IPPs	-	-	-	15.00	1.70	7.90
Total	**120.00**	**368.00**	**156.40**	**410.40**	**67.10**	**9.10**

16.2.15 In addition to the above demand, energy flow at each voltage level has been estimated based upon the approved sales of HPSEBL and generation at each voltage level as submitted by the Petitioner.

Table 324: Allocation of estimated power handled and energy flow across different voltage levels

Particulars	EHT (>=66 kV)	HT (33 kV)	HT (>=11 kV & <33kV)	LT (<11 kV)
Estimated Power handled (MW)	**1,045**	**661**	**598**	**690**
Consumer Demand	401	251	522	690
Generator Injection	644	410	76	-
Estimated Energy Flow (Mus)	**5,212**	**3,297**	**3,111**	**3,628**
Consumer Energy Flow	2,107	1,320	2,744	3,628
Generator Energy Flow	3,105	1,977	367	-

Note: Load factor of 60% and 55% has been considered for Consumer and generator respectively

16.2.16 The approved wheeling charges as determined by the Commission are tabulated as follows:

Table 325: Approved Wheeling Charges for Open Access Consumers for FY23- Short Term Customers

Sl.	Description		EHT (≥66 kV)	HT (33 kV)	HT (≥11 kV & <33 kV)	LT (<11 kV)
A	Total Wheeling ARR (Rs. Cr.)		1,974.19			
B	Cost apportioned (%)		17%	21%	29%	33%
C	Cost apportioned (Rs. Cr.)	A*B	336	415	573	651
D	Cost allocation brought forward from the next higher voltage block) (Rs. Cr.)	(E-(G x H/1000))		221	427	538
E	**Total Allocation (Rs. Cr.)**	**C+D**	**336**	**635**	**999**	**1,189**
F	Estimated Energy (MUs)		15,247	10,035	6,739	3,628
G	Total Energy Flow (MUs)		5,212	3,297	3,111	3,628
H	Wheeling Charges (Paisa per unit)	**H= E*1000/F**	**22**	**63**	**148**	**328**

Table 326: Approved Wheeling Charges for Open Access Consumers for FY23- Long Term and Medium-Term Customers

Sl.	Description		EHT (≥66 kV)	HT (33 kV)	HT (≥11 kV & <33 kV)	LT (<11 kV)
A	Total Wheeling ARR (Rs. Cr.)		1,974.19			
B	Cost apportioned (%)		17%	21%	29%	33%
C	Cost apportioned (Rs. Cr.)	A*B	336	415	573	651
D	Cost allocation brought forward from the next higher voltage block) (Rs. Cr.)	(E-(G x H/1000))		221	427	538
E	**Total Allocation (Rs. Cr.)**	**C+D**	**336**	**635**	**999**	**1,189**
F	Estimated Load (MW)		2,995	1,950	1,288	690
G	Total Demand Flow (MW)		1,045	661	598	690
H	**Wheeling Charges (Rs. Per MW per month)**	**H= (E*10^7)/F/12**	**93,377**	**2,71,587**	**6,46,282**	**14,36,080**

16.2.17 The long-term and medium-term open access entail firm allocation of wheeling capacity by HPSEBL to the Consumer availing open access as well as generators. Accordingly, the charges for these customers have been determined based on capacity basis (per MW) as against the short-term open access customers for which the wheeling charges have been determined based on per unit basis.

16.2.18 In case of generators, wheeling charges shall be levied on the contracted power at the connection point in the distribution system.

16.2.19 In case the power is withdrawn from the distribution system at a voltage level which is different from the voltage level for injection of power into the distribution system, the wheeling charges corresponding to the lower voltage level shall be applicable.

16.2.20 In case where power is injected at HT level into an EHT substation of the licensee, the wheeling charges shall be worked out by allowing increase of 5% on the wheeling charges applicable for EHT system.

16.2.21 The wheeling charges being determined above shall be applicable prospectively from the date of issuance of this Order till the determination of the fresh rate.

16.3 Wheeling Charges for Renewable Generator

16.3.1 In accordance with section 86(1)(e) read with section 61(h) of the Electricity Act, 2003, the Commission, for the promotion of renewable energy can provide suitable measures for connectivity with the grid. The small hydroelectric projects up to an installed capacity of 25 MW are covered under the renewable energy sources. In order to promote generation from these renewable sources, the Commission decides that the wheeling charges payable by the SHPs covered under renewable energy sources shall be comparable to the wheeling charges for the EHV category of open access Consumers for FY 2022-23. However, the renewable energy generator shall have to bear the losses as per the actual connected voltage level. These concessional wheeling charges shall not be available to the renewable generators selling power, under Renewable Energy Certificate (REC) framework, to the open access Consumers or in power exchange or bilateral sale outside the State or captive Consumers availing certain portion of power as captive power producers.

16.3.2 It is observed that as per Amended Hydro Power Policy of Govt. of Himachal Pradesh dated 15.05.2018, the GoHP has decided to waive off open access charges payable by hydro projects having capacity of up to 25 MW, which shall be commissioned after the date of notification i.e. 15.05.2018, for use of intra-state transmission network. It is clarified that the Petitioner shall be required to recover the wheeling charges from these generators as fixed by the Commission in this Order. Further, the RE generators may claim the reimbursement of these charges from the GoHP as per the said notification.

16.4 Additional Surcharge

16.4.1 The Commission had determined the Additional Surcharge for the Consumers availing short-term open access vide its Tariff Order for FY 2021-22 in APR Order. An additional surcharge of 61 paisa per kWh had been determined in the Order.

16.4.2 The Petitioner along with its tariff petition, has made a fresh application for determination of additional surcharge of 82.58 paisa per unit for FY 2022-23. The summary of the Petitioner's submission has already been covered in Chapter 7.

16.4.3 In line with the methodology adopted in APR Order for FY 2021-22, the Commission has revised the additional surcharge for FY 2022-23. The stranded assets have been ascertained based on the approved sales and power availability from various long-term sources for FY 2022-23. For the computation of additional surcharge, the overall annual fixed charges to be considered for the determination of additional surcharge at the injection point was worked out as 102.53 Paise per unit in the following table:

Table 327: Fixed Cost relating to Generating Capacity (at Stranded Generating Stations)

Sl.	Name of the Plant	Capacity (in MW)	Expected Net Annual Generation (MUs)	AFC for FY20-21 (Rs. Cr.)	Annual Fixed Cost (p/unit)	Power Purchase during FY22 (MUs)	Total fixed cost of power purchase (Rs. Cr.)
1	Unchahar-I	420	2846	326	115	40	4.59
2	Unchahar-II	420	2846	302	106	71	7.51
3	Unchahar-III	210	1423	203	143	46	6.61
4	Unchahar-IV	500	3388	577	170	6	0.94
5	Anta (G)	419.33	3029	228	75	15	1.14
6	Auriya (G)	663.36	4791	324	68	15	0.99
7	Tanda II	660	4855	788	162	6	0.96
8	Dadri (G)	829.78	5993	368	61	50	3.07
9	Dadri-II TPS	980	6640	1048	158	8	1.25
10	**Total**	7102	49735	5126	1128	280	28.70
11	**Average of fixed cost rate (Paise/kWh)**						**102.53**

16.4.4 The Petitioner has submitted that it has calculated applicable average rate of PGCIL charges of Power Grid (actual up to Sep'21 thereafter average rate corresponding to H1 period is considered) and Transmission Charges of HPPTCL.

16.4.5 The Commission has taken into consideration the submissions made by the Petitioner in case of PGCIL charges. However, in case of HPPTCL charges, the approved transmission charges have been considered for FY 2022-23. The Commission has worked out the per unit rate of the transmission charges of Power Grid and HPPTCL in the following table:

Table 328: Fixed Cost relating to Power Grid & HPPTCL Transmission System (at Injection points)

Particulars	PGCIL Transmission Charges (Rs/MW/month)	HPPTCL Transmission Charges (Rs/MW/month)
Average/month	2,73,887	28,491
Average Fixed Cost@ 85.00% Load Factor at injection point (Paise/kWh)	44.14	4.59

16.4.6 The Commission has worked out the per unit basic rate of Power Grid charges and HPPTCL transmission charges as 44.14 Paise per unit and 4.59 Paise per unit respectively. It is observed that the inter-state charges have increased significantly under the new CERC (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2020 dated 4th May, 2020 which was made applicable from 1st November, 2020.

16.4.7 Based on the above details, the Commission has computed the rate of additional surcharge as 80 Paise/kWh as per details given in the table below.

Table 329: Computation of Additional Surcharge approved by the Commission for FY23

Sl.	Particulars	FC at injection point	FC at Consumer end

Sl.	Particulars	FC at injection point	FC at Consumer end
1	Fixed Cost of Stranded Capacity (p/kWh)	102.53	109.68
2	Transmission Charges		
(i)	PGCIL (p/kWh)	44.14	47.22
(ii)	HPPTCL (p/kWh)	4.59	4.74
3	Total Fixed Cost payable (1 + 2) (p/kWh)	**151**	**162**
4	Recovery of Fixed Charges as demand charges from EHT Consumers		86
5	**Balance payable in shape of additional surcharge (p/kWh) (3 – 4)**		**75**

16.4.8 The additional surcharge being determined above shall be applicable prospectively from the date of issuance of this Order till the determination of the fresh rate.

16.5 Cross Subsidy Surcharge

16.5.1 Sub-regulation 2 of Regulation 3 of Himachal Pradesh Electricity Regulatory Commission (Cross Subsidy Surcharge, Additional Surcharge and Phasing of Cross Subsidy) Regulations, 2006 stipulates that the Consumers availing Open Access shall have to pay the Distribution Licensee Cross Subsidy Surcharge which shall be determined by the Commission on a methodology and surcharge formula mentioned in the National Tariff Policy.

16.5.2 The Commission has been approving the cross-subsidy surcharge applicable to open access Consumers as per the formula specified in the National Tariff Policy 2006. Ministry of Power has notified a revised Tariff Policy dated 28th January 2016. As per the revised Tariff Policy, the cross-subsidy formula has been revised as under:

Surcharge formula:
S=T – [C/ (1-L/100) + D + R]
Where
S is the surcharge
T is the tariff payable by the relevant category of Consumers, including reflecting the Renewable Purchase Obligation
C is the per unit weighted average cost of power purchase by the Licensee, including meeting the Renewable Purchase Obligation
D is the aggregate of transmission, distribution and wheeling charge applicable to the relevant voltage level
L is the aggregate of transmission, distribution and commercial losses, expressed as a percentage applicable to the relevant voltage level
R is the per unit cost of carrying regulatory assets
Provided that the surcharge shall not exceed 20% of the tariff applicable to the category of the Consumers seeking open access

16.5.3 The revised cross-subsidy surcharge formula has been considered for determination of cross-subsidy surcharge.

Cross-subsidy surcharge for Long-term and Medium-Term Open Access Consumers

16.5.4 The Cross-subsidy Surcharge has been worked out based on the above methodology and formula as per the revised Tariff Policy. Further, the Commission in line with its HPERC (Cross Subsidy Surcharge, Additional

Surcharge and Phasing of Cross Subsidy) Regulations, 2006, is required to reach a normative level of 20% of its opening level. Considering the same, the Cross-Subsidy Surcharge computed and approved by the Commission for FY 2022-23 is tabulated below:

Table 330: Approved Cross Subsidy Surcharge for Long-Term & Medium-term Open Access Consumers

Sl.	Description of Consumers	Cross Subsidy Surcharge (S) (Rs./ unit)	20% of Cross Subsidy Surcharge (Rs./ unit)	20% of the Tariff applicable to respective category (Rs./unit)	Minimum of (B) & (C) (Rs./ unit)
		(A)	(B)	(C)	(D)
1	Large Industrial Power Supply EHT Consumers	2.14	0.43	1.14	0.43
2	HT 2 Consumers	1.55	0.31	1.13	0.31
3	Irrigation & Drinking Water Supply Category - EHT Consumers	2.37	0.47	1.19	0.47
4	Irrigation & Drinking Water Supply Category - HT Consumers	1.11	0.22	1.23	0.22
5	Bulk Supply Category - EHT Consumers	2.18	0.44	1.15	0.44
6	Bulk Supply Category - HT Consumers	1.07	0.21	1.22	0.21

Cross subsidy surcharge for Short-Term Open Access Consumers

16.5.5 In case of short-term open access by the Consumer, the rates as per table above shall be applicable only in cases where open access is availed for the full day (24 hours of the day) and the same quantum of power is availed through open access throughout the day. However, certain Consumers may avail open access for certain hours of the day to meet part of their requirement.

16.5.6 As per the present tariff structure, the tariff during peak hours are higher than the normal hours and the cross-subsidy surcharge computed as per revised formula will be higher as compared to normal hours. Therefore, the Commission has approved the cross-subsidy surcharge for peak hours and non-peak hours considering 20% of the computed cross subsidy in line with its HPERC (Cross Subsidy Surcharge, Additional Surcharge and Phasing of Cross Subsidy) Regulations, 2006.

Table 331: Cross Subsidy Surcharge for Short-Term Open Access Consumers during Time of the Day

Sl.	Description of Consumers	Cross-subsidy surcharge for part of the day	
		Non-Peak Hours (Rs./unit)	Peak Hours (Rs./unit)
1.	Large Industrial Power Supply EHT Consumers	0.43	0.54
2.	HT 2 Consumers	0.31	0.47

Sl.	Description of Consumers	Cross-subsidy surcharge for part of the day	
		Non-Peak Hours (Rs./unit)	Peak Hours (Rs./unit)
3.	Irrigation & Drinking Water Supply Category - EHT Consumers	0.47	0.54
4.	Irrigation & Drinking Water Supply Category - HT Consumers	0.22	0.26
5.	Bulk Supply Category - EHT Consumers	0.44	0.44
6.	Bulk Supply Category - HT Consumers	0.21	0.21

Note: The cross-subsidy surcharge as per Table above, as applicable shall be levied on the energy drawn at the delivery point in the distribution system through open access

16.5.7 The Commission also feels that in some cases the Consumers may have to avail Open Access because of inability of Distribution Licensee to supply power during certain specific hours for reasons of power shortages etc. In order to avoid any hardships to Consumers, the Commission hereby stipulates that in cases where the Distribution Licensee has communicated in advance to the Consumer about its inability to meet any part of power requirements of a Consumer for a specific duration, the cross subsidy surcharge and additional surcharge shall not be applicable for such part of the energy requirement (for which Distribution Licensee had expressed its inability to supply) as is met through open access during such periods.

16.5.8 The Commission has continuously endeavored to reduce the cross-subsidy and has been guided by the principles laid down in the National Tariff Policy. Since the target of realization being (-)15% and (+)10% of average cost of supply was achieved for most categories by FY 2018-19, the Commission in the amendments to the Regulations, 2011 have laid down a road map with a target that by end of fourth Control Period (i.e., FY 2023-24), tariff for Consumer categories, other than lifeline Consumers, shall be within (-)10% and (+)5% of the average cost of supply. However, for computation of cross-subsidy surcharge, the Commission is following the formula specified in the tariff policy notified by Government of India.

16.6 Infrastructure Development Charges

16.6.1 The Commission has notified HPERC (Recovery of Expenditure for supply of Electricity) Regulations 2012 vide Notification No. HPERC/419 dated 18.5.2012 which has been published in the Rajpatra, HP on 23.5.2012.

16.6.2 For the Infrastructure Development Charge (IDC), the Petitioner has requested to reduce the normative IDC charges for the Consumers as approved by the Commission vide its tariff order dated 31.05.2021 due to the following reasons:

- IDC in Himachal Pradesh are relatively higher as compared to other states. If the IDC is lowered for Consumers especially the industries, they will be less burdened.
- Reduction in the IDC charges will reduce the initial capital investments required for setting up the industries in the State and hence will attract industries.
- The infrastructure in industrial areas has more or less stabilized and major part of the infrastructure charges stands recovered from the past

Consumers. The investments required to be made in the future shall be met through the CAPEX.

16.6.3 Accordingly, the Petitioner has proposed normative rates per kW for single part tariff Consumers and per kVA for two part tariff Consumers for different categories, which are as follows:

Table 332: Proposal for IDC Charges submitted by the Petitioner

<table>
<tr><th>S. No.</th><th>Range of Connected Load (in kW) & Contract Demand (kVA)</th><th>Category of Consumers</th><th>Normative Rates as Approved by HPERC till 31.03.2015 (Vide order dated 14.07.2014 in Case No. 89/2014)</th><th>Normative Rates Now Proposed</th></tr>
<tr><td colspan="5">Normative rates of infrastructure Development Charges for Applicants under single part tariff.</td></tr>
<tr><td>1.</td><td>Up to 5 kW</td><td>Domestic Supply- BPL</td><td>NIL</td><td>NIL</td></tr>
<tr><td>2.</td><td colspan="4">For others (not covered in 1)</td></tr>
<tr><td>a.</td><td>Up to 5 kW</td><td>All Single Part Tariff users except Sr. No. i)</td><td>Rs. 50 per kW</td><td>NIL</td></tr>
<tr><td>b.</td><td>5 kW to 10 kW</td><td>All Single Part Tariff users except Sr. No. i)</td><td>Rs. 100/- per kW</td><td>NIL</td></tr>
<tr><td>c.</td><td>10 kW to 20 kW</td><td>All Single Part Tariff users except Sr. No. i)</td><td>Rs. 250/- per kW (or part thereof) by which the connected load exceeds 10 kW.</td><td>NIL</td></tr>
<tr><td colspan="5">Normative rates of infrastructure Development Charges for Applicants under two-part tariff.</td></tr>
<tr><td>1.</td><td>For the first 30 kVA of contract demand</td><td rowspan="4">All categories of Consumers per kVA on Contract Demand</td><td>Rs. 300/- per kVA (or part thereof) of the contract demand.</td><td rowspan="4">Rs. 200/- per kVA (or part thereof) of the contract demand.</td></tr>
<tr><td>2.</td><td>For the next 20 kVA of contract demand</td><td>Rs. 500/- per kVA (or part thereof) by which the contract demand exceeds 30 kVA.</td></tr>
<tr><td>3.</td><td>For the next 50 kVA of contract demand</td><td>Rs. 1000/- per kVA (or part thereof) by which the contract demand exceeds 50 kVA.</td></tr>
<tr><td>4.</td><td>For the balance contract demand, if any,</td><td>Rs. 2000/- per kVA (or part thereof) by which the contract demand exceeds 100 kVA.</td></tr>
</table>

16.6.4 Taking into consideration the proposal of the Petitioner and suggestions from various industries, the Commission decides to abolish the IDC for single part Consumers and reduce the IDC for all Consumers covered under two-part tariff to Rs. 200 per KVA on flat basis. The revised approved IDC charges are as below:

Table 333: Approved IDC Charges

Particulars	Approved IDC rates
IDC for Applicants under single part tariff	NIL
IDC for Applicants under single part tariff	Rs. 200/- per kVA (or part thereof) of the contract demand.

16.6.5 Also, the Commission has observed that a significant amount of IDC is available with the Petitioner which should be utilized for funding of capital works. The Commission directs the Petitioner to utilize the same on priority instead of taking equity towards various capital expenditure schemes.

