# Determination of Aggregate Revenue Requirement and Tariff for FY 26

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# Final True-up of FY 23 of 4th MYT Control Period

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# Provisional True-up of FY 24 of 4th MYT Control Period

**&**

# True up of Controllable Parameter for 4th MYT Control Period (FY 20 - FY 24)

**for**

# Himachal Pradesh State Electricity Board Limited (HPSEBL)

**March 28, 2025**

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

**PETITION NO: 156/2024**

CORAM

**Sh. DEVENDRA KUMAR SHARMA**

**Sh. YASHWANT SINGH CHOGAL**

**Sh. SHASHI KANT JOSHI**

IN THE MATTER OF:

FINAL TRUE UP OF UNCONTROLLABLE PARAMETERS FOR FY 2022-23 & PROVISIONAL TRUE UP OF UNCONTROLLABLE PARAMETERS FOR FY 2023-24

AND

TRUE UP OF CONTROLLABLE PARAMETERS OF 4th MYT CONTROL PERIOD FY 2019-20 TO FY 2023-24

AND

DETERMINATION OF AGGREGATE REVENUE REQUIREMENT (ARR) AND TARIFF FOR FY 2025-26 FOR DISTRIBUTION BUSINESS OF HIMACHAL PRADESH STATE ELECTRICITY BOARD LIMITED 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 the present Petition No. 156/2024 dated 30.11.2024 for "Final True up of uncontrollable parameters for FY 2022-23, Provisional True up of uncontrollable parameters for FY 2023-24, True up of controllable parameters of 4th MYT Control Period i.e. FY 2020-24, 1st Annual Performance Review (APR) of 5th MYT Control Period & Determination of Tariff for FY 2025-26 for Distribution Business of HPSEBL" 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") and HPERC (Multi Year Wheeling Tariff & Retail Supply Tariff) Regulations, 2023 (hereinafter referred to as "MYT Regulations, 2023") before the Himachal Pradesh Electricity Regulatory Commission (hereinafter referred to as 'the Commission' or 'HPERC').

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/ Petition with modifications, conditions and directions specified in the following Tariff Order.

The Commission has carried out final True up of uncontrollable parameters for FY 2022-23, provisional True up of uncontrollable parameters for FY 2023-24 under 4th MYT Control Period (FY 2019-20 to FY 2023-24), True up of controllable parameters of 4th MYT Control Period i.e. FY 2020-24, 1st Annual Performance Review (APR) of 5th MYT Control Period, determined the Aggregate Revenue Requirement (ARR) and approved the Wheeling and Retail Supply Tariff for the Distribution Business of HPSEBL for FY 2025-26 under 5th MYT Control Period (FY 2024-25 to FY 2028-29) in accordance with the guidelines laid down in Section 61 of the Electricity Act, 2003, the National Electricity Policy, the Tariff Policy, the MYT Regulations, 2011, as amended from time to time, and as per the MYT Regulations, 2023.

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, 2025.

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.

The Wheeling and Retail Supply Tariff determined in this Order shall, unless amended or revoked, continue to be in force up to March 31, 2026. 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 on or before November 30, 2025, the Tariff determined by the Commission shall cease to operate after March 31, 2026, unless allowed to be continued for further period with such variations or modifications as may be Ordered by the Commission.

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 at least two English and two local language daily newspapers having wide circulation in the area of supply before 7th April, 2025 and to put up the approved Tariff / Tariff schedule on its website and make available for sale, a booklet containing such Tariff to any person on payment of reasonable charges.

HPSEBL is directed to make available the copies of the Tariff Order to all concerned officers up to AE level, and sub-divisions before 20th April, 2025. The 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/- |
|---|---|---|
| **(SHASHI KANT JOSHI)**<br>**Member** | **(YASHWANT SINGH CHOGAL)**<br>**Member Law** | **(DEVENDRA KUMAR SHARMA)**<br>**Chairman** |

**Shimla**

**Dated: March 28, 2025**

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# 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 The Himachal Pradesh State Electricity Board (HPSEB) 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 Electricity Act, 2003 (Act for short), the functions, assets, properties, rights, liabilities, obligations, proceedings and personnel of 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 (hereinafter referred to as 'HPSEBL' or 'Licensee' or 'Distribution Licensee' or 'the Petitioner') 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 notification 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 HPSEBL 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 Commissions 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.

## 1.3 Functions of the Commission

1.3.1 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 licensee;

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.

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

a) promotion of comPetition, efficiency and economy in activities of the electricity industry;

b) promotion of investment in electricity industry;

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

d) Matters concerning Generation, Transmission, Distribution and Trading of electricity or any other matter referred to the State Commission by State Government.

## 1.4 Overview of HPSEBL

1.4.1 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. It 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.

1.4.2 Operation and Maintenance of the Distribution system in the HPSEBL is carried out by its Operation Wing, which has four zones - North, Central, South and Hamirpur, 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.

1.4.3 The total installed Generation capacity 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.

## 1.5 Procedural History

1.5.1 The Commission, vide its Order dated 29th June, 2019, approved the Business Plan for the 4th MYT Control Period i.e., FY 2020-24. In the Order dated 29th March, 2022 the Commission approved the ARR / Tariff for FY 2022-23 and in the Order dated 31st March, 2023 the Commission approved the ARR / Tariff for FY 2023-24 for HPSEBL.

1.5.2 Further, during the 4th MYT Control Period from FY 2020-24, the Commission has annually approved following True up, APR and ARR & determination of Tariff Orders of the Petitioner, till now, under MYT Regulations 2011 as amended from time to time as shown in table below:

**Table 1: List of Tariff Orders issued during the 4th MYT Control Period**

| Details of Order | Date of Issuance |
|---|---|
| Multi Year Tariff Order for the 4th MYT Control Period (FY 2020-24) and True up of FY17 | 29th June, 2019 |
| First Annual Performance Review Order for 4th MYT Control Period (FY20-FY24) & Determination of Tariff for FY21 & True up of FY18 of 3rd MYT Control Period | 6th June, 2020 |
| Second Annual Performance Review Order For 4th MYT Control | 31st May, 2021 |

| Details of Order | Date of Issuance |
|---|---|
| Period (FY20-FY24) & Determination of Tariff for FY22 & True up of FY19 of 3rd MYT Control Period &True up of FY20 of 4thMYT Control Period | |
| Mid-Term Performance Review Order for 4th MYT Control Period (FY20-FY24) & Determination of Tariff for FY23 &True up of FY19 of 3rd MYT Control Period & True up of FY20 of 4th MYT Control Period & True up of FY21 of 4th MYT Control Period &True up of Controllable Parameters of 3rd MYT Control Period | 29th March, 2022 |
| Fourth Annual Performance Review Order for 4th MYT Control Period (FY20-FY24) & Determination of Tariff for FY24 &True up of FY22 of 4th MYT Control Period | 31st March, 2023 |
| Business Plan and MYT Order for 5th MYT Control Period (FY25-FY29) & Determination of Tariff for FY25 & True up of FY23 of 4th MYT Control Period | 15th March, 2024 |

1.5.3 The Commission in this Order under various sections of this Order has compared the actual/provisional/projected figures claimed by the Petitioner with the figures approved in the above-mentioned relevant Orders.

## 1.6 First APR of the 5th MYT Control Period and Tariff Petition for FY 2025-26

1.6.1 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.

1.6.2 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 has 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 four 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) (Fourth Amendment) Regulations, 2021 dated 30th January 2021

1.6.3 Further, in exercise of the Powers conferred under Section 61, Sub-section(1) of Section 62, Clauses (a), (b) and (e) of Sub-section (1) of Section 86 and Clause (zd) of Sub-section (2) of Section 181 of the Electricity Act, 2003 (36 of 2003), read with Section 21 of the General Clauses Act, 1897 (10 of 1897), and all other Powers enabling it in this behalf and after previous publication, the Himachal Pradesh Electricity Regulatory Commission has notified the Himachal Pradesh Electricity Regulatory Commission (Multi Year Wheeling Tariff& Retail Supply Tariff) Regulations, 2023 on 29th November, 2023 ('HPERC MYT Regulations, 2023' or 'MYT Regulations, 2023' for short). The Commission had adopted five-year Control Period in the HPERC MYT Regulations 2023 starting from 1stApril, 2024 to 31st March, 2029.

1.6.4 In accordance with the MYT Regulations 2023, the Commission has issued the Business Plan and MYT Order for the 5th MYT Control Period (FY 2024-25 To FY 2028-29) for Distribution Business of HPSEBL on 15th March, 2024.

1.6.5 The Petitioner has now filed the Petition for approval of 1st Annual Performance Review of the 5th MYT Control Period (2025-2029) and determination of ARR and Wheeling Tariff and Retail Supply Tariff for FY2025-26 with the Commission under Sections 62, 64 and 86 of the Act, read with the HPERC MYT Regulations, 2023. Also, as part of the Petition, the HPSEBL has submitted final True up of controllable parameters of 04th MYT Control Period i.e. FY 2020-24, final True up of uncontrollable parameters of FY 2022-23 and provisional True up of uncontrollable parameters of FY 2023-24 of the 4th MYT Control Period under HPERC MYT Regulations, 2011.

1.6.6 As per the MYT Regulations, 2023, Wheeling and Retail Supply Tariff shall be decided based on the Regulation 10 of the MYT Regulations, 2023.

1.6.7 The relevant extract of the Regulation 10 of MYT Regulations, 2023 is as under:

*"10(1) Where the aggregate revenue requirement and expected revenue from Tariff and charges of a Distribution Licensee are covered under a Multi-Year Tariff framework, such Distribution Licensee shall be subject to an annual and a mid-term review of performance and True up during the Control Period in accordance with these Regulations:*
*Provided that in case of an extra-ordinary circumstance, at any time not withstanding the Annual Review, the Distribution Licensee may file appropriate application before the Commission."*

1.6.8 The relevant extract of the Regulation 14 (2) of MYT Regulations, 2023 is as under:

*"14 (2) An application for determination of Tariff and Performance Review shall be made by 30th November every year, in such form and in such manner as specified in this Regulation, and accompanied by such fees as may be specified by the Commission. Besides, Annual Performance Review, the Commission shall also conduct the Mid-Term Performance Review in the year after the mid-year of the control period especially to analyse the performance of the Licensee on account of Controllable Parameters for the Control Period. Proceedings to be held by the Commission for determination of Tariff shall be in accordance with the HPERC (Conduct of Business) Regulations, 2005, as amended from time to time."*

1.6.9 Further, revenue Gap/Surplus on account of final Truing up of FY 2022-23, provisional Truing up of FY 2023-24 and True up of controllable parameters of 04$^{th}$ MYT Control Period i.e. FY 2020-24 has been considered for recovery along with the revised ARR for FY 2025-26.

1.6.10 The Commission has reviewed the operational and financial performance of HPSEBL and has finalised this Order based on the review and analysis of the records, information provided, necessary clarifications submitted by the Licensee and views expressed by the Stakeholders.

## 1.7 Admission of Petition and Interaction with the Petitioner

1.7.1 The HPSEBL has filed the applications/Petition for approval of the 1$^{st}$ Annual Performance Review for the 5$^{th}$ MYT Control Period (FY 2025-29) along with Petition for final True up of uncontrollable parameters for FY 2022-23 and provisional True up of uncontrollable parameters for FY 2023-24, True up of controllable parameters of 4$^{th}$ MYT Control Period i.e. FY 2020-24, ARR & determination of Tariff for FY 2025-26, with the Commission on 30$^{th}$ November, 2024. Based on various observations/ deficiencies pointed out by the Commission, HPSEBL has submitted further details and clarifications subsequently.

1.7.2 The Commission admitted the aforementioned Petition submitted by the HPSEBL vide Interim Order dated 30$^{th}$ December, 2024. There have been a series of interactions between the HPSEBL and the Commission, both written and oral, wherein the Commission sought additional information/ clarifications and justifications on various issues, critical for the analysis of the Petition.

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

**Table 2: HPERC Communication to the Petitioner**

| Sl. | HPERC's Communication | Date |
|---|---|---|
| 1 | HPERC-F(1)-83/2024-2483-84 | 12.12.2024 |
| 2 | HPERC-F(1)-83/2024-2652-53 | 01.01.2025 |
| 3 | HPERC-F(1)-83/2024-2904-05 | 16.01.2025 |
| 4 | HPERC-F(1)-83/2024-3103-04 | 05.02.2025 |

| Sl. | HPERC's Communication | Date |
|---|---|---|
| 5 | HPERC-(F)(1)-83/2024-3294-95 (TVS Queries) | 14.02.2025 |

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

1.7.5 The Petitioner has responded to the clarifications/ information sought by the Commission from time to time vide various Letters as detailed hereunder:

**Table 3: Petitioner Communication to the Commission**

| Sl. | HPSEBL's Communication | Date |
|---|---|---|
| 1. | Response to HPERC's Letter dated 12.12.2024 | 24.12.2024 |
| 2. | Response to HPERC's Letter dated 01.01.2025 | 18.01.2025 |
| 3. | Response to HPERC's Letter dated 16.01.2025 | 01.02.2025 |
| 4. | Response to HPERC's Letter dated 05.02.2025 | 04.03.2025 |
| 5. | Response to HPERC's Letter dated 14.02.2025 | 05.03.2025 |
| 6. | Additional Submission | 24.12.2024 |

1.7.6 The Technical Validation Session (TVS) covering the Petition, and all the submissions of the Petitioner was also conducted on 13th February, 2025, which was attended by senior officials of the Petitioner and during TVS, the Petitioner explained the various issues raised in the deficiencies.

## 1.8 Public Hearings

1.8.1 The salient features of the Petition have been published by the HPSEBL in the following newspapers: -

**Table 4: List of Newspapers for Publication of Stakeholders Comments**

| Sl. | Name of News Paper | Date of Publication |
|---|---|---|
| 1. | Times of India (English) | 02.01.2025 |
| 2. | Punjab Kesari (Hindi) | 02.01.2025 |
| 3. | Hindustan Times (English) | 03.01.2025 |
| 4. | Divya Himachal (Hindi) | 03.01.2025 |

1.8.2 The Commission invited suggestions and objections from the public on the Tariff Petitions in accordance with Section 64 (3) of the Act, subsequent to the publication of initial disclosure by the HPSEBL. The Public Notices inviting objections/ suggestions were published in the following newspapers: -

**Table 5: List of Newspapers for Public Notice by Commission**

| Sl. | Petition No. | Name of News Paper | Date of Publication |
|---|---|---|---|
| 1. | 156/2024 | "The Tribune" & "Amar Ujala" | 04.01.2025 |

1.8.3 The stakeholders were requested to file their objections by 3rd February, 2025. The HPSEBL was required to submit their replies to the suggestions/ objections to the Commission by 7th February, 2025 with a copy to the objectors on which the objectors were required to submit rejoinder by 10th February, 2025.

1.8.4 The Commission issued the Public Notices informing the public about the scheduled date of Public Hearing as 10th February, 2025. 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.

1.8.5 Accordingly, the Public hearing in the Petition has been conducted in the Commission on 10th February, 2025 and all Stakeholders/ objectors have been heard at length.

1.8.6 The issues and concerns voiced by various objectors/Stakeholders 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 stakeholders' consultation process, have been summarized in Chapter 8 of this Order.

## 1.9 State Advisory Committee Meeting

1.9.1 The State Advisory Committee (SAC) meeting was conducted on 18th February, 2025, wherein the views and suggestions of the members of the SAC were sought. Several issues related to Tariff were discussed during the meeting. The Commission highlighted major concerns in the state's power sector, urging HPSEBL to reduce employee costs, ensure 24x7 reliable power supply, and strengthen the distribution network. The Commission also stressed the need to increase renewable energy (especially solar) in power procurement. Resource Adequacy Plan along with the Hydro capacity for FY 2027-28 and FY 2028-29 was discussed. The Commission also advised the HPSEBL for a single state-wide tender for Smart Metering for better efficiency and inter-compatibility.

1.9.2 Accordingly, the Commission taking into consideration the above and the objections/suggestions received from all the stakeholders, public at large within the stipulated time and the views of the State Advisory Committee, the Commission has finalized the Tariff Order for FY 2025-26.

# 2 Interaction with Management of the HPSEBL and Compliance of Decisions

## 2.1 Introduction

2.1.1 The Commission held a consultative meeting with the HPSEBL management on 27th February, 2025, at HPERC, Shimla chaired by the HPERC Chairman. The meeting focused on key regulatory and operational concerns regarding HPSEBL's performance and financial sustainability.

2.1.2 The Chairman, HPERC emphasized financial discipline, operational efficiency, and regulatory compliance. He stressed the need for sustainability, service reliability, and cost reduction in the power distribution sector. He urged HPSEBL to explore technological interventions to reduce operational costs and improve service delivery while ensuring long-term financial viability.

2.1.3 The Commission informed the HPSEBL about plans to revise the minimum limit for E-reverse bidding for online tendering. The HPSEBL requested re-consideration of its financial delegation powers. The Commission proposed a limit of Rs. 15 lakh for reverse bidding. In order to insure fairness and transparency, limited tender should not be invited. However, in case of emergency and highly exceptional circumstances, in case there is requirement of inviting limited tenders, the same be done with prior approval of the HPSEBL management.

2.1.4 The Commission highlighted HPSEBL's inability to utilize its approved CAPEX. The Chairman also highlighted delays in RDSS execution and warned that the Government of India might not provide financial assistance for upcoming projects due to potential fund mismanagement. He advised the HPSEBL to seek support from the State Government, as seen in other States like Gujarat and Odisha.

2.1.5 The HPSEBL was advised to allow the HPPTCL to execute Transmission projects of above 66 kV in the State. Also, the generation plants should be given to the HPPCL by the HPSEBL while safeguarding its interests in terms of continuous availability of power to HPSEBL at fixed rates. This would allow the HPSEBL to concentrate on its primary role of distribution business.

2.1.6 The recent reported accidents in the field were also discussed. The Commission advised the HPSEBL to provide proper training to all its employees to mitigate such occurrences in future. The HPSEBL was asked to explore options under REC Scheme in this regard. The HPSEBL could explore sending its employees for professional courses across the Country to update and hone their skills.

2.1.7 The meeting proceeded with the agenda items as already circulated. The gist of the discussions held in the meeting is as under:

## 2.2 13$^{th}$ Annual Integrated Rating and Ranking report of PFC for Power Distribution Utilities

2.2.1 The Ministry of Power (MoP), Government of India has formulated an Integrated Rating Methodology for the Power Distribution Utilities. The Commission pointing out 13$^{th}$ Annual Integrated Rating of HPSEBL stated that although there has been upgrade of the HPSEBL rating & ranking from C- (Rank 41) to B- (Rank 33) this year vis-à-vis last year yet this is still far lower than the neighboring States viz. Punjab, Haryana and Uttarakhand. The financial sustainability score of the HPSEBL in this ranking remained low at 28.7 out of 75. Also, the non-availability of audited accounts for FY 2023-24 with the HPSEBL has led to a negative score of -5 points.

2.2.2 The HPSEBL submitted that the main reason for decline in the ranking/score was the gap between average cost of supply (ACS) and the average revenue realized (ARR). However, the same has improved to Rs. 0.36 in FY 2023-24 from Rs. 0.74 in FY 2022-23. Further, the negative Debt Service Coverage Ratio/leverage of the Company is also one of the main reasons for decline in credit rating. The main component in the debt of the company has been impact of the UDAY Loans which has not been taken over by the GoHP as per the tripartite agreement executed between GoI, GoHP and HPSEBL. The working capital loans raised by the company to meet out the revenue gap due to non-receipt of Roll Back Subsidy/Govt. dues from GoHP and investment made by the Company in non- core activities, has impacted the Balance sheet of the HPSEBL adversely. Currently, the outstanding amounts of the GoHP on account of the subsidy and the outstanding electricity bills are Rs. 719 Cr. and Rs 217 Cr. respectively. The HPSEBL further added that neither the GoHP has taken over the loss of the Company as per provisions of UDAY guidelines nor imposed any grants/ revenue subsidy in the HPSEBL which also contributed towards the decline in the ranking of HPSEBL.

2.2.3 The HPSEBL further submitted that this year it has put in place a system for timely completion of audit. Due to constrained liquidity position, the financial ratios have been declined due to increase in payable to Gencos/Transcos as the same has been increased from 44 days in FY 2022-23 to 71 days in FY 2023-24.

2.2.4 The Commission stressed that the HPSEBL must take appropriate measures for financial improvement, focusing on cost optimization, timely submission of audited accounts, and improve the power procurement planning to secure better rankings in future assessments. The Commission emphasized that the HPSEBL should ensure complete transparency in financial matters and timely compliances of regulatory directives including submission of information etc.

### 2.3 Consumer Service Rating of DISCOMs (CSRD) for FY2023-24 by Ministry of Power, GoI

2.3.1 On the Consumer Service Rating by the Ministry of Power, the HPSEBL has informed that it was ranked 60th out of 66 DISCOMs, retaining a C+ rating and informed that the Consumer Service Rating Comprises of the following parameters:

A) Operational Reliability – 45 marks
B) Connection and Other Services – 10 marks
C) Metering, Billing and Collection – 35 marks
D) Fault rectification and Grievance Redressal – 10 marks

2.3.2 Regarding the Commission's query on the HPSEBL performing poorly even after achieving 100% metering in the past and all feeder meters installed under IPDS and RAPDRP being online, the HPSEBL apprised that the main cause of low score in the Operational Reliability is due to non-functionality of National Feeder Monitoring System (NFMS) in HP due to faulty instrumentation installed by the vendor engaged by M/s REC. The matter was also taken up with M/s REC during the last year which is still pending. REC has assessed the number of hours of supply as 16.9 hours in a day which is not as per actual. About 80.2% Consumers in the State are Rural Consumers, which has significantly impacted the scoring. The Commission directed that such matters should be taken up regularly with the concerned authorities and NFMS be made functional.

2.3.3 Further, non-fixation of fixed charges for release of connection for load up to 150 kW as per provisions of Electricity (Rights of Consumers) Rules, 2020 has also impacted the scoring. The HPSEBL apprised that it expects to improve scoring under Metering, Billing and Collection with the installation of Smart Meters under RDSS. The HPSEBL has also received low rating due to non-functionality of outage alerts to the Consumers. The Call waiting shall have to be improved by deputing more operators in the Call Center.

2.3.4 The Commission expressed deep concern over the deficiencies in releasing new connection, metering, billing accuracy and grievance redressal mechanism and instructed the HPSEBL to implement smart metering and automation measures to improve Consumer service standards. The Commission observed that HPSEBL must proactively address Consumer grievances and ensure timely resolution. The Commission also advised the HPSEBL to delegate powers to the Executive Engineer and the Superintending Engineer levels as these officers are required to take appropriate actions to resolve such issues. The Commission advised the HPSEBL to frame Standard Operating Procedures (SOP) and in case of any lapses, the responsibility be fixed as per the SOP. The Commission emphasized that Consumer satisfaction should be given top priority, and the Consumer complaint resolution timelines should be monitored and reported regularly.

### 2.4 High employee cost of the HPSEBL despite several directives of the Commission

2.4.1 Regarding high employee cost, the HPSEBL submitted that the terminal liability burden was a major contributor to the elevated costs. The Commission pointed out that even after adjusting for it, employee cost remained significantly higher compared to utilities in similar geographic conditions, such as Uttarakhand Power Corporation Limited (UPCL). The Commission has observed that despite spending so much CAPEX on Information Technology (IT), expected cost savings on reducing manpower cost has not materialized. The Commission emphasized the need for better resource allocation and suggested for the outsourcing of non-core activities to improve efficiency.

2.4.2 The HPSEBL apprised of the initiatives taken to restructure its offices, including Civil Wing, Electrical Design offices at Sundernagar, Electrical System Design office at Hamirpur, P&T Circles, ES wing, and M&T offices, to control increasing employee costs and centralize salaries, including automation, to reduce long-term manpower costs. The Commission advised the HPSEBL to implement a workforce optimization plan that balances operational efficiency with financial prudence. The Commission emphasized prioritizing automation in Sub-station operations to reduce manpower costs. The HPSEBL was also advised to outsource smaller hydro power plants by inviting open bids while having liberal tender conditions to have better participation in these tenders. Special patrol teams could also be employed to reduce workforce requirements in its power generation plants. The Commission recommended to outsource activities and work instead of hiring outsource employees to reduce employee costs and to ensure its future viability.

2.4.3 The Commission emphasized that past IT initiatives like SAP billing, ERP, and Smart metering should have reduced manpower requirements:

(i) The HPSEBL submitted that it plans to benefit from IT initiatives in the near future, including salary disbursement from the head office, recovery schedules, and Form-16 clearing. Digitized service books and auto-fetching of personal records in SAP ERP will reduce manpower requirements at field level. Centralized disbursement of gross income and form-16 on TDS will reduce litigation and audit observation. This will free the Engineering staff from routine HR/Accounting funds, increasing efficiency and productivity.