16.7 Distribution Losses

16.7.1 In addition to above charges, the Open Access Consumers/customers shall have to bear the distribution losses in kind as per the provisions of the Open Access regulations and shall be credited to the respective licensees through energy accounting mechanism. In case the power is withdrawn from the distribution system at a voltage level which is different from the voltage level for injection of power into the distribution system, the distribution losses corresponding to the lower voltage level shall be applicable. The distribution losses at following rates shall be applicable to the open access Consumers/ customers including generators, other licensees and traders:

Table 334: Approved Loss Level for Open Access Consumers/ Customers

Voltage Level	220kV/ 132kV	66kV	33kV	22kV/ 11kV	LT
Loss level (in % of energy)	2.5%	4.0%	6.0%	8.0%	15.0%

16.7.2 The losses at LT are for indicative purposes only as no open access may actually be availed on LT.

16.7.3 In order to provide non-discriminatory access to its system to the open access Consumers/ customers, the HPSEBL shall maintain such systems in accordance with the provisions of the Himachal Pradesh Electricity Regulatory Commission (Distribution Performance Standards) Regulations, 2010.

16.8 Renewable Power Purchase Obligation (RPPO)

16.8.1 The Commission vide Regulation 4 of the HPERC (Renewable Power Purchase Obligation and its Compliance) Regulations, 2010 (read with amendments) had specified the minimum ceiling of solar and non-solar RPPO for the distribution licensee over a time span of ten years.

16.8.2 The Commission has also issued Himachal Pradesh Electricity Regulatory Commission (Renewable Power Purchase Obligation and its Compliance) (seventh Amendment) Regulations, 2019 dated 05.02.2020 which proposes amendment to the minimum percentage of RPPO requirement. However, the RPO trajectory provided for solar and non-solar is up to FY 2021-22. Therefore, the Petitioner is required to comply with the RPPO trajectory as and when the same is notified by the Commission. In case of Hydro Power Purchase Obligation (HPPO) the Commission vide HPERC (Renewable Power Purchase Obligation and its Compliance) (Seventh Amendment) Regulations, 2021 has fixed a target of 0.35% towards HPPO for FY 2022-23 which is required to be complied by the Petitioner.

16.8.3 The surplus quantum of renewable power purchased by HPSEBL after meeting its RPPO, sale of renewable power outside the State and conversion of conventional energy to green energy by other obligated entities within the State shall be eligible for issuance of RECs or disposal in any other admissible mode.

17 DIRECTIONS AND ADVISORIES

17.1 Background

17.1.1 The Commission had issued directions and advisories to HPSEBL in the first APR Order for the fourth Control Period against which the Petitioner has submitted a directive compliance report as a part of the APR tariff Petition. During the processing of the APR Petition the Commission raised several queries. In response to the queries the Petitioner has submitted partial details.

17.1.2 The following table summarizes the compliance status of old directives and new directions for FY 2021-22, which the Petitioner is mandated to submit timely compliance status:

17.2 Compliance of Old Directives

Table 335: Compliance of Old Directive

<table>
<tr><th>No.</th><th>Directives Specified in Section 11 of the MYT Order for 4th Control Period</th><th>Status of Compliance</th><th>Commission's View</th></tr>
<tr><td>1.</td><td>The Commission directed the Petitioner to develop a detailed action plan to recover the outstanding dues towards the various Consumers. This plan should be detailed with specific measures and timeframes within which the Petitioner plans to recover the outstanding dues. Also, an assessment of recoverable and non-recoverable arrears against all arrears greater than 1 year should be included as part of the plan.

Also. the Petitioner is directed to submit the action plan to recover the outstanding dues towards various Consumers to the Commission</td><td>The detail of category wise receivable as of 31.10.2021 is as under: -
<table>
<tr><th>Category</th><th>Total amount outstanding (Rs. Cr.)</th></tr>
<tr><td>I&PH</td><td>135.74</td></tr>
<tr><td>MC/NAC etc.</td><td>6.71</td></tr>
<tr><td>Other Govt. Deptt.</td><td>18.60</td></tr>
<tr><td>Domestic</td><td>64.01</td></tr>
<tr><td>Commercial</td><td>4.19</td></tr>
<tr><td>Industrial</td><td>123.25</td></tr>
<tr><td>Others.</td><td>11.78</td></tr>
<tr><td>Total</td><td>402.04</td></tr>
</table></td><td>The Action plan to recover the outstanding dues is not provided along with applicable timeframes.

While substantial outstanding is towards category Age of receivables less than 1 yr., Petitioner should provide plan to recover ~120 Cr. outstanding which is greater than 1 years.

In response, the Petitioner has submitted that the Outstanding amounts of more than 1 year of Rs. 120 Crore pertains to litigation and recovery of same is subject to outcome of Court/ Tribunal orders. The remaining</td></tr>
</table>

<table>
<tr><th>No.</th><th>Directives Specified in Section 11 of the MYT Order for 4th Control Period</th><th>Status of Compliance</th><th>Commission’s View</th></tr>
<tr><td></td><td>within a period of three months.</td><td>
<table>
<tr><th>Age of receivables</th><th>Total amount (Rs. Cr)</th></tr>
<tr><td>Less than 1yr</td><td>281.43</td></tr>
<tr><td>1yr to 5yr</td><td>80.41</td></tr>
<tr><td>More than 5yr</td><td>40.20</td></tr>
<tr><td>Total</td><td>402.04</td></tr>
</table>
HPSEBL has also submitted category wise details of outstanding amount along with age of receivables till 31.01.2021 as under
<table>
<tr><th>Category</th><th>Time Frame</th><th>Total O/S Amount (Rs. Cr)</th></tr>
<tr><td rowspan="3">I&PH</td><td>Less than 1yr</td><td>95.02</td></tr>
<tr><td>1yr to 5yr</td><td>27.15</td></tr>
<tr><td>More than 5yr</td><td>13.57</td></tr>
<tr><td rowspan="3">MC/NAC</td><td>Less than 1yr</td><td>4.70</td></tr>
<tr><td>1yr to 5yr</td><td>1.34</td></tr>
<tr><td>More than 5yr</td><td>0.67</td></tr>
<tr><td rowspan="3">NDNC /Other Govt Deptt.</td><td>Less than 1yr</td><td>13.03</td></tr>
<tr><td>1yr to 5yr</td><td>3.72</td></tr>
<tr><td>More than 5yr</td><td>1.86</td></tr>
<tr><td rowspan="3">Domestic</td><td>Less than 1yr</td><td>44.81</td></tr>
<tr><td>1yr to 5yr</td><td>12.80</td></tr>
<tr><td>More than 5yr</td><td>6.40</td></tr>
<tr><td rowspan="3">Commercial</td><td>Less than 1yr</td><td>29.35</td></tr>
<tr><td>1yr to 5yr</td><td>8.39</td></tr>
<tr><td>More than 5yr</td><td>4.19</td></tr>
<tr><td>Industrial</td><td>Less than 1yr</td><td>86.27</td></tr>
</table>
</td><td>outstanding amounts are being recovered on timely basis.

The Commission further directs the Petitioner to provide a summary of such outstanding dues towards the various Consumers along with issues and amount. Also. the Petitioner is directed to submit the action plan to recover the outstanding dues towards various Consumers to the Commission within a period of three months.</td></tr>
</table>

<table>
<tr><th>No.</th><th>Directives Specified in Section 11 of the MYT Order for 4th Control Period</th><th>Status of Compliance</th><th>Commission's View</th></tr>
<tr><td></td><td></td><td>
<table>
<tr><td rowspan="2"></td><td>1yr to 5yr</td><td>24.65</td></tr>
<tr><td>More than 5yr</td><td>12.32</td></tr>
<tr><td rowspan="3">Others</td><td>Less than 1yr</td><td>8.24</td></tr>
<tr><td>1yr to 5yr</td><td>2.36</td></tr>
<tr><td>More than 5yr</td><td>1.18</td></tr>
<tr><td colspan="2">Grand Total</td><td>402.04</td></tr>
</table>
</td><td></td></tr>
<tr><td>2.</td><td>The Petitioner is directed to take scheme-wise approval in a time bound manner i.e., prior to implementation /execution of scheme along with all relevant details including DPR, project funding, scheme documents, etc. In absence of prior approval, the Commission shall not consider the cost of such schemes for the purpose of tariff determination.</td><td>It is submitted that the Petitioner has been submitting the details of schemes for approval from Commission. However, due to COVID-19 pandemic, implementation of schemes has been delayed and going forward, the Petitioner shall submit all the relevant details of the schemes and get prior approval before implementation.
Also, the Petitioner has mentioned that prior approval is being taken from the Commission before implementation of the schemes.</td><td>The compliance is noted</td></tr>
<tr><td>3.</td><td>The Petitioner is directed to submit a year-wise, generator-wise amount recovered from S&I charges. Also, Petitioner is required to pursue with the developers regarding recovery of S&I charges at the earliest and update the Commission of the status of the pending amounts.</td><td>In this context, it is submitted that the year wise amount recovered from S&I charges and detail of generator wise amount still pending to be recovered is attached as Annexure-11.2.
Also, in response to a query, the Petitioner has submitted that the pending amount to be recovered on account of S&I charges is subject to the outcome of litigation.
Hence, the timeline for recovery is subject to the outcome of the litigation.</td><td>The compliance is noted. As the timeline for recovery is subject to the outcome of the litigation the current directive is hereby dropped.</td></tr>
<tr><td>4.</td><td>The Petitioner is directed to submit the necessary details specific to Ghanvi-II and UHL-III HEP before the Commission within a period of three months.</td><td>The necessary details sought by Commission with regards to Ghanvi II Petitioner already stands submitted in October 2021. The details of UHL-III HEP shall be submitted to Commission upon commissioning of the project.</td><td>The details regarding Ghanvi-II has been submitted. Also, the Petitioner is directed to submit the detailed report regarding reasons for delay in commissioning of UHL-III HEP within three months of issuance of this Order.</td></tr>
</table>

No.	Directives Specified in Section 11 of the MYT Order for 4th Control Period	Status of Compliance	Commission's View
5.	The Petitioner is directed to provide adequate details with regards to actual sales, no. of Consumers and connected load details for sub-categories (HT-1, HT-2 and EHT). The Petitioner is directed to maintain formats, reconcile the data submitted in the past years and submit it during subsequent tariff petitions.	The detailed break up of Consumers and connected load for H1 of FY 22 already stands submitted to the Commission in chapter "Annual Revenue Requirement (ARR) & determination of tariff for FY 23" of the current Petition as Annexure 7.6. Details of month-wise category-wise and slab-wise energy sales along with revenue have been generated from the Billing Software and same is enclosed as Annexuure-7.6. The Petitioner has submitted bifurcation details with regards to actual sales, no. of Consumers and connected load details for sub-categories (HT-1, HT-2 and EHT) for previous and ongoing year is still pending. The Petitioner has clubbed EHT and HT-II categories while providing details in various annexures across various years.	The Petitioner has submitted details of sales with bifurcation between EHT and HT-2 sales is submitted as Annexure G1. The compliance is noted. The current directive is dropped.
6.	The Petitioner is directed to take this matter on priority and maintain proper records against pension contribution made by different entities (Generation, BVPCL, Projects and S&I) and submit the same with subsequent tariff petition.	HPSEBL, a vertically integrated utility, is engaged in the business of generation and distribution business and is responsible for development (planning, designing, and construction), operation and maintenance of power distribution system in Himachal Pradesh. Investigation & exploitation of hydro potential of the State either through State Sector or through Central, Joint and Private Sectors is also entrusted with the HPSEBL. Though the employees are deputed or deployed across other business, they are part of HPSEBL, as a whole business and cannot be parted or shown separately. Though the pension liability in respect of Generation Business of HPSEBL is shown separately, however, further bifurcation	Since distribution business is a regulated business, Petitioner is required to maintain separate accounts for the same and provide details of other business in order to undertake prudence check. The Petitioner has submitted that efforts are being made to segregate the period of the employment in subsidiary, PCA and S&I projects by HPSEBL. In future HPSEBL shall ensure compliance of the same. In view of the subsequent response of the Petitioner, the Petitioner is directed to take this matter on priority and maintain proper records against pension contribution made by different

No.	Directives Specified in Section 11 of the MYT Order for 4th Control Period	Status of Compliance	Commission's View
		among different wings of HPSBEL is not possible as employees are frequently transferred from one wing to another and thus the pension liability is computed for Distribution Business as whole.	entities (Generation, BVPCL, Projects and S&I) and submit the same along with subsequent tariff petition.
7.	The Petitioner is required to submit the report on voltage-wise cost of supply at the earliest and positively before 30th June 2018. It is observed that considerable delay has already happened in this study. The Petitioner is directed to finalize and submit the findings of the study immediately within three months of issuance of this Order.	Compliance already made vide this office letter No. HPSEBL/CE (Comm.)/SERC-26/2021-22-2715 dated 13.07.2021. And Report stands submitted to HPERC. Hence, the directive shall be dropped.	The Commission has raised queries to the report submitted by HPSEBL. The same be submitted within a month. The Petitioner has submitted that reply to the pending queries shall be submitted to the Commission shortly. It is observed that considerable delay has already happened in this study. The Petitioner is directed to finalize and submit the findings of the study immediately post issuance of this Order.
8.	The Petitioner is required to provide a detailed report on furnishing of details of security deposit with monthly electricity bills within one month of the issuance of this Order. Details of number of Consumers (sub-division wise) for which the same has been implemented should be provided along with the filing for next tariff petition. In response, the Petitioner has submitted that the provisions in this regard have already been implemented in the SAP ISU Billing system and Commission was accordingly apprised. Thus, necessary compliance has already been done by HPSEBL. The Petitioner is directed to submit sub-division wise details of number of Consumers where the system has been implemented and details of	SAP ISU Billing stands implemented in all the Sub-Divisions of HPSEBL and thus 100% Consumers have now been covered under the same. Moreover, the details of energy sales and revenue from Consumers have been generated from the Billing Software and same have been made available to HPERC in this petition.	The compliance is noted. The current directive is dropped.

No.	Directives Specified in Section 11 of the MYT Order for 4th Control Period	Status of Compliance	Commission's View
	sub-divisions where the same is still pending.		
9.	The Petitioner has provided details of capital expenditure and capitalization for the 3rd Control Period from FY 15 to FY 19. However, no supporting documents such as loan agreement, source of equity, etc. has been provided against it. Further, the figures provided by the Petitioner are not in reconciliation with the accounts and the information provided is scattered. The Petitioner is directed to maintain reliable data of capital expenditure and capitalisation scheme -wise in excel format (in form of a single excel file with appropriate linkage to respective schemes and works) in the subsequent tariff petition.	The Petitioner has submitted the relevant details of Capitalisation for 3rd Control Period as sought by the the Commission in the "True Up of Controllable Parameters of 3rd Control Period" of the current Petition.	The compliance is noted. The current directive is dropped.
10.	The Commission observes that the Petitioner has not submitted any reports post ERP implementation. Further, the Commission feels that data related to generation still remains a concern. In response to a query, the Petitioner has responded that SAP ERP will be implemented in all Wings of HPSEBL by 2nd Quarter of FY 2021-22. The Petitioner is directed to submit quarterly reports at end of each quarter post completion of the ERP implementation in 2nd quarter of FY 2021-22.	The quarterly report of Capex and capitalization for the 2nd and 3rd quarter of FY 22 is enclosed as Annexure-11.3.	The compliance is noted. The current directive is dropped.
11.	The Petitioner is directed to provide year-wise details of expenditure incurred in the past against the approved expenditure along with the APR petition for the respective year.	Since, the necessary details are furnished along with the True Up Petition for FY 20 and FY 21.	The compliance is noted. The current directive is dropped.

No.	Directives Specified in Section 11 of the MYT Order for 4th Control Period	Status of Compliance	Commission's View
12.	The Commission observes that the Petitioner has not been able to completely understand the Directive. It is clarified that the directive is with regard to the feeder and DT level defective meters. Considering the large number of non-functional and defective meters, which cannot be considered as a continuous process. Therefore, the Petitioner is directed to replace the defective and non-functional DT/ feeder meters on an immediate basis and report the compliance to the Commission within one month of issuance of this Order.	Compliance already stands reported vide this office letter No. HPSEBL/CE (Comm.)/SERC-26/2021-22-2715 dated 13.07.2021.	The compliance is noted. The current directive is dropped.
13.	The Petitioner is directed to comply with the CEA recent guidelines and latest rules of GoIwith regard to installation of smart and pre-paid meters. Quarterly report in this regard be submitted to the Commission.	The installation of smart meters has been mandated for all Consumers (except agriculture) by March 2025 as per MoP notification dated 17.8.2021. Further, HPSEBL is already in the process of installation of ~1.5 lakh smart meters for all the Consumers in the cities of Shimla and Dharamshala by March 2022. Also, 3.2 lakh smart meters are proposed to be implemented in 13 towns under "Himachal Hydro Power and Renewable Power Sector Development Program funded by World Bank scheme". HPSEBL shall submit a concrete plan for implementation of smart meters for all the Consumers of Himachal Pradesh subsequently.	The Petitioner has submitted that it has installed 79,032 Smart Meters in the cities of Shimla and Dharamshala as on 9th March 2022. Balance smart meters shall be installed by May 2022. The compliance is noted. For rest of the State excluding Shimla and Dharamshala, quarterly progress report in this regard be submitted to the Commission.
14.	The Petitioner is directed to report completion of the process for procurement of PPEs to the Commission.	LOIs for all the items have been placed by HPSEBL except for Earthing Rods. The copies of LOIs are attached as Annexure-11.4.	The compliance is noted. The current directive is dropped.

17.3 Compliance of Directives of MYT Order

Table 336: Compliance of Directives for MYT Order

No.	Directives issued in the MYT Order	Status of Compliance	Commission's View
1.	The Petitioner is directed to initiate preparation of detailed accounts for each business unit by maintaining separate account heads for each business unit and allocation of common costs across each business unit. The Petitioner is further directed to provide all subsequent accounts complying to the above direction of the Commission and the same should strictly be adhered in the submission of next Tariff filing.	In this context, it is submitted that separate Accounts Ledger of identified five Strategic Business Units i.e., Generation, Transmission, ALDC Project & Distribution are being maintained as per direction of HPERC. Segment wise Balance Sheet and Profit & Loss Accounts of each Strategic Business Unit is being shown/ disclosed from 2011-12 onwards in audited Balance Sheet/Financial Statements of the Company in the notes to Accounts. As regard allocation of common cost across each business unit is not feasible due to non-availability of employees' data, non-allocation of Govt. Grants, Loan, Working Capital etc. efforts are being made to maintain each business units wise account to comply the direction.	The Commission is of the view that since ERP has been implemented, all items should be allocated to various business units. The Petitioner is directed to initiate preparation of detailed accounts for each business unit by maintaining separate account heads for each business unit and allocation of common costs across each business unit. The Petitioner is further directed to provide all subsequent accounts complying to the above direction of the Commission and the same should strictly be adhered in the submission of next Tariff filing.
2.	The Commission reiterates its direction to carry energy audit in each of the high loss areas and submit a report within three months of the issuance of this Order. Also, the Petitioner is directed to submit targeted measures/plan of action with respect to these high loss circles within three months of the issuance of this Order. In case the Petitioner does not take serious and satisfactory steps to reduce such high T&D losses (> 20% and going up to 43%) in some of its circles, the Commission would be constrained to cap circle wise losses and issue revised circle-wise trajectory during Mid-Term Review of the fourth Control Period.	The Petitioner has already appointed a consultant / in the process for preparation of action plan and DPR for loss reduction/ strategy under "Reform-based and Results-linked, Revamped Distribution Sector Scheme" as per guidelines laid down by Ministry of Power.	The Petitioner has mentioned that it shall conduct an energy audit and come out with an action plan to reduce the T&D loss at the earliest and same shall be shared with the Commission. The Commission reiterates its direction to carry energy audit in each of the high loss areas and submit a report within three months of the issuance of this Order. Also, the Petitioner is directed to submit targeted measures/plan of action with respect to these high loss circles within three months of the issuance of this Order. In case the Petitioner does not take serious and satisfactory steps to reduce such high T&D losses (> 20% and

No.	Directives issued in the MYT Order	Status of Compliance	Commission's View
			going up to 43%) in some of its circles, the Commission would be constrained to cap circle wise losses and issue revised circle-wise trajectory in future years.
3.	The Petitioner is directed to seek approval of the Commission by filing a separate petition for power procurement undertaken for FY 2021-22.	The Petitioner has already entered into short term power purchase agreements to meet its demand within the state. The Petitioner has already submitted the details of short-term agreements entered in Second Half (H2) of FY 2021-22 in the chapter "Annual Revenue Requirement (ARR) & determination of tariff for FY 23" as Annexure 7.3 and Annexure 7.4. The Petitioner has submitted that short term power procured which are in the nature of Unscheduled Interchange (UI) are executed in real time. Further, over drawal or under-drawal of energy from the Grid is subject to the daily generation & demand schedule, real time demand pattern and same is settled under the CERC / HPERC notified Deviation Settlement Regulations. However, HPSEBL shall intimate the Commission before entering into short term agreement for procurement of short-term power.	The compliance is noted.
4.	The Commission directs the Petitioner to submit separate information with respect to the pension contribution of employees in Generation, BVPCL, Projects and S&I along with subsequent tariff petitions each year.	HPSEBL, a vertically integrated utility, is engaged in the business of generation and distribution business and is responsible for development (planning, designing, and construction), operation and maintenance of power distribution system in Himachal Pradesh. Investigation & exploitation of hydro potential of the State either through State Sector or through Central, Joint and Private Sectors is also	The Commission is of the view that with ERP in place this information should be readily available with HPSEBL The Petitioner has submitted that efforts are being made to segregate the period of the employment in subsidiary companies, PCA and S&I projects by HPSEBL. The Commission re-iterates its direction and

No.	Directives issued in the MYT Order	Status of Compliance	Commission's View
		entrusted with the HPSEBL. Though the employees are deputed or deployed across other business, they are part of HPSEBL, as a whole business and cannot be parted or shown separately.	directs the Petitioner to submit separate information with respect to the pension contribution of employees in Generation, BVPCL, Projects and S&I along with subsequent tariff petitions each year.
5.	The Commission continues its direction and directs the Petitioner to undertake adequate measures for utilizing its IT infrastructure for generating monthly, quarterly and annual MIS reports and utilize the information for planning and decision-making. Further, the Petitioner is directed to submit quarterly reports at the end of each quarter to the Commission for FY 2021-22 in line with the previous directions.	HPSEBL is complying the directive of the the Commission and HPSEBL is ensuring that the required reports are being submitted on time to the Commission.	The compliance is noted. The current directive is dropped.
6.	It is observed during this APR process that the Petitioner has been doing a mere formality by responding to the stakeholder comments. The Commission takes serious note on the casual and non-professional responses made by the Petitioner to the stakeholder's comments. Most of the responses submitted are devoid of any analytical response. The Petitioner is directed again for replying appropriately to the comments and objections of the stakeholders in future.	The directive of the the Commission is noted.	The compliance is noted. The current directive is dropped.
7.	The Commission is of the view that responsibility in respect of awareness regarding energy efficiency and conservation also rests with the utility and therefore programmes and activities should be undertaken by Public Relations Cell of HPSEBL in this regard. It is observed that no details with respect to activities being undertaken by such cells have been submitted by the Petitioner. The	Requisite details are attached as Annexure-11.5. The Commission asked the Petitioner to provide documentary proof of activities such as event photographs and snapshots of newspapers, other activities should be provided. In response, the Petitioner has submitted that going forward, HPSEBL shall submit the photographs and snapshots newspapers/ other activities related to various programmes/	The compliance is noted. The current directive is dropped.

No.	Directives issued in the MYT Order	Status of Compliance	Commission's View
	Petitioner is directed to undertake the following: Prepare a detailed list of activities/ campaigns programmes to be undertaken each year and submit the same along with its annual Petition. Summary of activities and campaign undertaken during FY 2019-20 and FY 2020-21 by the Petitioner.	campaigns.	
8.	The Commission takes strict view on the submission made by the Petitioner with respect to capitalisation. The Commission continues its direction, and the Petitioner is directed to maintain reliable data and to submit necessary details (DPRs, cost estimates, purpose of investment, tentative completion dates etc.) for the schemes proposed to be carried out prior to implementation of work.	The details of scheme wise Capitalisation incurred in 3rd Control Period has been duly submitted in the Petition under chapter "True Up of Controllable Parameters of 3rd Control Period". Further, the details of capital expenditure incurred in 4th Control Period is attached as Annexure 6.2. In view of limited supporting documents, the Petitioner was asked to submit details with respect to EHV schemes i.e., DPR, EI certificate, etc should be provided.	The Petitioner was unable to provide adequate supporting documents with respect to capitalization of various works. Therefore, the Commission continues its direction and directs the Petitioner to submit the Asset Commissioning Certificates for HT works issued by the competent authority for assets capitalized during the first two years of fourth Control Period.
9.	It is observed that the information provided by Petitioner is incomplete. The Commission directs the Petitioner to resubmit the information along with adequate details regarding initiation and completion of the works, year-wise expenditure, complete details of funding (including break-up of equity from GoHP, compensation amount), etc. along with the next tariff petition.	The details for year wise expenditure incurred under the RE scheme is submitted as Annexure 11.6.	The compliance is noted. The current directive is dropped.
10.	There are numerous errors observed in data shared by the Petitioner which the Petitioner was not able to clarify in subsequent queries as	The detailed break up of Consumers and connected load for FY 21 and H1 of FY 22 already stands submitted to the Commission in	The Petitioner has submitted the bifurcation of details with regard to actual sales, number of Consumers and connected load, but for sub-

No.	Directives issued in the MYT Order	Status of Compliance	Commission's View
	well. Adequate details with respect to industrial Consumers are pending since long and the information being provided is either inconsistent or unreliable. Therefore, the directive is being continued and Petitioner is required to submit proper information of slab-wise and sub-category data (load, No. of Consumers and sales) for FY 2019-20 and FY 2020-21 in the subsequent petition.	chapter "Annual Revenue Requirement (ARR) & determination of tariff for FY 23" of the current Petition as Annexure 7.6. SAP ISU Billing stands implemented in all the Sub-Divisions of HPSEBL and thus 100% Consumers have now been covered under the same. Moreover, the details of energy sales and revenue from Consumers have been generated from the Billing Software and same have been made available to HPERC in this petition. Hence, the directive may be dropped.	categories (HT-1, HT-2 and EHT), the detail for previous and current year was still pending. The Petitioner has clubbed EHT and HT-II categories while providing details in various annexures for past years. Subsequent to additional information sought by the Commission, the Petitioner has now provided details of sales with bifurcation between EHT and HT-2 sales. The compliance is noted. The current directive is dropped.
11.	The Commission again directs the Petitioner to frame a roadmap with proposed actions for divisions/circles with high T&D loss and submit to the Commission within three months of issuance of this Order.	The Petitioner has already appointed a consultant / in the process for preparation of action plan and DPR for loss reduction/ strategy under "Reform-based and Results-linked, Revamped Distribution Sector Scheme" as per guidelines laid down by Ministry of Power.	The Commission is of the view that even after 12 months, the Petitioner has not been able to prepare a proper roadmap and action plan for reduction of T&D losses. Planning is imperative for accomplishment of targets which is being overlooked by the Petitioner. This is also visible by the fact that the actual T&D losses of the Petitioner has been increasing during FY 2019-20 and FY 2020-21. Therefore, the Commission is continuing the direction under fresh directives.
12.	The Petitioner is directed to include details of collection efficiency as part of truing-up for the respective year in subsequent tariff filings.	Requisite details are attached as Annexure-11.7.	The compliance is noted. The current directive is dropped.
13.	It is observed that the Petitioner has not submitted any reports pertaining to reliability indices during the previous year to the Commission. The information is required to be submitted on a quarterly basis. Also, considering the same is included under HPERC	The data for supply quality indices are regularly uploaded on the website of the Petitioner and hence, the data is made available in public domain. SAIDI and SAIFI Reports for FY 20 and FY 21 are attached as Annexure-11.8.	The Petitioner has provided reliability indices of HPSBEL for FY 20 and FY 21. In view of an important data point, the Commission is continuing the direction under fresh directives.

<table>
<tr><th>No.</th><th>Directives issued in the MYT Order</th><th>Status of Compliance</th><th>Commission's View</th></tr>
<tr><td></td><td>Tariff Regulations, 2011, the same should form part of the tariff petition. The directive is being continued. Petitioner to provide reference of the submissions made during FY 2019-20 and FY 2020-21 along with next filing.</td><td>Annual numbers for HPSEBL as a whole to be provided for each index along with working in excel for FY 2019-20 and FY 2020-21.</td><td></td></tr>
<tr><td>14.</td><td>No write-up explaining the compliance has been provided. As per the table submitted, the Petitioner has drawn less than 5% of the power from short-term sources and in absence of any approvals for higher purchase from short-term power, the Commission shall limit the same at the time of final truing-up for FY 2019-20.

The Petitioner is required to take regular approvals for any power purchase exceeding 5% limit for each of the quarter of FY 2021-22. In absence of such submissions/ approvals, power purchase beyond 5% shall be disallowed by the Commission.</td><td>The directive of the Commission has been noted and shall be complied in future.</td><td>As the Petitioner has not been taking adequate approval, the Commission is continuing the directive as part of fresh directives.</td></tr>
<tr><td>15.</td><td>The Commission observes that the Petitioner has not submitted quarterly progress reports of capital expenditure and capitalization for distribution business along with details of schemes and their funding pattern regularly. However, the Petitioner has provided year wise capital expenditure and capitalisation details as annexure along with the petition which is also incomplete.
In absence of submission of quarterly reports, the Commission continues its direction, and the Petitioner is directed to provide detailed report on capex and capitalisation at the end of each quarter on regular basis in line with the previous direction.</td><td>The quarterly report of Capex and capitalization for the 2nd and 3rd quarter is enclosed as Annexure-11.3.</td><td>The Petitioner has submitted quarterly wing wise progress of capitalisation for FY 22 as follows:
<table><tr><th>Wing</th><th>ES</th><th>Dist.</th></tr><tr><td>FY 22 Q1</td><td>0.00</td><td>8.80</td></tr><tr><td>FY 22 Q2</td><td>22.74</td><td>117.81</td></tr><tr><td>FY 22 Q3</td><td>97.12</td><td>102.86</td></tr><tr><td>Total</td><td>119.9</td><td>229.5</td></tr></table>The details of works are already been submitted to the Commission in reply to TVS queries.

The compliance is noted. The current directive is dropped.</td></tr>
<tr><td>16.</td><td>The Petitioner is required to share the copy of joint reports / consultation/ any other proof at</td><td>The Petitioner has submitted the details of new EHV works in Chapter "Mid Term Performance</td><td>The Petitioner has submitted that the copy of correspondence with HPPTCL shall be</td></tr>
</table>

No.	Directives issued in the MYT Order	Status of Compliance	Commission's View
	the time of seeking approval from the Commission with respect to capex of such EHV works.	Review for 4th MYT Control Period " The Petitioner seeks approval of the Commission to execute the above works.	submitted to the Commission subsequently. The directive is continued. The Petitioner is required to share the copy of joint reports / consultation/ any other proof at the time of seeking approval from the Commission with respect to capex of such EHV works. Further, the Petitioner must also share the EHV Planning Report and load flow studies conducted for the proposed EHV works with HPPTCL for future investment planning. The Petitioner is also directed to ensure that new works of 66kV and above under EHV schemes should be undertaken by the State Transmission Utility (STU) in the State, failing which may lead to disallowance of capital cost.
17.	Information regarding miscellaneous works submitted by the Petitioner in the APR petition is not descriptive and detailed out properly. The Commission continues its direction and directs the Petitioner to furnish information details of actual miscellaneous capex and capitalization for each year of FY15 to FY19.	The detail of capex and capitalisation for 3rd Control Period (FY 15 to FY 19) is submitted in chapter "True Up of Controllable Parameters of 3rd Control Period" of the Petition.	The compliance is noted. The current directive is dropped.
18.	The Commission directs the Petitioner to provide the status of the smart metering scheme within three months of this order. Quarterly reports on regular basis in this regard be submitted to the Commission.	The installation of smart meters has been mandated for all Consumers (except agriculture) by March 2025 as per MoP notification dated 17.8.2021. Further, HPSEBL is already in the process of installation of ~1.5 lakh smart meters for all the Consumers in the cities of Shimla and Dharamshala by March 2022. Also, 3.2 lakh smart meters are proposed to be implemented in 13 towns under "Himachal Hydro Power and Renewable Power Sector Development Program	Further, in response to addition queries sought by the Commission, the Petitioner has submitted that it had installed 79,032 Smart Meters in the cities of Shimla and Dharamshala as on 9th March 2022. Balance smart meters shall be installed by May 2022. The compliance is noted. For rest of the State excluding Shimla and Dharamshala, quarterly progress report in this regard be submitted to the Commission.

No.	Directives issued in the MYT Order	Status of Compliance	Commission's View
		funded by World Bank scheme". HPSEBL shall submit a concrete plan for implementation of smart meters for all the Consumers of Himachal Pradesh subsequently.	
19.	The Commission is of the view that the information provided by the Petitioner with respect to annual capitalisation is incomplete. The Petitioner is directed to maintain and submit reliable data of capital expenditure and capitalisation scheme -wise for FY 2019-20 and FY 2020-21 in excel format (in form of a single excel file with appropriate linkage to respective schemes and works) in the true-up for respective years.	The detail of capex and capitalization till FY 2020-21 has already been submitted as Annexure 6.2 in chapter "Mid Term Performance Review for 4th MYT Control Period".	The compliance is noted. The current directive is dropped.
20.	The Petitioner is directed to furnish the opening, addition, retirement and closing number of employees for each department at the time of true-up and ARR filing. The Petitioner as also required to submit the findings of the Special Committee established under the Chief Engineer (Central Zone) to assess the manpower requirements in Operation, Generation and Transmission wings and any other manpower studies being undertaken by the licensee to the Commission within three months of issuance of this Order. The Commission takes strict view on the non-compliance of the Petitioner in this regard and direct it to submit the same within one month of the issuance of this Order.	Status of the same already stands reported vide this office letter No. HPSEBL/CE(Comm.)/SERC-26/2021-22-2715 dated 13.07.20121. Further, there is no change in the same.	The Petitioner has provided a copy of the letter. The Petitioner has mentioned that a special committee constituted under Chief Engineer has submitted a report on manpower requirements and the report is under consideration of board management. The Commission directs the Petitioner to submit the report within three months from issuance of the order.
21.	The Petitioner is required to pursue rigorously with Ministry of Power for continuation of the surrendered power from these stations for an additional period of five years and submit	Since the compliance is noted, the directives shall be dropped.	The compliance is noted. The current directive is dropped.

<table>
<tr><th>No.</th><th>Directives issued in the MYT Order</th><th>Status of Compliance</th><th>Commission's View</th></tr>
<tr><td></td><td>compliance report in the next tariff filing to the Commission.</td><td></td><td></td></tr>
<tr><td>22.</td><td>It is observed that the information submitted cannot be reconciled with the claim of the Petitioner for FY 2018-19. The Petitioner is directed to maintain separate account head for AMC and ATS related charges and provide details along with adequate supporting documents.</td><td>The accounting heads are maintained by Finance Department as per Accounting Manual. The AMC and ATS charges are related to IT equipment and the same are being booked under office equipment of R&M expenditures. The details are shared with Commission.</td><td>The Commission is of the view that the directive was to maintain separate account head for AMC and ATS related charges.

The Petitioner has submitted that the details with respect to AMC and ATS charges related to IT R&M expenses are being booked under office equipments, and the detailed bifurcation have already been furnished to the Commission along with True Up of FY 19, FY 20, and FY 21.

It is observed that the information submitted cannot be reconciled with the claim of the Petitioner for FY 2018-19 FY2019-20 and FY 2020-21.

The Petitioner is directed to maintain separate account head for AMC and ATS related charges and provide details along with adequate supporting documents during the next tariff filing.</td></tr>
<tr><td>23.</td><td>The Commission observes that the Petitioner has not provided details regarding amount of connectivity charges, name of the vendor, description of the expenditure incurred in the respective year along with similar details of previous three years.
The Commission again directs the Petitioner to submit the same along with next tariff petition.</td><td>The year wise detail of expenditure incurred on public campaign/public interaction programme are shown in Profit & loss statement Note. 2.34 (other expenses- Admn& General Charges) and submitted as follows: -
<table>
<tr><th>Year.</th><th>A/c Head</th><th>Amount (in Cr.)</th></tr>
<tr><td>2017-18</td><td rowspan="4">76.156</td><td>0.14</td></tr>
<tr><td>2018-19</td><td>0.33</td></tr>
<tr><td>2019-20</td><td>0.19</td></tr>
<tr><td>2020-21</td><td>0.11</td></tr>
</table></td><td>The compliance is noted. The current directive is dropped.</td></tr>
</table>

<table>
<tr><th>No.</th><th>Directives issued in the MYT Order</th><th>Status of Compliance</th><th>Commission's View</th></tr>
<tr><td></td><td></td><td>Also, the year wise detail of expenditure incurred on connectivity charges is as under: -
<table><tr><th>Year.</th><th>A/c Head</th><th>Amount (in Cr.)</th></tr><tr><td>2017-18</td><td rowspan="4">76.156</td><td>0.14</td></tr><tr><td>2018-19</td><td>0.33</td></tr><tr><td>2019-20</td><td>0.19</td></tr><tr><td>2020-21</td><td>0.11</td></tr></table>
Further, the Petitioner has submitted that the required details of Public Interaction Programme Expenses booked under the head 76.156 are submitted as Annexure-G6.</td><td></td></tr>
<tr><td>24.</td><td>The Petitioner is directed to submit the complete FAR with next tariff petition for FY 2019-20 and FY 2020-21.</td><td>The Petitioner is in the process of reconciliation of FAR in sub-divisions. The FAR reconciliation is attached as Annexure 11.9.</td><td>Summary and reconciliation for FY 2020-21 is provided which shows a mismatch between the FAR register and SAP/T records.

Also, no reconciliation is provided for the FY 2019-20 with the books (SAP/T).

In response to Commission queries, the Petitioner has submitted that the reconciliation of FAR with accounts is in progress. Efforts are being made to complete the reconciliation soon.