(ii) The Commission emphasized the need for the HPSEBL to evaluate the ROI from IT projects, including manpower cost reduction. The HPSEBL apprised several benefits, including processing business transactions through SAP ERP, optimizing manpower requirements, and reducing manual errors, Real-time monitoring of processes and services has improved customer satisfaction and reduced grievances. Computerized billing has reduced revenue leakages and audit concerns, and monthly billing has improved energy charge recovery time. Online services and real-time data through mobile apps have also improved consumer satisfaction and reduced grievances.

(iii) The Commission has noted that most IT projects of the HPSEBL are underutilized, requiring identification and addressing to maximize their potential. The HPSEBL apprised that it plans to centralize taxation, digitize employee service records, and implement the Employee & Pensioner Portal for employee-related services. It is also implementing pre-paid metering for smart metered Consumers and reducing bill distribution costs through SMS and E-mail. The digitization of service records will be integrated into various utilities and the Employee & Pensioner Portal will provide easy access to employee services.

(iv) The Commission did not appreciate and express its concern about the HPSEBL's IT setup as a training ground for private players, leading to project failures and underutilization. The lack of IT expertise acquisition and retention, exacerbated by employee transfers, hinders mastery of complex applications. The Commission suggested developing a dedicated IT cadre to plan, implement, and maintain IT infrastructure, even outsourcing tasks to private firms. The Commission directed the HPSEBL to ensure that IT Engineers recruited by the HPSEBL should be posted only in IT Cell. They should not be posted in the field, for carrying out distribution/transmission or generation works.

(v) The HPSEBL currently relies on M/s TCS Limited for L1 support services related to ERP and Billing applications. However, the deployment of 20 Computer Operators within the IT Cell is expected to yield annual savings of approximately Rs. 2.00 Cr. to Rs. 2.50 Cr. by reducing FMS costs. To bolster in-house expertise, a proposal to strengthen the IT Cell is under consideration. The Commission emphasized the necessity for HPSEBL to develop strategies that ensure a sufficient number of specialized IT personnel, capable of effectively managing IT infrastructure while selectively outsourcing tasks. A dedicated team with strong IT principles can facilitate informed decision-making and project oversight, enabling HPSEBL to harness external expertise when required, while preserving internal capabilities essential for the proper planning, implementation, and utilization of systems.

## 2.5 Resource Adequacy Plan along with Road map to meet future power demand of the State

### (i) Power Procurement:

The Commission raised concerns about the HPSEBL's significant short-term market power purchases for FY 2024-25, which surpassed the approved limits from the Tariff Order. The HPSEBL apprised that it has created a Long-Term Distribution Licensee Resource Adequacy Plan (LTDRAP) aimed at addressing the growing electrical energy demand, projected to increase at a CAGR of 5.97%, and peak demand, anticipated to rise at 4.12%. By 2034-35, it is expected that 25% of the annual projected demand will go unserved. To mitigate short-term power purchases, the HPSEBL is working on securing power from solar and other sources. The Commission has advised HPSEBL to explore the possibility of going for Modular Nuclear power plants which are now available for 350 MW capacities. The HPSEBL apprised that the NPCIL tends to avoid such installations in Hilly States owing to the adverse weather/seismic conditions. The Commission opined that the region/areas like Una, Paonta Sahib may be explored in this regard. The HPSEBL was further advised to consult NPCIL for commissioning of at two to three units of Small Modular Reactors of 350 MW each either in HP or anywhere else exclusively for use by DISCOM in order to meet its future base load requirements as well as to absorb intermittent renewable energy in the system. In this situation, Hydro Electric projects having weekly or diurnal storage can be used for meeting peak requirements as well as meeting emergency grid requirement due to sudden requirements of intermittent renewable energy from the system. Additionally, the Commission highlighted the escalating DSM charges as a result of inadequate grid discipline and urged the HPSEBL to enhance load forecasting and scheduling tools to mitigate excessive costs. Effective management of power purchase agreements and exploration of long-term renewable energy contracts were emphasized as essential steps to reduce reliance on costly short-term market purchases.

**(ii) Progress on feasibility study to explore the solar potential at various sites of HPSEBL including rooftop on its buildings**:

The Commission recommended that HPSEBL should prioritize the procurement of renewable energy in alignment with national energy transition policies. The Commission pointed out that currently, HIMURJA has approved approximately 495 MW of solar power projects. To expedite these projects, the Commission suggested delegating the authority to sign connectivity agreements to a Nodal officer, such as the Chief Engineer (SO), who can efficiently obtain reports from field offices online. The HPSEBL informed that it has initiated work on about 18 MW of solar capacity on its own sites, which is expected to be cost-effective due to lower land expenses and reduced technical losses from proximity to load points.

## 2.6 Issues related to quality and reliability of power supply.

**(i) Status of reliable and quality power supply in the Industrial areas especially in Kala Amb, Baddi- Barotiwala and Nalagarh areas**.

The HPSEBL apprised that approval of three new Sub-stations at Hill Top, Thana, and Nahan, along with enhancements to existing sub-stations in Kala-Amb and Paonta Sahib as part of the CAPEX for the 5$^{th}$ MYT Control Period. An additional 220/66 kV capacity project at Uprela Nangal aims to alleviate issues in the Nalagarh area. The Commission highlighted concerns regarding the quality and reliability of power supply, particularly to industrial Consumers in specific regions, who have reported voltage fluctuations and power interruptions. The HPSEBL was directed to prioritize the augmentation of overloaded transformers and to replace outdated infrastructure. The Commission called for a targeted action plan to bolster service reliability in industrial zones, underscoring the necessity for uninterrupted power supply for industrial growth. While improvements at the 33 kV level have been noted, substantial enhancements are still required at the EHV level. The Commission recommended that the HPSEBL must allow the HPPTCL to undertake works for systems over 66 kV, citing delays and cost overruns encountered by the HPSEBL in such projects.

**(ii) Status of implementation of Standards of Performance Regulations including automatic compensation payable to the Consumers and Road map to cover other such services for payment of auto compensation**.

The HPSEBL informed that it has implemented auto-compensation for service delays for six specific services, with the Superintending Engineers (Op) appointed as Nodal Officers. However, the full execution of this auto-compensation is pending due to non-identification of personnel responsible for service delays beyond the guaranteed time period. The Commission instructed the HPSEBL to promptly and effectively implement auto-compensation and establish the internal inquiry mechanism separately on its own. Additionally, the HPSEBL has been tasked with integrating its call center, SAP Billing, and ERP systems for automated compensation processing, minimizing manual intervention. The Chairman, HPERC emphasized the necessity for Consumers to receive timely automatic compensation and urged for the seamless integration of all digital systems.

**(iii) Steps taken to address the low voltage issues in rural areas of the State**.

The HPSEBL acknowledged that distribution transformers over 50 years old are still in use, causing poor supply reliability in rural areas. The Petitioner submitted that it has planned to address low voltage problems and conduct routine work through GSC schemes. The Commission urged the HPSEBL to speed up the upgrade of overloaded transformers and replace old infrastructure and also emphasized the need to improve the distribution system, especially where renewable power generators are involved. Despite repeated concerns and support, the HPSEBL has not taken effective action, in this direction and immediate intervention at the highest level is needed to improve supply reliability and quality for consumers.

**(iv) Status and future planning to explore various IT tools to carry out the power supply functions/ activities of the HPSEBL efficiently and effectively**.

There are many IT tools available today which can help the HPSEBL to improve service to Consumers and lower operational costs. The Commission recommended the HPSEBL to use technologies like GIS-based tracking to find weak areas in the distribution network and take necessary actions to become more Consumer-friendly.

## 2.7 Updated status of implementation of Revamped Distribution Sector Scheme (RDSS)

2.7.1 The status of the RDSS was reviewed, revealing delays in smart metering and loss reduction projects by the HPSEBL. The HPSEBL mentioned that the letter of award for the SCADA system is in process, and load reduction works for the South and North Zones were awarded on March 6, 2024, with the Central zone works to be awarded shortly. Also that Smart Metering works have already been awarded but these are facing some delays.

2.7.2 The Commission noted that the RDSS has a deadline/sunset date of March, 2026 and warned that delays could result in grants being turned into loans if milestones aren't achieved. The Commission stressed the need for the HPSEBL to follow timelines and make full use of available grants. The Commission also indicated that the HPSEBL must document cost and time overruns and avoid further delays. It was also highlighted that efficient RDSS execution is vital for modernizing the HPSEBL's distribution network and that any grants converted to loans due to the HPSEBL's inefficiency will not be passed through in tariffs.

## 2.8 Capex and Capitalization detail during 4th Control Period

2.8.1 The HPSEBL has filed for truing up of capitalization of works carried out during $4^{th}$ MYT Control Period. However, in the absence of the supporting details, the Commission is finding it difficult to carry out the exercise. The Commission asked the HPSEBL to furnish the following details:

**(i) Scheme wise details of capitalization, funding pattern, grant availed from GoI and GoHP has been submitted. However, no supporting documents have been furnished in this regard.**

The HPSEBL has submitted that the Schemes wise details of capitalization, funding pattern, grant availed from GoI and GoHP has been already submitted. However, supporting documents for Schemes are available with concerned field units and the office of CE (P&M). It was informed that the HPSEBL shall submit the specific funding pattern and documents thereof for specific Schemes with replies of the fourth query letter.

The Commission pointed out that the information sought for the True-up is not forthcoming. A lot of data is still awaited from the HPSEBL. In absence of the same, the Commission would have to resort to its own prudence check and the HPSEBL may not be able to recover its complete costs in that scenario.

**(ii) The Commission enquired about database of Capital schemes including details such as approval date, schedule date of completion, actual completion date, cost approved in DPR, actual cost incurred, time overrun, cost overrun, interest capitalized during different phases etc.**

The HPSEBL submitted that the Commission had raised the query in this regard and reply to the same has been furnished as received from the respective field units. However, it was admitted by the HPSEBL that the information supplied by the concerned units of the HPSEBL has not been complete. Therefore, the HPSEBL requested to grant some more time to furnish the information. The Commission clarified that in case it is not received in time, it shall have no other option except applying its own due diligence.

**(iii) Deviation from the funding pattern approved in schemes leading to variation, needs to be explained and justified.**

The Commission conveyed that the reasons for deviation from the funding pattern of the Schemes due to cost escalation, time overrun, and cost overrun have been sought in respect of each of the Schemes as per the format supplied by Commission. However, the response in this regard is still awaited from the HPSEBL. The HPSEBL has informed that the data is being compiled as some of the field units have supplied incomplete details which are not sufficient to justify the deviation. The Commission observed that the CAPEX has to be monitored strictly and every deviation has to be properly justified before taking action to implement the same which is not being done by the HPSEBL currently.

**(iv) The physical and financial completion certificates of different works executed has not been supplied. The same need to be furnished.**

The Commission has sought these certificates in respect of major Schemes of EHV and EH Works. However, the HPSEBL has submitted that physical and financial completion certificates of works executed from Chief Electrical Inspector have not been furnished by the field units till date. The Commission asked the HPSEBL to submit the same at the earliest.

**(v) Expenses pertaining to Generation Business are being mentioned in the Distribution Business works. The same need to be segregated**.

In this context, the HPSEBL has submitted that expenses are being properly classified into Distribution and Generation business. However, an amount of Rs. 2.83 Cr. on account of R&M of generation business was erroneously claimed in the provisional True up of FY 2022-23 which has been duly rectified in the additional submissions.

## 2.9 Accounts Related Issues

**(i) Delay in audit of the Accounts leading to provisional True ups.**

The Commission pointed out the HPSEBL's inability to submit CAG-audited accounts on time in previous years, resulting in provisional True up and mismatches in energy accounting. The HPSEBL explained that the delays were due to the addressing of long-standing audit issues and improve compliance with Regulations. However, this year, the HPSEBL has established a system for timely audits, leading to the approval of their quarterly accounts for FY2024-25 ahead of schedule. The Commission instructed the HPSEBL to resolve discrepancies and improve future reporting compliance, recommending a better auditing process with real-time reconciliation.

**(ii) Business unit-wise break-up of Accounts i.e. for Generation wing, Distribution wing, ES wing, Project and S&I wing with proper allocation of common costs. The HPSEBL, in the previous Tariff Order, was directed to get the Business unit-wise accounts break-up audited by the Statutory Auditor.**

The Commission vide Tariff Order dated March 31, 2023, instructed the HPSEBL to separate its accounts into different Business Units starting from FY 2023-24. However, the directions are not being followed. The HPSEBL informed that this will be completed and certified by the Statutory Auditor/Cost Auditor by March 31, 2025. The HPSEBL mentioned that maintain separate books for each business unit in their SAP system. The allocation of common costs from the Head Office is based on the employee cost/asset percentage of each unit, which is currently under review by management.

**(iii) Segregation of ARR of Wheeling and Retail Supply Business – As per the provisions of Regulation 6 of MYT Regulations, 2023, the HPSEBL is required to submit Allocation Statement duly certified by the Statutory Auditor/Cost Auditor and approved by the Board of Directors of the Distribution Licensee for segregation of ARR of Wheeling and Retail Supply Business.**

The Commission directed that the HPSEBL needs to provide a statement to separate the Annual Revenue Requirement (ARR) into Wheeling Business and Retail Supply, following the HPERC MYT Regulations, 2023. This statement must be certified by a Statutory Auditor or Cost Auditor. In response, the HPSEBL mentioned that a committee has been formed to handle the segregation of ARR for Generation and Distribution Business, as well as the allocation of common costs and revenue. The reallocation of common costs is based on employee costs and fixed assets. However, employee adjustments within the HPSEBL are ongoing, which may change the cost allocation. After these adjustments and the reallocation of employee costs, the HPSEBL will recalculate and submit the ARR segregation.

**(iv) Mismatch in energy accounting (including Units and Cost) between audited accounts and audit report. Reconciliation of station-wise power purchase cost with audited accounts needs to be carried out.**

The Commission has pointed out the variation in the units and cost of power purchase in the Audited report figures as compared to the Annual Report figures. Keeping the same in view, the HPSEBL was asked about the actual figures with reasons for the variation. In reply, the HPSEBL has submitted that as per the approved Annual Accounts, 10,955.832 MUs were sold within State. However, the category wise units sold have been wrongly printed as 10,925.72 MUs instead of 10,955.832 MUs.

**(v) Fixed Asset Register (FAR) submitted without certification by the statutory auditor.**

The Commission has pointed out that it is not clear whether the FAR has been approved by the Board/Management or not. The FAR submitted does not match the audited accounts, and reconciliation is required starting from FY 2001-02, since the first Commission order was for that year. Additionally, the FAR's details on Additional Capitalization do not align with the audited accounts. The FAR is prepared division wise, showing total value and quantity but lacks a detailed description of individual assets.

In response, the HPSEBL reported that the FAR figures are reconciled with the audited accounts for FY 2023-24. However, reconciliation for the years from 2001-02 and the Capitalization details are still in progress and will be provided once completed. The HPSEBL also mentioned that it is working with the Statutory Auditor for the certification of the FAR.

**(vi) Huge amount of expenses is being written off. e.g. Rs. 80.64 Cr. in FY 2022-23.**

The HPSEBL has requested the Commission to allow a write-off of Rs 80. 64 Cr. for FY 2022-23 as a pass-through in the tariff. The Commission asked for the details and justification for this request. The HPSEBL explained that this write-off relates to long-standing audit issues that are needed for the compliance with the Company Act, RDSS guidelines, and evaluation metrics. The HPSEBL has provided itemized details in response to earlier queries and stated that the write-off was due to various reasons, including stock price differences, bad debts, material loss, capital expenditure write-offs, stock obsolescence, and scrap sales. The HPSEBL submitted that since these losses were incurred in normal business operations, they should be allowed in the tariff.

## 2.10 Technical Issues

**(i) T&D losses of the HPSEBL are still on the higher side in comparison to the approved by the Commission- Reasons thereof.**

Technical and commercial issues, including high transmission and distribution losses, were deliberated upon during the meeting. The Commission noted that T&D losses in Rohroo (29.47%) and Kullu (21.12%) are significantly above the approved limits. The HPSEBL informed that the performance of these Circles has also improved significantly as these circles used to have very high losses in the past years. Due to high base effect, the T&D losses of Rohroo and Kullu Circles should also be achieved within 20% limit in the coming two years.

The HPSEBL has submitted that the overall T&D losses for FY 2023-24 are 10.31% and for FY 24-25 (Till Dec-24) are 10.46%. The billing has been improved. However, the HPSEBL admitted that since for the last two years, the CAPEX is negligible for system improvement and for creation of new infrastructure, the targeted reduction in Technical Losses could not be achieved.

**(ii) Circle wise Energy Audit and T&D losses. Road map/action taken to curtail the losses -Status thereof**.

It has been observed that the losses are quite high in certain Circles. The Commission had earlier directed the HPSEBL to identify such Circles where losses are above 20% and prepare a roadmap for the reduction of losses in these Circles. The HPSEBL was asked by the Commission of the improvement achieved and share its plan for future measures to be taken in this regard.

The HPSEBL has informed the Commission that the Energy Audit at Company Level is being done as per the BEE guidelines. The segregations of losses between Circles are being done based on similar methodology of energy balance at Company level. The trajectory for the circles has been fixed based on the trajectory fixed by the Commission at Company level. Further, the HPSEBL has informed that the following actions are being taken for curtailment of losses:

1) Billing based on actual meter reading by replacing the defective/ dead stop meters.
2) The smart meter billing in respect of single part tariff Consumers to avoid coffee shop billing by the billing staff with orientation of billing staff till the meters are replaced and random checking of the billing being done through SBM.
3) Curtailing unauthorized use of energy, theft and tempering by proper enforcement at Circle/Zone and Head Office level.
4) Implementation of loss reduction capital works for technical loss reduction due to system loading and frequent tripping.

5) Periodical checking of meter and metering equipment for saturation and wrong billing due to wrong multiplication factor.
6) Strictly following the billing cycle to avoid the gap of input and sale of energy due to billing cycle.

**(iii) Metering at interconnection points with HPPTCL is still not in place despite of several directives. Technical losses segregation with the HPPTCL is required for transparency and better accounting**.

The Commission highlighted the importance of tracking transmission and distribution (T&D) losses at various voltage levels to reduce these losses and improve transparency in energy accounting for HPSEBL and STU. The HPSEBL has submitted that it is working on separating metering points between HPPTCL and the HPSEBL, led by a committee formed for this purpose. The committee has met twice, and information is being shared for manual calculations of Intrastate transmission losses. The Commission also expressed concern about incomplete metering at interconnection points with HPPTCL and directed HPSEBL to implement full metering for better transparency and effective energy distribution strategies.

## 2.11 Commercial Related Issues

2.11.1 Status of Outstanding dues payables to the Generators, Suppliers, Contractors etc. and detail of category wise receivables from Consumers along with plan for the recovery of the same.

2.11.2 The Commission noted that the HPSEBL has not been making timely payments in the past against the bills raised by various Generators, Suppliers and Contractors. The HPSEBL is, as a result, getting penalised with overhead charges like LPS on account of the same which is affecting the health as well as the ranking of the Discom adversely.

The HPSEBL apprised the Commission of the actual dues payable as under:

| Particulars | Amount Payable (Rs. Cr) |
|---|---|
| Generators | 718.76 |
| Transmission Charges | 149.24 |
| Contractors/ Suppliers | 209 |
| **Total** | **1077** |

2.11.3 The HPSEBL has informed the Commission that the HPSEBL is also having some amount outstanding on account of electricity sold, from its Consumers as under:

| Category | Total Outstanding (Rs. Cr.) |
|---|---|
| Agriculture Supply | 9.26 |
| Bulk Supply | 10.4 |
| Commercial Supply | 43.43 |

| Category | Total Outstanding (Rs. Cr.) |
|---|---|
| Domestic Supply | 61.94 |
| EV charging Stations | 0.01 |
| Irrigation and Water Pumping Supply (IPH) | 238.58 |
| Large Industrial Power Supply | 163.52 |
| Medium Industrial Power Supply | 6.37 |
| Non-Domestic Non-Commercial | 26.61 |
| Small Industrial Power Supply | 9.13 |
| Public Lighting | 8.83 |
| Temporary Metered Supply | 8.8 |
| **Grand Total** | **586.88** |

2.11.4 The Commission observed that there ares huge amount of outstanding dues pending from various categories of Consumers including GoHP departments. The Commission further directed the HPSEBL to take up the matter with the GoHP.

2.11.5 There has been variation in sales in energy (within and outside State), T&D losses and power purchase cost claimed with the Annual Report.

2.11.6 The Commission observed the variation in the energy sold, both outside the State and within the State, as compared to the Annual Report figures. Keeping the same in view, the HPSEBL was asked to apprise the actual figures with reasons for the variation.

2.11.7 The HPSEBL informed that as per approved Annual Accounts, 10,955.832 MUs were sold within State which may have been wrongly printed as 10,925.72 MUs instead of 10,955.832 MUs in the report. The HPSEBL further informed that the T&D losses in the submitted tariff Petition has been calculated based on the Energy Balance methodology being adopted by the Commission. However, the T&D losses appearing in Annual Accounts are calculated on Gross basis, wherein interstate and intrastate sales are taken together for calculating the T&D losses resulting in T&D losses on lower side as compared to that submitted in the Petition wherein the Inter State sale is being deducted for calculation of Distribution losses.

2.11.8 Certification of SLDC with regard to the units from own-generating stations and IPPs within the State is required.

2.11.9 The Commission has observed variation in the energy generated from various hydro generating stations as compared to the generation data for previous years. Keeping the same in view, SLDC certification of the same was sought from the HPSEBL.

2.11.10 The HPSEBL has informed the Commission that the True up for FY 2023-24 has been filed based on the certificate from SLDC for own generating stations in compliance to the directions from the Commission. Further, since the billing and the respective payments for the IPPs are being done based on the joint meter reading, the True up for FY 2023-24 has been filed based on the joint meter reading and bills of power purchase paid by HPSEBL to the respective IPPs.

## 2.12 Issues relating to the GoHP

2.12.1 Subsidy by GoHP for the electricity Consumers of the State for FY 2025-26 - Decision thereof. Status of actual subsidy payment by GoHP for FY 2024-25 against billed amount.

2.12.2 The Commission sought the status of actual subsidy amount paid by the GoHP to the HPSEBL for FY 2024-25. The HPSEBL apprised the Commission of the latest status as under:

| Sl. | Particulars | Amount |
|---|---|---|
| A. | Actual Subsidy Assessment till 31.01.25 | 1,451.90 |
| B. | Subsidy received till date (cash: Rs.449.60 Cr + ED Rs. 493.25 Cr) | 942.85 |
| C. | O/s subsidy Recoverable till 31.01.2025 (A-B) | 509.9 |
| D. | Estimated for Feb & March ,25 | 209.42 |
| E. | Total Subsidy receivable as on date (C+E) | **719.32** |
| F. | Electricity duty due as of 31.12.2024 | 142.08 |
| G. | **Net receivable in Cash** | **577.24** |

2.12.3 The Commission expressed concerns about the GoHP not paying the subsidy amount to HPSEBL in advance. The Commission instructed HPSEBL to discuss this issue with the GoHP on priority and act according to the Electricity Act, 2003. The HPSEBL also asked the Commission to allow them to apply a non-subsidized tariff if the State Government stops or doesn't pay the subsidy, without needing approval from any other body. The Commission noted that this is already covered in the Electricity Act and previous Tariff Orders. However, the Commission felt that the HPSEBL should be compensated for losses due to interest on working capital caused by the delayed subsidy payments from the GoHP.

2.12.4 Providing of the free power entitlement of the GoHP to the HPSEBL for meeting out energy deficit in the State so as to avoid costly short term power purchases.

2.12.5 The Commission pointed out that it has been directing the HPSEBL in the past to approach the GoHP for availing the free power entitlement of the GoHP as the HPSEBL is facing power supply shortages. The Commission has also issued an advisory to the Government of Himachal Pradesh under Section 86(2) of the Electricity Act, 2003, that the GoHP may consider providing its free power share to the HPSEBL for the FY 2025-26 so that the Consumers of the State are not burdened with increased tariff and the Power Purchase Cost of the HPSEBL remains low. The HPSEBL was asked to apprise the Commission of the latest status.

2.12.6 In reply, the HPSEBL has informed the Commission that the matter has been taken up with GoHP but the GoHP may not provide free power to HPSEBL except in case of the directly connected hydro power stations with the HPSEBL system.

2.12.7 Status of outstanding dues of the GoHP

2.12.8 The issue of outstanding dues of the GoHP was also addressed. The HPSEBL reported pending government dues of Rs 217 Cr. besides the subsidy receivables of Rs 719 Cr. as under:

(Rs. Cr.)

| Particulars | I&PH | MC/ NAC | Other Govt Dept. | Total |
|---|---|---|---|---|
| Opening balance as on 01.04.2024 | 102.44 | 7.02 | 17.93 | 127.39 |
| Billing 1.4.24 to 31.1.25 | 623.4 | 11.69 | 136.59 | 771.68 |
| Total | 725.84 | 18.71 | 154.52 | 899.07 |
| Realised (1.04.24 to 31.1.25) | 542.75 | 11.12 | 127.92 | 681.79 |
| **Outstanding as on 31.1.25** | **183.1** | **7.59** | **26.6** | **217.3** |

2.12.9 The Commission instructed the HPSEBL to engage with GoHP and ensure the timely realization of payments to maintain financial stability.

2.12.10 UDAY scheme tripartite agreement between GoI, GoHP and HPSEBL-implementation status thereof

2.12.11 The HPSEBL has informed that the GoHP has conveyed in-principle approval of the Finance Department (FD) for the conversion of the UDAY loan amounting to Rs. 2890.50 Crore into equity in a phased manner. The Finance Department has concurred with the conversion of Rs. 578.10 Crore (out of Rs. 2890.50 Cr.) into equity and has advised taking further action accordingly. Further, the HPSEBL has been directed to deposit the balance of Rs. 564.01 Cr on account of UDAY loan (out of Rs. 661.54 Cr., due on account of the UDAY loan for FY 2021-22 to FY 2023-24, Rs. 97.53 Cr. already adjusted with subsidy and equity) failing which the amount will be adjusted with the Roll Back Subsidy payable by the State Government to HPSEBL for FY 2024-25.

2.12.12 The HPSEBL brought out that the said proposal of FD is against the directives of the Commission and violation of UDAY scheme Tripartite Agreement as the UDAY scheme envisages conversion of the entire loan into grant and equity in FY2020-21 and hence, no interest is applicable on said loan thereafter. Accordingly, the proposed adjustment of UDAY loan interest with subsidy amount by the GoHP is not justified and in case the amount of interest of UDAY is adjusted with Roll Back Subsidy, it would adversely impact the financial position of the Company as HPSEBL is not in a position to honor the interest payments on the UDAY loan to GoHP, and as the Commission has already excluded this interest in the tariff order.

2.12.13 The HPSEBL apprehended that this could result in delays in power purchase payments, which are secured by the LC security mechanism backed by the State Government Guarantee. Any defaults in these payments would also lead to the invocation of the State Government Guarantee. Accordingly, the HPSEBL has requested the GoHP as under:

1) To convert the entire State Government UDAY Loan of Rs. 2890.50 crore into grant and equity as envisaged in the UDAY Scheme Tripartite Agreement dated 08.12.2016, on the analogy of Punjab State.
2) To withdraw the bipartite agreement dated 24.01.2017.
3) To review the adjustment of Rs. 97.53 Cr. made till date against UDAY interest (Equity Rs. 25 Cr. + Upfront subsidy of Rs. 49.70 Cr. + Roll Back Subsidy of Rs. 22.83 Crore) and adjust the same against payables other than the interest on the UDAY loan.
4) To waive off the interest on the UDAY Loan and allow HPSEBL to reverse the provision booked for the UDAY Loan and Interest for the FY 2021-22, 2022-23, and 2023-24, with an adjustment in the opening balance sheet in compliance with IND-AS-8.

2.12.14 The HPSEBL has pointed out that the borrowing limit of HPSEBL under RDSS has also been restricted on account of the UDAY loans.

2.12.15 The Commission has pointed out that the main aim of the UDAY was to bring about the financial turnaround of the Discoms across the Country and the GoHP cannot unilaterally alter the terms and conditions of the Tripartite Agreement executed between the GoI, GoHP and the HPSEBL. The Commission directed the HPSEBL to take up the issue with GoHP for a complete restructuring of the loan as per the original Tripartite Agreement. The Commission further highlighted that financial strengthening of the HPSEBL has been very critical for ensuring its long-term sustainability. Also, the Commission makes it amply clear that it shall not be passing through any interest on loan on account of UDAY in the tariff.

**List of participants of meeting held between HPERC and HPSEBL on 27th February, 2025 at 11:30AM onwards in HPERC's Office, Kasumpti, Shimla-9**

| HPERC | HPSEBL |
|---|---|
| 1. Sh. D.K Sharma, Chairman | 1. Sh. Anurag Chander Sharma, Director (F&A) |
| 2. Sh. Yashwant Singh Chogal, Member (Law) | 2. Sh. Manoj Upreti, Director (Operations) |
| 3. Sh. Shashi Kant Joshi, Member | 3. Ms. Isha, ED (Personnel) |
| 4. Sh. Jitender Sanjta, Secretary | 4. Sh. Harinder K. Thakur, CE (MM) |
| 5. Sh. Yashwant Thakur, ED (Technical) | 5. Sh. Rakesh Kumar, CE (Operation), Shimla |
| 6. Sh. Pardeep Chauhan, ED (Tariff) | 6. Sh. Mandeep Singh, CE (System Operation) |
| 7. Smt. Rinku Gautam, Director (TE) | 7. Sh. Anup Ram, CE (Commercial) |
| 8. Sh. Paramjeet Rana, JD (Tech) | 8. Sh. Pankaj Sharma, CE (Operation), Hamirpur |
| 9. Sh. Vikas Hastir, JD (Tariff) | 9. Sh. Sanjay Kaushal, CE (Generation) |
| | 10. Sh. Praveen Dhiman, CE (ES), Hamirpur |
| | 11. Sh. S. S. Negi, CE (P&M) |

| HPERC | HPSEBL |
|---|---|
| | 12. Sh. Kapil Bhimta, CAO |
| | 13. Sh. R.K. Verma, SE (Interstate) |
| | 14. Sh. Ajay Thakur, SE (IT) |
| | 15. Sh. Rakesh Kapoor, SE (SERC/T) |
| | 16. Sh Shamsher Singh, Sr. XEN |
| | 17. Ms. Jasmine Patyal, Dy. CAO |
| | 18. Sh. Shivam Dhiman, AE |
| | 19. Sh. Kamlesh Kumar, AO |

# 3 Summary of True up of uncontrollable parameters for FY 2022-23

### 3.1 Background

3.1.1 The Petitioner has requested to True up the expenditure and revenue for FY 2022-23 based on the annual audited accounts submitted along with the True up Petition. The actual cost and revenue under various heads along with justification has submitted in the following sections.

### 3.2 Sales Projections, Consumers and Connected load

3.2.1 The Petitioner has submitted the actual category-wise Energy Sales, Consumers and Connected Load for FY 23 as detailed in the table below:

**Table 6: HPSEBL Submission- Energy Sales for FY23 (MUs)**

| Category | Approved in MPR Order dated 29.3.2022 | Provisional True up | Actual Sales |
|---|---|---|---|
| Domestic Supply | 2,483 | 2,620 | 2,620 |
| NDNCS | 181 | 177 | 177 |
| Commercial Supply | 661 | 710 | 710 |
| Small Power Supply | 92 | 88 | 88 |
| Medium Power Supply | 103 | 107 | 107 |
| Large Power Supply | 5,405 | 6,188 | 6,188 |
| Public Lighting | 11 | 11 | 11 |
| Govt. Irrigation & Water pumping | 598 | 739 | 739 |
| Irrigation and Agriculture | 65 | 91 | 91 |
| Bulk Supply | 152 | 168 | 168 |
| Temporary | 46 | 58 | 58 |
| EV Charging Stations | 0 | 0.001 | 0.001 |
| **TOTAL** | **9,798** | **10,956** | **10,956** |

**Table 7: HPSEBL Submission- Category wise No. of Consumers for FY23**

| Category | Approved in MYT Order dated 29.6.2019 | Actual |
|---|---|---|
| Domestic Supply | 2,260,371 | 2,319,395 |
| NDNCS | 33,639 | 32,715 |
| Commercial Supply | 308,006 | 320,374 |
| Small Power Supply | 31,302 | 29,859 |
| Medium Power Supply | 2,024 | 2,245 |
| Large Power Supply | 1,790 | 1,899 |
| Public Lighting | 1,190 | 1,340 |
| Govt. Irrigation & Water pumping | 8,216 | 8,609 |
| Irrigation and Agriculture | 42,669 | 42,397 |
| Bulk Supply | 281 | 360 |
| Temporary | 9,489 | 17,981 |
| EV Charging Stations | - | 2 |
| **TOTAL** | **2,698,977** | **2,777,176** |

**Table 8: HPSEBL Submission- Category wise Connected Load for FY23 (MW)**

| Category | Approved in MYT Order dated 29.6.2019 | Actual |
|---|---|---|
| Domestic Supply | 4,543 | 4,943 |
| NDNCS | 262 | 273 |
| Commercial Supply | 932 | 994 |
| Small Power Supply | 269 | 277 |
| Medium Power Supply | 147 | 151 |
| Large Power Supply | 1,636 | 1,652 |
| Public Lighting | 6 | 7 |
| Govt. Irrigation & Water pumping | 377 | 395 |
| Irrigation and Agriculture | 271 | 234 |
| Bulk Supply | 136 | 141 |
| Temporary | 40 | 92 |
| EV Charging Stations | - | 1 |
| **TOTAL** | **8,619** | **9,159** |

3.2.2 The Petitioner has requested the Commission to approve the Sales (MUs), Consumers (Nos.), and Connected Load (MW) for FY 2022-23 as per actuals.

### 3.3 Revenue from Sale of Power

3.3.1 The Petitioner has submitted the actual revenue from sale of Power within the State for FY23 as detailed in the table below:

**Table 9: HPSEBL Submission- Revenue from Sale of Power within State for FY23 (Rs. Cr.)**

| Category of Consumers | Approved in MPR Order dated 29th March, 2022 | Provisional True up | Actual |
|---|---|---|---|
| Domestic Supply | 1,362 | 1,341 | 1,341 |
| NDNCS | 113 | 132 | 132 |
| Commercial Supply | 409 | 471 | 471 |
| Small Power Supply | 58 | 61 | 61 |
| Medium Power Supply | 61 | 72 | 72 |
| Large Power Supply | 3,084 | 3,456 | 3,456 |
| Public Lighting | 6 | 7 | 7 |
| Govt. Irrigation & Water pumping | 395* | 584 | 584 |
| Irrigation and Drinking Water Pumping Supply (IDWPS) | | 46 | 46 |
| Bulk Supply | 94 | 122 | 122 |
| Temporary | 42 | 54 | 54 |
| EV Charging Stations | - | 0 | 0 |
| **TOTAL** | **5,625** | **6,346** | **6,346** |

**Approved revenue for Irrigation and Drinking Water amounting to Rs. 395 Cr includes the recovery from IDWPS, whereas the actual revenue from Agriculture & Irrigation and revenue from IDWPS are shown as separate line items.*

3.3.2 Further, the Petitioner has submitted that in the MPR Order dated 29th March, 2022 for 4th MYT Control Period, the Commission had approved revenue from sale of Power outside the State of Rs. 104.75 Cr. against 349.00 MUs. The actual revenue accounted from sale of Power outside the State (including other receipts such as Reactive Charges, Inter-constituent reactive, Recovery of RLDC from GoHP etc.,) is Rs. 399.52 Cr. against 657.82 MUs. However, Banking being a cashless transaction, the notional cost from sale of the banked Power amounting to Rs. 34.97 Cr. which although 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 FY23 considered for True up is shown in the table below:

**Table 10: HPSEBL Submission- Revenue from Sale of Power outside State for FY23**

| Particulars | Approved in APR Order | | Actual | | | |
|---|---|---|---|---|---|---|
| | Sales (MU) | Revenue (Rs Cr) | Sales (MU) | Revenue (Rs. Cr) | Arrear (Rs. Cr) | Total (Rs. Cr.) |
| **Contingency Sale** | **349.00** | **104.75** | - | - | - | - |
| UI Sale | - | - | 69.08 | 36.72 | 26.67 | 63.39 |
| IEX Sale | - | - | - | 332.44 | - | 332.44 |
| PXIL Sale | - | - | - | - | - | - |
| **Sub-Total Contingency Sale (1)** | **349.00** | **104.75** | **657.82** | **369.16** | **26.67** | **395.83** |
| **Banking (3)** | **-** | **-** | **2,311.36** | - | **-** | **-** |
| i) IPCL (Banking) | - | - | - | 7.36 | - | 7.36 |
| ii) Kreata Energy | - | - | - | 27.61 | - | 27.61 |

| Particulars | Approved in APR Order | | Actual | | | |
|---|---|---|---|---|---|---|
| | Sales (MU) | Revenue (Rs Cr) | Sales (MU) | Revenue (Rs. Cr) | Arrear (Rs. Cr) | Total (Rs. Cr.) |
| (Banking) | | | | | | |
| Other Receipts | - | - | - | | - | |
| iii) Reactive Charges | - | - | - | 2.77 | - | 2.77 |
| iv) Inter-constituent reactive | - | - | - | 0.59 | - | 0.59 |
| v) Recovery of RLDC from GoHP | - | - | - | 0.41 | - | 0.41 |
| vi) Kanchenjunga | - | - | - | (0.02) | - | (0.02) |
| vii) GMR | - | - | - | (0.05) | - | (0.05) |
| viii) HPPCL | - | - | - | (0.02) | - | (0.02) |
| **Revenue from Sale of Power Outside State** | **349.00** | **104.75** | **2,969.18** | **407.81** | **26.67** | **434.48** |
| Less: Banking Sale (Rs. Cr) (Notional) | - | - | (2,311.36) | (34.97) | - | (34.97) |
| **Total revenue from Sale Outside State** | **349.00** | **104.75** | **657.82** | **372.85** | **26.67** | **399.52** |

3.3.3 The Petitioner has requested the Commission to True up the figures of Revenue from Sale of Power outside the State for FY 2022-23 as per actuals.

### 3.4 Power Purchase Cost

3.4.1 The Petitioner has submitted that it has computed the Power purchase expenses in line with methodology adopted by the Commission. The Petitioner has further submitted that the Commission in the MPR Tariff Order dated 29$^{th}$ March, 2022 had approved Rs. 3020.08 Cr. against 11440.82 MUs for FY 2022-23, whereas HPSEBL has procured 15600.18 MUs including Banking purchase, Own Generation and Interstate Transmission losses. The total Power purchase cost incurred by HPSEBL is Rs. 3980.83 Cr. including Own Generation cost and excluding Transmission Charges. Since, Banking purchase is a notional cost, the Petitioner has not considered the same under Power purchase expenses. The Petitioner has mentioned the detailed approach as follows:

- 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.
- Central Electricity Regulatory Commission (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 2022-23, the approved Annual Fixed Charge and Energy Charge for 13 No. Generating Stations as per MYT Order for Generation Business dated 11$^{th}$ November, 2021 and Tariff Order on determination of Capital Cost, the

Commission Order dated 15.01.2014 for Restating of Design Energy and Reconsideration of Tariff for Small Hydro Power Plants of HPSEB Limited in the Petition No. 54 of 2013 for generic Levelized Tariff for other projects and Project Specific Levelized Tariff for Ghanvi II SHEP (10 MW) dated 28$^{th}$ September, 2022 have been considered.

- The Station wise Power purchase cost & quantum for FY23 on actual basis for respective station have been reconciled with annual accounts. The PGCIL charges, HPPTCL charges, SLDC charges are on actual bills from the respective generating station/transmission company. The sale of renewable energy, contingent energy sale outside the State, Banking energy transactions with other utilities are as per the bilateral renewable energy/Banking energy agreements.

3.4.2 The station-wise detail of actual Power purchased during FY23 is depicted in the following table:

**Table 11: HPSEBL Submission- Summary of Power Purchase in FY23**

| Name of Station/Source | Approved in APR Order | | Actual | | | |
|---|---|---|---|---|---|---|
| | Generation Ex-Bus (MU) | Amount (Rs. Cr.) | Generation Ex-Bus (MU) | Amount (Rs. Cr.) | Arrears (Rs. Cr.) | Total Amount (Rs. Cr) |
| Bhaba | 459.12 | 42.89 | 626.12 | 50.88 | - | 50.88 |
| Bassi | 344.40 | 20.80 | 305.96 | 19.58 | - | 19.58 |
| Giri | 287.52 | 28.99 | 230.66 | 26.02 | - | 26.02 |
| Andhra | 86.43 | 12.09 | 62.73 | 10.44 | - | 10.44 |
| Ghanvi-I | 81.15 | 18.26 | 75.05 | 16.89 | - | 16.89 |
| Baner | 52.86 | 11.90 | 34.01 | 9.79 | - | 9.79 |
| Gaj | 33.38 | 9.90 | 33.12 | 9.85 | - | 9.85 |
| Larji | 510.20 | 63.63 | 536.75 | 65.09 | - | 65.09 |
| Khauli | 43.65 | 9.82 | 35.70 | 8.03 | - | 8.03 |
| Binwa | 29.05 | 6.91 | 28.02 | 6.78 | - | 6.78 |
| Thirot | 17.58 | 3.96 | 8.54 | 1.92 | - | 1.92 |
| Gumma | 11.71 | 2.64 | 6.50 | 1.46 | - | 1.46 |
| Holi | 11.71 | 2.64 | 5.64 | 1.27 | - | 1.27 |
| Bhaba Aug. | 17.58 | 3.96 | 4.88 | 1.10 | - | 1.10 |
| Nogli | 9.75 | 3.47 | 4.65 | 2.56 | - | 2.56 |
| Rongtong | 7.56 | 2.86 | 0.71 | 1.56 | - | 1.56 |
| Sal-II | 7.79 | 1.75 | - | - | - | - |
| Chaba | 7.59 | 2.46 | 4.56 | 1.97 | - | 1.97 |
| Rukti | 6.47 | 0.55 | 3.65 | 0.44 | - | 0.44 |
| BS Chamba | 1.75 | 0.54 | 1.14 | 0.45 | - | 0.45 |
| Ghanvi-II | 45.45 | 10.23 | 35.98 | 11.37 | 14.73 | 26.10 |
| Ligthi | - | - | 0.21 | 0.02 | - | 0.02 |

| Name of Station/Source | Approved in APR Order | | Actual | | | |
|---|---|---|---|---|---|---|
| | Generation Ex-Bus (MU) | Amount (Rs. Cr.) | Generation Ex-Bus (MU) | Amount (Rs. Cr.) | Arrears (Rs. Cr.) | Total Amount (Rs. Cr) |
| Billing | - | - | 1.17 | 0.13 | **-** | 0.13 |
| Killar | 1.15 | 0.26 | 0.47 | **0.11** | **-** | 0.11 |
| Sach | - | - | **1.69** | **0.38** | - | 0.38 |
| Sural | - | - | **0.28** | **0.06** | - | 0.06 |
| Purthi | - | - | **0.14** | **0.03** | - | 0.03 |
| **Own Generation Total** | **2,073.85** | **260.51** | **2,048.03** | **248.16** | **14.73** | **262.92** |
| **NTPC** | | | | | | |
| Anta (G) | 15.08 | 12.67 | - | 0.70 | (0.03) | 0.67 |
| Anta(L) | - | - | - | - | - | - |
| Anta (LNG) | - | - | 0.01 | 0.02 | - | 0.02 |
| Auriya(G) | 14.66 | 16.66 | - | 1.35 | 0.18 | 1.53 |
| Auriya(L) | - | - | - | - | - | - |
| Dadri(G) | 49.99 | 24.24 | - | 0.24 | 0.01 | 0.25 |
| Dadri(L) | - | - | - | (0.63) | - | (0.63) |
| Dadri(LNG) | - | - | 0.62 | 2.03 | - | 2.03 |
| Unchahar-I-TPP | 40.02 | 18.71 | 19.62 | 9.83 | 6.32 | 16.14 |
| Unchahar-II-TPP | 70.79 | 32.44 | 177.24 | 83.98 | 12.55 | 96.53 |
| Unchahar-III-TPP | 46.27 | 23.39 | 102.06 | 53.13 | 4.23 | 57.36 |
| Unchahar-IV-TPP | 5.51 | 2.89 | 31.58 | 14.72 | 5.47 | 20.19 |
| Rihand-1 STPS | 259.37 | 62.57 | 265.74 | 63.30 | 2.41 | 65.71 |
| Rihand-2 STPS | 251.31 | 56.94 | 310.91 | 72.65 | 5.73 | 78.37 |
| Rihand-3 STPS | 250.92 | 5.27 | 268.91 | 79.96 | 6.31 | 86.27 |
| Kahalgaon-II(1500 MW) | 146.56 | 76.34 | 269.85 | 118.81 | 6.56 | 125.36 |
| Singrauli STPS(2000 MW) | 23.77 | 52.60 | 52.06 | 10.25 | 2.90 | 13.15 |
| Dadri-II TPS(980 MW) | 7.94 | 4.69 | 158.56 | 77.89 | 4.20 | 82.10 |
| Tanda I(1320 MW) | 5.94 | 2.74 | 137.88 | 55.91 | 11.19 | 67.10 |
| Koldam HEP | 468.92 | 287.12 | 453.45 | 244.93 | 1.90 | 246.83 |
| Jhijjar TPS | - | - | - | - | 0.15 | 0.15 |
| **Total -NTPC** | **1,657.05** | **679.24** | **2,248.49** | **889.06** | **70.08** | **959.13** |
| **Solar** | | | | | | |
| Singrauli Solar | 20.31 | 15.99 | 22.24 | 17.51 | - | 17.51 |
| SECI SOlar | 42.81 | 23.54 | 43.99 | 26.49 | (0.17) | 26.33 |
| Additional Solar | 53.76 | 23.68 | 56.99 | 24.23 | 0.13 | 24.36 |
| Roof Top Solar | - | - | 2.72 | 0.46 | - | 0.46 |
| **Total -Solar** | **116.88** | **63.21** | **125.94** | **68.70** | **(0.04)** | **68.66** |
| **NHPC** | | | | | | |
| Chamera-I | 69.62 | 22.77 | 48.62 | 11.14 | (2.94) | 8.19 |

| Name of Station/Source | Approved in APR Order | | Actual | | | |
|---|---|---|---|---|---|---|
| | Generation Ex-Bus (MU) | Amount (Rs. Cr.) | Generation Ex-Bus (MU) | Amount (Rs. Cr.) | Arrears (Rs. Cr.) | Total Amount (Rs. Cr) |
| Chamera-II | 40.43 | 12.26 | 45.97 | 10.63 | 2.22 | 12.85 |
| Chamera-III | - | - | 0.53 | 0.09 | 0.03 | 0.11 |
| Dhauliganga | 40.81 | 16.61 | 45.26 | 12.32 | 4.86 | 17.17 |
| Salal | 34.20 | 10.93 | 30.36 | 8.90 | 3.44 | 12.33 |
| Tanakpur | 17.04 | 7.24 | 15.89 | 6.67 | 1.84 | 8.51 |
| Uri | 81.20 | 24.49 | 72.46 | 16.40 | 2.54 | 18.95 |
| Parbati-III(GoHP RLDC) | - | - | - | 0.04 | 0.03 | 0.07 |
| Bairasuil (GoHP RLDC) | - | - | - | 0.01 | - | 0.01 |
| Sewa-II | - | - | - | - | 0.02 | 0.02 |
| Uri-II | - | - | - | - | - | - |
| Dulhasti | - | - | - | - | - | - |
| **NHPC Total** | **283.30** | **94.30** | **259.09** | **66.19** | **12.04** | **78.23** |
| **SJVNL** | | | | | | |
| Nathpa Jhakri HEP SOR | 168.66 | 43.27 | 161.37 | 41.91 | (0.10) | 41.81 |
| Rampur HEP SOR | 53.06 | 26.87 | 1,536.30 | 24.93 | 8.73 | 33.66 |
| Nathpa Jhakri Equity | 1,502.26 | 385.43 | 45.04 | 383.29 | 1.57 | 384.86 |
| Rampur HEP Equity | 492.85 | 249.61 | 499.32 | 245.56 | 70.23 | 315.80 |
| **Total -SJVNL** | **2,216.83** | **705.18** | **2,242.04** | **695.69** | **80.42** | **776.12** |
| **NPCIL** | | | | | | |
| NAPP | 101.48 | 31.86 | 90.94 | 27.16 | 0.20 | 27.36 |
| RAPP (V &VI) | 104.75 | 41.98 | 109.34 | 42.91 | 0.39 | 43.30 |
| RAPP (VII ) | 71.24 | 32.06 | | | | |
| **Total -NPCIL** | **277.47** | **105.90** | **200.28** | **70.07** | **0.59** | **70.66** |
| **Other Shared Projects** | | | | | | |
| Bhakra (Old) | 43.80 | 4.06 | 43.80 | 4.22 | - | 4.22 |
| Bhakra New | 346.21 | 25.68 | 332.70 | 13.29 | 1.39 | 14.68 |
| Pong | 44.85 | 2.38 | 44.92 | 2.62 | - | 2.62 |
| Dehar | 177.17 | 20.12 | 168.67 | 19.15 | - | 19.15 |
| **Sub-Total BBMB Projects** | **612.03** | **52.24** | **590.09** | **39.27** | **1.39** | **40.66** |
| **PSPCL Projects** | | | | | | |
| Shanan | 5.26 | 0.33 | 5.26 | 0.50 | 0.01 | 0.51 |
| Shanan Ext | 45.00 | 3.06 | 45.04 | 2.88 | - | 2.88 |
| **Sub-Total PSPCL** | **50.26** | **3.39** | **50.29** | **3.38** | **0.01** | **3.39** |
| **UJVNL Projects (Yamuna)** | | | | | | |
| Yamuna (Chibro) | - | - | 206.03 | 26.07 | (3.27) | 22.80 |
| Yamuna (Khodri) | - | - | 99.17 | 15.21 | (1.57) | 13.64 |
| Yamuna | - | - | 33.34 | 7.06 | (0.53) | 6.53 |