Therefore, the directive is being continued under fresh directives.</td></tr>
<tr><td>25.</td><td>The Petitioner is directed to continue its efforts with GoHP to ensure that Tripartite Agreement between the Petitioner, GoHP and MoP is honoured and provide the status in the next tariff filing.</td><td>The Company is regularly taking up the matter with the State Govt. for conversion of back-to-back arrangement with GoHP into a mix of equity and grants in future years as envisaged under the original tripartite agreement. However, a decision in this regard is still</td><td>The directive is being continued under fresh directives.</td></tr>
</table>

No.	Directives issued in the MYT Order	Status of Compliance	Commission's View
		pending at the level of State Govt.	
26.	The Petitioner is directed to initiate preparation of detailed accounts for each business unit by maintaining separate account heads for each business unit and allocation of common costs across each business unit. The Petitioner is further directed to provide all subsequent accounts complying to the above direction of the Commission and the same should strictly be adhered in the submission of next Tariff filing.	In this context, it is submitted that separate Accounts Ledger of identified five Strategic Business Units i.e., Generation, Transmission, ALDC Project & Distribution are being maintained as per direction of HPERC. Segment wise Balance Sheet and Profit & Loss Accounts of each Strategic Business Unit is being shown/ disclosed from 2011-12 onwards in audited Balance Sheet/Financial Statements of the Company in the notes to Accounts. As regard allocation of common cost across each business unit is not feasible due to non-availability of employees' data, non-allocation of Govt. Grants, Loan, Working Capital etc. efforts are being made to maintain each business units wise account to comply the direction.	The Commission is of the view that since ERP has been implemented, all items should be allocated to various business units. The Petitioner is directed to initiate preparation of detailed accounts for each business unit by maintaining separate account heads for each business unit and allocation of common costs across each business unit. The directive is being continued under fresh directives.
27.	The Commission reiterates its direction to carry energy audit in each of the high loss areas and submit a report within three months of the issuance of this Order. Also, the Petitioner is directed to submit targeted measures/plan of action with respect to these high loss circles within three months of the issuance of this Order. In case the Petitioner does not take serious and satisfactory steps to reduce such high T&D losses (> 20% and going up to 43%) in some of its circles, the Commission would be constrained to cap circle wise losses and issue revised circle-wise trajectory during Mid-Term Review of the fourth Control Period.	The Petitioner has already appointed a consultant / in the process for preparation of action plan and DPR for loss reduction/ strategy under "Reform-based and Results-linked, Revamped Distribution Sector Scheme" as per guidelines laid down by Ministry of Power. In response to the query of the Commission, the Petitioner has mentioned that it shall conduct an energy audit and come out with an action plan to reduce the T&D loss at the earliest and same shall be shared with the Commission.	The directive is being continued under fresh directives.
28.	The Petitioner is directed to seek approval of the Commission by filing a separate petition for power procurement undertaken for FY 2021-	The Petitioner has already entered into short term power purchase agreements to meet its demand within the state. The Petitioner has	The directive is being continued under fresh directives.

No.	Directives issued in the MYT Order	Status of Compliance	Commission's View
	22.	already submitted the details of short-term agreements entered in Second Half (H2) of FY 2021-22 in the chapter "Annual Revenue Requirement (ARR) & determination of tariff for FY 23" as Annexure 7.3 and Annexure 7.4. The Petitioner prays to the Commission to provide due approval for the procurement of short-term power.	

17.4 First APR Directives

Table 337: Compliance for First APR Directives

No.	Directives issued in the MYT Order	Status of Compliance	Commission's View
1.	Timely Audit and Submission of Accounts.	Since the compliance is noted, the directed shall be dropped.	The compliance is noted. The current directive is dropped.
2.	Rebate for Timely Payment the Commission directs the Petitioner to come up with an appropriate rebate plan for such industrial or commercial Consumers which should consider detailed proposal on rebate to be offered and cost benefit analysis.	Since, all the Consumer meters shall be converted into prepaid meters with smart metering as mandated by Ministry of Power, there is no requirement for rebates for timely payments. Hence, the directed shall be dropped.	The compliance is noted.
3.	It is observed that most directives are being continued each year due to negligent attitude of the Petitioner in preparing response. In such a case, the Commission is forced to not take a lenient approach towards the Petitioner.	The Petitioner shall endeavour to comply with the directives in future.	The compliance is noted.

No.	Directives issued in the MYT Order	Status of Compliance	Commission's View
4.	Updated status in regard to GPF Trust to be submitted to the Commission in subsequent filing.	In this context, it is submitted that the GPF Trust has been registered on 23.10.2017 with registration no. 339/2017 and has also been approved by the Income Tax Authorities. The copy is enclosed as Annexure 11.10.	The compliance is noted. The current directive is dropped.
5.	The Petitioner is also directed to take all required steps (including discussion at the management level and co-ordination with HPPTCL) to ensure completion of the downstream transmission network by FY 2022- 23 failing which the Commission shall be constrained to disallow these charges from FY 2023-24 onwards. For Hamirpur sub-station similar charges being paid to PGCIL shall not be allowed after FY 2021-22.	The details on the issue have been included in the Petition. The Petitioner has submitted that the construction of downstream network of Kala Amb is being developed by HPPTCL and is expected to be commissioned by September 2022. Further, the plan for completion of downstream network and utilization of two numbers of bays of Hamirpur substation will be submitted to The Commission after consultation with HPPTCL as the mandate for construction of new EHV works is entrusted with HPPTCL.	The directive is being continued under fresh directives.
6.	The Commission directs the Petitioner to prepare an efficiency improvement plan for next five years with an aim to reduce its employee cost by 1% every year. The Commission would be forced to limit the approval of employee cost in case of inability by the Petitioner to reduce the employee cost. The Petitioner shall submit the plan to the Commission within three months from the date of issuance of this Order.	It is submitted that HPSEBL has been successful in maintaining an ACoS with respect to others Discoms, however, the employee cost is on higher side due to the liabilities which have been taken over by HPSEBL only. HPSEBL needs the employees not only for maintaining the distribution business but for the generation business as well. Hence, the comparison of employee cost with other utilities, as highlighted by the Commission, is not a level-headed comparison. Further, HPSEBL is responsible for distribution of	No efficiency improvement plan submitted. The directive is being continued under fresh directives.

No.	Directives issued in the MYT Order	Status of Compliance	Commission's View
		electricity across the state and has therefore, taken rampant electrification. Due to the scattered load and Consumer profile, it maintains an extensive network with predominantly LT lines. Further, given terrain and weather constraints, it is likely that manpower may be higher than the usual utility. HPSEBL has to maintain the network even in areas where energy sales are only 1-3% of the total sales as sales density is very low which requires equal manpower and effort, this is also proven from the reliability parameters as maintained by HSPEBL. HPSEBL requires more employees to maintain the power supply since it caters to scattered load in hilly terrain and has been maintaining reliable supply with low SAIDI even in rainy season. Out of the total employee cost of HPSEBL, ~54% of the cost are attributable towards Gratuity and Pension (Terminal Benefits). This includes terminal benefits for employees before transfer scheme. Whereas, in many other states like Uttarakhand, the liabilities were taken over by the State Government, however, the same thing has not happened in HPSEBL.	

17.5 Second APR Directive

No.	Directives issued in the MYT Order	Status of Compliance	Commission's View
1.	The Commission directs the Petitioner to be sensitive to the objections/suggestions of the objector(s) and adopt an analytical approach and support its reply with facts and figures in future.	The directive of Commission is noted and shall be complied by the Petitioner in future.	The directive is being continued under fresh directives.
2.	**Requirement of NoCs by field officers** It has been submitted by stakeholders that the field officers of the Petitioner are still demanding NoCs from the MCs/ NACs/ Town & Country Planning for release of new connections which requirement has already been removed by amendment in the Supply Code in Clause 3.1.2.1 effective from 05/12/2018. Further, they have requested for creation of awareness amongst field staff specially AEs/ AEEs in this matter. In view of the suggestions of stakeholder, the Commission directs the Petitioner to issue necessary instructions to its field officers so that Consumers are not harassed for release of electricity connection.	Directions for implementation of Commission's Orders are issued by HPSEBL in the shape of Letters/Circulars/Office Orders. Also, HPSEBL has implemented the online portal for providing various services to Consumers through online platform to reduce the interactions with the field offices. Further, steps will be taken to facilitate the Consumers. The Petitioner has submitted that the requisite instruction for implementation of HP Electricity Supply Code (5th Amendment) Regulations, 2021 stands imparted to field offices of HPSEBL vide letter no. HPSEBL/CE-(Comm.)/SERC-23/2021-22-12402/17 dated 5/3/2022. The copy of same is enclosed for reference as Annexure G7.	The compliance is noted. The current directive is dropped.
3.	**MRI/AMR Billing of industrial Consumers** Stakeholders have submitted that the Petitioner is still uploading MRI/ Billing data manually for most of the Industrial Consumers in the Computerized Billing system which is vulnerable to editing at field level before uploading giving benefit to Consumers and have requested for automation of this process. In this regard,	AMR have been installed in respect of majority of Industrial Consumers, however, all the AMRs are not communicating properly and thus issues are being faced. To address the issue HPSEBL is contemplating on providing Smart Meters in respect of all the Industrial Consumers after implementation of Smart Metering Project in Shimla and Dharamshala Towns, which is likely to complete by March 2022. Thus, in Phase-II all the industrial	The compliance is noted. The current directive is dropped.

No.	Directives issued in the MYT Order	Status of Compliance	Commission's View
	the Commission directs the Petitioner to provide status of meter readings of Consumers through MRI/ AMR along with next tariff petition.	Consumers will be covered under Smart Metering.	
4.	**Compliance to Directives** The Commission observes non-compliance in regard to several directives issued in the past. Despite several queries and reminders, the Petitioner has been able to comply or provide partial information for majority of the directives while no details/compliance has been noted for the balance directives. The Commission takes serious view on the Petitioner's approach for complying to the directive and directs the Petitioner to take up the compliance to directives in a sincere manner.	The directive is noted by the Petitioner and shall be complied hereafter.	The directive is being continued.
5.	**Submission of Tariff Proposal** The Petitioner has not been complying with the MYT Regulations, 2011 by not submitting a tariff proposal along with its Tariff Petition. No proposal for retail and wheeling and other charges etc. were submitted by the Petitioner despite providing adequate time for doing so. In absence of a tariff proposal, the claim for tariff increase is unknown to the Consumers. The Commission directs the Petitioner to submit tariff proposal along with the subsequent tariff petition, failing which, the petition would not be admitted for processing.	The directive is noted by the Petitioner and shall be complied.	The compliance is noted. The current directive is dropped.

No.	Directives issued in the MYT Order	Status of Compliance	Commission's View
6.	**Consumer Grievance handling** The Commission directs the Petitioner to bring in place a complaint handling system and enhance the number of CGRF across the state of Himachal Pradesh on priority basis so that the grievances of the Consumers are well taken care of.	It is submitted that a Customer Relationship Management is already in place and Customer Care Centre is under implementation in HPSEBL. Further, establishment of additional CGRFs will have financial implications, which needs to be approved in the Tariffs. HPSEBL has already apprised HPERC that annual cost of existing CGRF is around Rs. 0.80 Crore. The Petitioner has mentioned that in regard to Customer Relationship Management, an award was placed on August-2021 by HPSEBL to M/s Orbit Techsol India Pvt. Ltd for the Supply, Installation, Integration, Customization and Implementation of Consumer Call Center. Further, hardware and software installation at Data Center side (server) side has already been done, solution is currently is in use, but installation of hardware at Agent side is still pending due to the renovation work, which is still on process at HPSEBL, City Division Shimla. Also, the integration of Call Center solution with HPSEBL SAP CRM is still pending due to the APIs development work which is under progress at M/s TCS end.	The compliance is noted. Petitioner is required to comply with the HPERC (Consumer Grievances Redressal Forum and Ombudsman) Regulations 2013 and its amendment thereof.
7.	**Infrastructure Development Charges** The Commission observes that the Petitioner has recovered a significant amount of IDC from the Consumers post the applicability of these Regulations, however, no details of its utilization has been reported till date. The Commission directs the Petitioner to furnish details of IDC (i.e. opening, collection, closing, etc.) for each year post applicability of the Regulations and provide details of its	It is submitted that the amount received for Infrastructural Development Charges (IDC) includes Non-refundable advances (NRA) from Consumers and deposits for service connections, which are recorded under "other non-current liabilities" (Note 2.21) of the annual accounts. This amount received for NRA is initially credited to this account as capital receipt for specific work under the sub-head "47.320". On completion of work, the	The compliance is noted. The current directive is dropped.

No.	Directives issued in the MYT Order	Status of Compliance	Commission's View
	utilization.	expenditure is transferred from CWIP to fixed assets after adjusting the NRA from the Consumers. HPSEBL has received Rs. 19.67 Cr in FY 2019-20 and Rs. 16.92 Cr in FY 2020-21 under the above head. The details of opening balance, receipt, utilization and closing balance of IDC amount is attached as Annexure 11.11.	
8.	**Non-PoC charges payable against PKATL and Hamirpur-PGCIL assets** The Commission has been provisionally considering the amount of non-PoC charges required to be paid by HPSEBL towards PKATL assets Hamirpur-PGCIL substation. However, the Petitioner is directed to take up adequate representations to CERC and other stakeholders which would immediately prevent the incidence of these annual fixed charges. The Petitioner is required to take steps for reversal of the charges against these assets already paid in the past years. The Petitioner is required to provide a status report of the various steps undertaken in this regard along with supporting documents in the subsequent tariff filing. The Petitioner is also directed to take all required steps (including discussion at the management level and coordination with HPPTCL) to ensure completion of the downstream transmission network by FY 2022-23 failing which the Commission shall be constrained to disallow these charges from FY 2023-24 onwards. Also, for Hamirpur substation these charges would be disallowed after FY 2021-22.	As submitted in the previous directive, the details of the same have already been included in the Petition. In absence of any status report, the Commission asked Petitioner to provide requisite details. The Petitioner has mentioned that the construction of downstream network of Kala Amb is being developed by HPPTCL and is expected to be commissioned by September 2022. Further, the plan for completion of downstream network and utilization of two numbers of bays of Hamirpur substation will be submitted to the Commission after consultation with HPPTCL as the mandate for construction of new EHV works is entrusted with HPPTCL.	The directive is being continued under fresh directives.
9.	**Costly Power Sources**	HPSEBL is in process of surrendering its share	The compliance is noted. The current directive

No.	Directives issued in the MYT Order	Status of Compliance	Commission's View
	The Petitioner should strive towards surrendering or reallocating its power from costly sources. The Petitioner is directed to identify and approach various states or other distribution licensees to whom such costly power sources could be reallocated during summer season and the same could be returned to HPSBEL during winter months. This would help in reducing the power purchase cost from costlier sources during the surplus months.	in the NTPC Power Stations, namely Anta, Auraiya, Dadri and Unchahar-I. The same already stands apprised to HPERC vide this office letter No. HPSEBL/CE(Comm.)/SERC-27/2018-19-4397 dated 19.08.2021 and further approval for the same has been conveyed by HPERC vide letter No. HPERC-F (1)-15/2020-1539-40 dated 04.09.2021.	is being continued.
10.	**Sale of Surplus Power** The Petitioner is directed to inform the Commission and seek approval prior to entering into agreement for sale of surplus power through bilateral agreements or traders, excluding the day ahead market transactions.	The directive is noted by the Petitioner and shall be complied hereafter.	Copies of agreements for sale of surplus power already stands submitted to the Commission along with original Petition for FY 2018-19, FY 2019-20, and FY 2020-21. Further, these details are shared by the Petitioner with True Up Petitions. The compliance is noted. The current directive is being continued.
11.	**Power Procurement** The Petitioner has issued LOI for procurement of 1648 MUs at HP State periphery at an average rate of Rs. 2.65 per kWh during FY 2021-22. In addition, the Petitioner has tied up 75.60 MUs with an average rate of Rs. 3.62/kWh from short-term power market to tackle the power requirement during the dry spell of April month. It is observed that the Commission had directed the Petitioner in previous Orders for taking prior approval of the Commission before entering into any agreement for procurement of power. While the Commission has provisionally considered the	The directive is noted by the Petitioner and shall be complied hereafter.	The current directive is being continued under fresh directives.

No.	Directives issued in the MYT Order	Status of Compliance	Commission's View
	claim of the Petitioner with respect to the proposed procurement of short-term power, the Petitioner is directed to seek approval of the Commission by submitting complete details for power procurement undertaken for FY 2021-22.		
12.	**Delayed response against queries** It is observed that the response of Petitioner with respect to the queries and clarifications raised by the Commission were not submitted as per the timelines specified resulting in delay in issuance of this Tariff Order. The Petitioner is therefore directed to ensure timely submission with respect to Commission's queries and clarifications going forward failing which the Commission shall be constrained to take appropriate action.	The directive is noted by the Petitioner and shall be complied hereafter.	The compliance is noted. The current directive is dropped.
13.	**Deviation from approved figures of ARR** Any major deviations from the approved parameters of the ARR for FY 2021-22 shall not be allowed without any prior approval of the Commission.	It is submitted that the sales, revenue, and power purchase cost are uncontrollable parameters of ARR, and deviations are bound to occur, which needs to be Trued Up by HPERC after prudence check and due diligence. Further, no major deviations are taking place as the Commission has been undertaking Annual Performance Review for each year of the Control Period. However, the directive is noted by the Petitioner and shall be complied hereafter.	The compliance is noted. The current directive is dropped.
14.	**Delay in commissioning of UHL-III HEP** The Commission has noted that the commissioning of Uhl-III project has been deferred multiple times by the Petitioner. In this regard, the Petitioner is directed to ensure that the project is constructed and	Petition for determination of Capital Cost of Uhl-III Project will be filed after its Commissioning.	The current directive is being continued under fresh directives.

No.	Directives issued in the MYT Order	Status of Compliance	Commission's View
	commissioned as per HPERC (Terms and Conditions for Determination of Hydro Generation Supply Tariff) Regulations, 2011 and amendments thereof. It is further clarified that any inefficiencies including delay in completion of the project shall not be passed on to the Consumers of the State.		

17.6 New Directives

17.6.1 The Staff of the Commission had a detailed discussion with the Petitioner in regard to compliance of the Directives during the Technical Validation Session, where in the Petitioner apprised that it is ensuring compliance to the directives of the Commission in true spirit. However, at times, compliance is delayed on account of various reasons and it shall endeavor to ensure strict compliance to the directives of the Commission in future as well. Further, the Petitioner mentioned that at present, more than 70 directives have been issued to HPSEBL as part of the Tariff Order and various directives are continuing from past many years. Thus, HPSEBL requested the Commission to review the earlier directives passed in earlier orders and provide fresh directives in the current Order.

17.6.2 In view of the long standing and forward rolling directives, the Commission has discontinued the past directives and decides to issue a set of fresh directives to be complied by the Petitioner as highlighted below:

Outstanding Dues

17.6.3 The Commission direct the Petitioner to provide detailed action plan to recover such outstanding dues towards the various Consumers of the period, greater than 1 year along with the issues and amount involved, within a period of three months of issuance of this Order.

Scheme Wise Approval of HT and EHV Schemes

17.6.4 The Petitioner is directed to take scheme-wise approval of each HT and EHV scheme separately along with supporting documents. In the absence of prior approval, the Commission shall not consider the cost of such schemes for the purpose of tariff determination. The Petitioner must also share the EHV Planning Report and load flow studies conducted for the proposed EHV works with HPPTCL for future investment planning. The Petitioner is also directed to ensure that new works of 66kV and above under EHV schemes should be undertaken by the State Transmission Utility (STU) in the State, failing which it may lead to disallowance of capital cost.

Record keeping of pension and terminal liabilities

17.6.5 The Petitioner is directed to take up this matter on priority and maintain proper records against pension contribution made by different Units viz Generation, BVPCL, Projects and S&I etc. and submit the same with subsequent tariff petition. Compliance of the same shall be reported within two months from the issuance of this Order.

17.6.6 Also, the Petitioner is directed to provide separately the details of pension and terminal benefits dues and actual amount received from other Organizations where the HPSEBL employees have been deployed and submit the same with subsequent tariff petition.

Detail of Capital Works & Capitalization

17.6.7 The Petitioner is directed to submit detail of Capital Works and capitalization undertaken along with truing-up for respective year. The Petitioner is also directed to submit the asset commissioning certificates for HT works issued by the competent authority for assets capitalized in the respective year.

Separate Account Heads for different Business Units

17.6.8 The Petitioner is directed to initiate preparation of detailed accounts for each business unit by maintaining separate account heads for each business unit and allocation of common costs across each business unit. The Petitioner is further directed to provide all subsequent accounts complying to the above direction of the Commission and the same should strictly be adhered to in the submission of next Tariff filing.

Segregation of Wheeling and Retail

17.6.9 The Commission observes that in spite of the obligation of the Petitioner as per Regulation 5(1) of the MYT Regulations 2011 to segregate the accounts of the licensed business into wheeling business and retail supply business, the Petitioner has not made any efforts in this direction and has continued with the allocation statement provided by the Commission. The Petitioner is directed to segregate its accounts into wheeling business and retail supply business from FY 2022-23 onwards. ARR for FY 2023-24 should contain these details separately.

Approval for Short-Term Power Procurement

17.6.10 The Petitioner is required to take regular approvals for any power purchase exceeding 5% limit for each of the quarter of FY 2022-23. In the absence of such submissions/ approvals, power purchase beyond 5% shall be disallowed by the Commission.

SAIFI & SAIDI

17.6.11 The Commission directs the Petitioner to compile the requisite data and submit reports on parameters such as SAIDI, SAIFI, wheeling and supply availability, etc. along with truing-up for respective years.

Separate Account for AMC & ATS charges

17.6.12 The Petitioner is directed to maintain separate account head for AMC and ATS related charges and provide details along with adequate supporting documents.

Fixed Asset Register (FAR)

17.6.13 The Commission directs the Petitioner to complete the ongoing exercise of preparing its Fixed Asset Register for distribution business prior to November 2019 and submit the same to the Commission within 3 months from the date of issue of this order.

Payment of bilateral charges towards PKATL Assets

17.6.14 The Petitioner is directed to take up adequate representations to CERC and other stakeholders which would immediately prevent the incidence of these annual fixed charges on HP State alone. Also, the Petitioner is required to take steps for reversal of the charges against these assets in the past years. The Petitioner is directed to provide a status report of the various steps undertaken in this regard along with supporting documents in the subsequent tariff filing.

Also, the Commission shall review the matter based on initiatives undertaken by HPSEBL in this regard in the subsequent tariff orders and at the time of truing-up for FY 2022-23 while approving this amount.

17.6.15 The Petitioner is also directed to take all required steps (including discussion at the management level and co-ordination with HPPTCL) to ensure completion of the downstream transmission network by October 2022 failing which the Commission shall be constrained to disallow these charges from 1st November 2022.

Curtailment of Reactive load charges

17.6.16 The Petitioner is directed to ensure that the Field Units undertake strict vigilant action for curtailing of Reactive Load Charges. The status report in this regard be submitted to the Commission within three months of issuance of this Order. In case strict action is not taken by the Petitioner in this regard, these charges shall be disallowed from FY 2022-23 onwards.

Additional Surcharge

17.6.17 With regard to UI purchase, the Commission is of the view that the per unit rate of UI purchased during FY 2019-20 was very high and is primarily on account of additional surcharge which is due to non-adherence to the grid discipline. In response to clarification sought during TVS, the Petitioner clarified that due to hydro dependency of the state, the quantum of additional surcharge is high. The Commission feels that with proper tools for scheduling the high variance and additional surcharge could be controlled and Petitioner should take steps to eliminate incidence of additional surcharge. The Petitioner, is therefore, directed to undertake adequate steps for proper scheduling of power and provide status of the same to Commission along with next tariff petition. Also, Petitioner is directed to provide information of UI units, total amount paid/ received, additional surcharge paid, etc. in subsequent true-up for each year.

Employee Cost

17.6.18 The employee cost of the Petitioner is one of the highest in the country. The Commission in its previous Orders has given various directives in this regard for curtailment of the employee cost, but no concrete action has been taken by the Petitioner in this regard. The Commission in the last Order had asked the Petitioner to submit an efficiency improvement plan for next five years with an aim to reduce its employee cost by 1% every year. However, the Petitioner has ignored the directive of the Commission. Consumers of the State cannot be made to pay higher cost of electricity due to inefficiencies in system of the Petitioner. The Petitioner has failed to take any action to control the employee cost in spite of continuous directions issued by the Commission. In one of the Tariff Orders, the Commission has even pointed out some of the units which seem redundant due to change in systems. The Petitioner, however, has not taken any action in this regard.

17.6.19 Considering that the Petitioner has undertaken several IT/OT initiatives such as SAP ISU billing, SAP ERP, etc. which should have reduced the requirement of manpower deployed under various departments. HPSEBL should review the deployment of human resources in its various functions afresh. Further, in view of the above, the Commission directs the Petitioner that no new recruitment except for engineering and technical manpower should be undertaken by the Petitioner. In case of emergent situation, prior approval of the Commission be sought. In case the Petitioner does not take steps to control the employee cost and fails to reduce the per unit employee cost, which is highest in the country, the Commission shall be constrained to cap the employee cost of the Petitioner in the next Tariff Order.

Consumer Awareness

17.6.20 It is observed that the Consumers are not aware of the schemes and functions carried out by the Petitioner. Therefore, the Petitioner is directed that such Consumer awareness programme be carried out atleast once in every quarter in each Circle. Further, the Petitioner is directed to observe Consumer and Energy Awareness week in all the circles once every year. Summary of activities and campaign undertaken during FY 2022-23 should be submitted along with next tariff filing by the Petitioner for FY 2023-24.

Delay in commissioning of UHL-III HEP

17.6.21 The Commission has noted that the commissioning of Uhl-III project has been deferred multiple times by the Petitioner. It seems there is no professional control in execution of this project. Further, it looks like that the project has unending commissioning schedule. In this regard, the Petitioner is directed to ensure that the project is constructed and commissioned as per HPERC (Terms and Conditions for Determination of Hydro Generation Supply Tariff) Regulations, 2011 and amendments thereof. It is further clarified that any inefficiencies including delay in completion of the project shall not be passed on to the Consumers of the State.

Circle wise T&D Losses

17.6.22 It is observed that the T&D losses of the Petitioner during the third Control Period have been rangebound. Further, the T&D losses during first two years of fourth Control Period have been on an increasing trend including higher than 20% losses in several Circles/ Divisions. Therefore, the Petitioner must ensure that the T&D losses for each Circle is brought down within 20% range in the subsequent years of the fourth Control Period. In absence of the same, the Commission shall be constrained to additionally penalize the Petitioner with respect to higher than 20% losses for the respective circles. The Petitioner is also directed to maintain the T&D loss trajectory approved by the Commission for the remaining years of the 4th Control Period.

Accounting for Transmission and Distribution Loss

17.6.23 The Commission directs the Petitioner to undertake separate accounting for Transmission losses of its 66 kV and above network and Distribution losses of its 33kV and below network. Further, the Petitioner is also required to account for the HPPTCL network and own network losses separately.

Response to Stakeholder Queries

17.6.24 It is observed that on several occasions the observations made by the stakeholders are specific and based on the content of the Petition. However, the Petitioner has provided similar response to such observations. On previous occasions as well, the Commission had highlighted that the Petitioner should provide adequate qualitative and quantitative response to the stakeholder's comments and objections. The Commission takes strong note of the non-compliance with respect to several directives of the Commission in the previous Tariff Orders. The Petitioner is directed to ensure that proper and adequate responses are provided to the comments of stakeholders from subsequent tariff petitions.

Inventory of Meters and allied equipment

17.6.25 In view of the submission of the stakeholders that Consumers are forced to buy the energy meters due to unavailability of meters with the Petitioner, the Commission is of the view that it is one of the prime duty of the Licensee to give electricity connection to the Consumers within the stipulated timeframe. It has come to notice of the Commission that the electricity connection is not released due to non-availability of the meter and, sometimes it happens that a Consumer is forced to buy the energy meter. If a Consumer can purchase the meter from the market so can the Licensee as well. Moreover, a meter is the main equipment from the perspective of DISCOM. Therefore, the Commission directs the Petitioner to ensure adequate stock of meters and allied equipment available with it and also it should be ensured that the Consumers are not forced to buy the metering equipment.

Service Connection Charges

17.6.26 The Commission has noted down the concern of the stakeholders regarding fixation of the normative charges for new electricity connection up to 150 kVA. HPSEBL is directed to submit the detail calculations of the normative charges within one month of issuance of this Order.

Tariff Structure

17.6.27 The issue of giving separate domestic connections for residential colonies of the industries can only be possible if it is possible to segregate the same from industries by way of separate feeder/ metering. HPSEBL is directed to look into the matter and detailed report in this regard be submitted within 3 months of issuance of this Order. The Commission shall take a view in this matter subsequently in the next tariff order.

Procurement of new vehicles

17.6.28 The Petitioner is directed to restrain, to the maximum possible extent from the purchase of new vehicles for its staff/officers. The Petitioner should outsource the requirement for any new vehicles instead of procuring by themselves. This shall ensure reduction in overall Cost for the Petitioner.

Management of Surplus Energy

17.6.29 The Petitioner is directed to sell the surplus energy available with the Discom up to the last unit at an economically beneficial price to the maximum extent possible. The details of efforts made by the licensee to sell the surplus energy in all possible ways and the details of sale of surplus energy in a month shall be intimated to the Commission. Further a study should be conducted by the Petitioner based on the surplus energy during the peak and off-peak hours in a year and seasonal variation in the peak and off-peak consumption levels. The output of the study should be able to indicate the Consumer categories who can plan and shift their load to off-peak hours. Findings of the study should be used by the Petitioner to submit a comprehensive proposal for modification/review of ToD tariff dispensation, along with its next Tariff Petition.

Energy Audit

17.6.30 The Commission directs DISCOM to arrange a separate exercise to perform Circle wise Energy Audits and submit an action plan with targeted measures and plan of action to reduce the losses based on this Energy Audit Report to the Commission. The energy audit of all feeders shall be conducted. The Commission also directs the DISCOMs to submit a quarterly progress reports on this matter.

Timely submission of Reports and Compliance of directives

17.6.31 The Commission has noted that the Petitioner does not submit the quarterly reports and the reports related to compliance of directives in a regular and timely manner. Therefore, the Petitioner is directed to submit the compliance to directives of the Commission in a regular and time bound manner as mentioned in the respective directives.

Model Sub-division

17.6.32 The Petitioner is directed to create a Model Sub-division in each circle for reliable power supply with almost no fluctuation or interruption in supply, an upgrade to smart meters, better customer service, and increased efficiency within one year, which shall be further spread to the whole of the State.

Double (multiple) feeder supply of electricity

17.6.33 The Petitioner should undertake a study to evaluate how the reliability of supply could be improved in industrial area by having an alternate or multiple feeder supply in these areas to Consumers. The double feeder supply arrangement shall be provided by the Discom on the specific request of the Consumer particularly to avoid interruption of supply in case of failure of any one feeder to avoid loss of production of the Consumer thereof. A detailed report should be submitted to the Commission within three months from the date of issuance of this Order.

Free Power Purchase

17.6.34 In view of comparatively lower price of GoHP free power, the Petitioner is directed to approach GoHP to source its free power from the Central Sector Generating Stations as well on full year basis. This would be win-win situation to all the stakeholders involved, viz. GoHP, HPSEBL and the Consumers of the State. By selling some quantum of free power to HPSEBL, GoHP shall ensure the stable and assured return as the short-term market sale currently being undertaken by GoHP is subject to various risks involved. In this Order, the Commission has projected GoHP free power from those stations only which are connected with STU/HPSEBL system as HPSEBL has not come up with any proposal for additional GoHP power tied up. However, HPSEBL must strive hard for adding more GoHP power in its portfolio on long term basis.

Compliance to decisions of CGRF/ Ombudsman

17.6.35 Few stakeholders have highlighted that decisions of Electricity Forum or the Ombudsman in the form of relief / refund are not implemented by the Petitioner. The stakeholders have raised a serious issue of non-compliance of the Orders of the Statutory Authorities made under Electricity Act, 2003. The Commission directs the Petitioner to look into the matter and any casual approach on its part shall be viewed seriously and dealt as per the Act and under relevant provisions of the HPERC Regulations.

Principal and Interest payment towards UDAY Bonds

17.6.36 One of the main purposes of the UDAY scheme was the financial turnaround of the DISCOMs. If the burden of Bond's repayment and its interest cost are still to be borne by the DISCOM then the DISCOM will not be able to come out from its losses and its financial viability will get severely hampered. Therefore, the Commission has excluded the amount of interest on the UDAY bonds for FY23 and FY24. The Petitioner is directed to take up the matter with the State Government for taking over the interest and repayment liabilities of these bonds and reimburse the interest paid on these bonds as per the tripartite agreement.

Voltage Wise Cost of Supply

17.6.37 With respect to the directive to undertake and submit a Voltage-wise Cost of Supply, HPSEBL has submitted a report to the Commission. Based on the review of the report, several inconsistencies were observed including the base year for the study which was FY2016-17. The Commission directs the Petitioner to update the report based on the observation and the key concerns raised on the report. This updated study be completed within six months of issue of this Tariff Order and its recommendations be included in the Tariff Petition for the next financial year.

Proposal for revision in Security Deposit for Pre-paid Consumers

17.6.38 With respect to changes in security deposit for prepaid Consumers, the Petitioner is directed to submit a proposal to the Commission within 1 month of issuance of this order in line with the provisions of the applicable regulations.

Subsidy payments by Government of Himachal Pradesh

17.6.39 The Commission directs that subsidy amount shall be paid in advance to the HPSEBL as per the provisions of Section 65 of the Electricity Act, 2003, and reconciled after every quarter. HPSEBL is directed to submit quarterly report regarding the payment of subsidy as well as the outstanding amount; if any, to the Commission. In case the State Government fails to pay subsidy in time, interest on such outstanding amounts shall be recoverable by the Petitioner. Further, in case the State Government fails to pay the subsidy, as per the provisions of Section 65 of the Act, the tariffs announced after subsidy shall stand reverted back to the original tariff, as approved by the Commission in this tariff order.

E-Reverse bidding

17.6.40 The Petitioner is directed to follow E-reverse bidding for all Engineering Procurement and Construction works of value of more than Rs. 1 Cr. as already directed by Commission as per the letter no. HPERC-F(1)-27/2021-3156-57 dated 10.02.2022

Proposal to discourage the use of Diesel Generator (DG) Sets

17.6.41 The Petitioner is directed to submit a proposal along with next year tariff filings to discourage the use of DG sets in the State.

Non-compliance to Directives

17.6.42 The Commission concurs with the views of the stakeholders regarding non-compliance by the Petitioner in regard to several directives issued by the Commission in the past. Despite several queries and reminders, the Petitioner has been able to comply or provide partial information for majority of the directives while no details/compliance has been noted for the balance directives.

17.6.43 The Commission takes serious view on the Petitioner's approach for not complying to the directives and directs the Petitioner to take up the compliance to directives in a sincere manner.

ANNEXURE – I GENERAL CONDITIONS OF TARIFF AND SCHEDULE OF TARIFF

PART-I: General Conditions of Tariff

A. This Schedule of Tariff shall come into force with effect from **1st April 2022** and will be applicable throughout the State of Himachal Pradesh.

   Provided that this Tariff Order shall not be applicable to Consumers who have been permanently disconnected prior to the date of issue of this Order unless such Consumers get their connections re-instated in the future

B. The rates mentioned in this Schedule of Tariff are exclusive of electricity duty, taxes and other charges already levied or as may be levied by the Government of Himachal Pradesh from time to time.

C. This tariff automatically supersedes the existing tariff w.e.f. **1st April 2022** that was in force with effect from 1st June 2021 except in such cases where 'Special Agreements' have otherwise been entered into for a fixed period, by HPSEBL with its Consumers. Street Lighting Agreements shall, however, not be considered as 'Special Agreements' for this purpose and revised tariff as per schedule **'SLS'** of this Schedule of Tariff shall be applicable.

D. This Schedule of Tariff is subject to the provisions of **'Schedule of General and Service Charges' (Appendix – A)** and related Regulations notified by the Commission, from time to time.

E. Force Majeure Clause: In the event of a force majeure event, as defined in Himachal Pradesh Electricity Supply Code, 2009 as amended from time to time, the Consumer shall be entitled to proportionate reduction in demand charge or any other fixed charge, if applicable, provided he serves at least 3-day notice on the supplier for shut down of not less than 15 days duration.

F. Standard Supply Voltage: The Standard Supply Voltage shall be regulated in accordance with the provisions of the Himachal Pradesh Electricity Supply Code, 2009 as amended.

G. Single Point Supply: The various tariffs referred to in this Schedule are based on the supply being given at a single voltage and through a single delivery and metering point. Supply given at other voltages and through other points, if any, shall be separately metered and billed.

H. Lower Voltage Supply Surcharge (LVSS): Consumers availing electricity supply at a voltage lower than the 'Standard Supply Voltage' as per Himachal Pradesh Electricity Supply Code, 2009 as amended. In addition to other charges, be also charged a 'Lower Voltage Supply Surcharge' (LVSS) at the rates given in the following Table on only the amount of energy charges billed, for each level of step down (as given in following table) from the 'Standard Supply Voltage' to the level of Actually Availed Supply Voltage.

Standard Supply Voltage	Actually Availed Supply Voltage	LVSS
11kV or 15kV or 22 kV	1Ø 0.23 kV or 3Ø 0.415kV OR 2.2 kV	5%
33 kV	11 kV or 22 kV	3%
66 kV	33 kV	2%
≥ 132 kV	66 kV	2%

EXPLANATION:

1) *The revised provisions of standard supply voltage under the* Himachal Pradesh Electricity Supply Code, 2009 as amended thereof *have been notified and new connections shall be released on that basis.*

2) *Here the expression "for each level of step down" as an example shall mean that in a particular case if the Standard Supply Voltage is 33kV and the Actually Availed Supply Voltage is less than 11 kV, then the number of step downs shall be two (2) and the rate of LVSS applicable shall be 8% (5%+3%). Similarly, if the Standard Supply voltage is >=132 kV and actual availed supply voltage is 33 kV LVSS shall be applicable @4% (2%+2%).*

3) *The LVSS shall be charged at 50% of the rates determined as per the above provisions, if any, one or all of the following conditions are met:-*

   i. *if supply is given through a dedicated feeder or a joint dedicated feeder and metering for billing purpose is done at the licensee's sub-station; and/or*

   ii. *If the LVSS becomes payable in spite of the contract demand being within the relevant permissible limit applicable for the standard supply voltage viz 50 kVA for LT supply, 2200 kVA for 11 kV or 22 kV supplies, 10000 kVA for 33 kV and 12000 kVA for 66 kV supplies.*

I. Lower Voltage Metering Surcharge (LVMS): In respect of Consumers, for whom the metering (for maximum demand (kVA) or energy consumption (kWh or kVAh) or both) instead of being done on the higher voltage side of the transformer at which the supply had been sanctioned by the HPSEBL, is actually done on the lower voltage side of the transformer due to non-availability of higher voltage metering equipment or its unhealthy operation, such Consumers shall in addition to other charges, be also charged "Lower Voltage Metering Surcharge" (LVMS) at the rate of 2% on the amount of only the energy charges billed.

J. Late Payment Surcharge (LPS): Surcharge for late payment shall be levied at the rate of 1.5% per month or part thereof, on the outstanding amount excluding electricity duty/ taxes for all the Consumer categories.