| Name of Station/Source | Approved in APR Order | | Actual | | | |
|---|---|---|---|---|---|---|
| | Generation Ex-Bus (MU) | Amount (Rs. Cr.) | Generation Ex-Bus (MU) | Amount (Rs. Cr.) | Arrears (Rs. Cr.) | Total Amount (Rs. Cr) |
| (Dhakrani) | | | | | | |
| Yamuna (Dhalipur) | - | - | 49.19 | 8.84 | (0.78) | 8.06 |
| Yamuna (Kulhal) | - | - | 30.24 | 5.96 | (0.48) | 5.48 |
| Arrear | - | - | - | - | - | - |
| **Sub-Total - UJVNL** | **431.77** | **64.81** | **417.98** | **63.13** | **(6.63)** | **56.50** |
| **UPJVNL Projects** | | | | | | |
| Khara | 51.32 | 5.97 | 63.89 | 5.64 | 0.18 | 5.82 |
| **UPJVNL Sub-Total** | | | | | | |
| **Total -Other Shared** | **1,145.38** | **126.41** | **1,122.25** | **111.43** | **(5.05)** | **106.37** |
| **JSW Energy** | - | - | - | - | - | - |
| Baspa-II-Primary | 1,050.06 | 232.06 | 1,177.50 | 276.84 | - | 276.84 |
| Baspa-II-Secondary | 103.73 | 42.71 | | | | |
| **Sub-Total (Baspa)** | **1,153.79** | **274.77** | **1,177.50** | **276.84** | **-** | **276.84** |
| **Pvt. SHPs** | | | | | | |
| Small HEP/Private Micro <5MW | 1,239.31 | 366.84 | 1,239.14 | 561.30 | (1.30) | 560.00 |
| Small HEP/Private Micro>5MW | 329.02 | 94.43 | 406.09 | | | |
| Small HEP/Private Micro- REC | 339.09 | 84.43 | 255.33 | | | |
| **Sub-Total SHEPs/ IPPs** | **3,061.21** | **820.47** | **3,078.06** | **838.14** | **(1.30)** | **836.84** |
| **HPPCL** | | | | | | |
| Kashang | - | - | 124.05 | 47.81 | - | 47.81 |
| Sawrakuddu | - | - | 260.24 | 88.48 | - | 88.48 |
| Sainj | - | - | - | - | - | - |
| Beradol Solar | - | - | - | - | - | - |
| **Sub-Total HPPCL** | **-** | **-** | **384.29** | **136.29** | **-** | **136.29** |
| **Free Power** | | | | | | |
| Own Generation | | | | | | |
| Larji FP | 69.57 | 17.32 | 72.48 | 18.05 | - | 18.05 |
| Ghanvi FP | 11.07 | 2.76 | 10.23 | 2.55 | - | 2.55 |
| Baner FP | 7.21 | 1.79 | 4.78 | 1.14 | - | 1.14 |
| Gaj FP | 4.55 | 1.13 | 4.59 | 1.12 | - | 1.12 |
| Khauli FP | 5.95 | 1.48 | 4.85 | 1.21 | - | 1.21 |
| Ghanvi II FP | 4.28 | 1.06 | 4.51 | 1.19 | - | 1.19 |

| Name of Station/Source | Approved in APR Order | | Actual | | | |
|---|---|---|---|---|---|---|
| | Generation Ex-Bus (MU) | Amount (Rs. Cr.) | Generation Ex-Bus (MU) | Amount (Rs. Cr.) | Arrears (Rs. Cr.) | Total Amount (Rs. Cr) |
| Uhl HEP FP | | | | | | |
| Chanju | 21.03 | 5.24 | 18.39 | 4.58 | (0.06) | 4.52 |
| Kashang | 13.23 | 3.29 | 20.11 | 5.01 | - | 5.01 |
| Malana FP | 66.55 | 16.57 | 64.13 | 15.97 | - | 15.97 |
| Sawara Kuddu | - | - | 6.88 | 1.73 | - | 1.73 |
| Small HEP/Pvt. Micro Free | 131.21 | 32.67 | 149.52 | 37.23 | 0.57 | **37.80** |
| **Interstate-Free Power** | | | | | | |
| Baspa FP | 173.16 | 43.12 | 160.57 | 39.98 | - | 39.98 |
| RSD FP | 73.88 | 18.40 | 70.93 | 16.45 | 1.13 | 17.59 |
| Shanan FP | 2.63 | 0.65 | 2.63 | 0.65 | - | 0.65 |
| Rampur FP | - | - | 13.70 | 3.42 | - | 3.42 |
| Nathpa Jhakri FP | - | - | 69.77 | 17.39 | - | 17.40 |
| Kol Dam FP | - | - | 31.51 | 7.86 | - | 7.87 |
| Parbati-III FP | - | - | 10.03 | 2.53 | - | 2.53 |
| Chamera-III FP | - | - | 12.21 | 3.06 | - | 3.06 |
| Chamera-II FP | - | - | 15.72 | 3.93 | - | 3.93 |
| Chamera-I FP | - | - | 19.05 | 4.76 | - | 4.76 |
| Baira Siul FP | - | - | 8.20 | 2.06 | - | 2.06 |
| **Govt Free Power Total** | **584.32** | **145.48** | **774.77** | **191.87** | **1.65** | **193.52** |
| **THDC** | | | | | | |
| Tehri (Firm Power) | - | - | - | - | 0.12 | 0.12 |
| Koteswar(Firm Power) | - | - | - | - | (0.11) | (0.11) |
| **THDC Total** | | | | | **0.01** | **0.01** |
| **Other Sources** | | | | | | |
| UI Purchase | - | - | 156.35 | 147.48 | 58.42 | 205.89 |
| Contingency Purchase (IEX) | - | - | 370.48 | 285.53 | - | 285.53 |
| Contingency Purchase (PXIL) | - | - | 14.27 | 0.65 | - | 0.65 |
| **Other Sources Total** | - | - | **541.10** | **433.66** | **58.42** | **492.07** |
| **Banking Purchase** | | | | | | |
| Banking Purchase | - | - | 2,575.55 | - | - | - |
| **Co-Gen** | | | | | | |
| WTE | 24.53 | 19.38 | - | - | - | - |
| **Grand Total** | **11,440.79** | **3,020.07** | **15,600.18** | **3,749.28** | **231.54** | **3,980.83** |

3.4.3 The Petitioner has submitted that the increase in actual Power purchase cost as compared to that approved earlier has been primarily due to higher quantum of Power purchased and arrears paid to the Generators. The Power purchase approved as per Tariff Order for FY 2022-23 vis-à-vis the actual Power purchase is summarised by the Petitioner in the following table:

**Table 12: HPSEBL Submission- Summary of Power Purchase Cost in FY 2022-23(Approved Vs. Actual)**

| Sources | Approved in APR Order | | Actual | |
|---|---|---|---|---|
| | MUs | Rs. Cr. | MUs | Rs. Cr. |
| HPSEBL Own Generation | 2,073.85 | 260.51 | 2,048.03 | 262.92 |
| NTPC | 1,657.05 | 679.24 | 2,248.49 | 959.13 |
| NHPC | 283.30 | 94.30 | 259.09 | 78.23 |
| SJVNL | 2,216.83 | 705.18 | 2,242.04 | 776.12 |
| NPCIL | 277.47 | 105.90 | 200.28 | 70.66 |
| BBMB and Shared Stations | 1,145.38 | 126.41 | 1,122.25 | 106.37 |
| IPP & Others (Baspa & Pvt. IPPS) | 3,061.21 | 820.47 | 3,078.06 | 836.84 |
| GoHP Free Power | 584.32 | 145.48 | 774.77 | 193.52 |
| HPPCL | - | - | 384.29 | 136.29 |
| Solar IPPS and Others (SECI & HPPCL) | 116.88 | 63.21 | 125.94 | 68.66 |
| Other Sources (Short term Purchase) | 24.53 | 19.38 | - | - |
| i) UI | - | - | 156.35 | 205.89 |
| ii) Banking Purchase | - | - | 2,575.55 | - |
| iii) Contingency (IEX/PXIL) | - | - | 384.75 | 286.18 |
| iv) Short Term Purchase from Traders | - | - | - | - |
| **TOTAL** | **11,440.82** | **3,020.08** | **15,600.18** | **3,980.83** |

3.4.4 The Petitioner has requested the Commission to True up the figures of Power Purchase [Quantum (MU) and Cost (Rs. Cr.)] from various Generating Stations and other sources for FY 2022-23 as per the actuals.

## 3.5 Transmission & Other Charges

3.5.1 The Petitioner has submitted that during FY23, it has paid PGCIL charges, HPPTCL charges, SLDC charges, STOA charges etc. to the tune of Rs. 700.60 Cr.

3.5.2 The details of the actual charges incurred in FY23 is given in table below:

**Table 13: HPSEBL Submission-Transmission & Other Charges for FY23 (Rs Cr.)**

| Particulars | Approved in APR Order | Provisionally Trued-up | Actual |
|---|---|---|---|
| **Transmission Charges** | | | |
| **PGCIL** | | | |
| POC Charges | 474.39 | 647.64 | 647.64 |
| PKATL Asset | 56.46 | 58.15 | 58.15 |
| Hamirpur | - | 1.06 | 1.06 |
| ULDC Charges/ PGCIl Charges | - | - | - |
| Less: GoHP free Power Recovery | - | 171.01 | 171.01 |

| Particulars | Approved in APR Order | Provisionally Trued-up | Actual |
|---|---:|---:|---:|
| Arrear POC charges PGCIL | - | - | - |
| Less: Rebate | - | - | - |
| Net PGCIL Charges | **530.85** | **535.85** | **535.85** |
| **HPPTCL Charges** | | | |
| STU Charges | 34.79 | 35.01 | 35.01 |
| Kashang Bhaba | 0.98 | - | - |
| ADPHL | 1.04 | 6.07 | 6.07 |
| Phojal | 3.20 | 2.57 | 2.57 |
| Bhoktoo | 5.96 | 5.96 | 5.96 |
| Chambi | 12.25 | 36.59 | 36.59 |
| Pandoh | 8.70 | - | - |
| MalanaBajaura line to MPCL | 0.34 | - | - |
| Arrear to HPPTCL | **-** | - | - |
| **Total HPPTCL Charges** | **67.25** | **86.20** | **86.20** |
| SLDC Charges | 4.49 | 3.81 | 3.81 |
| STOA Charges | 24.81 | 35.71 | 35.71 |
| **Sub-Total –A** | **627.41** | **661.58** | **661.58** |
| Other Charges | **-** | - | - |
| Trading Margin-Banking | **-** | 10.04 | 10.04 |
| UPPTCL Charges | **-** | 3.43 | 3.43 |
| Bhudil Hydro Trans, Charges | **-** | 0.97 | 0.97 |
| Kanchanjunga Power Company Pvt. Ltd. | **-** | 0.43 | 0.43 |
| Power Grid Charges | **-** | 2.82 | 2.82 |
| Malana Wheeling charges paid | **-** | 3.28 | 3.28 |
| Other Charges | - | - | - |
| **Sub-Total –B** | - | 20.97 | 20.97 |
| **Total- (A+B)** | **627.41** | **682.55** | **682.55** |
| **Add: REC Charges (Excluded from A&G Expenses)** | **-** | 18.05 | 18.05 |
| **Grand Total- (A+B+REC Charges)** | **-** | **700.60** | **700.60** |

3.5.3 The Petitioner has submitted that it has detailed the reconciliation for STOA charges and Trading margin and has submitted the same with the Petition. The total Power purchase cost for FY23 has been summarized by the Petitioner in the table below:

**Table 14: HPSEBL Submission-Total Power Purchase Cost for FY23 (Rs Cr.)**

| Particulars | Provisionally Trued up | Actual |
|---|---:|---:|
| Power Purchase Cost (excluding own Generation) | 3,717.46 | 3,717.91 |
| PGCIL/CTUIL | 535.85 | 535.85 |
| HPPTCL | 86.20 | 86.20 |
| SLDC Charges | 3.81 | 3.81 |
| STOA Charges | 35.71 | 35.71 |
| Other Charges | 20.97 | 20.97 |

| **Particulars** | **Provisionally Trued up** | **Actual** |
|---|---|---|
| REC Charges | 18.05 | 18.05 |
| **Power Purchase Cost (Including Transmission and Other Charges)** | **4,418.05** | **4,418.51** |
| Add. Own Generation | 262.92 | 262.92 |
| Less: Disallowance of addl. DSM Charges | (6.77) | - |
| **Total Power Purchase Cost (Including Own Generation)** | **4,674.21** | **4,681.43** |

3.5.4 Further, the Petitioner has reconciled the Power purchase cost (excluding own generation) with the accounts. Banking being a cashless transaction, the notional cost of Banking Power purchase considered in the accounts has been excluded from the total Power purchase cost. The reconciliation of Power purchase cost is given in the following table:

**Table 15: HPSEBL Submission- Reconciliation of Power Purchase Cost with Audited Accounts for FY23 (Rs Cr.)**

| **Particulars** | **As per Accounts** | **As submitted** |
|---|---|---|
| Power Purchase Cost | 4,402.14 | - |
| *Less: LADF Provision (DoE)* | 2.12 | |
| **Power Purchase Cost (including transmission & other charges)** | **4,400.02** | **4,400.46** |
| Less: Banking Power purchase | | - |
| **Power Purchase Cost** | **4,400.02** | **4,400.46** |
| Add: Variation | 0.45 | - |
| **Power Purchase Cost** | **4,400.46** | **4,400.46** |

3.5.5 The Petitioner has further submitted that the difference in Power Purchase Cost and those booked in Power Purchase sheet is due to rounding off. The detail of the same is presented in the following table:

**Table 16: HPSEBL Submission - Details of variation as per Annual Accounts FY 2022-23(Rs. Cr.)**

| **Particulars** | **BP No/ Customer No** | **Difference** | **Remarks** |
|---|---|---|---|
| M/s Adani Enterprises Ltd. | 1000511 | 0.17 | The account of the Customer was closed during FY 21-22. However, the amount was reflected in the account as payable which has been deducted to balance the accounts |
| PTC India Ltd. | 1000061 | 0.16 | The amount has been shown as payable as well as receivable. |
| CTUIL | 1000602 | 0.1 | Rounding and payment recoverable amount of RLDC charges from GOHP. |
| **Total** | | **0.44** | |

3.5.6 The Petitioner has submitted that it has claimed Power Purchase cost as per details submitted in the Form 4a and reconciled with the annual accounts. The detailed reconciliation sheet for Power purchase cost, revenue from sale of Power outside the State has been submitted by the Petitioner.

3.5.7 The Petitioner has requested the Commission to True up the figures of Transmission and Other Charges (Rs. Cr.) for FY23 along with the Power Purchase Cost as per actuals.

## 3.6 Energy Balance

3.6.1 The Petitioner has submitted that based on the actual Power purchase & sales, the revised energy balance for FY23 is given in the following table:

**Table 17: HPSEBL Submission - Energy Balance for FY23**

| Sl. | Name of the Plant | Provisionally Trued-Up (MU) | Actual (MU) |
|---|---|---|---|
| A | Units Procured from Interstate- Generating Stations (including free Power stations connected to ISTS) | 7,724.46 | 7730.19 |
| B | Banking Purchase at ISTS | 2,575.55 | 2575.55 |
| C | Interstate Transmission Loss (%) | 3.61% | 3.69% |
| D | Transmission Loss (MUs) | 372.18 | 380.59 |
| E | **Net Energy Available at Periphery** | **9,927.83** | **9925.15** |
| F | **Power Available within the state (i+ii+iii)** | **4,753.35** | **4753.35** |
| | (i) State Generating Stations | 2,048.33 | 2048.33 |
| | (ii) GoHP Power (own generation & IPPs) | 360.47 | 360.46 |
| | (iii) IPPs | 2,344.56 | 2344.56 |
| G | **Power from Other Sources (i+ii)** | **541.89** | **541.1** |
| | (i) UI Power | 156.36 | 156.35 |
| | (ii) IEX/PXIL | 385.53 | 384.75 |
| | (iii) short term Power | - | |
| H | **Total Energy Available (E+F+G)** | **15,223.07** | **15219.6** |
| I | **Energy Sales within the state** | **10,955.73** | **10955.7** |
| J | **Inter-state Sale of Power (i+ii+iii)** | **2,969.18** | **2969.18** |
| | (i) Sale of Power (including UI, Bilateral & IEX/PXIL) | 657.82 | 657.82 |
| | (ii) Banking | 2,311.36 | 2311.36 |
| | (iii) RE sale | - | |
| K | Total Energy Available for sale (I+J) | 13,924.91 | 13924.91 |
| L | **T&D loss (in MUs) (H-K)** | **1,298.16** | **1294.68** |
| M | Total Energy Available for sale within the state (H-J) | 12,253.89 | 12250.41 |
| O | **Energy available at Discom periphery** | **12,253.89** | **12250.4** |
| P | **T&D loss (%) = (1-I/O) X 100** | **10.59%** | **10.57%** |

3.6.2 The Petitioner has submitted that the overall T&D loss level of HPSEBL based on actual sales and Power purchase is 10.57% against the approved target of 9.70% in the MTR Order dated 29$^{th}$ March, 2022 for FY 2022-23. However, the Commission in its provisional True up dated 15$^{th}$ March, 2024 has Trued up the overall T&D loss to 10.59%. The Regional Energy Accounts for 4$^{th}$ Quarter were received by the Petitioner during December, 2023 and accordingly the revised T&D loss was claimed vide additional submission dated 16$^{th}$ January, 2024. However, the same could not be done due to various reasons as mentioned in True Order dated 15$^{th}$ March, 2024. The Commission in the clarificatory Order dated 9$^{th}$ October, 2024 vide clause No.

11 has made it clear that on the issue related to Regional Energy Account (REA for short), the same can be settled at the time of final True up for consideration of any remaining months of REA. Accordingly, the Petitioner has requested to approve energy balance and T&D Loss as per actual.

## 3.7 Transmission & Distribution loss

3.7.1 The Petitioner has submitted that the Commission had approved the Transmission & Distribution (T&D) loss targets for HPSEBL during the 4$^{th}$ MYT Control Period (FY 2019-20 to FY 2023-24) vide MYT Order dated 29$^{th}$ June, 2019. The comparison of actual achievements vis-à-vis approved targets for 4$^{th}$ MYT Control Period is as per following table:

**Table 18: HPSEBL Submission - Transmission & Distribution loss for FY 2022-23 (%)**

| Particulars | FY 2019-20 | FY 2020-21 | FY 2021-22 | FY 2022-23 | FY 2023-24 |
|---|---|---|---|---|---|
| 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% | 0.00% | 0.00% |
| Adjusted T&D loss target | 10.30% | 13.10% | 10.90% | 9.70% | 9.50% |
| Actual / T&D Losses Achieved | 12.04% | 13.95% | 12.59% | 10.57% | 10.32* |
| **Approved (Trued up T&D Losses)** | **10.30%** | **13.10%** | **12.70%** | **--** | **NA** |

**Provisional True up (The Petitioner has submitted that quantum of Power purchase is based on the Regional Energy Accounts (REA) received till date of filling. The REA accounts for Jan-24 to Mar-24 is provisional and may change on receipt of final REA NRPC. It is prayed to allow additional submission of REA after receipt from the respective authorities.)*

## 3.8 Penalty for under-achievement of T&D Loss

3.8.1 The Petitioner has submitted that, Regulation 15 of HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) (Second Amendment) Regulations, 2013, specifies the mechanism for pass-through of gains or losses on account of variations in the distribution loss. The amended Regulation 15 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.*

*(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."*

3.8.2 The Petitioner has submitted that the overall loss resulting from the under-achievement of T&D loss for FY 2022-23 against the target of 9.70% is computed in the following table:

**Table 19: HPSEBL Submission - Loss on account of under-achievement of T&D Loss for FY 2022-23 (MUs)**

| Sl. | Particulars | Provisional True up | Actual |
|---|---|---|---|
| A | Energy Sales within state (MU) | 10,955.73 | 10,955.73 |
| B | T&D Losses (%) | 9.70% | 9.70% |
| C | Power Purchased to meet the state requirement (MU) | 12,132.59 | 12,132.59 |
| D | Inter – State Sale (MU) (i+ii+iii) | | |
| (i) | For Banking arrangements (MU) | 2,311.36 | 2,311.36 |
| (ii) | For Sale of Power (including UI, Bilateral & IEX/PXIL) (MU) | 657.82 | 657.82 |
| (iii) | For RE sale (MU) | - | - |
| E | Total Power Purchase Quantum Approved at State Periphery (MU) (C+D) | 15,101.77 | 15,101.77 |
| F | Actual Power Purchase Quantum at State Periphery (MU) | 15,223.07 | 15,219.59 |
| **G** | **No. of units (MU) (E-F)** | **(121.30)** | **(117.82)** |

3.8.3 The Petitioner has submitted that during FY 2022-23, in the Kullu Circle, the HPSEBL has procured total of 445 MUs from various IPPs (26 No.) in the region at 11kV & 33kV supply voltage. The detail of Power procurement from various IPPs has also been submitted by the Petitioner. The Petitioner has further submitted that, out of total 445 MUs, 199.95 MUs have been consumed and the rest of 245.15 MUs have been wheeled out of the Circle. The month-wise energy generation and consumption from IPPs in the Kullu Circle is as per the following Table. The Petitioner has also submitted that from the month wise generation and consumption data, it is evident that during the year, Kullu Circle wheeled the energy out of the Circle which resulted into additional losses in the Kullu Circle which are estimated as under:

**Table 20: HPSEBL Submission - Loss on account of IPPs energy wheeled under Kullu Operation Circle for FY23**

| Month | Generation (in MUs) | Energy Consumed (in MUs) | Energy Wheeled (in MUs) | T&D Losses Claimed (@6%) | Remarks |
|---|---|---|---|---|---|
| April | 42.66 | 17.3 | 25.36 | 1.52 | Excess energy was wheeled out of the Circle for which additional losses were incurred by HPSEBL. |
| May | 44.52 | 19.15 | 25.37 | 1.52 | |
| June | 41.57 | 19.05 | 22.52 | 1.35 | |
| July | 54.34 | 22.25 | 32.09 | 1.93 | |
| August | 57.86 | 18.85 | 39.01 | 2.34 | |
| September | 52.23 | 17.89 | 34.34 | 2.06 | |
| October | 42.68 | 18.49 | 24.19 | 1.45 | |
| November | 28.98 | 16.32 | 12.66 | 0.76 | |

| Month | Generation | Energy Consumed | Energy Wheeled | T&D Losses Claimed | Remarks |
|---|---|---|---|---|---|
| | (in MUs) | (in MUs) | (in MUs) | (@6%) | |
| December | 20.48 | 12.36 | 8.12 | 0.49 | |
| January | 17.56 | 10.96 | 6.6 | 0.4 | |
| February | 18.89 | 12.09 | 6.8 | 0.41 | |
| Match | 23.31 | 15.24 | 8.07 | 0.48 | |
| **Total** | **445.1** | **199.95** | **245.15** | **14.71** | |

3.8.4 The Petitioner has submitted that the surplus generation available in the Kullu Circle was wheeled at 33kV and additional losses have been incurred by HPSEBL due to the generation from these IPPs at 33kV. The HPSEBL has helped the IPPs for evacuation of their Power but due to this, HPSEBL needs to be compensated for the losses incurred on account of wheeling of this additional Power from the IPPs.

3.8.5 The Petitioner has requested the Commission to consider around 14.71 MUs in the overall T&D losses for FY 2022-23 on account of Wheeling of surplus Power from various IPPs in the Kullu Circle of HPSEBL.

3.8.6 The Petitioner has further requested the Commission to consider the losses of 14.71 MUs for working out penalty for underachievement of T&D losses by considering the underachievement as 103.11 MUs (117.82 MUs -14.71 MUs).