K. Supply during peak load hours: The following additional conditions shall be applicable for use of power during peak load hours (6:30 PM to 10 PM) in case of the Consumers covered under small industrial power supply, medium Industrial power supply, large industrial power supply and irrigation and drinking waterpower supply:

i) Such consumption shall be recorded separately through suitable meters which are capable of recording the energy (kVAh/kWh) during the peak load hours. HPSEBL shall, in case of any constraint, always be entitled to impose any restrictions on usage of power during peak load hours in all cases through general or specific order;

ii) In cases where HPSEBL imposes any restrictions through general or specific orders, the Consumer shall abide by such restrictions failing which the HPSEBL shall be entitled to disconnect the supply to such Consumers after giving a notice;

iii) Payment of peak load charges (demand and energy) shall be made as per the respective schedules of tariff;

L. Demand Charge (DC): Consumers under two (2) part tariff, whose energy consumption is billed/ charged in Rs/kVAh, shall in addition to the kVAh charges, be also charged at the rates as per Part-II, the 'Demand Charges' (in Rs/kVA/month), calculated on the actual Maximum Demand (in kVA) recorded on the energy meter during any consecutive 30 minute block period of the month or at 90 % of the Contract Demand (in kVA), whichever is higher but up to a ceiling of contract demand as currently applicable. The demand in excess of Contract Demand will be charged under clause "M" relating to Contract Demand Violation Charges (CDVC).

Explanation:

i) During the actual number of days of billing in any period, the above mentioned parameters i.e. actual recorded Maximum Demand and Contract Demand as the case may be and the prescribed respective rates of charges in the relevant schedule of tariff alone shall form the basis for calculation of Demand Charges and the licensee, based on the number of days of billing in excess or short of a month (of 28 or 29 or 30 or 31 days), shall not apply any other factor other than mentioned in this para, that may alter or vary either of these parameters in any way.

ii) Where the contract demand has not been applied for or sanctioned, the limit corresponding to 90% of the connected load (in kW) converted into kVA by adopting power factor of 0.9 shall be deemed as the contract demand;

M. Contract Demand Violation Charge (CDVC): In the event, the actual Maximum Demand (in kVA) recorded on the energy meter during any consecutive 30 minute block period, exceeds the Contract Demand (in kVA), the Consumer shall be charged 'Contract Demand Violation Charges' (CDVC) (in Rs/ kVA) at a rate which shall be three (3) times the rate of the demand charges (DC) (referred to in para '**L**') to the extent the violation has occurred in excess of the Contract Demand.

NOTE: In cases where the Contract Demand has been got reduced temporarily as per applicable provisions; such reduced Contract Demand shall be considered as the Contract Demand for the purpose of determining the Contract Demand Violation Charges (CDVC); if any.

N. Disturbing Load Penalty (DLP): In case where there is unauthorized use of mobile welding sets, polishing machines or similar equipment, the Consumer will pay by way of penalty, Rs. 350 per kVA of the load rating of welding set per day, in addition to the energy charges.
However, the Consumer may with prior intimation and payment of Rs. 200 per day in addition to the energy charges, as applicable, can use mobile welding, polishing machines or similar equipment. The same shall be applicable to all categories of Consumers except Industrial Supply, Bulk Supply, Temporary Supply and such equipments (under Commercial Supply) provided the load for such Consumer does not exceed 120% of sanctioned load.

NOTE: Authorization shall mean authorization (temporary or permanent) to a Consumer by the designated office of the licensee in whose area the supply to the Consumer exists and shall not be assumed as authorization of any form from local or other bodies.

O. *Night Time Concession (NTC):* Night Time Concession (in Rs/kVAh) on consumption of energy (in kVAh) from 22:00 hours to 06:00 hours shall be available to two part tariff Consumers falling under the category to which such concession has been allowed as per Part-II – Schedule of Tariff, at the rates fixed in the relevant Consumer category under the Schedule of Tariff. However, such Consumers must be provided with suitable tri-vector meters capable of recording energy during different times of the day.

P. *Rebate for Prepaid Consumers:* A rebate of 3% on the energy charge shall be applicable for all Consumers availing prepaid meter facility.

Q. Seasonal industries: In this schedule, unless the context otherwise provides, seasonal industries mean the industries which by virtue of their nature of production, work only during a part of the year, continuously or intermittently up to a maximum period of 7.5 months in a year, such as atta chakkis, saw mills, tea factories, cane crushers, irrigation water pumping, rice husking/hullers, ice factories, ice candy plants and such other factories as may be approved and declared as seasonal by the HPSEBL from time to time. The provisions under this clause shall also be applicable for such hotels in the Lahaul Spiti, Kinnaur and Pangi areas which remain closed for most of the winter months. Seasonal industries shall be governed under the following conditions: -

i) The Consumer shall intimate in writing to the concerned Sub-Divisional Officer of the HPSEBL, one month in advance, the months or the period of off-season during which he will close down his plant(s) and the contract demand not exceeding 20 kVA which shall be availed by him during such period for maintenance and overhauling of its plant and lighting, etc.

ii) The minimum working period for a seasonal industry in a year shall be taken as 4 (four) months.

iii) During the off-season, the entire energy consumption and the power utilised for maintenance and overhauling of the plant and the factory lighting will be charged at the rates under the relevant category of "commercial supply" tariff depending on the contract demand to be availed by him during such period as per item (i) above.

iv) The fixed charge, demand charge or any other fixed charge shall be levied as per the respective tariff applicable for seasonal period and off-seasonal period. However, no such fixed charges shall be levied if the Consumer totally closes down its installation during the off-season and doesn't draw any load.

Note: The provisions relating to temporary revision of contract demand shall be applicable in accordance to Himachal Pradesh Electricity Supply Code, 2009 as amended from time to time.

R. <u>Power Factor Surcharge (PFS):</u>

i) If at any point of time, the power factor of Consumers, to whom power factor surcharge is applicable as per Part-II Schedule of Tariff, is checked by any means and found to be below 0.90 lagging, a surcharge @ 10% on the amount of energy charges irrespective of voltage of supply shall be charged from the Consumer from the month of checking and will continue to be levied till such time the Consumer has improved his power factor to at least 0.90 lagging by suitable means under intimation to the concerned Sub Divisional Officer who shall immediately get it checked.

ii) The monthly average power factor will be calculated on readings of Tri-Vector Meter/ Bi-Vector Meter/ Two Part Tariff Meters as per formula given as follows and shall be rounded up to two decimal places:

$$\text{Power Factor} = \text{kWh} / \text{kVAh}$$

In case of defective Tri-vector Meter/Bi-vector Meter/Two Part Tariff Meter, power factor will be assessed on the basis of average power factor recorded during last three consecutive months when the meter was in order. In case no such readings are available then the monthly average power factor of three months obtained after installation of correct Tri-vector Meter/ Bi-vector Meter/ Two Part Tariff Meter shall be taken for the purpose of power factor surcharge during the period the Tri-vector Meter/ Bi-vector Meter/ Two Part Tariff Meter remained defective.

iii) The said power factor surcharge shall be independent of the supply voltage.

iv) The fixed charge shall not be taken into account for working out the amount of power factor surcharge, which shall be levied on the amount of kWh energy charges only.

S. Replacement of Defective/Missing/damaged Shunt Capacitors -

In accordance with Himachal Pradesh Electricity Supply Code, 2009 as amended from time to time.

T. Temporary Revision of Contract demand:

In accordance with Himachal Pradesh Electricity Supply Code, 2009 as amended from time to time.

U. Sanction of Contract Demand:

In accordance with Himachal Pradesh Electricity Supply Code, 2009 as amended from time to time.

V. The General Conditions Of Tariff Contained In Part-I, The Schedule Of Tariff Contained In Part -II of this Annexure and General and Service charges contained in Appendix to this Tariff Order shall be read and applied in conjunction with the relevant provisions of Himachal Pradesh Electricity Supply Code, 2009 as amended from time to time;

W. Wherever specific provisions have been provided in this Tariff Order, the same shall prevail over General Provisions;

X. The Tariffs and charges provided in this Tariff Order are applicable only to the Consumers of the HPSEBL Ltd;

Y. HPSEBL shall provide suitable meters capable of recording the parameters for billing purposes as per the tariff structure under respective schedules.

Z. In case any dispute regarding interpretation of this tariff order and/or applicability of this tariff arises, the decision of the Commission shall be final and binding.

Words, terms and expressions defined in the Himachal Pradesh Electricity Supply Code, 2009, as amended from time to time and used in this Schedule shall have and carry the same meaning as defined and assigned in the Himachal Pradesh Electricity Supply Code, 2009, as amended from time to time.

PART-II: Schedule of Tariff

SCHEDULE - DOMESTIC SUPPLY (DS)

1 Applicability

This schedule is applicable to the following Consumers:

a) Consumers using electrical energy for lights, fans, heaters, cooking ranges, ovens, refrigerators, air conditioners, stereos, radios, televisions, mixers, grinders, electric iron, sewing/embroidery/knitting machines, domestic pumping sets and other domestic appliances in a single private house/flat or any other residential premises;

b) Religious places with connected load up to 5 kW;

c) Orphanages, homes for old people and homes for destitute;

d) Working Women Hostels, Hostels attached to the educational institutions if supply is given separately to each hostel and the electricity charges are recovered from the students;

e) Leprosy Homes run by charity and un-aided by the Government;

f) Panchayat Ghars with connected load up to 5 kW;

g) Patwar Khanas and Kanungoo Bhawans (Government Buildings only) with connected load up to 5 kW;

h) Community gausadans, goshalas and cow sanctuaries not registered with Gau Sewa Ayog with connected load up to 20kW;

i) Monasteries and Nunneries;

j) Heritage Hotels approved under HP Government's Heritage Tourism Policy, 2017;

k) Residential Paying Guests

l) Incredible India Bed-and-breakfast as per GoI, Ministry of Tourism guidelines;

m) "Home Stay Units" in rural areas duly registered with the District Tourism Development Officer; and

n) Offices of the Himachal Pradesh Senior Citizen Forum.

o) Personal Garage for parking of personal light motor vehicle

p) For industrial Consumer which are under PDCO due to non-payment of dues or sick closed units with maximum connected load of 20 kW for lighting and security purpose only till regular connection is restored (Pre-paid meter provisionally)

q) MES and other Defence establishment

Note:

(i) Where a portion of the dwelling is used regularly for the conduct of a business, the consumption in that portion shall be separately metered and billed under the appropriate category, whichever is applicable. If separate circuits are not provided, the entire supply will be classified under the relevant category.

(ii) Resale and supply to tenants, other flats, etc. is strictly prohibited.

*(iii) No compounding will be permissible. For residential societies which wish to take a single point supply, this would be permitted, and the energy charges would be divided by the number of such units to determine the relevant slab. Thus, if there are 10 dwelling units in a society and the energy consumption in a month is 3500 units, the first 1250 (125*10) units would be charged at Rs 4.15 per kWh, the next 1750 (175*10) at Rs 5.05 per unit and the balance 500 units at Rs. 5.65 per unit. Fixed charge shall be Rs. (85*10).*

2 **Character of Service:** *Applicable as per the relevant provisions of Himachal Pradesh Electricity Supply Code, 2009 as amended from time to time.*

3 **Single Part Tariff**

A) Consumers Other than Pre-Paid Metered

a) Fixed Charge (Charges-1)

Description	Fixed Charge (Rs./Month)
Lifeline Consumers and Consumers in Tribal & Difficult Areas	55.00*
Other Consumers	
0-125	85.00
126-300	85.00
Above 300	85.00

a) Energy Charge

Description	Slabs (kWh per month)	Energy Charge (Rs./kWh)
Lifeline Consumers	0-60	3.50*
Other Consumers	0-125	4.15
	126-300	5.05
	Above 300	5.65

For Lifeline Consumers, the effective billing shall be Rs. 0.00 as announced by GoHP.

Note:

1. *In the case of **Lifeline Consumers** the zero tariff will be available for use of electricity by these families up to a maximum of 60 units per month. In case*

this limit is exceeded, the normal domestic tariff slabs of 0-125; 126-300; and above 300 kWh per month respectively will apply.

2. *Heritage hotels, Incredible India bed-and-breakfast, homestay units in rural areas are to be charged under domestic category with energy charges for such Consumers to be levied at 30% higher than the net energy charges payable (net off subsidy) by the Consumers in the respective slab.*

3. *For MES and other Defence Establishments, if they are able to segregate the commercial load in their respective cantonment area, then it can apply for separate meter under domestic category else they shall be charged at domestic tariff along with additional 5% on the Energy charge. Commercial load in cantonment areas and Defence establishments shall be charged under relevant commercial category.*

4. **Lower Voltage Supply Surcharge (LVSS):** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

5. **Lower Voltage Metering Surcharge (LVMS)***:* *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

6. ***Late Payment Surcharge (LPS):*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

7. ***Night Time Concession (NTC):*** *Not Applicable.*

8. ***Power Factor Surcharge (PFS):*** *Not Applicable.*

9. ***Disturbing* Load Penalty (DLP):** *Applicable as per the provisions under 'Part-1 General Conditions of Tariff'.*

10. ***Rebate for Prepaid Consumers:*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'*

SCHEDULE - **NON-DOMESTIC NON-COMMERCIAL SUPPLY (NDNCS)**

1. Applicability

This schedule is applicable to the following Consumers:

a) Government and semi Government offices;

b) Educational Institutions viz. Schools, Universities, ITIs, Colleges, Centre for Institute of Engineers, Sports Institutions, Mountaineering Institutions and allied sports and Libraries, Hostels and residential quarters, attached to the educational institutions, Private Medical colleges with attached hospital and with user charges as per Govt. hospital rates if supply is given at single point;

c) Religious places such as Temples, Gurudwaras, Mosques, Churches etc. with connected load greater than 5 kW;

d) Sainik and Govt. Rest Houses, Government Museums, Anganwari workers training centers, Mahila mandals, village community centres;

e) Government Hospitals (including libraries, hostels and residential quarters attached to these establishments), primary health centers, dispensaries and veterinary hospitals if supply is given at single point;

f) Panchayat Ghars with connected load greater than 5kW;

g) Patwar Khanas and Kanungoo Bhawans (Government Buildings only) with connected load greater than 5kW;

h) Sarais and Dharamsalas run by Panchayats and Municipal Committees or by voluntary organizations.

i) Office of Lawyers and Government recognized Non-Government Organizations (NGOs)

j) Electric Charging Stations for the Electric vehicles

k) Lifts operating in group housing societies, apartments, etc.

Note: (1) *In the case of residences attached to the Institutions, as at (b), (f) and (g) above, the same shall be charged at the Domestic Supply (DS) tariff, in cases where the Consumer seeks a separately metered connection for the residential portion.*

(2) Lifts in residential premises shall be charged at the 'Domestic tariff'

2. Character of service: *Applicable as per the relevant provisions of* Himachal Pradesh Electricity Supply Code, 2009 as amended from time to time.

3. Consumers Other than Pre-Paid Metered

A) Single Part Tariff for contract demand ≤ 20 kVA

a) Fixed Charge (Charges-1)

Fixed Charge (Rs/month)	145.00

b) Energy Charge (Charges-2)

Energy Charge (Rs./kWh)	5.20

4. Two Part Tariff for contract demand > 20 kVA

a) Fixed Charge (Charges-1)

Fixed Charge (Rs/month)	Nil

b) Energy Charge (Charges-2)

Energy Charge (Rs./kVAh)	4.90

c) Demand Charge (Charges-3)

Demand Charge (Rs/kVA/month)	140.00

Demand charges would be levied on the actual maximum recorded demand in a month in any 30 minute interval in a month or 90% of the contract demand, whichever is higher but up to a ceiling of Contract Demand. Contract Demand Violation Charges shall be applicable beyond such ceiling.

5. **Lower Voltage Supply Surcharge (LVSS):** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

6. ***Lower Voltage Metering Surcharge (LVMS):*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

7. ***Late Payment Surcharge (LPS):*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

8. ***Contract Demand Violation Charge:*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

9. ***Night Time Concession (NTC):*** *Not Applicable.*

10. ***Power Factor Surcharge (PFS):*** *Not Applicable.*

11. ***Disturbing Load Penalty (DLP):*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

12. ***Peak Load Charges (PLC):*** *Not Applicable.*

13. ***Rebate for Prepaid Consumers:*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'*

<u>SCHEDULE – COMMERCIAL SUPPLY (CS)</u>

1 Applicability

This schedule is applicable to the Consumers for lights, fans, appliances like pumping sets, central air conditioning plants, cold storages, lifts, heaters, embroidery machines, printing press, power press and small motors in all commercial premises such as shops, business houses, cinemas, clubs, banks, private offices, private hospitals, petrol pumps, hotels/motels, welding sets, servicing stations, private nursing homes, private rest/guest houses, private research institutions, private coaching institutions, private museums, dry cleaning, garages and private auditoriums, departmental stores, restaurants, lodging and boarding houses, shopping malls and multiplexes.

This schedule shall also include all other categories which are not covered by any other tariff schedule.

<u>Note:</u> *Resale of electricity to tenants, adjoining houses and to other parties is strictly prohibited.*

2. In case of hotels in tribal areas of Lahaul-Spiti, Kinnaur and Pangi seasonal tariff as described in Part-I of Annexure-I shall be applicable.

3. Character of service: *Applicable as per provisions under* Himachal Pradesh Electricity Supply Code, 2009 as amended from time to time.

4. Single Part Tariff for contract demand ≤ 20 kVA

a) Fixed Charge (Charges-1)

Fixed Charge (Rs/month)	145.00

b) Energy Charge (Charges-2)

Energy Charge (Rs./kWh)	5.30

5. Two Part Tariff for contract demand > 20 kVA

a) Fixed Charge (Charges-1)

Fixed Charge (Rs/month)	
20 – 100 kVA	Nil
Above 100 kVA	Nil

B) Energy Charge (Charges-2)

Contract Demand	**Energy Charge (Rs./kVAh)**
>20 kVA $\leq$ 100 kVA (More than 20 kVA but up to 100 kVA)	5.05
Above 100 kVA	4.95

C) Demand Charge (Charges-3)

Demand Charge (Rs/kVA/month)	
>20 kVA $\leq$ 100 kVA (More than 20 kVA but up to 100 kVA)	110.00
Above 100 kVA	170.00

Demand charges would be levied on the actual maximum recorded demand in a month in any 30 minute interval in a month or 90% of the contract demand, whichever is higher but up to a ceiling of Contract Demand. Contract Demand Violation Charges shall be applicable beyond such ceiling.

5 **Lower Voltage Supply Surcharge (LVSS):** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

6. ***Lower Voltage Metering Surcharge (LVMS):*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

7. ***Late Payment Surcharge (LPS):*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

8. ***Contract Demand Violation Charge:*** *Applicable as specified under 'Part-1 General Conditions of Tariff'.*

9. ***Night Time Concession (NTC):*** *Not Applicable.*

10. ***Power Factor Surcharge (PFS):*** *Not Applicable.*

11. ***Disturbing Load Penalty:*** *Applicable as specified under 'Part-1 General Conditions of Tariff' of this Annexure I.*

12. ***Peak Load Charges (PLC):*** *Not Applicable.*

13. ***Rebate for Prepaid Consumers:*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'*

<u>SCHEDULE - *SMALL INDUSTRI*AL POWER SUPPLY (SIP)</u>

1 Applicability

This schedule is applicable to Industrial Consumers with contract demand not exceeding 50 kVA including pumps (other than irrigation pumping), tokas, cane crushers, Atta Chakkis, and also for supply to Information Technology Industry (limited only to IT Parks recognised by the State/Central Government). Industrial type of Agricultural loads with connected load falling in the abovementioned range and not covered by Schedule "IDWPS" shall also be charged under this schedule.

2 Character of service: Applicable as per *as per relevant provisions of* Himachal Pradesh Electricity Supply Code, 2009 as amended from time to time**.**

3 Single Part Tariff for contract demand ≤ 20 kVA

a. Fixed Charge (Charges-1)

Fixed Charge (Rs/month)	155.00

b. Energy Charge (Charges-2)

Energy Charge (Rs./kWh)*	4.95

4 Two Part Tariff for contract demand > 20 kVA < 50 kVA

a) Fixed Charge (Charges-1)

Fixed Charge (Rs/month)	Nil

b) Energy Charge (Charges-2)

Energy Charge (Rs./kVAh)	4.80

<u>Note</u>:

In case of sick unit or permanently disconnected units Industrial Consumer can avail pre-paid meter with a load up to 20 kW for the purpose of lighting, surveillance and security.

c) Demand Charge (Charges-3)

Demand Charge (Rs/kVA/month)	100.00

Demand charges would be levied on the actual maximum recorded demand in a month in any 30-minute interval in a month or 90% of the contract demand, whichever is higher but up to a ceiling of Contract Demand. Contract Demand Violation Charges shall be applicable beyond such ceiling.

5 Peak load charges (PLC)

Description	Energy Charge for consumption during peak load hours
Contract Demand $\leq$ 20 kVA	1.35 times of the normal per kWh charges
Contract Demand > 20 kVA	Rs. 6.10/kVAh

6. **Lower Voltage Supply Surcharge (LVSS):** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

7. **Lower Voltage Metering Surcharge (LVMS):** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

8. **Late Payment Surcharge (LPS):** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

9. **Contract Demand Violation Charge:** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

10. **Night Time Concession (NTC):** *Applicable for the Consumers having Contract Demand of more than 20kVA, as per provisions under 'Part-1 General Conditions of Tariff', at the following rates:*

    (i) 110 Paise/kVAh for consumption during night hours for the month of June, July and August 2022;

    (ii) 70 Paise/kVAh for other months.

11. **Power Factor Surcharge (PFS):** (1) *Applicable as per provisions under 'Part-1 General Conditions of Tariff' for the Consumers covered under single part tariff.*

    (2) Not applicable for Consumers covered under two-part tariff

12. **Disturbing Load Penalty (DLP):** *Not Applicable.*

14. **Factory lighting and colony supply:** All consumption for bonafide factory lighting i.e. energy consumed in factory premises including factory building, its offices, stores, time keeper office, canteen, library, staff dispensary, welfare center and factory yard lighting shall be charged under this tariff schedule. The consumption for bonafide use of residential/staff quarters and street lighting of the colony shall also be charged under this tariff schedule if supply is taken at a single point. Such consumption shall be charged for the energy consumed at the following rates:

    a) During normal times and night time: Normal Rate subject to the condition that the night time concession as per clause 10 above shall be given on consumption during night time.

    b) During peak load hours: The rates (demand and energy) applicable for peak load hours shall be charged.

    If supplies for colony and/or its residences are taken separately then the same shall be charged as per the relevant Consumer categories of this schedule of tariff.

15. **Rebate for New and Expansion Industries:**

    a. For new industries which have come into production between 01.04.2018 to

30.06.2019, the energy charges shall be 10% lower than the approved energy charges for the respective category for a period of 3 years.

b. For new industries which have come into production between 01.07.2019 to 31.05.2020, the energy charges shall be 15% lower than the approved energy charges for the respective category for a period of 3 years.

c. For new industries which have come into production between 01.06.2020 to 31.05.2021, the energy charges shall be 10% lower than the approved energy charges for the respective category for a period of 3 years.

d. For new industries which have come into production on or after 01.06.2021, the energy charges shall be 15% lower than the approved energy charges for the respective category for a period of 3 years.

e. For new industries coming into production on or after 01.04.2022 upto 31.12.2022, the energy charges shall be 15% lower than the approved energy charges for the respective category for a period of 3 years. Provided in case the GoHP Industrial Policy is continued beyond 31.12.2022, the above incentive shall continue upto 31st March, 2023.

f. For existing industries which have undergone expansion during 01.04.2018 to 30.06.2019 and/or during 01.06.2020 to 31.05.2021, energy charges shall be 10% lower than the approved energy charges corresponding to the respective category for a period of three years for quantum of energy consumption corresponding to proportionate increase in contract demand.

g. Provided that such expansion if undertaken during 1.07.2019 to 31.05.2020 and/or during 01.06.2021 to 31.03.2022 and/or shall be undergoing expansion on or after 01.04.2022 upto 31.12.2022, the energy charges shall be 15% lower than the approved energy charges for the respective category for a period of 3 years for quantum of energy consumption corresponding to proportionate increase in contract demand. Provided in case the GoHP Industrial Policy is continued beyond 31.12.2022, the above incentive shall continue upto 31st March, 2023.

h. It is clarified that the above-mentioned rebate on energy charges shall be applicable during normal and peak hours. In case of night hours, night time concession shall only apply.

i. In case of units registered under HP Industrial Policy 2019, but not falling under the respective category of small, medium, large industrial power supply as notified by the Commission, the rebate on energy charges (as per relevant tariff category) shall be applicable for new units as well as for existing units which have undergone expansion similar to the applicability of rebate on Industrial power supply.

16. Rebate for Prepaid Consumers: *Applicable as per provisions under 'Part-1 General Conditions of Tariff'*

SCHEDULE - MEDIUM INDUSTRIAL POWER SUPPLY (MIP)

1. Applicability

This schedule is applicable to Industrial Consumers with contract demand above 50 kVA but not exceeding 100 kVA including pumps (other than irrigation pumping), tokas, cane crushers, Atta Chakkis, and also for supply to Information Technology Industry (limited only to IT Parks recognised by the State/Central Government). Industrial type of Agricultural loads with connected load falling in the abovementioned range and not covered by Schedule "IDWPS" shall also be charged under this schedule.

2. Character of service: *Applicable as per relevant provisions of* Himachal Pradesh Electricity Supply Code, 2009 as amended from time to time.

3. Two Part Tariff

a) Fixed Charge (Charges-1)

Fixed Charge (Rs/month)	Nil

b) Energy Charge (Charges-2)

Energy Charge (Rs./kVAh)	4.80

Note:

In case of sick unit or permanently disconnected units industrial Consumer can avail pre-paid meter with a load up to 20 kW for the purpose of lighting, surveillance and security.

c) Demand Charge (Charges-3)

Demand Charge (Rs/kVA/month)	120.00

Demand charges would be levied on the actual maximum recorded demand in a month in any 30-minute interval in a month or 90% of the contract demand, whichever is higher but up to a ceiling of Contract Demand. Contract Demand Violation Charges shall be applicable beyond such ceiling.

4. Peak load charges (PLC)

Description	**Energy Charge (Rs./kVAh)**
> 50 kVA	Rs. 5.90

.

5. Lower Voltage Supply Surcharge (LVSS): *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

6. Lower Voltage Metering Surcharge (LVMS): *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

7. Late Payment Surcharge (LPS): *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

8. Contract Demand Violation Charge: *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

9. Night Time Concession (NTC): *Applicable as per provisions under 'Part-1 General Conditions of Tariff', at the following rates:*

(i) 110 Paise/kVAh for consumption during night hours for the month of June, July and August 2022;

(ii) 70 Paise/kVAh for other months.

10. Power Factor Surcharge (PFS): *Not Applicable.*

11. Disturbing Load Penalty (DLP): *Not Applicable.*

12. Factory lighting and colony supply: *All consumption for bonafide factory lighting i.e. energy consumed in factory premises including factory building, its offices, stores, time keeper office, canteen, library, staff dispensary, welfare center and factory yard lighting shall be charged under this tariff schedule. The consumption for bonafide use of residential/staff quarters and street lighting of the colony shall also be charged under this tariff schedule if supply is taken at a single point. Such consumption shall be charged for the energy consumed at the following rates:*

a) During Normal times and night time: Normal Rate subject to the condition that the night time concession as per clause 9 above shall be given on consumption during night time.

b) During peak load hours: The rates (demand and energy) applicable for peak load hours shall be charged.

If supplies for colony and/or its residences are taken separately then the same shall be charged as per the relevant Consumer categories of this schedule of tariff.

13. Rebate for New and Expansion Industries:

a. For new industries which have come into production between 01.04.2018 to 30.06.2019, the energy charges shall be 10% lower than the approved energy charges for the respective category for a period of 3 years.

b. For new industries which have come into production between 01.07.2019 to 31.05.2020, the energy charges shall be 15% lower than the approved energy charges for the respective category for a period of 3 years.

c. For new industries which have come into production between 01.06.2020 to 31.05.2021, the energy charges shall be 10% lower than the approved energy charges for the respective category for a period of 3 years.

d. For new industries which have come into production on or after 01.06.2021, the energy charges shall be 15% lower than the approved energy charges for the respective category for a period of 3 years.

e. For new industries coming into production on or after 01.04.2022 upto 31.12.2022, the energy charges shall be 15% lower than the approved energy charges for the respective category for a period of 3 years. Provided in case the GoHP Industrial Policy is continued beyond 31.12.2022, the above incentive shall continue upto 31st March, 2023.

f. For existing industries which have undergone expansion during 01.04.2018 to 30.06.2019 and/or during 01.06.2020 to 31.05.2021, energy charges shall be 10% lower than the approved energy charges corresponding to the respective category for a period of three years for quantum of energy consumption corresponding to proportionate increase in contract demand.

g. Provided that such expansion if undertaken during 1.07.2019 to 31.05.2020 and/or during 01.06.2021 to 31.03.2022 and/or shall be undergoing expansion on or after 01.04.2022 upto 31.12.2022, the energy charges shall be 15% lower than the approved energy charges for the respective category for a period of 3 years for quantum of energy consumption corresponding to proportionate increase in contract demand. Provided in case the GoHP Industrial Policy is continued beyond 31.12.2022, the above incentive shall continue upto 31st March, 2023.

h. It is clarified that the above-mentioned rebate on energy charges shall be applicable during normal and peak hours. In case of night hours, night time concession shall only apply.

i. In case of units registered under HP Industrial Policy 2019, but not falling under the respective category of small, medium, large industrial power supply as notified by the Commission, the rebate on energy charges (as per relevant tariff category) shall be applicable for new units as well as for existing units which have undergone expansion similar to the applicability of rebate on Industrial power supply.

14. Rebate for Prepaid Consumers: *Applicable as per provisions under 'Part-1 General Conditions of Tariff'*

SCHEDULE - LARGE INDUSTRIAL POWER SUPPLY (LIPS)

1. Applicability

This schedule is applicable to all other industrial power Consumers with contract demand exceeding 100 kVA including the Information Technology industry (limited only to IT parks recognized by the State/Central Govt.) and not covered by schedule "IDWPS".

2. Character of Service: *Applicable as per relevant provisions of Himachal Pradesh Electricity Supply Code, 2009 as amended from time to time.*

3. Two Part Tariff

a) Fixed Charge (Charges-1)

Description	**Fixed Charge (Rs/month)**
EHT	Nil
HT-1 (Contract Demand up to and including 1MVA)	Nil
HT-2 (Contract Demand above 1 MVA)	Nil

b) Energy charge (Charges-2)

Description	**Energy Charge (Rs./kVAh)**
EHT	
220 kV and above	4.40
132 kV	4.45
66 kV	4.50
HT-1 (Contract Demand up to and including 1MVA)	4.80
HT-2 (Contract Demand above 1 MVA)	4.55

Note:

In case of sick unit or permanently disconnected units industrial Consumer can avail pre-paid meter with a load up to 20 kW for the purpose of lighting, surveillance and security.

c) Demand Charge (Charges-3)

Description	**Demand Charge (Rs/kVA/month)**
EHT	
220 kV and above	425.00
132 kV	425.00
66 kV	425.00
HT-1 (Contract Demand up to and including 1MVA)	250.00
HT-2 (Contract Demand above 1	400.00

MVA)	

Note: Demand charges would be levied on the actual maximum recorded demand in a month in any 30 minute interval in a month or 90% of the contract demand, whichever is higher but up to a ceiling of Contract Demand. Contract Demand Violation Charges shall be applicable beyond such ceiling.

4. Peak load charges (PLC)

Description	Energy Charge (Rs./kVAh)
EHT	5.70
HT-1	5.90
HT-2	5.90

5. Lower Voltage Supply Surcharge (LVSS): *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

6. Lower Voltage Metering Surcharge (LVMS): *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

7. Late Payment Surcharge (LPS): *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

8. Contract Demand Violation Charge: *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

9. Night Time Concession (NTC): *Applicable as per provisions under 'Part-1 General Conditions of Tariff' of this Annexure I at following rates:-*

(i) 110 Paise/kVAh for consumption during night hours for the month of June, July and August 2022;

(ii) 70 Paise/kVAh for other months.

10. Power Factor Surcharge (PFS): *Not Applicable*.

11. Disturbing Load Penalty (DLP): *Not Applicable*

12. Factory lighting and colony supply: All consumption for bonafide factory lighting i.e. energy consumed in factory premises including factory building, its offices, stores, time keeper office, canteen, library, staff dispensary, welfare Centre and factory yard lighting shall be charged under this tariff schedule. The consumption for bonafide use of residential/staff quarters and street lighting of the colony shall also be charged under this tariff schedule if supply is taken at a single point. Such consumption shall be charged for the energy consumed at the following rates:

a) During Normal times and night time: Normal Rate subject to the condition that the night time concession as per clause 9 above shall be given on consumption during night time.

b) During peak load hours: The rates (demand and energy) applicable for peak load hours shall be charged.

If supplies for colony and/or its residences are taken separately then the same shall be charged as per the relevant Consumer categories of this schedule of tariff.

13. Rebate for New and Expansion Industries:

a. For new industries which have come into production between 01.04.2018 to 30.06.2019, the energy charges shall be 10% lower than the approved energy charges for the respective category for a period of 3 years.

b. For new industries which have come into production between 01.07.2019 to 31.05.2020, the energy charges shall be 15% lower than the approved energy charges for the respective category for a period of 3 years.

c. For new industries which have come into production between 01.06.2020 to 31.05.2021, the energy charges shall be 10% lower than the approved energy charges for the respective category for a period of 3 years.

d. For new industries which have come into production on or after 01.06.2021, the energy charges shall be 15% lower than the approved energy charges for the respective category for a period of 3 years.

e. For new industries coming into production on or after 01.04.2022 upto 31.12.2022, the energy charges shall be 15% lower than the approved energy charges for the respective category for a period of 3 years. Provided in case the GoHP Industrial Policy is continued beyond 31.12.2022, the above incentive shall continue upto 31st March, 2023.

f. For existing industries which have undergone expansion during 01.04.2018 to 30.06.2019 and/or during 01.06.2020 to 31.05.2021, energy charges shall be 10% lower than the approved energy charges corresponding to the respective category for a period of three years for quantum of energy consumption corresponding to proportionate increase in contract demand.

g. Provided that such expansion if undertaken during 1.07.2019 to 31.05.2020 and/or during 01.06.2021 to 31.03.2022 and/or shall be undergoing expansion on or after 01.04.2022 upto 31.12.2022, the energy charges shall be 15% lower than the approved energy charges for the respective category for a period of 3 years for quantum of energy consumption corresponding to proportionate increase in contract demand. Provided in case the GoHP Industrial Policy is continued beyond 31.12.2022, the above incentive shall continue upto 31st March, 2023.

h. It is clarified that the above-mentioned rebate on energy charges shall be applicable during normal and peak hours. In case of night hours, night time concession shall only apply.

i. In case of units registered under HP Industrial Policy 2019, but not falling under the respective category of small, medium, large industrial power supply as notified by the Commission, the rebate on energy charges (as per relevant tariff category) shall be applicable for new units as well as for existing units which have undergone expansion similar to the applicability of rebate on Industrial power supply.

14. Rebate for Prepaid Consumers: *Applicable as per provisions under 'Part-1*

General Conditions of Tariff'

SCHEDULE - IRRIGATION AND DRINKING WATER PUMPING SUPPLY (IDWPS)

1. Applicability

This schedule is applicable to connections for water and irrigation pumping and also covers all consumption for bona fide Pump House lighting. This schedule is also applicable to Private Irrigation loads in individual/ society's names, green houses, poly houses, mushroom growing, processing facilities for agriculture, poultry farms and sheds, pond fish culture in farmer's own agricultural land, fisheries, horticulture, floriculture and sericulture etc. where all such activities are undertaken by agricultural land holders and temporary agricultural loads such as wheat threshers and paddy threshers. This schedule shall also be applicable to sewerage treatment plants and Cow sanctuaries and Gaushala registered with Gau Sewa Ayog.

Since this schedule of tariff covers 'processing facilities for agriculture', all Consumers having processing facilities relating to agriculture such as seed treatment, etc. shall also be covered under this schedule. However, the Consumers involved in manufacturing, processing and service sector activities based on agriculture produce such as mushroom processing, etc. shall be covered under relevant industrial schedule of tariff.

2. Character of service: *Applicable as per relevant provisions of Himachal Pradesh Electricity Supply Code, 2009 as amended from time to time.*

3 Single Part Tariff for contract demand≤20 kVA

a) Fixed Charge (Charges-1)

Description	Fixed Charge (Rs/month)
All Consumers	105.00

b) Energy Charge (Charges-2)

Energy Charge (Rs./kWh)	3.90

4. Two Part Tariff for contract demand > 20 kVA

a) Fixed Charge (Charges-1)

Fixed Charge (Rs/month)	
LT	Nil
HT	Nil
EHT	Nil

b) Energy Charge (Charges-2)

Description	Energy Charge (Rs./kVAh)
LT	5.20
HT	4.80
EHT	4.40

c) Demand Charge (Charges-3)

Maximum Demand Charge (Rs/kVA/month)	
LT	100.00
HT	300.00
EHT	400.00

Demand charges would be levied on the actual maximum recorded demand in a month in any 30 minute interval in a month or 90% of the contract demand, whichever is higher but up to a ceiling of Contract Demand. Contract Demand Violation Charges shall be applicable beyond such ceiling.

Notes:

a) *Government of HP subsidy under this category would only be applicable to agricultural Consumers having contract demand of upto 20kVA only irrespective of the voltage levels at which they are connected.*

5. Peak load charges (PLC)

Description	Energy Charges (Rs./kVAh)
LT	6.10
HT	5.90
EHT	5.70

6. Lower Voltage Supply Surcharge (LVSS): *Applicable as specified under 'Part-1 General Conditions of Tariff'.*

7. *Lower Voltage Metering Surcharge (LVMS*): *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

8. *Late Payment Surcharge (LPS):* *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

9. *Contract Demand Violation Charge:* *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

10. *Night Time Concession (NTC):* *Applicable as per provisions under 'Part-1 General Conditions of Tariff', at the following rates:*

(i) 70 Paise/kVAh for consumption during night hours for the month of June, July and August 2022;

(ii) 50 Paise/kVAh for other months.

11. *Power Factor Surcharge (PFS):* *(1) Applicable as per provisions under 'Part-1 General Conditions of Tariff' for the Consumers covered under single part tariff.*

(2) Not applicable for Consumers covered under two-part tariff

12. *Disturbing Load Penalty (DLP):* *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

13. *Factory lighting and colony supply:* *All consumption for bonafide factory lighting i.e. energy consumed in factory premises including factory building, its offices, stores, time keeper office, canteen, library, staff dispensary, welfare Centre and factory yard lighting shall be charged under this tariff schedule. The* *consumption for bonafide use of residential/staff quarters and street lighting of the colony shall also be charged under this tariff schedule if supply is taken at a single point. Such consumption shall be charged for the energy consumed at the following rates:*

a) During Normal times and night time: Normal Rate subject to the condition that the night time concession as per 10 above shall be given on consumption during night time.

b) During peak load hours : The rates (demand and energy) applicable for peak load hours shall be charged.