**Table 21: HPSEBL Submission - Calculation of Penalty for under achievement of T&D losses**

| Sr. No. | Particulars | Unit | Provisionally Trued up | Actual |
|---|---|---|---|---|
| A | No. of units | MU | 121.3 | 103.11 |
| | | | | |
| B | Cost of Power for over-achievement | | | |
| (i) | Cost of Power Purchased from Other than own sources | Rs. Cr. | 3,560.71 | 3486.37 |
| (ii) | Quantum of Power purchased from other than own sources | MU | 10,971.37 | 10976.3 |
| (iii) | Less: PGCIL Losses | MU | 372.18 | 380.59 |
| (iv) | Net Power Purchase (ii-iii) | MU | 10,599.19 | 10595.7 |
| C | Cost of Power Purchase from Other than own sources (i x 10 / iv) | Rs. /kWh | 3.66 | 3.29 |
| **D** | **Disincentive on account of under-achievement in T&D loss (A x C x 60% /10)** | **Rs. Cr.** | **24.45** | **20.36** |

3.8.7 The Petitioner has submitted that the total Power purchase cost approved in Tariff Order for FY 2022-23 as compared with HPSEBL's submission for the True up of FY 2022-23 is summarized in the following table:

**Table 22: HPSEBL Submission - Power Purchase Cost (including penalty) for FY 2022-23 (Rs. Cr.)**

| Particulars | Approved in MPR Order | Provisionally Trued up | Actual |
|---|---|---|---|
| Power Purchase Expenses | 3,020.07 | 3,980.38 | 3,980.83 |
| PGCIL Charges | 530.85 | 535.85 | 535.85 |
| Short Term Open Access Charges | 24.81 | 35.71 | 35.71 |
| HPPTCL Charges | 67.25 | 86.20 | 86.20 |
| SLDC Charges | 4.49 | 3.81 | 3.81 |
| Other Charges | - | 20.97 | 20.97 |
| REC Charges | - | 18.05 | 18.05 |
| Total Power Purchase | 3,647.48 | 4,680.98 | 4,681.43 |
| **Adjustment in PP cost on account of underachievement/overachievement** | **-** | **(24.45)** | **(20.36)** |
| **Disallowance of Additional DSM Charges** | **-** | **(6.77)** | **-** |
| **Net Power Purchase Expense** | **3,647.48** | **4,649.76** | **4,661.08** |

3.8.8 The Petitioner has requested the Commission to approve the actual Power purchase and allow the cost without considering penalty.

## 3.9 Employee Cost

3.9.1 The Commission in MYT Order dated 29th June, 2019 had approved the Employee cost of the HPSEBL for the distribution function as Rs. 2052.36 Cr. Further, the Commission in MPR Order dated 29th March, 2022 had approved the same expenses for Employee cost as approved in MYT Order.

3.9.2 The Petitioner has submitted that the total Employee expenses pertaining to the HPSEBL for all businesses as per the annual accounts are Rs. 2528.308 Cr (Distribution Rs. 2418.55 Cr and Generation Rs. 109.83 Cr) (Net Employee cost after adjustment).

3.9.3 Further, the Petitioner has submitted that the Commission in its MYT Order dated 29th June, 2019 had disallowed the "Return on GoHP Equity" of Rs. 47.50 Cr., "Pension Contribution of Generation Employees (tentative)" of Rs. 12.72 Cr. and "Pension Contribution of BVPCL, Projects & S&I Employees" of Rs. 4.87 Cr. In this regard, the Petitioner has submitted the following:

i. The HPSEBL has considered the disallowance of amount of Rs. 47.50 Cr. towards "Return on GoHP Equity" as approved by the Commission in the MYT Order. However, the HPSEBL has requested the Commission to allow this ROE for their utilisation as per prudent financial management as HPSEBL requires equity for financing the CAPEX which can be met through the reinvestment of Return on Equity.

ii. The HPSEBL is a vertically integrated utility engaged in the business of Generation and Distribution 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 businesses, but they are part of the HPSEBL and cannot be parted or shown separately. Further, HPSEBL has submitted that the amount of Rs. 4.87 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.

3.9.4 The Employee cost submitted by the Petitioner for the FY23 is summarized in the table below:

**Table 23: HPSEBL Submission - Employee Expense for FY23 (Rs. Cr.)**

| Sr. No. | Particulars | Approved in APR | Provisional True up | True up | Generation | Total as per Balance Sheet |
|---|---|---|---|---|---|---|
| **A)** | **Salaries & Allowances** | | | | | |
| | Salaries (Basic) + Dearness Pay | | | 580.83 | 69.90 | 650.73 |
| | Merger of DA with Basic (Proposed) | | | - | - | - |
| | Grade pay | | | - | - | - |
| | DA | | | 189.36 | 25.38 | 214.74 |
| | Employee Arrears - 6th Pay Commission | | | - | - | - |
| | Other Allowances | | | 23.71 | 2.36 | 26.07 |
| | Overtime | | | 4.97 | 3.43 | 8.40 |
| | Bonus | | | - | - | - |
| | **Salaries – Total** | | | **798.87** | **101.07** | **899.94** |
| **B)** | **Other Staff Cost** | | | | | |
| | Medical Expense Reimbursement | | | 6.16 | 1.04 | 7.20 |
| | Fee & Honorarium | | | - | - | - |
| | Earned Leave Encashment | | | 402.60 | 6.15 | 408.75 |
| | Salary/Wages of Outsourced/Contractor. | | | 74.39 | 2.21 | 76.60 |
| | Leave Salary Contribution | | | - | - | - |
| | Payment under Workmen's Compensation | | | 1.08 | - | 1.08 |
| | LTC | | | - | - | - |
| | Staff Welfare Expenses | | | 0.05 | 0.01 | 0.06 |
| | **Other Staff Cost – Total** | | | **484.28** | **9.41** | **493.69** |
| | **Total Salary Cost and Other Staff Cost** | **1141.35** | **1265.51** | **1,283.15** | **110.48** | **1,393.63** |
| **C)** | **Terminal Benefits** | | | | | |
| | Provident Fund Contribution | | | - | - | - |
| | Superannuation Boards Contribution | | | 1.19 | - | 1.19 |
| | Pension – Base | | | 1,208.21 | - | 1,208.21 |

| Sr. No. | Particulars | Approved in APR | Provisional True up | True up | Generation | Total as per Balance Sheet |
|---|---|---|---|---|---|---|
| | Pension-Commuted Value | | | 90.53 | - | 90.53 |
| | Pension - 6th Pay Commission Arrears | | | - | - | - |
| | Gratuity | | | 518.90 | - | 518.90 |
| | Any other Items (MRC to pensioners, benevolent fund Ex-gratia, GIS and DLI & others) | | | 29.75 | - | 29.75 |
| | Employee Contribution towards CPS | | | 40.77 | - | 40.77 |
| | **Terminal Benefits – Total (C)** | **1026.6** | **1889.34** | **1,889.34** | - | **1,889.34** |
| **D)** | **Gross Employee Cost (A+B+C)** | **2167.95** | **3154.85** | **3,172.49** | **110.48** | **3,282.97** |
| **E)** | Less: Employee Cost Capitalisation | 50.49 | 56.31 | 57.72 | 0.65 | 58.37 |
| **F)** | Less: Employee Attrition Impact | - | - | - | - | - |
| **G)** | **Total Employees Cost (D-E-F)** | **2117.46** | **3098.54** | **3,114.77** | **109.83** | **3,224.60** |
| **H)** | Less Provision:- Terminal Benefits | - | - | - | - | - |
| | Less Provision:- ADA | - | - | - | - | - |
| | Less Provision:- 6th pay Commission | - | - | - | - | - |
| | Less: Prov. Actuarial Evaluation Gratuity | - | 378.93 | 378.93 | - | 378.93 |
| | Less: Prov. Actuarial Evaluation leave encashment | - | 317.29 | 317.29 | - | 317.29 |
| | **Total Provision Less :-** | - | **696.22** | **696.22** | **-** | **696.22** |
| **I)** | **Less: Return on Equity, pension contribution on deputation, generation Employees, BVPCL, Projects and S&I Employees** | **65.09** | **65.09** | **60.22** | **-** | **-** |
| | Return on GOHP Equity approved for Generation and Distribution | 47.5 | 47.5 | 47.50 | - | - |
| | Pension Contribution of Generation Employees(tentative) | 12.72 | 12.72 | 12.72 | - | - |
| | Pension Contribution of BVPCL, Projects & S&I Employees | 4.87 | 4.87 | - | - | - |
| | **Net Employee Cost(G-H-I)** | **2052.37** | **2337.23** | **2,358.33** | **109.83** | **2,528.38** |
| | Add. Provision of DA | - | 36.81 | 36.81 | - | - |

| Sr. No. | Particulars | Approved in APR | Provisional True up | True up | Generation | Total as per Balance Sheet |
|---|---|---|---|---|---|---|
| | deducted in True up for FY 2021-22 and paid during FY 2022-23 | | | | | |
| | **Net Employee Cost after adjustment** | **2052.37** | **2374.54** | **2,395.14** | **109.83** | **2,528.38** |

**The Commission had not allowed the amount of Rs. 72.10 Cr during True up of FY22 in view of the provision created for payment towards terminal benefits and DA arrear under Employee cost for FY22 but was reversed during FY23 (1.04.2023) with the direction that same shall be considered at the time of Truing up for FY 2023 based on actual payment made by the HPSEBL. Now an amount of Rs. 36.81 Cr. has been paid to the pensioners. HPSEBL has requested the Commission to consider the amount paid in the True up of FY 2022-23.*

3.9.5 The Petitioner has requested the Commission to True up the figures of Employee cost for FY 2022-23 as per actuals.

### 3.10 Repair & Maintenance (R&M) Expense

3.10.1 The Petitioner has submitted that total R&M expenses amounting to Rs. 159.81 Cr. (Rs. 129.07 Cr. in Distribution and Rs. 30.74 Cr. in Generation) are booked under the accounts. The Commission had approved the R&M expenses of Rs. 112.91 Cr. in MYT Order dated 29$^{th}$ June, 2019 and had retained the same in MPR Order dated 29$^{th}$ March, 2022.

3.10.2 The R&M expenses submitted by the Petitioner for the FY23 are summarized in the table below:

**Table 24: HPSEBL Submission- Repairs and Maintenance Expenses for FY23 (Rs. Cr.)**

| SL. No | Particulars | Approved ARR | Provisional True up | True up | Gen | Total as per Balance Sheet |
|---|---|---|---|---|---|---|
| **A)** | **R&M Cost** | | | | | |
| | Plant & Machinery | | | 0.74 | 15.42 | 16.16 |
| | Buildings | | | 2.23 | 2.53 | 4.76 |
| | Civil Works | | | 0.95 | 7.93 | 8.88 |
| | Hydraulic Works | | | 0.16 | 6.45 | 6.61 |
| | Lines, Cables Networks | | | 68.67 | 1.1 | 69.77 |
| | Vehicles | | | 1.48 | 0.1 | 1.58 |
| | Furniture & Fixtures | | | 0.03 | 0 | 0.03 |
| | Office Equipment | | | 0.41 | 0.02 | 0.44 |
| | Other i.e. cost of vehicle other than vehicle | | | - | - | - |
| | **R&M Cost - Total (A)** | | | **74.67** | **33.6** | **108.24** |
| **B)** | Any other Items (Reallocated to Capital Works) | | | - | - | - |
| **C)** | **R&M Costs (A-B)** | **77.44** | **77.44** | **74.67** | **33.6** | **108.24** |
| **D)** | **Cost Reallocated** | | | | | |
| | Less: Cost Reallocated to Employee Cost and A&G | - | - | - | - | - |

| SL. No | Particulars | Approved ARR | Provisional True up | True up | Gen | Total as per Balance Sheet |
|---|---|---|---|---|---|---|
| | Expenses | | | | | |
| | Less: Cost Reallocated to Depreciation | | | - | - | - |
| | Less: Cost Reallocated for Recovery of cost of vehicle from O&M and other units | | | - | - | - |
| | **Total Cost Reallocated** | - | - | - | - | - |
| | Provisional amount towards data center approved in MYT Order dated 29.06.2019 | 20 | IT Related expenses for FY 22-23: 43.97 + IT related expenses prior period 7.6; Total 51.57 | 51.57 | 0 | 51.57 |
| | **Net R&M Expenses(C-D)** | **112.91** | **129.01** | **126.24** | **33.6** | **159.81** |

3.10.3 The Petitioner has requested the Commission to True up the figures of R&M expenses for FY 2022-23 as per actuals.

## 3.11 Administrative and General (A&G) Expenses

3.11.1 The Petitioner has submitted that the total A&G expenses amounting to Rs. 96.62 Cr. (Rs. 93.24 Cr. in Distribution and Rs. 3.38 Cr. in Generation) are booked under accounts. Further, the Petitioner has submitted that additional A&G expenses incurred by HPSEBL are in the nature of A&G expenses which may be allowed in the True up of A&G expense.

3.11.2 The Commission has approved the A&G expenses of Rs. 51.95 Cr. in MYT Order dated 29th June, 2019. Further, in the MPR Order dated 29th March, 2022, the Commission had approved Rs. 60.97 Cr. on account of A&G expenses.

3.11.3 The Petitioner has submitted the actual A&G expenses for Distribution Business in comparison to the approved expense for FY23, as summarized in the table below:

**Table 25: HPSEBL Submission- Administrative and General Expenses for FY23 (Rs. Cr.)**

| Particulars | Approved in APR | Provisional True up | True up | Generation | Total as per Balance Sheet |
|---|---|---|---|---|---|
| **Administration Charges** | | | - | - | - |
| Rent, Rates & Taxes | | | 2.96 | - | 2.96 |
| Statutory Dues | | | 3.78 | - | 3.78 |
| Rental charges against smart metering project | | | 17.77 | - | 17.77 |
| Telephone, Postage & Telegrams | | | 2.70 | 0.19 | 2.89 |

| Particulars | Approved in APR | Provisional True up | True up | Generation | Total as per Balance Sheet |
|---|---|---|---|---|---|
| Consultancy Charges | | | 0.65 | - | 0.65 |
| Conveyance & Travel | | | 9.53 | 0.85 | 10.38 |
| Regulatory Expenses | | | 2.49 | - | 2.49 |
| Licensee fee Distribution & Transmission payable to HPERC | | | 2.01 | - | 2.01 |
| Income Tax Updating Charges | | | 0.12 | 0.03 | 0.15 |
| Consumer Redressal Forum | | | 0.83 | - | 0.83 |
| Insurance | | | 0.13 | 0.02 | 0.15 |
| Purchase Related Expenses & Other Charges | | | 0.81 | - | 0.81 |
| IT and other Initiatives | | | - | - | - |
| **Sub Total-Administration Charges (A)** | | | **43.78** | **1.09** | **44.87** |
| **Other Charges** | | | | | |
| Fees & Subscriptions, Books & Periodicals | | | 0.61 | 0.01 | 0.62 |
| Printing & Stationery | | | 2.02 | 0.09 | 2.11 |
| Advertisement Expenses | | | 0.61 | 0.02 | 0.63 |
| Electricity Charges | | | 8.13 | 0.63 | 8.76 |
| Water Charges / Cold weather expenses | | | 0.40 | 0.01 | 0.41 |
| Legal Charges | | | 5.93 | 0.05 | 5.98 |
| Audit Fee | | | 0.01 | - | 0.01 |
| Statutory Audit Fee | | | 0.18 | - | 0.18 |
| Internal Audit Fee | | | - | - | - |
| Expenditure on Gift/ Presentation | | | 0.01 | - | 0.01 |
| Entertainment Charges | | | 0.14 | - | 0.14 |
| Training to Staff | | | 0.36 | - | 0.36 |
| Fees for SAS Examination | | | - | - | - |
| Public Interaction Program | | | 0.39 | - | 0.39 |
| Contribution/Donations | | | - | - | - |
| Expenditure on providing cost free CFL bulb domestic consumer | | | - | - | - |
| Exp.Incurred on capacity building for Poverty Reduction | | | - | - | - |
| Expenses on Purchase of REC | | | 18.05 | - | 18.05 |
| Public Expenses / Other professional charges | | | 0.39 | 0.11 | 0.50 |
| Expenditure related to High level Committee | | | - | - | - |
| Expenditure related to high level committee for formulation of Power policy-other expenses | | | - | - | - |
| Exp. On GIS/Gloval Position | | | 0.88 | - | 0.88 |
| Transaction Charges to SCAs for collection of energy bills | | | 2.47 | - | 2.47 |

| Particulars | Approved in APR | Provisional True up | True up | Generation | Total as per Balance Sheet |
|---|---|---|---|---|---|
| Compensation paid for non-compliance of Renewable Power | | | 0.01 | - | 0.01 |
| TA/DA Internal Auditor | | | - | - | - |
| TA/DA Statutory Auditor | | | - | - | - |
| Private Vehicle hire charges | | | 3.89 | 1.35 | 5.24 |
| Charges on a/c of service rendered by central board keeping agency under new pension scheme | | | 0.08 | - | 0.08 |
| Exp. On IPAVAST Connectivity Charges etc. | | | 3.16 | - | 3.16 |
| Publicity expenses | | | 0.13 | - | 0.13 |
| Providing ID to staff Vidhut Bhawan | | | - | - | - |
| Technical fees | | | - | - | - |
| Freight Material related Expenses | | | 0.01 | - | 0.01 |
| Misc. Expenses | | | 0.85 | 0.02 | 0.87 |
| Expdt. For refund of LD prior period | | | 0.75 | - | 0.75 |
| **Sub Total-Other Charges (B)** | | | **49.46** | **2.29** | **51.75** |
| **A&G - Grand Total (A+B)** | 51.95 | - | **93.24** | **3.38** | **96.62** |
| Less: Capitalisation | - | - | - | - | - |
| LESS: REC Purchase* | - | - | 18.05 | - | - |
| Add: The Arbitration Charges booked | - | - | 0.68 | - | - |
| Add: Statutory Dues payable under A&G | - | - | 0.25 | - | - |
| **Net A&G Costs** | **51.95** | **75.50** | **76.12** | **3.38** | **96.62** |

**The REC charges have already been approved and taken under Power Purchase Cost.*

*Note:*

1. *The Petitioner has submitted that an amount of Rs. 67,29,955/- & Rs. 97,867/- has been booked on account of arbitral award as per the judgments of the Hon'ble High Court and Rs. 17,700/- and Rs. 463/- as the demand draft processing charges and requested the Commission to allow the same as Legal Charges under A&G expenses.*
2. *The Petitioner further claimed GST payment of Rs.24,62,546/- chargeable on various Non-Tariff income earned by the HPSEBL and has requested to allow the same as a statutory dues payables under the A&G expenses.*

3.11.4 The Petitioner has thus submitted that the A&G expenses for FY 2022-23 had been Trued up by the Commission based on the audited balance sheet and now the CAG audited Accounts have been approved and there is no difference in respect of the A&G expenses.

3.11.5 In view of the above, the Petitioner has submitted that though it has included the above unavoidable statutory and mandatory expenses in A&G expenses, but the Commission is requested to True up the figures of A&G expenses for FY 2022-23 as per actuals.

### 3.12 Interest on Long term Loans

3.12.1 The Petitioner has submitted that it is submitting the Interest & Finance charge for Truing up to the extent of Interest on Working Capital & Interest on Consumer Security Deposit, LC charges and other Bank Charges. The True up of capitalization part of FY 2020 to FY 2024 has been filed as a part of True up of controllable parameter for $4^{th}$ MYT Control Period.

### 3.13 Interest on Working Capital

3.13.1 The Petitioner has submitted that the Rate of Interest on Working Capital has been computed based on SBI MCLR rate as on $1^{st}$ April, 2022 (i.e. 1st April of relevant Financial Year) plus 300 basis points. The SBI MCLR as on 1st April, 2022 was 7% and with 300 basis points it works out to be 10%.

3.13.2 The Petitioner has requested the Commission to approve the Interest on Working Capital for FY23 as per actuals as calculated in the table below:

**Table 26: HPSEBL Submission- Working Capital Requirement for FY23 (Rs. Cr.)**

| Particulars | Approved in MYT Order | Approved in MPR Order | True up |
|---|---|---|---|
| O&M Expenses for 1 Month | 185.52 | 214.88 | 216.46 |
| Receivables equivalent to 2 months average billing | 955 | 1057.7 | 1057.7 |
| Maintenance Spares (15% of O&M Expenses of 1 month) | 27.83 | 13.71 | 13.88 |
| Less: Consumer Security Deposit | 506.51 | 464.05 | 464.05 |
| less: One Month Power Purchase | 303.96 | 388.95 | 389.8 |
| Total Working Capital | **357.88** | **432.72** | **434.19** |
| Rate of Interest on Working Capital (%) | 10% | 10% | 10.00% |
| Interest on Working Capital | **35.79** | **43.27** | **43.42** |

### 3.14 Interest on Consumer Security Deposit

3.14.1 The Petitioner has submitted that the opening, closing, addition and Interest on Security Deposits as per annual accounts are submitted in the table below:

**Table 27: HPSEBL Submission - Interest on Consumer Security Deposit for FY23 (Rs. Cr.)**

| Particulars | Approved in MYT Order | Approved in MPR Order dated 29.3.2022 | Provisionally Trued Up | Actual |
|---|---|---|---|---|
| Opening Balance | | 473.43 | 420.75 | 420.75 |
| Addition | | 33.09 | 43.3 | 43.3 |
| Closing Balance | | 506.51 | 464.05 | 464.05 |
| Interest on Consumer Security Deposit | **31.86** | **21.1** | **18.23** | **18.23** |

3.14.2 The Petitioner has further submitted that it has paid Rs. 18.23 Cr. as Interest on Consumer Security Deposits as per annual accounts during FY 2022-23 and has requested the Commission to approve the same.

## 3.15 Interest and Finance Charges

3.15.1 The Petitioner has requested the Commission to approve the actual Interest expenses for FY23 as submitted in the table below:

**Table 28: HPSEBL Submission- Interest and Finance Charges for FY23 (Rs. Cr.)**

| Particulars | Approved in 3rd APR Order | Provisional True up | Actual |
|---|---|---|---|
| Interest on Long Term Loan | 148.24 | 148.24 | 148.24 |
| Interest on Working Capital | 35.79 | 43.27 | 43.42 |
| Interest on Consumer Security Deposit | 21.1 | 18.23 | 18.23 |
| LC Charges | 9.9 | 0.6 | 0.6 |
| Other bank Charges | - | - | 0.15 |
| **Total Interest & Finance Charges** | **215.03** | **210.34** | **210.64** |

3.15.2 The Petitioner has submitted the details of other Bank charges amounting to Rs. 0.15 Cr. as under:

**Table 29: HPSEBL Submission - Details of other bank charges FY23 (Rs. Cr.)**

| Particulars | Amount | Remarks |
|---|---|---|
| Interest on GPF | 0.08 | - |
| Bank charges between Board offices | 0.02 | Charges incurred on account of transactions made for transfer of collection amount from various branches and bank Commission for collection of amounts from consumers. |
| Bank Commission for collection from consumers | 0.04 | Misc. bank charges |
| Other bank charges | 0.02 | - |
| **Total Bank Charges** | **0.15** | |

3.15.3 In addition to the above, the Petitioner has submitted the cost of raising finance as detailed hereunder; (Total Amount -Rs.141.95 lacs as per Audited Balance Sheet for FY 2023).

A. Amount of Rs 67,29,955/- & Rs. 97,867/- has been booked by the o/o CE(ES) on account of arbitral award as per the judgments of the Hon'ble High Court and Rs. 17,700/- & Rs. 463/- as the demand draft processing charges. The Petitioner has requested the Commission to allow the same as Legal Charges under A&G expenses.

B. Amount of Rs. 41,73,542/- and Rs. 7,13,310/- has been made by the ALDC office towards expenditure made on account of sale of RE certificate. The Petitioner has requested the Commission to adjust the same with the Non-Tariff income on account of sale of RE certificate. The Petitioner has further requested the Commission to deduct this amount from Non-Tariff income since the same has been incurred by HPSBEL towards purchase of REC.

C. GST payment of Rs. 24,62,546/- chargeable on various Non-Tariff income earned by the HPSEBL. The Petitioner has requested the Commission to allow the same as a statutory dues payables under the A&G expenses.

## 3.16 Other Controllable Parameters

3.16.1 The Depreciation and Return on Equity claimed by the Petitioner for FY23 vis-a-vis approved in MYT Order are summarized in the table below:

**Table 30: HPSEBL Submission- Depreciation and Return on Equity for FY23 (Rs. Cr.)**

| Particulars | Approved in MYT Order | True up Claimed (Final True up with Controllable Parameters of FY 20 to FY 24) |
|---|---|---|
| Depreciation | 167.33 | 167.33 |
| Return on Equity | 62.74 | 62.74 |

## 3.17 Non-Tariff Income and Other Income

3.17.1 The Petitioner has submitted that the Commission in its MYT Order dated 29th June, 2019 for FY23, had approved Non-Tariff income & Other income of Rs. 134.51 Cr., while the same in the MPR Order dated 29th March, 2022 was approved as Rs. 116.88 Cr.

3.17.2 The actual Non-Tariff income submitted by the Petitioner for True up of FY23 vis-a-vis the provisionally Trued up figure as summarized in the table below:

**Table 31: HPSEBL Submission- Non-Tariff Income for FY23 (Rs. Cr.)**

| Particulars | Provisionally Trued Up | Actual FY 2022-23 | Generation | Total as per Balance Sheet |
|---|---|---|---|---|
| **Income From Investment, Fixed & Call Deposit** | - | | | |
| Interest Income from Investments | | 0.05 | - | 0.05 |
| Interest on Fixed Deposits | | 6.32 | - | 6.32 |
| Interest from Bank other than Fixed Deposit | | - | - | - |
| Income from Advance/ loan from BVPCL | | 42.79 | - | 42.79 |
| **Sub-Total: -** | | 49.16 | - | 49.16 |
| **Non-Tariff Income** | | - | - | - |
| Meter Rent/Service Line Rentals | | 1.16 | - | 1.16 |
| Recovery for theft of Power / Malpractices | | 0.75 | - | 0.75 |
| Wheeling Charges Recovery | | 21.81 | - | 21.81 |
| O&M Charges Recovery | | 2.86 | 0.80 | 3.66 |
| Peak Load Violation Charges | | - | - | - |
| Miscellaneous Charges from | | 4.39 | - | 4.39 |

| Particulars | Provisionally Trued Up | Actual FY 2022-23 | Generation | Total as per Balance Sheet |
|---|---|---|---|---|
| Consumers | | | | |
| **Non-Tariff Income – Total** | | 30.97 | 0.80 | 31.77 |
| **Other Income** | | - | - | - |
| Interest on Staff loans & Advances | | 0.05 | - | 0.05 |
| Income from Investments | | - | - | - |
| Interest on Loans & Advances to Licensees | | - | - | - |
| Interest on Loans and Advances to Lessors | | - | - | - |
| Interest on Advances to Suppliers / Contractors | | 0.01 | - | 0.01 |
| Income from Trading (Other than Electricity) | | 6.29 | 0.17 | 6.46 |
| Gain on Sale of Fixed Assets | | - | - | - |
| Income fee collected against Staff Welfare Activities | | 0.80 | 0.01 | 0.81 |
| Miscellaneous Receipts | | 25.15 | 1.30 | 26.45 |
| Delayed Payment Charges from Consumers* | | 47.86 | - | 47.86 |
| Delayed Payment Charges from PGCIL | | - | - | - |
| Interest on Banks (other than on Fixed Deposits) | | 1.04 | - | 1.04 |
| Recovery of Investigation & Survey Charges | | - | - | - |
| Amortization of Govt. grants | | 112.39 | - | 112.39 |
| Subsidies against loss on account of flood & other | | 2.00 | - | 2.00 |
| Prior Income | | 536.21 | 0.89 | 537.10 |
| Subsidies from State Govt. (General) | | - | - | - |
| **Other Income – Total** | | 731.80 | 2.37 | 734.17 |
| **Total Non-Tariff Income & Other Income** | | 811.93 | 3.17 | 815.10 |
| **Less: Income not considered** | | | | |
| i) Interest Income from Investments | - | 0.05 | - | 0.05 |
| ii) Interest on Fixed Deposits | | 6.32 | - | 6.32 |
| iii) Income from Advance/ loan from BVPCL | | 42.79 | - | 42.79 |
| iv) Delayed Payment Charges from Consumers* | | 47.86 | - | 47.86 |
| v)Interest on Banks (other than on Fixed Deposits) | | 1.04 | - | 1.04 |
| vi) Amortization of Govt. grants | | 112.39 | - | 112.39 |
| vii) Prior Income | | 536.21 | - | 536.21 |
| viii) Expenditure incurred under REC Purchase | | 0.49 | - | 0.49 |
| **Sub-total of amount not considered** | - | **747.15** | - | **747.15** |

| Particulars | Provisionally Trued Up | Actual FY 2022-23 | Generation | Total as per Balance Sheet |
|---|---|---|---|---|
| **Net Non-Tariff Income & Other Income** | **68.07** | **64.78** | **3.17** | **67.95** |

3.17.3 As discussed above, the Petitioner has submitted amount of Rs. 41,73,542/- and Rs. 7,13,310/-made by the ALDC office towards expenditure on account of sale of RE certificate and has requested to the Commission that the same may be adjusted with the Non-Tariff income. The Petitioner has also requested to adjust the same under Misc. Receipts under Non-Tariff income since the GST has been paid on account of sale of RE certificates instead of bank charges.

3.17.4 Further, the Petitioner has submitted that it has not considered the Delayed Payment Surcharge from Consumers in Non-Tariff income. Also, the Petitioner is not claiming expenses on capitalisation of works carried out through Consumer contribution, Deposit works, Grants and Capital subsidy as per HPERC Tariff Regulations. Therefore, expenses toward amortisation of Grants have also not been considered in the Non-Tariff income.

## 3.18 Miscellaneous written-off

3.18.1 The Petitioner has submitted that in FY23 it has incurred an expense of Rs. 80.60 Cr. towards Misc. losses & write off. The Petitioner submitted that the Commission neither allowed nor discussed Misc. written-off in its Tariff Order dated 15th March, 2024. The Petitioner vide clarificatory Petition No. 185 of 2024 had sought clarification on this issue of disallowance and the Commission in clarificatory Order dated 9th October, 2024 has issued the clarification as under:

*"13. With respect to the miscellaneous written off amounting to Rs. 80.63 Crore, the information /clarifications provided, as part of response to the query of the Commission, were not adequate. In case the Petitioner is able to establish during the final True up that the expenditure incurred is as per the Regulations, the same may considered at the time of final True up and no assurance in this regard can be given at this stage."*

3.18.2 Accordingly, the Petitioner has submitted the final details of Miscellaneous Loss and written off in the table below as per balance sheet:

**Table 32: HPSEBL Submission- Misc. written off for FY23 (Rs. Cr.)**

| Particulars | Provisional True up FY 23 | True up | Generation | Total as per Balance Sheet |
|---|---|---|---|---|
| Cost Variance | | - | - | - |
| Bad& Doubtful debts written off/ provided for | | - | - | - |
| Misc. Losses & write off | | (9.38) | 0.98 | (8.40) |
| Write off to Scrap Account | | 88.82 | 0.62 | 89.40 |
| Extra ordinary debit (Including subsidies against Loss | | 1.21 | - | 1.20 |
| **Total** | **-** | **80.64** | **1.61** | **82.30** |

3.18.3 The Petitioner has submitted that the total amount as per balance sheet towards Misc. Written off is Rs. 82.3 Cr. out of which Rs. 80.6 Cr. is for Distribution Business and Rs. 1.6 Cr. is towards Generation business.

3.18.4 The brief description / details are as under:

**Table 33: HPSEBL Submission - Brief detail of written off for FY 2022-23 (Rs. Cr.)**

| SN | Office | Amount | Rationale |
|---|---|---|---|
| 1 | AO-Pension | 30.93 | It is informed that the provision made on 31st March, 2023 to the tune of Rs.30.93 Cr. pertains to the Leave Salary Contribution and Pension Contribution booked /accounted for on **accrual basis** in different years and the same was already decreased from Employee cost in the respective years. Therefore, the same needs to be passed through in the True up Petition. |
| 2 | A&R (On behalf of MM & field units) | 19.81 | i) Rs. 10.12 (Advance Rs. 6.07+ 4.05) on account of provision made for Amount received from Reliance Jio on behalf of CE (MM) which has already been taken as Non-Tariff Income<br>ii) Rs. 9.69 Cr on a/c less provision made by field units on a/c of permanent defaulter on account of energy charges. |
| 3 | CE(Comm.)/IT | 4.16 | Prov. on account of Contractor Liability, Other Debtors, Statutory Dues |
| **G. Total** | | **54.90** | |

3.18.5 The Petitioner has submitted that expenditure pertains to price difference of stock, revaluation of stock, bad debts written off. loss of material, capital expenditure written off, stock obsolesce, sale of scrap etc. and are incurred in due course of business and therefore the same are required to be passed through in the Tariff. Hence, the Petitioner has requested the Commission to approve the misc. written off amount as per actual.

## 3.19 Prior Period Expenses

3.19.1 **Employee cost relating to previous year**: The Petitioner has submitted that the Commission has not allowed the amount of Rs. 72.10 Cr. during True up of FY22 in view of the provision created for payment towards terminal benefits and DA arrears under Employee cost for FY22 but was reversed during FY23 (1.04.2023) with the direction that same shall be considered at the time of Truing up for FY 2022-23 based on actual payment made by HPSEBL. Now an amount of Rs. 36.81 Cr. has been paid to the pensioners. The Petitioner has requested to consider the amount paid in the True up of FY 22-23.

3.19.2 **Additional past period adjustment**: The Petitioner has submitted that it had taken up the matter with State Government to refund an amount of Rs. 5.22 Cr. towards waiver of demand charges of registered hotels & restaurants allowed during COVID and State Government has approved the amount of Rs.5.22 Cr. Accordingly, HPSEBL vide additional submission along with reply of query-2 dated 8th February, 2024 has intimated the same to the Commission.

### 3.20 Aggregate Revenue Requirement

3.20.1 Based on the above data submissions and information, the Petitioner has submitted that the actual ARR on account of True up for FY 2022-23 after adjustment of past years expenses which the Commission had included in the approved ARR of FY 2022-23 is as below:

**Table 34: HPSEBL Submission- Aggregate Revenue Requirement for FY23 (Rs. Cr.)**

| Particulars | Approved in APR Order | Provisionally Trued Up by HPERC | True -Up |
|---|---|---|---|
| **Power Purchase Expenses (including own generation)** | **3,647.47** | **4,649.76** | **4,661.08** |
| i) Cost of Electricity Purchased (Including own generation) | 3,020.07 | 3,980.38 | 3,980.83 |
| **Interstate charges** | **555.66** | **571.56** | **571.57** |
| ii) PGCIL/CTUIL Charges | 530.85 | 535.85 | 535.85 |
| iii) STOA Charges | 24.81 | 35.71 | 35.71 |
| **Intra-State Charges** | **71.74** | **97.81** | **108.68** |
| iv) HPPTCL Charges | 67.25 | 86.20 | 86.20 |
| v) SLDC Charges | 4.49 | 3.81 | 3.81 |
| vi) Other Charges (System/Marketing, reactive Power, UI, Trading Margin, NLDC+ REC Charges) | - | 39.02 | 39.02 |
| Incentive/penalty for over-achievement/underachievement of T&D losses | - | (31.22) | (20.36) |
| **Operation and Maintenance Costs** | **2,226.25** | **2,578.55** | **2,597.50** |
| i) Employees Cost | 2,052.37 | 2,374.04 | 2,395.14 |
| ii) R&M Cost | 112.91 | 129.01 | 126.24 |
| iii) A&G Cost | 60.97 | 75.50 | 76.12 |
| **Interest and Financing Charges** | **215.03** | **210.34** | **210.64** |
| i) Interest on long term loans | 148.24 | 148.24 | 148.24 |
| ii) Interest on Working Capital | 35.79 | 43.27 | 43.42 |
| iii) Interest on Consumer Security Deposit | 21.10 | 18.23 | 18.23 |
| iv) LC Charges | 9.90 | 0.60 | 0.60 |
| v) Other Bank Charges | - | - | 0.15 |
| Depreciation | 167.33 | 167.33 | 167.33 |
| Return of Equity | 62.74 | 62.74 | 62.74 |
| Prior period Income | - | - | - |
| Add: Misc. Written off | - | - | 80.64 |
| Less: Non-Tariff Income | 116.88 | 68.07 | **64.78** |
| **Aggregate Revenue Requirement** | **6,201.94** | **7,600.65** | **7,715.16** |
| **Add: Past period cost** | | | |
| i) Impact of True up of FY 21 | (526.98) | (526.98) | (526.98) |
| ii) Impact of True up 3rd MYT Control Period Controllable parameters FY 15 to 19 | (473.68) | (473.68) | (473.68) |
| Provisioning towards CGS Orders | 75.00 | - | - |
| Provision towards impact of 6th pay Commission revision | 453.75 | - | - |
| Add. Past adjustment | **-** | 5.22 | - |

| Particulars | Approved in APR Order | Provisionally Trued Up by HPERC | True -Up |
|---|---|---|---|
| **Total ARR Including Adjustments** | **5,730.03** | **6,605.21** | **6,714.50** |
| i) Revenue from Sale of Power Within the State | 5,625.28 | 6,346.23 | 6,346.23 |
| ii) Revenue from Sale of Power Outside the State | 104.75 | 398.61 | 399.52 |
| **Total Revenue** | **5,730.03** | **6,744.84** | **6,745.74** |
| **Revenue Surplus (+)/Gap (-)** | **-** | **139.62** | **31.25** |
| **Sales (MU)** | **9,798.00** | **10,956.00** | **10,956.00** |
| **ACoS (Rs/kWh)** | **6.22** | **6.57** | **6.68** |
| **ACoS (Rs/kWh) (Including past period cost)** | **5.74** | **5.67** | **5.76** |

### 3.21 Revenue (Gap)/Surplus

3.21.1 The Petitioner has submitted the Revenue (Gap)/ Surplus for FY 2022-23 based on the actual ARR and revenue of HPSEBL in the following table:

**Table 35: HPSEBL Submission- Revenue (Gap)/ Surplus for FY23 (Rs. Cr.)**

| Particulars | Provisional True up | Actual |
|---|---|---|
| **Total ARR Including Adjustments** | **6,605.21** | **6,714.50** |
| i) Revenue from Sale of Power Within the State | 6,346.23 | 6,346.23 |
| ii) Revenue from Sale of Power Outside the State | 398.61 | 399.52 |
| **Total Revenue** | **6,744.84** | 6,745.74 |
| **Revenue Surplus (+)/Gap (-)** | **139.62** | **31.25** |

### 3.22 Carrying Cost

3.22.1 The Petitioner has submitted the following Revenue (Gap)/Surplus with Carrying Cost for FY23:

**Table 36: HPSEBL Submission- Revenue (Gap)/Surplus with Carrying Cost (Rs. Cr.)**

| Particulars | Provisional True up | | True up | |
|---|---|---|---|---|
| | FY23 | FY24 | FY23 | FY24 |
| Opening Balance | - | 147.17 | - | 32.94 |
| Surplus | 139.62 | - | 31.25 | - |
| Closing | 139.62 | 147.17 | 31.25 | 32.94 |
| Interest Carrying cost | 10.82% | 11.56% | 10.80% | 11.56% |
| Carrying cost | 7.55 | 17.01 | 1.69 | 3.81 |
| **Total Surplus/ (Gap)** | **147.17** | **164.19** | **32.94** | **36.74** |

# 4 Summary of True up of uncontrollable parameters for FY 2023-24

## 4.1 Background

4.1.1 The Petitioner has requested to True up the expenditure and revenue for FY 2023-24 based on the annual audited accounts submitted along with the True up Petition. The actual cost and revenue under various heads along with justification has been submitted in the following sections.

## 4.2 Sales Projections, Consumers and Connected load

4.2.1 The Petitioner has submitted the actual vs. approved category-wise Energy Sales, Consumers and Connected Load for FY24 as detailed in the table below:

**Table 37: HPSEBL Submission–Energy Sales for FY24 (MUs)**

| Category | 4th APR Order dated 31.3.2023 | Actual |
|---|---|---|
| Domestic Supply | 2,724 | 2,724 |
| NDNCS | 157 | 186 |
| Commercial Supply | 695 | 738 |
| Small Power Supply | 93 | 104 |
| Medium Power Supply | 106 | 105 |
| Large Power Supply | 6,515 | 6,407 |
| Govt. Irrigation & Water pumping | 698 | 739 |
| Irrigation and Agriculture | 85 | 79 |
| Public Lighting | 12 | 13 |
| Bulk Supply | 158 | 193 |
| Temporary | 63 | 55 |
| EV Charging Stations | 1.45 | 1.27 |
| **TOTAL** | **11,306** | **11,345** |

**Table 38: HPSEBL Submission- Category wise No. of Consumers for FY24**

| Category | Approved in MYT Order dated 29.6.2019 | Actual |
|---|---|---|
| Domestic Supply | 2,316,642 | 2,374,981 |

| Category | Approved in MYT Order dated 29.6.2019 | Actual |
|---|---|---|
| NDNCS | 34,821 | 33,443 |
| Commercial Supply | 316,761 | 329,281 |
| Small Power Supply | 31,459 | 29,793 |
| Medium Power Supply | 2,034 | 2,269 |
| Large Power Supply | 1,798 | 1,945 |
| Govt. Irrigation & Water pumping | 8,545 | 9,055 |
| Irrigation and Agriculture | 46,040 | 44,564 |
| Public Lighting | 1,225 | 1,393 |
| Bulk Supply | 283 | 417 |
| Temporary | 9,963 | 18,858 |
| EV Charging Stations | -- | 7 |
| **TOTAL** | **2,769,571** | **2,846,006** |

**Table 39: HPSEBL Submission- Category wise Connected Load for FY24 (MW)**

| Category | Approved in MYT Order dated 29.6.2019 | Actual |
|---|---|---|
| Domestic Supply | 4,793 | 5,238 |
| NDNCS | 277 | 275 |
| Commercial Supply | 982 | 1,060 |
| Small Power Supply | 273 | 280 |
| Medium Power Supply | 148 | 155 |
| Large Power Supply | 1,660 | 1,677 |
| Public Lighting | 6 | 7 |
| Govt. Irrigation & Water pumping | 392 | 409 |
| Irrigation and Agriculture | 292 | 249 |
| Bulk Supply | 138 | 158 |
| Temporary | 40 | 118 |
| EV Charging Stations | -- | 2 |
| **TOTAL** | **9,001** | **9,627** |

4.2.2 The Petitioner has requested the Commission to approve the Energy Sales (MUs), No. of Consumers, and Connected Load (MW) for FY 2023-24 as per actuals.

### 4.3 Revenue from Sale of Power

4.3.1 The Petitioner has submitted the actual revenue from sale of Power within the State for FY24 as detailed in the table below:

**Table 40: HPSEBL Submission- Revenue from Sale of Power within State for FY24 (Rs. Cr.)**

| Category of Consumers | Approved in APR Order | Actual |
|---|---|---|
| Domestic Supply | 1,456.00 | 1,454.45 |

| Category of Consumers | Approved in APR Order | Actual |
|---|---|---|
| NDNCS | 101.00 | 138.28 |
| Commercial Supply | 446.22 | 496.69 |
| Small Power Supply | 60.00 | 70.17 |
| Medium Power Supply | 65.00 | 74.56 |
| Large Power Supply | 3,806.00 | 3,715.65 |
| Public Lighting | 7.00 | 7.27 |
| Govt. Irrigation & Water pumping | 479* | 634.59 |
| Agriculture | | |
| Bulk Supply | 100.00 | 136.94 |
| Temporary | 55.00 | 56.23 |
| EV Charging Stations | 1.00 | 0.85 |
| **TOTAL** | **6,577.00** | **6,785.71** |

**Approved revenue for Irrigation and Drinking Water amounting to Rs. 479/- Cr includes the recovery from Agriculture, whereas the actual revenue from Agriculture & Irrigation and revenue from IDWPS are shown as separate line items.*

4.3.2 Further, the Petitioner has submitted that in the 4th APR Order dated 31st March, 2024 and determination of Tariff for FY 2023-24, the Commission had approved revenue from sale of Power outside the State of Rs. 19.76 Cr. against 42.13 MUs. The actual revenue accounted from sale of Power outside the State including other receipts (such as Reactive Charges, Inter-constituent reactive, Recovery of RLDC from GoHP etc.,) is Rs. 264.51 Cr. against 531.83 MUs. Further, Banking being a cashless transaction, the notional cost from sale of the Banked Power amounting in the annual accounts for FY 2023-24, 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 2023-24 considered by the Petitioner for True up is shown in the table below:

**Table 41: HPSEBL Submission- Revenue from Sale of Power outside State for FY24 (Rs. Cr.)**

| Particulars | Approved in APR Order dated 31.3.2023 | | Actual | | | |
|---|---|---|---|---|---|---|
| | Sales (MU) | Revenue (Rs. Cr) | Sales (MU) | Revenue (Rs. Cr) | Arrear (Rs.Cr) | Total |
| **Contingency Sale** | 42.13 | 19.76 | - | - | - | - |
| UI Sale | - | - | 99.32 | 31.26 | 3.87 | 35.1298 |
| IEX Sale | - | - | 432.51 | 227.02 | - | 227.02 |
| PXIL Sale | - | - | - | - | - | - |
| **Sub-Total Contingency Sale (1)** | **42.13** | **19.76** | **531.83** | **258.28** | **3.87** | **262.15** |
| **Banking (3)** | - | - | **2008.61** | - | - | - |
| Other Receipts | - | - | - | - | - | - |
| i) Reactive Charges | - | - | - | 2.22 | - | 2.22 |
| ii) Inter-constituent reactive | - | - | - | -0.28 | - | -0.28 |

| Particulars | Approved in APR Order dated 31.3.2023 | | Actual | | | |
|---|---|---|---|---|---|---|
| | Sales (MU) | Revenue (Rs. Cr) | Sales (MU) | Revenue (Rs. Cr) | Arrear (Rs.Cr) | Total |
| iii) Recovery of RLDC from GoHP | - | - | - | 0.43 | - | 0.43 |
| iv) GMR | - | - | - | - | - | - |
| **Revenue from Sale of Power Outside State** | **42.13** | **19.76** | **2540.44** | **260.64** | **3.87** | **264.51** |
| Less: Banking Sale (Rs. Cr) (Notional) | - | - | -2008.61 | - | - | - |
| **Total revenue from Sale Outside State** | **42.13** | **19.76** | **531.83** | **260.64** | **3.87** | **264.51** |

4.3.3 The Petitioner has requested the Commission to True up the figures of Revenue from Sale of Power outside the state for FY 2023-24 as per actuals.

### 4.4 Power Purchase Cost

4.4.1 The Petitioner has submitted that it has computed the Power purchase expenses in line with the methodology adopted by the Commission. The Commission in the 4th APR Order dated 31st March, 2023 had approved Rs. 3517.35 Cr. against 13012.53 MUs for FY 2023-24, whereas HPSEBL has procured 15566.08 MUs including Banking purchase, Own Generation and Interstate transmission losses. The total Power purchase cost incurred by HPSEBL is Rs. 4351.47 Cr. including Own Generation cost and excluding Transmission Charges. Since, Banking purchase is a notional cost, the Petitioner has not considered the same under Power purchase expenses. The detailed approach is mentioned as follows:

- 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 computing the cost incurred due to purchase of Power from own Generating stations during FY 2023-24, the approved Annual Fixed Charges and Energy charges for each Generating Station as per MYT Order for Generation Business dated 11th November, 2021 and Tariff Order on determination of Capital Cost, the Commission Order dated 15th January, 2014 for Restating of Design Energy and Reconsideration of Tariff for Small Hydro Power Plants of HPSEB Limited in the Petition No. 54 of 2013 for generic Levelized Tariff for other projects and Project Specific Levelized Tariff for Ghanvi II SHEP (10 MW) dated 28th September, 2022 have been considered.
- The Station wise Power purchase cost & quantum for FY 2023-24 on actual basis on Form-4a for respective station have been reconciled with Annual accounts. The PGCIL charges, HPPTCL charges, SLDC charges are on actual bills from the respective generating station/transmission company.

The sale of renewable energy, contingent energy sale outside the State, Banking energy transactions with other utilities are as per the bilateral renewable energy/Banking energy agreements.