If supplies for colony and/or its residences are taken separately then the same shall be charged as per the relevant Consumer categories of this schedule of tariff.

14. ***Rebate for Prepaid Consumers:*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'*

SCHEDULE - BULK SUPPLY (BS)

1 Applicability

This schedule is applicable to general or mixed loads to M.E.S and other Defence establishments, Central PWD Institutions, Construction power for Hydro-Electric Projects, Tunnel Construction, Hospitals, Private Medical colleges with attached Hospital and with user charges not as per Govt. hospital rates, Departmental/Private colonies, Group Housing Societies, A.I.R Installations, Aerodromes, Bus Stands with single point connection and other similar establishments/institutions where further distribution to various residential and non-residential buildings is to be undertaken by the Consumer, for its own bona fide use and not for resale to other Consumers with or without profit. However, in case of MES, this schedule shall continue to apply till such time MES do not avail Open Access.

2. Character of service: *Applicable as per relevant provisions of Himachal Pradesh Electricity Supply Code, 2009 as amended from time to time.*

3. Two Part Tariff

a) Fixed Charge (Charges-1)

Fixed Charge (Rs/month)	
LT	Nil
HT	Nil
EHT	Nil

b) Energy Charge (Charges-2)

Description	**Energy Charge (Rs./kVAh)**
LT	5.00
HT	4.50
EHT	4.30

c) Demand Charge (Charges-3)

Demand Charge (Rs/kVA/month)	
LT	250.00
HT	350.00
EHT	350.00

Demand charges would be levied on the actual maximum recorded demand in a month in any 30 minute interval in a month or 90% of the contract demand, whichever is higher but up to a ceiling of Contract Demand. Contract Demand Violation Charges shall be applicable beyond such ceiling.

4. Lower Voltage Supply Surcharge (LVSS): *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

5. *Lower Voltage Metering Surcharge (LVMS* *Applicable as per provisions under*

'Part-1 General Conditions of Tariff'.

6. ***Late Payment Surcharge (LPS*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*
7. ***Contract Demand Violation Charge:*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*
8. ***Night Time Concession (NTC):*** *Not applicable.*
9. ***Power Factor Surcharge (PFS):*** *Not Applicable.*
10. ***Disturbing* Load Penalty (DLP):** *Not Applicable.*
11. ***Peak Load* Charges (PLC):** *Not Applicable.*
12. ***Rebate for Prepaid Consumers:*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'*

SCHEDULE - STREET LIGHTING SUPPLY (SLS)

1 Applicability

This schedule is applicable for Street Lighting system including traffic control signal systems on roads and Park lighting in Municipalities, Nagar Panchayats, SADA areas and Panchayats.

2 Character of service: *Applicable as per relevant provisions of Himachal Pradesh Electricity Supply Code, 2009 as amended from time to time.*

3. Single Part Tariff

a) Fixed Charge (Charges-1)

Fixed Charge (Rs/month)	145.00

b) Energy Charge (Charges-2)

Energy Charge (Rs./kWh)	5.15

4. Line maintenance and lamp renewal charges

Where the bulbs, tubes etc. are to be provided and replaced at the cost of the HPSEBL, Line Maintenance and lamp renewal charges shall be charged in addition to the energy charges. These charges shall be charged at the following rates:

Description	**Charge** (Rs./point/month)
Fluorescent Tube 4' 1x40 W	50
Fluorescent Tube 4' 2x40 W	50
Fluorescent Tube 2' 1x20 W	50
Fluorescent Tube 2' 2x20 W	50
MVL up to 125 W	50
MVL above 125 W	50
SVL up to 150 W	50
SVL above 150 W	50
CFL	50
T-5 Tube light	50
Metal Halide up to 150 W	50
Metal Halide above 150 W	50
LED	50
High Mast Light	No. of lamps of any of above category x charges applicable for each point of such category
Any other special fixture not covered above	50

Note:

i) *When the bulbs/Mercury vapour lamps/tubes and other accessories are provided by the HPSEBL, the actual cost of the material in addition to the replacement charges shall be applicable.*

ii) *For special type of fixtures like sodium and neon vapour lamps, fittings or any other fixtures not covered above, the material for maintenance of the fixtures and the lamps for replacement shall be provided by the Public Lighting Consumers themselves and only replacement charges shall be levied..*

5. **Lower Voltage Supply Surcharge (LVSS):** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

6. ***Lower Voltage Metering Surcharge (LVMS):*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

7. ***Late Payment Surcharge (LPS):*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

8. ***Night Time Concession (NTC):*** *Not Applicable.*

9. ***Power Factor Surcharge (PFS):*** *Not Applicable.*

10. ***Disturbing Load Penalty (DLP):*** *Not Applicable.*

11. ***Rebate for Prepaid Consumers:*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'*

SCHEDULE - TEMPORARY METERED SUPPLY (TMS)

1 **Applicability**

This schedule is applicable to all loads of temporary nature including exhibitions, touring talkies, circuses, fairs, melas, marriages, festivals, temporary supply for construction purposes including civil works by Government departments and other similar purposes for temporary needs only. This schedule shall also include connections for which NOC from the relevant authorities i.e. Panchayat, Municipalities, Town and Country Development Authority (by whatever name called) has not been provided by the Consumer. However, this schedule is not applicable to Wheat threshers & Paddy threshers which shall be covered under Irrigation & Drinking Water Pumping Supply even for temporary connection.

2 **Character of service:** *Applicable as per relevant provisions of Himachal Pradesh Electricity Supply Code, 2009 as amended from time to time.*

3 **Single Part Tariff for contract demand ≤ 20 kVA**

a) Fixed Charge (Charges-1)

Fixed Charge (Rs/month)	200.00

b) Energy Charge (Charges-2))

Energy Charge (Rs./kWh)	7.20

4 **Two Part Tariff for contract demand > 20 kVA**

a) Fixed Charge (Charges-1)

Fixed Charge (Rs/month)	Nil

b) Energy Charge (Charges-2)

Energy Charge (Rs./kVAh)	6.50

c) Demand Charge (Charges-3)

Demand Charge (Rs/kVA/month)	400.00

Notes:

a) *For Consumers availing temporary supply for up to 15 days, additional charges of Rs. 500 per day shall be applicable for both upto 20kVA and above 20kVA of Consumer load.*

5. **Lower Voltage Supply Surcharge (LVSS):** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

6. ***Lower Voltage Metering Surcharge (LVMS):*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*
7. ***Late Payment Surcharge (LPS):*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*
8. ***Contract Demand Violation Charge:*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*
9. ***Night Time Concession (NTC):*** *Not Applicable.*
10. ***Power Factor Surcharge (PFS):*** *Not Applicable.*
11. ***Disturbing Load Penalty (DLP):*** *Not Applicable.*
12. ***Peak Load Charges (PLC):*** *Not Applicable.*
13. ***Rebate for Prepaid Consumers:*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'*

SCHEDULE – RAILWAY TRACTION

1 Applicability

This schedule is applicable to Railways for Traction loads.

2 Character of service

Standard Supply Voltage (AC 50 Hz)	≥ 66kV

3 Two Part Tariff for contract demand > 20 kVA

a) Fixed Charge (Charges-1)

Fixed Charge (Rs/month)	Nil

b) Energy Charge (Charges-2)

Energy Charge (Rs./kVAh)	4.90

c) Demand Charge (Charges-3)

Demand Charge (Rs/kVA/month)	400.00

4. **Lower Voltage Supply Surcharge (LVSS):** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*
5. **Lower Voltage Metering Surcharge (LVMS):** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*
6. ***Late Payment Surcharge (LPS):*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*
7. ***Contract Demand Violation Charge:*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*
8. ***Night Time Concession (NTC):*** *Not applicable.*
9. ***Power Factor Surcharge (PFS)*****:** *Not Applicable.*
10. **Disturbing Load Penalty (DLP):** *Not Applicable.*
11. **Peak Load Charges (PLC):** *Not Applicable*.
12. ***Rebate for Prepaid Consumers:*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'*

SCHEDULE – EV Charging Station

1. Applicability

This schedule is applicable to Public Electric Vehicle Charging Stations set up for providing Electric Vehicle Charging facilities on commercial basis.

2. Character of service: *Applicable as per relevant provisions of Himachal Pradesh Electricity Supply Code, 2009 as amended from time to time.*

3. Single Part Tariff

a) Fixed Charge (Charges-1)

Fixed Charge (Rs/month)	Nil

b) Energy Charge (Charges-2)

Energy Charge	5.70 (Rs./kWh)

13. Lower Voltage Supply Surcharge (LVSS): *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

14. *Lower Voltage Metering Surcharge (LVMS*): *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

15. *Late Payment Surcharge (LPS):* *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

16. *Contract Demand Violation Charge:* *Not Applicable*

17. *Night Time Concession (NTC):* *Not applicable.*

18. *Power Factor Surcharge (PFS):* *Not Applicable.*

19. *Disturbing* Load Penalty (DLP): *Not Applicable.*

20. *Peak Load* Charges (PLC): *Not Applicable.*

21. *Rebate for Prepaid Consumers:* *Applicable as per provisions under 'Part-1 General Conditions of Tariff'*

Appendix-A: Schedule of General and Service Charges

S. No.	Description	Approved by the Commission
1. Particulars:		
A. Meter Inspection and Testing Charges (Challenge of Correctness of Meter by Consumer)		
(i)	Single Phase	Rs. 100/- per meter
(ii)	Poly phase (LT)	Rs. 300/-
(iii)	HT or special meter (MDI or Trivector meter)	Rs. 550/-
		Rs. 1100/- with CT/PT combined unit
Note:- This amount shall be deposited by the Consumer along with his application for the inspection of the meter and will be refunded to him in case the meter is not found to be correct within the prescribed limits.		
B. Testing Charges of Transformers or other equipment of Consumer or private party		
(I)	Protective Relays:	
	Testing including current and Time Setting of protective relays	Rs. 1100/- per Relay
(II)	Power and Distribution Transformers	
(a)	Insulation resistance tests of winding	Rs. 770/- per Transformer
(b)	General checking of breather and other accessories	Rs. 400/- per Transformer
(c)	Dielectric strength test of oil	Rs. 300/- per Transformer
(d)	Testing of buchuolz relay and temperature indicators functioning	Rs. 800/- each
(III)	Circuit Breaker 400 volts and 11/33kV	
	General checking of breaker and testing of the tripping mechanism	Rs. 800/- each
(IV)	Current transformer and Potential transformers and meters:	
(a)	Testing of single phase LT current transformer	Rs. 300/- each
(b)	Current Testing of 3 phase LT current transformer	Rs. 440/- each
(c)	Testing of single phase 11kV & 33kV CTs	Rs. 550/- each
(d)	Testing of three phase 11kV & 33kV CTs	Rs. 1100/- each
(e)	Testing & recalibration of single phase LT energy meter	Rs. 90/- per meter
(f)	Testing & recalibration of three phase energy meter w/o CT	Rs. 330/- per meter
(g)	Testing & recalibration of three phase energy meter With CT	Rs. 660/- per meter
(h)(i)	Testing & recalibration of HT/EHT metering equipment	Rs. 2000/- per meter
(h)(ii)	With CT/PT combined unit	Rs. 2500/- per unit
(i)	Testing & recalibration of maximum demand indicator	Rs. 660/- per meter
(j)	Testing & adjustment of voltmeter/ ammeter	Rs. 300/- each
(V)	Checking of Capacitors (other than initial checking) on Consumer's request:	
(a)	At 400 volts	Rs. 200/- per job
(b)	At 11 kV and above	Rs. 200/- per job
(VI)	General	
(a)	Dielectric strength of oil of various equipment	Rs. 300/- per sample
(b)	Earth test of substation	Rs. 300/- per earth
(c)	Insulation resistance of cables/insulation of various equipment /installations	Rs. 300/- per cable/ equipment

S. No.	Description		Approved by the Commission
C. Testing charges at the time of routine periodical inspections or first test and inspection of new installation which includes protection and control of complete sub-station (including Transformers, Capacitor Banks, Meter and Metering equipment having connected load >50 kW and/or supply voltage 11 kV or higher) and inclusive of all manpower required (Note1: In accordance with Regulation 31 of Central Electricity Authority (Measures Relating to Safety and Electricity Supply) Regulations, 2010, the supplier shall either test the installation himself or accept the test results submitted by the Consumer when the same has been duly signed by the licensed by the licensed Electrical Contractor. Note 2: In accordance with Regulation 30 of Central Electricity Authority (Measures Relating to Safety and Electricity Supply) Regulations, 2010, where an installation is already connected to the supply system of the supplier, every such installation shall be inspected and tested at intervals not exceeding five (5) years (known as routine periodical inspections and testing).			
(i)	11/22 kV	**Substations**	Rs. 10,000/-
(ii)	33 kV		Rs. 15,000/-
(iii)	66 kV		Rs. 50,000/-
(iv)	132 kV		Rs. 1,00,000/-
(v)	220 kV		Rs. 3,00,000/-
(vi)	SHP Capacity (up to 2.5 MW)	**Small Hydro Plants**	Rs. 25,000/-
(vii)	SHP Capacity (greater than 2.5 MW)		Rs. 50,000/-
D.	Visiting charges		
	Visiting charges for Officers and staff to Consumers premises for testing of equipment (other than C above)		Rs. 5000/- per day for complete team PLUS actual journey charges as per out turn of vehicle
Remarks: -			
(i) The charges mentioned under ‘C’ above shall be charged for the actual Periodical Inspection done and shall be on per inspection basis only.			
(ii) Visiting charges mentioned under D above include the visiting charges of M&T staff as well.			
(iii) Charges for HPSEBL's maintenance/testing Vans or Trucks if needed for the purpose will be extra. All Charges shall be got deposited before undertaking the testing work.			
(iv) Complete testing of 11kV, 22kV and 33 kV connections as per item C above shall be conducted before the release of HT connection.			
(v) Test reports on suitable forms will be issued by the operation sub-divisions/M&T Lab, which will be produced by the prospective Consumer along with the wiring Contractor's test report.			
(vi) The insulation, earth and oil tests as well as general checking and inspection should be performed by the Operation Sub-Division. Other tests requiring M&T Lab. facilities shall be arranged by the Operation Sub-Division/Division in the nearest M&T Lab., or by arranging the visit of the M&T staff to the Consumer's premises.			
vii) The requests for testing shall be entertained by the concerned Operation Sub-Division which will be responsible for arranging all tests including tests by the M&T Lab and also for the recoveries of all the charges, including those of M&T Lab			
viii) The amount recovered from Consumers for testing carried out by the M&T Lab shall be adjusted through inter divisional adjustment between the Operation Divisions and the M&T divisions.			
2. Changing the position of meter at the request of Consumer			
(i)	Single phase		Rs. 100/-
(ii)	Poly phase (LT)without CT		Rs. 250/-
	Poly phase (LT)with CT		Rs. 500/-
(iii)	HT or special meter		Rs. 1100/-
3. Resealing charges			
(i)	Meter cupboard		Rs. 25/-

S. No.	Description	Approved by the Commission
(ii)	Meter Cover or Terminal Cover (single phase)	Rs. 110/- for meter terminal cover and full cost of the meter where M&T seal is found broken.
(iii)	Meter cover or terminal cover (three phase)	Rs. 350/- for meter terminal cover and full cost of the meter where M&T seal is found broken.
(iv)	Cut-out(where it has been independently sealed)	Rs. 100/-
(v)	Maximum demand indicator	Rs. 550/-
(vi)	Potential fuse(s) time switch/CT chamber	Rs. 550/-
4. Reconnection of supply		
(i)	Small Industrial Power Supply Consumers (contract demand< = 50 kVA)	Rs. 500/-
(ii)	Medium Industrial Power Supply Consumers (contract demand > 50 kVA and < = 100 kVA)	Rs. 1000/-
(iii)	Large Industrial Power Supply Consumers (contract demand > 100 kVA)	Rs. 1500/-
(iv)	All other categories of Consumers	Rs. 250/-
5. Fuse replacement:		
	Replacement of fuse(s) pertaining to HPSEBL/ Consumer	Rs. 50/-
6. Testing Consumer's installation:		
(i)	The first test and inspection of a new installation or of an extension to the existing installation	Nil
(ii)	For every subsequent visit for the test and inspection of a new installation or of an extension to the existing installation	
(a)	Single Phase LT	Rs. 100/-
(b)	Three phase (LT)	Rs. 200/-
(c)	Three phase (HT)	Rs. 500/-
	Note:- These charges shall be deposited by the Consumer in advance before every subsequent visit for inspection of installation	
7. Replacement of meter card:		
(i)	Domestic/NDNCS/Commercial	Rs. 10/- in each case
(ii)	All other categories of Consumers	Rs. 10/- in each case
8. Replacement of meter glass:		
(i)	Replacement of broken glass of meter cup board when the Consumers is considered to have broken it	Rs. 100/-
(ii)	Replacement of broken or cracked glass of meter when there is no evidence of Consumer having broken it or tempered with the meter	Rs. 100/-
(iii)	Replacement of broken glass of meter when the Consumer has tempered with or broken by Consumer:	
(a)	Single phase	Rs. 500/-* or the actual cost of meter whichever is higher
(b)	Three phase	Rs. 1500/- *or the actual cost of meter, whichever is higher.

S. No.	Description	Approved by the Commission
	Note-1: This amount will be charged without prejudice to the right of HPSEBL to take any other action or impose penalty on the Consumer as per the prevailing rules. Since in such cases, the meter has to be sent to M&T lab, the meter changing charges shall be levied additionally.	
	* This is without prejudice to HPSEBL's right to recover the estimated cost of theft of energy. Principles of natural justice shall invariably be followed and opportunity of being heard given to the Consumer before levying such charge.	
9. Supply of duplicate copies of the bills/ review of bills:		
(i)	Review of bills (all Categories)	Nil
(ii)	Supply of duplicate copies of bills	
(a)	Domestic/NDNCS/Commercial	Rs. 5/-
(b)	Medium and large power supply	Rs. 5/-
(c)	All other categories	Rs. 5/-
(iii)	Supply of duplicate copies of Demand notice:	
(a)	Domestic Consumers	Rs. 10/-
(b)	Non residential Consumers	Rs. 10/-
(c)	Small Industrial and Agriculture Consumers	Rs. 10/-
(d)	Medium Industrial Consumers	Rs. 10/-
(e)	Large Industrial and other categories of Consumers	Rs. 10/-
(iv)	Supply of detailed print out of the meter recording	Rs. 50/-
10. Attendants for functions		
	Deputing attendants (line staff) for all functions.	
	(Per Attendant per day per function limited to 8 hours/day)	Rs. 250/-
11. Cost of Application/Agreement Form and wiring Contractor's test report forms:		
	For all categories	Nil
12. Processing fee for change in contract demand		
	Fee for change in Contract Demand (CD)	Rs. 25/- per kVA of the changed quantum of CD
13. Disconnection Charges (to be paid by authority / agency ordering disconnection*)		
(I)	Small Industrial Power Supply Consumers (contract demand< = 50 kVA)	Rs. 500/-
(ii)	Medium Industrial Power Supply Consumers (contract demand > 50 kVA and < = 100 kVA)	Rs. 1000/-
(iii)	Large Industrial Power Supply Consumers (contract demand > 100 kVA)	Rs. 1500/-
(iv)	All other categories of Consumers	Rs. 250/-
	** Except on orders passed by Judges* *Note: These charges shall also be applicable for Consumers requesting disconnection.*	