4.4.2 The station-wise detail of actual Power purchased during FY 2023-24 is depicted in the following table:

**Table 42: HPSEBL Submission- Summary of Power Purchase in FY24**

| Name of Station/Source | Approved in APR Order | | Actual | | | |
|---|---|---|---|---|---|---|
| | Generation Ex-Bus (MU) | Amount (Rs. Cr.) | Generation Ex-Bus (MU) | Amount (Rs. Cr.) | Arrears (Rs. Cr.) | Total Amount (Rs. Cr) |
| **Own Generation** | | | | | | |
| Bhaba | 459.12 | 43.36 | 535.32 | **46.84** | - | **46.84** |
| Bassi | 344.40 | 21.10 | 299.92 | 19.85 | - | **19.85** |
| Giri | 287.52 | 39.85 | 232.12 | 35.94 | - | **35.94** |
| Andhra | 86.43 | 12.55 | 66.67 | 11.14 | - | **11.14** |
| Ghanvi-I | 81.15 | 18.26 | 75.55 | 17.00 | - | **17.00** |
| Baner | 52.85 | 12.25 | 35.51 | 10.24 | - | **10.24** |
| Gaj | 33.38 | 10.18 | 30.99 | 9.83 | - | **9.83** |
| Larji | 510.20 | 64.86 | 190.31 | **64.86** | - | **64.86** |
| Khauli | 43.65 | 9.82 | 40.40 | 9.09 | - | **9.09** |
| Binwa | 29.05 | 7.18 | 32.02 | **7.56** | - | **7.56** |
| Thirot | 17.58 | 3.96 | 11.30 | 2.54 | - | **2.54** |
| Gumma | 11.71 | 2.64 | 6.05 | 1.36 | - | **1.36** |
| Holi | 11.71 | 2.64 | 0.60 | 0.13 | - | **0.13** |
| Bhaba Aug. | 17.58 | 3.96 | 4.37 | 0.98 | - | **0.98** |
| Nogli | 9.75 | 3.60 | 2.64 | 2.29 | - | **2.29** |
| Rongtong | 7.56 | 2.96 | 0.52 | 1.58 | - | **1.58** |
| Sal-II | 7.79 | 1.75 | - | - | - | - |
| Chaba | 7.59 | 2.56 | 1.54 | 1.54 | - | **1.54** |
| Rukti | 6.47 | 0.57 | 2.00 | 0.38 | - | **0.38** |
| BS Chamba | 1.75 | 0.56 | 1.53 | 0.53 | - | **0.53** |
| Ghanvi-II | 48.49 | 15.32 | 30.91 | 6.95 | - | **6.95** |
| Ligthi | 0.33 | 0.07 | 0.13 | 0.03 | - | **0.03** |
| Billing | 0.44 | 0.10 | 1.31 | 0.29 | - | **0.29** |
| Killar | 1.15 | 0.26 | 0.40 | 0.09 | - | **0.09** |
| Sach | - | - | 1.34 | 0.30 | - | **0.30** |
| Sural | - | - | 0.28 | 0.06 | - | **0.06** |
| Purthi | - | - | 0.15 | 0.03 | - | **0.03** |
| **Own Generation Total** | **2,077.65** | **280.36** | **1,603.88** | **251.44** | - | **251.44** |
| **NTPC** | | | | | | |
| Anta (G) | - | - | - | 0.39 | 0.24 | **0.63** |
| Anta(L) | - | - | - | - | | - |
| Anta (LNG) | - | - | - | - | | - |

| Name of Station/Source | Approved in APR Order | | Actual | | | |
|---|---|---|---|---|---|---|
| | Generation Ex-Bus (MU) | Amount (Rs. Cr.) | Generation Ex-Bus (MU) | Amount (Rs. Cr.) | Arrears (Rs. Cr.) | Total Amount (Rs. Cr) |
| Auriya(G) | - | - | - | 0.73 | 30.78 | **31.51** |
| Auriya(L) | - | - | - | 0.05 | | **0.05** |
| Auriya(LNG) | - | - | - | - | | **-** |
| Dadri(G) | - | - | - | 0.62 | 0.11 | **0.73** |
| Dadri(L) | - | - | - | - | | **-** |
| Dadri(LNG) | - | - | - | 0.11 | | **0.11** |
| Unchahar-I-TPP | 1.55 | 0.74 | 180.97 | 83.35 | 2.60 | **85.94** |
| Unchahar-II-TPP | 78.81 | 39.17 | 417.75 | 166.68 | 8.03 | **174.71** |
| Unchahar-III-TPP | 51.51 | 25.87 | 157.20 | 77.73 | 5.79 | **83.52** |
| Unchahar-IV-TPP | 7.01 | 3.61 | 83.31 | 37.51 | 3.76 | **41.28** |
| Rihand-1 STPS | 261.25 | 67.42 | 303.57 | 73.18 | (3.70) | **69.48** |
| Rihand-2 STPS | 244.26 | 59.84 | 284.23 | 67.21 | 2.19 | **69.40** |
| Rihand-3 STPS | 273.37 | 83.37 | 270.98 | 91.43 | 18.81 | **110.25** |
| Kahalgaon-II (1500 MW) | 140.73 | 57.51 | 238.66 | 90.60 | 1.03 | **91.63** |
| Singrauli STPS (2000 MW) | 23.31 | 5.70 | 72.43 | 15.47 | 2.98 | **18.45** |
| Dadri-II TPS (980 MW) | 10.82 | 6.07 | 168.33 | 82.96 | 17.56 | **100.53** |
| Tanda I(1320MW) | 13.88 | 6.45 | 221.12 | 81.83 | 12.41 | **94.24** |
| Koldam HEP | 477.68 | 272.32 | 453.41 | 208.85 | (38.48) | **170.37** |
| Koldam SOR | 107.00 | 61.00 | - | - | - | **-** |
| Jhijjar TPS | - | - | 43.61 | 20.93 | 0.21 | **21.14** |
| Meja | - | - | 8.53 | 4.25 | - | **4.25** |
| Singrauli SHP | - | - | 0.06 | 0.03 | - | **0.03** |
| **Total –NTPC** | **1,691.18** | **689.03** | **2,904.15** | **1,103.92** | **64.32** | **1,168.24** |
| **Solar** | | | | | | |
| Singrauli Solar | 20.27 | 15.95 | 22.28 | 17.54 | 0.01 | **17.55** |
| SECI Solar | 42.07 | 23.14 | 40.79 | 24.57 | 0.32 | **24.89** |
| Additional Solar | 88.16 | 38.88 | 60.38 | 25.38 | - | **25.38** |
| Roof Top Solar | - | - | 2.12 | 0.34 | - | **0.34** |
| **Total –Solar** | **150.50** | **77.97** | **125.57** | **67.84** | **0.32** | **68.16** |
| **NHPC** | | | | | | |
| Chamera-I | 70.53 | 14.93 | 56.19 | 12.13 | 1.22 | **13.35** |
| Chamera-II | 47.01 | 12.37 | 44.26 | 12.40 | 7.71 | **20.11** |
| Chamera-III | 33.63 | 13.45 | 0.90 | 0.57 | (0.04) | **0.53** |
| Dhauliganga | 41.38 | 11.73 | 34.28 | 11.17 | 1.56 | **12.73** |
| Salal | 33.15 | 9.27 | 32.56 | 9.48 | 0.09 | **9.57** |
| Tanakpur | 17.52 | 6.79 | 13.58 | 9.11 | 10.86 | **19.97** |
| Uri | 77.64 | 18.03 | 62.80 | 16.70 | 10.93 | **27.63** |
| Parbati-III (GoHP RLDC) | 21.08 | 6.54 | 0.12 | 0.48 | - | **0.48** |
| Bairasuil (GoHP | - | - | - | 0.01 | - | **0.01** |

| Name of Station/Source | Approved in APR Order | | Actual | | | |
|---|---|---|---|---|---|---|
| | Generation Ex-Bus (MU) | Amount (Rs. Cr.) | Generation Ex-Bus (MU) | Amount (Rs. Cr.) | Arrears (Rs. Cr.) | Total Amount (Rs. Cr) |
| RLDC) | | | | | | |
| Sewa-II | - | - | 1.04 | 0.46 | 0.01 | **0.47** |
| Uri-II | - | - | - | - | (0.01) | **(0.01)** |
| Dulhasti | - | - | 2.08 | 1.17 | (0.03) | **1.14** |
| Kishanganaga | - | - | 0.77 | 0.79 | - | **0.79** |
| **NHPC Total** | **341.94** | **93.11** | **248.58** | **74.48** | **32.30** | **106.78** |
| **SJVNL** | | | | | | |
| Nathpa Jhakri HEP SOR | 171.95 | 43.35 | 154.31 | 42.32 | 2.79 | **45.10** |
| Rampur HEP SOR | 53.83 | 25.29 | 46.73 | **26.23** | 2.03 | **28.26** |
| Nathpa Jhakri Equity | 1,531.51 | 386.17 | 1,361.29 | 367.00 | 24.59 | **391.59** |
| Rampur HEP Equity | 499.96 | 234.89 | 444.59 | 242.10 | 2.32 | **244.42** |
| **Total –SJVNL** | **2,257.25** | **689.70** | **2,006.92** | **677.64** | **31.73** | **709.37** |
| **NPCIL** | | | | | | |
| NAPP | 101.51 | 31.90 | 86.49 | 25.94 | 0.35 | **26.30** |
| RAPP (V &VI) | 108.26 | 44.04 | 121.80 | 47.71 | 0.04 | **47.75** |
| RAPP (VII ) | 94.90 | 42.70 | | | | |
| **Total –NPCIL** | **304.66** | **118.64** | **208.29** | **73.66** | **0.39** | **74.05** |
| **Other Shared Projects** | | | | | | |
| Bhakra (Old) | 43.80 | 4.47 | 43.92 | 4.23 | (2.63) | **1.60** |
| Bhakra New | 352.12 | 28.36 | 373.34 | 11.23 | - | **11.23** |
| Pong | 41.13 | 2.68 | 52.25 | 3.26 | - | **3.26** |
| Dehar | 176.62 | 16.14 | 158.58 | 20.09 | - | **20.09** |
| **Sub-Total BBMB Projects** | **613.67** | **51.65** | **628.09** | **38.80** | **(2.63)** | **36.18** |
| **PSPCL Projects** | | | | | | |
| Shanan | 5.26 | 0.45 | 5.26 | 0.47 | 0.16 | **0.63** |
| Shanan Ext | 45.00 | 3.44 | 45.00 | 3.80 | 0.36 | **4.16** |
| Shanan 11 kV | - | - | 0.04 | 0.02 | 0.01 | **0.02** |
| **Sub-Total PSPCL** | **50.26** | **3.89** | **50.30** | **4.28** | **0.53** | **4.81** |
| **UJVNL Prokjects (Yamuna)** | | | | | | |
| Yamuna (Chibro) | **448.46** | **69.48** | 187.10 | 24.99 | (1.43) | **23.55** |
| Yamuna (Khodri) | - | - | 90.51 | 15.03 | (0.69) | **14.34** |
| Yamuna (Dhakrani) | - | - | 28.46 | 5.98 | (0.22) | **5.76** |
| Yamuna (Dhalipur) | - | - | 37.63 | 9.29 | (0.29) | **9.00** |
| Yamuna (Kulhal) | - | - | 25.48 | 5.29 | (0.19) | **5.10** |
| Arrear | - | - | - | - | - | - |
| **Sub-Total - UJVNL** | **448.46** | **69.48** | **369.19** | **60.58** | **(2.82)** | **57.75** |
| **UPJVNL Projects** | | | | | | |

| Name of Station/Source | Approved in APR Order | | Actual | | | |
|---|---|---|---|---|---|---|
| | Generation Ex-Bus (MU) | Amount (Rs. Cr.) | Generation Ex-Bus (MU) | Amount (Rs. Cr.) | Arrears (Rs. Cr.) | Total Amount (Rs. Cr) |
| Khara | **65.63** | **4.06** | 44.77 | **5.03** | **0.33** | **5.36** |
| **UPJVNL Sub-Total** | | | | | | |
| **Total -Other Shared** | **1,178.01** | **129.08** | **1,092.35** | **108.69** | **(4.59)** | **104.10** |
| **JSW Energy** | | | | | | |
| Baspa-II- Primary | 1,050.06 | 234.16 | 1,012.22 | 230.85 | 30.90 | **261.75** |
| Baspa-II-Secondary | 91.83 | 38.85 | | | | |
| **Sub-Total (Baspa)** | **1,141.89** | **273.01** | **1,012.22** | **230.85** | **30.90** | **261.75** |
| **Pvt. SHPs/ IPPS** | | | | | | |
| Small HEP/Private Micro<5MW | 1,303.42 | 379.29 | 1,155.37 | 361.50 | **-** | **361.50** |
| Small HEP/Private Micro>5MW | 512.55 | 168.63 | 412.06 | 125.84 | **-** | **125.84** |
| Small HEP/Private Micro- REC | 316.56 | 81.36 | 241.37 | 57.94 | **-** | **57.94** |
| **Sub-Total SHEPs/ IPPs** | **3,274.42** | **902.29** | **2,821.02** | **776.13** | **30.90** | **807.03** |
| **HPPCL** | | | | | | |
| Kashang | 211.00 | **71.74** | 151.00 | 54.38 | **0.51** | **54.89** |
| Sawrakuddu | 331.58 | **112.74** | 264.13 | 89.80 | **-** | **89.80** |
| Sainj | 138.48 | **47.08** | 156.08 | 49.10 | **-** | **49.10** |
| **Sub-Total HPPCL** | **681.06** | **231.56** | **571.22** | **193.29** | **0.51** | **193.80** |
| **Free Power** | | | | | | |
| **Own Generation** | | | | | | |
| Larji FP | 69.57 | 17.88 | 25.71 | 6.61 | **-** | 6.61 |
| Ghanvi FP | 11.07 | 2.84 | 10.27 | 2.64 | **-** | 2.64 |
| Baner FP | 7.21 | 1.85 | 4.69 | 1.21 | **-** | 1.21 |
| Gaj FP | 4.55 | 1.17 | 4.22 | 1.08 | **-** | 1.08 |
| Khauli FP | 5.95 | 1.53 | 5.49 | 1.41 | **-** | 1.41 |
| Ghanvi II FP | 6.24 | 1.60 | 4.11 | 1.06 | **-** | 1.06 |
| Uhl HEP FP | **-** | **-** | **-** | **-** | **-** | **-** |
| Chanju | 20.60 | 5.29 | 20.51 | 5.27 | **-** | 5.27 |
| Kashang | 31.63 | 8.13 | 22.65 | 5.82 | **-** | 5.82 |
| Malana FP | 66.60 | 17.12 | 49.47 | 12.71 | **-** | 12.71 |
| Sawara Kuddu | **-** | **-** | - | - | - | - |
| Small HEP/Pvt. Micro Free | 171.44 | 44.06 | 147.34 | 37.79 | 0.22 | 38.02 |
| **Interstate-Free Power** | | | | | | |
| Baspa FP | 155.91 | 40.07 | 138.09 | 35.49 | - | 35.49 |
| RSD FP | 69.90 | 17.96 | 86.76 | 19.98 | 1.21 | 21.19 |
| Shanan FP | 2.63 | 0.68 | 2.64 | 0.68 | - | 0.68 |
| Rampur FP | - | - | 0.43 | 0.11 | - | 0.11 |

| Name of Station/Source | Approved in APR Order | | Actual | | | |
|---|---|---|---|---|---|---|
| | Generation Ex-Bus (MU) | Amount (Rs. Cr.) | Generation Ex-Bus (MU) | Amount (Rs. Cr.) | Arrears (Rs. Cr.) | Total Amount (Rs. Cr) |
| Nathpa Jhakri FP | - | - | 1.41 | 0.36 | - | 0.36 |
| Kol Dam FP | - | - | 0.55 | 0.14 | - | 0.14 |
| Parbati-III FP | - | - | 0.08 | 0.02 | - | 0.02 |
| Chamera-III FP | - | - | 0.07 | 0.02 | - | 0.02 |
| Chamera-II FP | - | - | 0.24 | 0.06 | - | 0.06 |
| Chamera-I FP | 224.27 | 57.64 | 0.13 | 0.03 | - | 0.03 |
| Baira Siul FP | 68.92 | 17.71 | 0.10 | 0.03 | - | 0.03 |
| Malana FP | - | - | - | - | - | - |
| **Govt Free Power Total** | **916.49** | **235.54** | **524.95** | **132.52** | **1.43** | **133.96** |
| **THDC** | | | | | | |
| Tehri (Firm Power) | 85.13 | 34.55 | 3.34 | 1.31 | - | 1.31 |
| Koteswar (Firm Power) | 29.71 | 16.14 | 1.22 | 0.81 | - | 0.81 |
| **Sub-Total THDC** | **-** | **-** | **4.56** | **2.12** | **-** | **2.12** |
| **Other Sources** | | | | | | |
| UI Purchase | - | - | 119.18 | 130.13 | 0.41 | 130.54 |
| Reactive Charges +interconstituent Reactive charges | - | - | - | 3.22 | - | 3.22 |
| Contingency Purchase (IEX) | - | - | 984.80 | 598.66 | - | 598.66 |
| Contingency Purchase (PXIL) | - | - | - | - | - | - |
| **Other Sources Total** | **-** | **-** | **1,103.98** | **732.02** | **0.41** | **732.43** |
| **Banking Purchase** | | | **2,350.61** | | | |
| **Sub-Total Banking Purchase** | **-** | **-** | **2,350.61** | **-** | **-** | **-** |
| **Co-Gen** | | | | | | |
| WTE | 24.53 | 19.38 | - | - | - | - |
| **Grand Total** | **13,012.53** | **3,517.35** | **15,566.08** | **4,193.74** | **157.73** | **4,351.47** |

4.4.3 The Petitioner has submitted that the increase in actual Power purchase cost as compared to that approved is due to higher quantum of Power purchase and arrears paid to the Generators, closure of Larji HEP due flash floods and less hydro generation in HP during the year. The Power purchase approved as per Tariff Order for FY 2023-24 vis-à-vis the actual Power purchase is summarised in the following table:

**Table 43: HPSEBL Submission- Summary of Power Purchase Cost in FY24 (Approved Vs. Actual)**

| Sources | Approved in APR Order | Actual |
|---|---|---|

| | MUs | Rs. Cr. | MUs | Rs. Cr. |
|---|---|---|---|---|
| HPSEBL Own Generation | 2,077.65 | 280.36 | 1,603.88 | 251.44 |
| NTPC | 1,691.18 | 689.03 | 2,904.15 | 1,168.24 |
| NHPC | 341.94 | 93.11 | 248.58 | 106.78 |
| SJVNL | 2,257.25 | 689.70 | 2,006.92 | 709.37 |
| NPCIL | 304.66 | 118.64 | 208.29 | 74.05 |
| BBMB and Shared Stations | 1,178.01 | 129.08 | 1,092.35 | 104.10 |
| IPP & Others (Baspa & Pvt. IPPS) | 3,274.42 | 902.29 | 2,821.02 | 807.03 |
| GoHP Free Power | 916.49 | 235.54 | 524.95 | 133.96 |
| HPPCL | 681.06 | 231.56 | 571.22 | 193.80 |
| Solar IPPS and Others (SECI& HPPCL) | 150.50 | 77.97 | 125.57 | 68.16 |
| Other Sources (Short term Purchase) | 24.53 | 19.38 | - | - |
| THDC | 114.84 | 50.69 | 4.56 | 2.12 |
| i) UI | - | - | 119.18 | 133.77 |
| ii) Banking Purchase | - | - | 2,350.61 | - |
| iii) Contingency (IEX/PXIL) | - | - | 984.80 | 598.66 |
| iv) Short Term Purchase from Traders | - | - | - | - |
| **TOTAL** | **13,012.53** | **3,517.35** | **15,566.08** | **4,351.47** |

4.4.4 The Petitioner has requested the Commission to True up the figures of Power Purchase [Quantum (MU) and Cost (Rs. Cr.)] for various Generating Stations and other sources for FY 2023-24 as per the actuals.

## 4.5 Transmission & Other Charges

4.5.1 The Petitioner has submitted that during FY24, it has paid PGCIL charges, HPPTCL charges, SLDC charges, STOA charges etc. to the tune of Rs. 316.60 Cr. (Netting off the reimbursement of PGCIL charges in respect of Kala Amb).

4.5.2 The details of the actual charges incurred in FY24 is given in table below:

**Table 44: HPSEBL Submission-Transmission & Other Charges for FY24 (Rs Cr.)**

| Particulars | Approved in APR Order | Actual |
|---|---|---|
| **Transmission Charges** | | |
| CTUIL Charges | 463.83 | 159.69* |
| ULDC Charges/ PGCIL Charges | - | 17.13 |
| Less: GoHP free Power Recovery | - | - |
| Arrear POC charges PGCIL | - | - |
| Less: Rebate | - | - |
| Net PGCIL Charges | **463.83** | **176.81** |
| HPPTCL Charges | - | 66.63 |
| STU Charges | 34.48 | |
| Greenko Bhudil Charges | - | - |
| Bhoktoo Sub-Station ARR | 5.80 | - |
| Kashang-Bhaba Transmission Line (Prorate Share of 13% for GoHP Free Power) | 0.33 | - |

| Particulars | Approved in APR Order | Actual |
|---|---|---|
| Phojal 220 kV Sub-Station and associated line | 1.30 | - |
| ADHPL 220 kV Transmission line up to Nalagarh CTU Point | 3.17 | - |
| Chambi GIS Sub-Station and associated line | 12.89 | - |
| Pandoh GIS Sub-Station & Associated line | 8.65 | - |
| Utilisation of 132 kV Malana- Najaura Line of Malala Power | 0.34 | - |
| **Total HPPTCL Charges** | **66.95** | **66.63** |
| SLDC Charges | 3.24 | 3.61 |
| STOA Charges | 90.00 | 53.67 |
| **Sub-Total –A** | **624.02** | **300.73** |
| Other Charges | - | - |
| Trading Margin-Banking | - | 9.35 |
| UPPTCL Charges | - | 5.87 |
| Bhudil Hydro Trans, Charges | - | - |
| Kanchenjunga Power Company Pvt. Ltd. | - | - |
| Power Grid Charges | - | - |
| Baragoan | - | 0.17 |
| Malana Wheeling charges paid | - | 0.48 |
| Other Charges | - | - |
| **Sub-Tortal –B** | - | **15.87** |
| **Grand Total- (A+B)** | **624.02** | **316.60** |

**Total Transmission charges Bill Rs. 429.49 Cr. – Rs. 269.80 Cr. towards reimbursement of charges of Kala Amb Assets.*

4.5.3 The Petitioner has submitted that it has detailed the reconciliation for STOA charges and Trading margin and has submitted along with the Petition. The total Power purchase cost for FY24 has been summarized by the Petitioner in the table below:

**Table 45: HPSEBL Submission-Total Power Purchase Cost for FY24 (Rs Cr.)**

| Particulars | Amount |
|---|---|
| **Power Purchase Cost (excluding own Generation)** | **4,100.03** |
| PGCIL/CTUIL | 176.81 |
| HPPTCL | 66.63 |
| SLDC Charges | 3.61 |
| STOA Charges | 53.67 |
| Other Charges | 15.87 |
| **Power Purchase Cost (Including Transmission and Other Charges)** | **4,416.63** |
| Add. Own Generation | 251.44 |
| **Total Power Purchase Cost (Including Own Generation)** | **4,668.07** |

4.5.4 Further, the Petitioner has reconciled the Power purchase cost (excluding own generation) with the accounts. The reconciliation of Power purchase cost is given in the following table:

**Table 46: HPSEBL Submission- Reconciliation of Power Purchase Cost with Audited Accounts for FY24 (Rs Cr.)**

| Particulars | Amount |
|---|---|
| Power Purchase as per Balance Sheet (A) | 4,420.82 |
| As per Form 4A of CE(SO)-(B) | 4,416.63 |
| **Difference (A-B): (C)** | **4.19** |
| D) Provisions: | |
| 1) LADF | 1.11 |
| 2) Sainj | 3.09 |
| **Sub-Total –D Provisions** | **4.19** |
| Difference with provisions (C)- (D) | - |

4.5.5 The Petitioner has submitted that it has claimed Power Purchase cost as per details submitted in the Form 4a and reconciled with the annual accounts. The detailed reconciliation sheet for Power purchase cost, revenue from sale of Power outside the State has also been submitted by the Petitioner.

4.5.6 Thus, the Petitioner has requested the Commission to True up the figures of Transmission and Other Charges (Rs. Cr.) for FY24 along with the Power Purchase Cost as per actuals.

## 4.6 Energy Balance

4.6.1 The Petitioner has submitted that based on the actual Power purchase & sales, the revised energy balance for FY 2023-24 is given in the following table:

**Table 47: HPSEBL Submission - Energy Balance for FY24 (MUs)**

| Sl. | Name of the Plant | Actual |
|---|---|---|
| A | Units procured from Interstate generating projects (including free Power stations connected to ISTS) | 7,904.43 |
| B | Banking Purchase at ISTS | 2,350.61 |
| C | Interstate Transmission Losses | 3.67% |
| D | Transmission Losses in MU | 375.22 |
| **E** | **Net Energy Available at State Periphery** | **9,879.83** |
| **F** | **Power Available within the State (i+ii+iii)** | **4,207.05** |
| | i) State Generating Stations | 1,603.88 |
| | ii) Free Power Own Generation and IPPS-GOHP Share | 294.46 |
| | iii) IPPs (i/c Solar) | 2,308.71 |
| **G** | **Power Purchase from other Sources (i+ii)** | **1,103.98** |
| | i) UI Power | 119.18 |
| | ii) IEX/PXIL | 984.80 |
| **H** | **Total Energy available (E+F+G)** | **15,190.86** |
| **I** | **Energy Sales within the State** | **11,345.00** |
| **J** | **Inter-State Sale of Power (i+ii+iii)** | **2,540.44** |
| | i) Sale of Power (Including UI, Bilateral & IEX/PXIL) | 531.83 |
| | ii) Banking | 2,008.61 |
| | iii)RE Sale | |

| Sl. | Name of the Plant | Actual |
|---|---|---|
| **K** | **Total Energy Available at State Periphery (H-J)** | **12,650.00** |
| **L** | **Energy Sales within the State** | **11,345.00** |
| **M** | **T&D Loss DISCOM (K-L)** | **1,306.00** |
| **N** | **T&D Loss DISCOM (%)** | **10.32%** |

4.6.2 The Petitioner has submitted that the quantum of Power purchase is based on the Regional Energy Accounts (REA) received till date. The REA accounts for Jan-24 to Mar-24 are provisional and may change on receipt of final REA from NRPC. Therefore, the Petitioner has requested the Commission to allow additional submission of REA after receipt from the respective authorities.

## 4.7 Transmission & Distribution loss

4.7.1 The Petitioner has submitted that the Commission has approved the Transmission & Distribution (T&D) loss targets for HPSEBL during the 4th MYT Control Period (FY 2019-20 to FY 2023-24) vide MYT Order dated 29th June, 2019. Further, the Petitioner has submitted that the Commission had approved T&D loss level at 9.50% for FY 2023-24 in the MTR Order dated 29th March, 2022. The comparison of actual achievements vis-à-vis approved targets for first 4 years of 4th MYT Control Period is as per following table:

**Table 48: HPSEBL Submission - Transmission & Distribution loss for FY 2023-24 (%)**

| Particulars | FY 2019-20 | FY 2020-21 | FY 2021-22 | FY 2022-23 | FY 2023-24 |
|---|---|---|---|---|---|
| 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% | 0.00% | 0.00% |
| Adjusted T&D loss target | 10.30% | 13.10% | 10.90% | 9.70% | 9.50% |
| Actual / T&D Losses Achieved | 12.04% | 13.95% | 12.59% | 10.57% | 10.32 |
| Approved (Trued up T&D Losses) | 10.30% | 13.10% | 12.70% | - | - |

4.7.2 The Petitioner has submitted that the target was more stringent, and it could not be achieved resulting in imposition of penalty. During Mid Term Review, it was submitted to revise the targets/trajectory but could not be succeeded since the Commission has not accepted the review. The Commission during the MYT Order dated 29th June 2019 had the view that the T&D loss trajectory should be realistic, so that Licensee is incentivized for better performance.

4.7.3 The Petitioner further submitted that as per methodology adopted for calculations of T&D losses, the losses from State periphery to Discom periphery have been to the account of DISCOM, whereas, the Power is being made available through various interstate lines under the control of STU i.e. HPPTCL. Further, STU has the mandate for evacuation of Power from various IPPs in the State, but the evacuation has been provided by HPSBEL and thus entire losses are being charged to HPSEBL resulting in penalty for the losses attributable to STU also.

## 4.8 Penalty for under-achievement of T&D Loss

4.8.1 The Petitioner has submitted that the overall T&D loss level of HPSEBL based on actual sales and Power purchase is 10.31 % against the approved target of 9.50% in the MYT Order dated 29th June, 2019 for 4th MYT Control period. As already elaborated above, the Regulation 15 of the HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) (Second Amendment) Regulations, 2013, specifies the mechanism for pass-through of gains or losses on account of variations in the distribution loss.

4.8.2 The Petitioner has submitted that the overall loss resulting from the under-achievement of T&D loss for FY 2023-24 against the target of 9.50% is computed in the following table:

**Table 49: HPSEBL Submission - Loss on account of under-achievement of T&D Loss for FY 2023-24 (MUs)**

| Sl. No. | Particulars | Actual |
|---|---|---|
| A | Energy Sales within State (MU) | 11,345.00 |
| B | T&D Losses (%) | 9.50% |
| C | Power Purchase Requirement to meet State requirement MU | **12,536.00** |
| D | Inter State Sale (MU) | **2,540.00** |
| | Banking India (MU) | 2,009.00 |
| | Sale Outside the State (MU) | 532.00 |
| E | Total Power Purchase Quantum approved at State periphery (MU) (C+D) | **15,076.00** |
| F | Actual Power Purchase Quantum at State Periphery | 15,191.00 |
| G | No of Units Lost (MU)(E-F) | **(114.84)** |

4.8.3 The Petitioner has submitted that during FY 2023-24, in the Kullu Circle, HPSEBL has procured total 364 MUs from various IPPs in the region at 11kV & 33kV supply voltage. The detail of Power procurement from various IPPs is submitted by the Petitioner. The Petitioner further submitted that, out of total 364 MUs, 196.87 MUs have been consumed and the rest of 167.57 MUs have been wheeled out of the circle. The month-wise energy generation and consumption from IPPs in the Kullu Circle is as per the following Table. The Petitioner has also submitted that from the month wise generation and consumption data, it is evident that during the year, Kullu Circle wheeled the energy out of the Circle which resulted into additional losses in the Kullu Circle which is estimated as under:

**Table 50: HPSEBL Submission - Loss on account of IPPs energy wheeled under Kullu Operation Circle for FY 2023-24**

| Month | Generation | Energy Consumed | Energy Wheeled | T&D Losses Claimed | Remarks |
|---|---|---|---|---|---|
| | (in MUs) | (in MUs) | (in MUs) | (@6%) | |
| April | 38.43 | 20.79 | 17.64 | 1.058 | Excess energy was wheeled out of the Circle for which |
| May | 56.38 | 26.23 | 30.15 | 1.809 | |
| June | 60.65 | 25.34 | 35.31 | 2.119 | |

| Month | Generation | Energy Consumed | Energy Wheeled | T&D Losses Claimed | Remarks |
|---|---|---|---|---|---|
| | (in MUs) | (in MUs) | (in MUs) | (@6%) | |
| July | 28.46 | 13.72 | 14.74 | 0.884 | additional losses were incurred by HPSEBL. |
| August | 32.57 | 14.73 | 17.84 | 1.07 | |
| September | 36.19 | 16.49 | 19.7 | 1.182 | |
| October | 28.1 | 16.3 | 11.8 | 0.708 | |
| November | 19.88 | 13.58 | 6.3 | 0.378 | |
| December | 15.6 | 12.57 | 3.03 | 0.182 | |
| January | 12.12 | 10.22 | 1.9 | 0.114 | |
| February | 11.61 | 9.62 | 1.99 | 0.119 | |
| Match | 24.45 | 17.28 | 7.17 | 0.43 | |
| **Total** | **364.44** | **196.87** | **167.57** | **10.054** | |

4.8.4 The Petitioner has submitted that the surplus generation available in the Kullu Circle was wheeled at 33kV and additional losses have been incurred by HPSEBL due to additional generation from these IPPs at 33kV. The HPSEBL has helped the IPPs for evacuation of their Power but due to this, HPSEBL needs to be compensated for the losses incurred on account of wheeling of this additional Power from the IPPs.

4.8.5 The Petitioner has requested the Commission to consider around 10.054 MUs in the overall T&D losses for FY 2023-24 on account of wheeling of surplus Power from various IPPs in the Kullu Circle of HPSEBL.

4.8.6 The Petitioner has further requested the Commission to consider the losses of 10.054 MUs for working out penalty for underachievement of T&D losses by considering the underachievement as 104.79 MU (114.84 MU-10.054 MU).

**Table 51: HPSEBL Submission - Calculation of Penalty for under achievement of T&D losses for FY24**

| Particulars | Unit | Actual |
|---|---|---|
| No of Units | MU | 104.79 |
| **Cost of Power for Under achieving** | | |
| Cost of Power purchase from other than own resource | Rs. Cr. | 4100.03 |
| Power purchase from other than own resource | MU | 11611.59 |
| LESS PGCIL Losses | MU | 375.22 |
| Net Power Purchase | MU | 11236.37 |
| **Cost of Power purchase from other than own resource** | **Rs/kWh** | **3.65** |
| **HPSEBL disincentive on account of T&D Loss underachievement (No of Units x Rate per Unit/10x60%)** | **Rs. Cr.** | **22.94** |

4.8.7 The Petitioner has submitted that the total Power purchase cost approved in Tariff Order for FY 2023-24 as compared with HPSEBL's submission for the True up of FY 2023-24 is summarized in the following table:

**Table 52: HPSEBL Submission - Power Purchase Cost (including penalty) for FY24 (Rs. Cr.)**

| Particulars | Approved in APR | Actual |
|---|---|---|
| Power Purchase Cost | 3,517.35 | 4,351.47 |
| PGCIL/CTUIL | 463.83 | 176.81 |
| HPPTCL | 66.95 | 66.63 |
| SLDC Charges | 3.24 | 3.61 |
| STOA Charges | 90.00 | 53.67 |
| Other Charges | - | 15.87 |
| **Total Power Purchase** | **4,141.37** | **4,668.07** |
| Less: Penalty on account of under achievement of T&D Losses | - | (22.94) |
| **Net Power Purchase Cost** | **4,141.37** | **4,645.13** |

4.8.8 The Petitioner has requested the Commission to approve the actual Power purchase and allow the cost without considering Penalty.

### 4.9 Employee Cost

4.9.1 The Commission in MYT Order dated 29th June, 2019 had approved the Employee cost of the HPSEBL for the distribution function as Rs. 2,185.86 Cr. Further, the Commission in MPR Order dated 29th March, 2022 had approved the same expenses for Employee cost as approved in MYT Order.

4.9.2 The Petitioner has submitted that the total Employee expenses pertaining to the HPSEBL for all businesses as per the annual accounts are Rs. 2,407.10 Cr (Distribution Business Rs. 2,300.90 Cr and Rs. 106.2 Cr Generation Business).

4.9.3 Further, the Commission in its MYT Order dated 29th June, 2019 had disallowed the "Return on GoHP Equity" of Rs. 66.33 Cr., "Pension Contribution of generation Employees (tentative)" of Rs. 13.61 Cr. and "Pension Contribution of BVPCL, Projects & S&I Employees" of Rs. 5.22 Cr and Rs. 47.50 Cr from terminal benefits. In this regard, the Petitioner has submitted the following:

i. The HPSEBL has considered the disallowance of amount of Rs. 47.50 Cr. towards "Return on GoHP Equity" as approved by the Commission in the MYT Order. However, it is prayed to allow this RoE for utilisation by HPSEBL as per prudent financial management as HPSEBL requires equity for financing CAPEX which can be met through reinvestment of Return on Equity.

ii. The 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 businesses, they are part of the HPSEBL, and cannot be parted or shown separately. F urther, HPSEBL submits that the amount of Rs. 5.22 Cr. attributed towards "Pension Contribution of

BVPCL, Projects & S&I Employees" is incorrect as no amount is being paid by HPSEBL towards the above head.

4.9.4 The Employee cost submitted by the Petitioner for the FY24 vs. expenses approved in the 4th APR Order dated 31st March, 2023 are summarized in the table below:

**Table 53: HPSEBL Submission - Employee Expense for FY 2023-24 (Rs. Cr.)**

| Sl. | Particulars | Approved in APR | True up | Generation | Total as per Balance Sheet |
|---|---|---|---|---|---|
| **A)** | **Salaries & Allowances** | | | | |
| | Salaries (Basic) + Dearness Pay | | 584.54 | 67.75 | 652.29 |
| | Merger of DA with Basic (Proposed) | | - | - | - |
| | Grade pay | | - | - | - |
| | DA | | 178.04 | 21.24 | 199.28 |
| | Employee Arrears - 6th Pay Commission | | - | - | - |
| | Other Allowances | | 23.00 | 2.13 | 25.13 |
| | Overtime | | 4.86 | 2.91 | 7.77 |
| | Bonus | | - | - | - |
| | **Salaries - Total** | | **790.45** | **94.03** | **884.48** |
| **B)** | **Other Staff Cost** | | | | |
| | Medical Expense Reimbursement | | 6.16 | 1.10 | 7.26 |
| | Fee & Honorarium | | - | 0.01 | 0.01 |
| | Earned Leave Encashment | | 57.77 | 9.57 | 67.34 |
| | Salary/Wages of Outsourced/Contractor. | | 79.63 | 3.93 | 83.56 |
| | Leave Salary Contribution | | - | - | - |
| | Payment under Workmen's Compensation | | 1.33 | - | 1.33 |
| | Group Insurance | | 0.01 | - | 0.01 |
| | LTC | | 0.00 | | 0.00 |
| | Staff Welfare Expenses | | 0.13 | - | 0.13 |
| | **Other Staff Cost - Total** | | **145.04** | **14.61** | **159.65** |
| | **Total Salary Cost and Other Staff Cost** | **1,207.13** | **935.49** | **108.64** | **1,044.13** |
| **C)** | **Terminal Benefits** | | | | |
| | Provident Fund Contribution | | - | - | - |
| | Superannuation Boards Contribution | | 0.01 | - | 0.01 |
| | Pension - Base | | 1,132.43 | - | 1,132.43 |
| | Pension-Commuted Value | | 127.11 | - | 127.11 |
| | Pension - 6th Pay Commission Arrears | 1,098.46 | - | - | - |
| | Gratuity | | 68.47 | - | 68.47 |
| | Any other Items (MRC to pensioners, benevolent fund Ex-gratia, GIS and DLI & others) | | 30.99 | - | 30.99 |
| | Employee Contribution towards CPS | | 45.43 | - | 45.43 |

| Sl. | Particulars | Approved in APR | True up | Generation | Total as per Balance Sheet |
|---|---|---|---|---|---|
| | **Terminal Benefits - Total(C )** | **1,098.46** | **1,404.44** | | **1,404.44** |
| D) | **Gross Employee Cost (A+B+C)** | **2,305.59** | **2,339.93** | **108.64** | **2,448.57** |
| E) | Less: Employee Cost Capitalisation | 53.40 | 39.03 | 2.44 | 41.47 |
| F) | Less: Employee Attrition Impact | - | - | - | - |
| G) | **Total Employees Cost (D-E-F)** | **2,252.19** | **2,300.90** | **106.20** | **2,407.10** |
| H) | Less Provision: - Terminal Benefits | - | - | - | - |
| | Less Provision: - ADA | - | - | - | - |
| | Less Provision: - 6th pay Commission | - | - | - | - |
| | Less: Prov. Actuarial Evaluation Gratuity | - | (63.50) | - | - |
| | Less: Prov. Actuarial Evaluation leave encashment | - | (27.86) | - | - |
| | **Total Provision Less:-** | - | **(91.36)** | **-** | - |
| I) | **Less: Return on Equity, pension contribution on deputation, generation Employees, BVPCL, Projects and S&I Employees** | **66.33** | **61.11** | **-** | - |
| | Return on GOHP Equity approved for Generation and Distribution | 47.50 | 47.50 | - | - |
| | Pension Contribution of Generation Employees(tentative) | 13.61 | 13.61 | - | - |
| | Pension Contribution of BVPCL, Projects & S&I Employees | 5.22 | - | - | - |
| | **Net Employee Cost(G-H-I)** | **2,185.86** | **2,331.15** | **106.20** | **2,407.10** |

4.9.5 The Petitioner has requested the Commission to True up the figures of Employee cost for FY 2023-24 as per actuals.

## 4.10 Repair & Maintenance (R&M) Expense

4.10.1 The Petitioner has submitted that total R&M expenses amounting to Rs. 183.51 Cr. (Rs. 155.89 Cr. in Distribution and Rs. 27.62 Cr. in Generation) are booked under the accounts. The Commission had approved the R&M expenses of Rs. 118.78 Cr. in MYT Order dated 29th June, 2019 and had retained the same in MPR Order dated 29th March, 2022.

4.10.2 The R&M expenses submitted by the Petitioner for the FY24 are summarized in the table below:

**Table 54: HPSEBL Submission- Repairs and Maintenance Expenses for FY24 (Rs. Cr.)**

| Sl. | Particulars | Approved in APR | True up | Generation | Total as per Balance Sheet |
|---|---|---|---|---|---|
| A) | **R&M Cost** | | | | |
| | Plant & Machinery | | 0.46 | 12.46 | 12.92 |
| | Buildings | | 2.12 | 2.55 | 4.67 |
| | Civil Works | | 0.71 | 5.28 | 5.99 |

| Sl. | Particulars | Approved in APR | True up | Generation | Total as per Balance Sheet |
|---|---|---|---|---|---|
| | Hydraulic Works | | 0.01 | 6.36 | 6.37 |
| | Lines, Cables Networks | | 105.30 | 0.86 | 106.16 |
| | Vehicles | | 1.05 | 0.08 | 1.13 |
| | Furniture & Fixtures | | 0.04 | 0.01 | 0.05 |
| | Office Equipment | | 46.20 | 0.02 | 46.22 |
| | Other i.e. cost of vehicle other than vehicle | | - | - | - |
| | **R&M Cost - Total (A)** | | **155.89** | **27.62** | **183.51** |
| **B)** | Spare Inventory for maintaining Transformer redundancy | | - | - | - |
| | Substation maintenance by private agencies | | - | - | - |
| **C)** | **R&M Costs (A-B)** | **98.78** | **155.89** | **27.62** | **183.51** |
| **D)** | **Cost 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 | | - | - | - |
| | **Total Cost Reallocated** | - | - | - | - |
| | Provisional amount towards data center approved in MYT Order dated 29.06.2019 | 20.00 | - | - | - |
| | **Net R&M Expenses(C-D)** | **118.78** | **155.89** | **27.62** | **183.51** |

4.10.3 The Petitioner has requested the Commission to True up the figures of R&M Expenses for FY 2023-24 as per actuals.

## 4.11 Administrative and General (A&G) Expenses

4.11.1 The Petitioner has submitted that the total A&G expenses amounting to Rs. 74.29 Cr. (Rs. 71.83 Cr. in Distribution and Rs. 2.46 Cr. in Generation) are booked under accounts.

4.11.2 The Commission has approved the A&G expenses of Rs. 61.68 Cr. in the MYT Order dated 29$^{th}$ June, 2019 and has approved the same in the 4$^{th}$ APR Order dated 31$^{st}$ March, 2023.

4.11.3 The Petitioner has submitted the actual A&G expenses for Distribution Business in comparison to the approved expense for FY24 as summarized in the table below:

**Table 55: HPSEBL Submission- Administrative and General Expenses for FY24 (Rs. Cr.)**

| Particulars | Approved in APR | True up | Generation | Total as per Balance Sheet |
|---|---|---|---|---|
| **Administration Expenses** | | | | |
| Rent rates and taxes (Other than all taxes on income and profit) | - | 6.99 | - | 6.99 |
| Insurance of Employees, assets, legal liability | - | 0.08 | 0.01 | 0.09 |
| Revenue Stamp Expenses Account | - | - | - | - |
| Telephone, Postage, Telegram, Internet Charges | - | 2.95 | 0.19 | 3.14 |
| Incentive & Award to Employees/Outsiders | - | - | - | - |
| Consultancy Charges | - | 0.90 | - | 0.90 |
| Technical Fees | - | - | - | - |
| Other Professional Charges | - | 0.66 | 0.01 | 0.67 |
| Conveyance And Travel (vehicle hiring, running) | - | 11.40 | 1.82 | 13.22 |
| HPERC License fee | - | 0.57 | - | 0.57 |
| Plant And Machinery | - | - | - | - |
| Rental Charges Smart Metering | - | 16.34 | - | 16.34 |
| Regulatory Expenses | - | 3.60 | - | 3.60 |
| Ombudsman Expenses | - | - | - | - |
| Consumer Forum | - | 0.92 | - | 0.92 |
| **Sub-Total of Administrative Expenses** | - | **44.41** | **2.03** | **46.44** |
| **Other Charges** | - | | | |
| Fee And Subscriptions Books and Periodicals | - | 4.98 | - | 4.98 |
| Printing And Stationery | - | 2.05 | 0.07 | 2.12 |
| Advertisement Expenses (Other Than Purchase Related) Exhibition & Demo. | - | 0.62 | 0.05 | 0.67 |
| Contributions/Donations to Outside Institute / Association | - | - | - | - |
| Electricity Charges to Offices | - | 7.09 | 0.10 | 7.19 |
| Water Charges | - | 0.38 | 0.01 | 0.39 |
| Any Study - As per requirements | - | - | - | - |
| Miscellaneous Expenses | - | 0.39 | 0.04 | 0.43 |
| Public Interaction Program | - | 0.24 | - | 0.24 |
| Any Other expenses | - | 9.40 | 0.02 | 9.42 |
| **Sub-Total of other charges** | - | **25.15** | **0.29** | **25.44** |
| Legal Charges | - | 1.67 | 0.14 | 1.81 |
| Auditor's Fee | - | - | - | - |
| Freight - Material Related Expenses | - | 0.62 | - | 0.62 |
| Departmental Charges | - | - | - | - |

| Particulars | Approved in APR | True up | Generation | Total as per Balance Sheet |
|---|---|---|---|---|
| **Total Charges** | **61.68** | **71.85** | **2.46** | **74.31** |

4.11.4 In view of the above, the Petitioner has submitted that though it has included the above unavoidable statutory and mandatory expenses in A&G expenses, it requests the Commission to True up the figures of A&G expenses for FY 2023-24 as per actuals.

## 4.12 Interest on Long term Loans

4.12.1 The Petitioner has submitted that it is submitting the Interest & Finance charges for Truing up to the extent of Interest on Working Capital & Interest on Consumer Security Deposit, LC charges and other Bank charges. The True up of capitalization part of FY 2020 to FY 2024 has been filed as a part of True up of controllable parameter for 4$^{th}$ MYT Control Period (FY 2020-24).

## 4.13 Interest on Working Capital

4.13.1 The Petitioner has submitted that the Rate of Interest on Working Capital has been computed based on SBI MCLR rate as on 1$^{st}$ April, 2023 (i.e. 1st April of relevant Financial Year) plus 300 basis points. The SBI MCLR as on 1st April, 2023 was 8.5% and with 300 basis points it works out to be 11.5%.

4.13.2 The Petitioner has requested the Commission to approve the Interest on Working Capital for FY24as per actuals as calculated in the table below:

**Table 56: HPSEBL Submission- Working Capital Requirement for FY24 (Rs. Cr.)**

| Particulars | Approved in MYT Order | Approved in MPR Order | True up |
|---|---|---|---|
| O&M Expenses for 1 Month | 196.44 | 197.19 | 213.24 |
| Receivables equivalent to 2 months average billing | 926.54 | 1,055.40 | 1,130.95 |
| Maintenance Spares (15% of O&M Expenses of 1 month) | 16.25 | 29.58 | 14.05 |
| Less: Consumer Security Deposit | 538.40 | 526.65 | 511.00 |
| less: One Month Power Purchase | 306.28 | 345.11 | 389.01 |
| **Total Working Capital** | **294.56** | **410.41** | **458.24** |
| Rate of Interest on Working Capital (%) | 11.15% | 11.50% | 11.50% |
| **Interest on Working Capital** | **32.84** | **47.20** | **52.70** |

## 4.14 Interest on Consumer Security Deposit

4.14.1 The Petitioner has submitted that the opening, closing, addition and Interest on Consumer Security Deposits as per annual accounts are submitted in the table below:

**Table 57: HPSEBL Submission - Interest on Consumer Security Deposit for FY24 (Rs. Cr.)**

| Particulars | Approved in 3rd APR Order | True up |
|---|---|---|
| Opening Balance | 498.83 | 464.05 |
| Addition | 27.82 | 46.95 |
| Closing Balance | 526.65 | 511 |
| Interest on Consumer Security Deposit | **22.08** | **30.14** |

4.14.2 The Petitioner has further submitted that it has paid Rs. 30.14 Cr. Interest on Consumer Security Deposits as per annual accounts during FY 2023-24 and has requested the Commission to approve the same.

### 4.15 Interest and Finance Charges

4.15.1 The Petitioner has requested the Commission to approve the actual interest expenses for FY24 as submitted in the table below:

**Table 58: HPSEBL Submission- Interest and Finance Charges for FY24 (Rs. Cr.)**

| Particulars | Approved in 4thAPR Order | Actual |
|---|---|---|
| Interest on Long Term Loan | 157.68 | 157.68 |
| Interest on Working Capital | 47.2 | 52.7 |
| Interest on Consumer Security Deposit | 22.08 | 30.14 |
| LC Charges | 9.9 | 3 |
| Other bank Charges | - | 0.02 |
| **Total Interest & Finance Charges** | **236.86** | **243.54** |

4.15.2 The Petitioner has submitted the details of LC charges as under:

**Table 59: HPSEBL Submission - Details of other Bank charges FY24 (Rs. Cr.)**

| Particulars | Amount |
|---|---|
| SBI | 1.06 |
| PNB | 0.12 |
| UCO | 0.01 |
| Guarantee Fee | 1.80 |
| **Total** | **3.00** |

4.15.3 The Petitioner has requested the Commission to approve the Interest & Finance Charges as depicted above.

### 4.16 Other Controllable Parameters

4.16.1 The Depreciation and Return on Equity claimed by the Petitioner for FY24 as approved in MYT Order are summarized in the table below:

**Table 60: HPSEBL Submission- Depreciation and Return on Equity for FY24 (Rs. Cr.)**

| Particulars | Approved in MYT Order | Approved in MPR Order | Actual/ Provision |
|---|---|---|---|
| Depreciation | 178.73 | 178.73 | 178.73 |
| Return on Equity | 68.39 | 68.39 | 68.39 |

## 4.17 Non-Tariff Income

4.17.1 The Petitioner has submitted that the Commission in its MYT Order dated 29th June, 2019 for FY24, had approved Non-Tariff income & Other income of Rs. 141.23 Cr., whereas the Commission in the MPR Order dated 29th March, 2022 had approved the Non-Tariff income & Other income of Rs. 131.24 Cr.

4.17.2 The actual Non-Tariff income submitted by the Petitioner for True up of FY24 is summarized in the table below.

**Table 61: HPSEBL Submission- Non-Tariff Income for FY24 (Rs. Cr.)**

| Particulars | ARR Provisions | Actual FY 2023-24 | Generation | Total as per Balance Sheet |
|---|---|---|---|---|
| **Income From Investment, Fixed & Call Deposit** | | | | |
| Interest Income from Investments | | 0.05 | - | 0.05 |
| Interest on Fixed Deposits | | 6.27 | - | 6.27 |
| Interest from Bank other than Fixed Deposit | | - | - | - |
| Income from Advance/ loan from BVPCL | | 43.62 | - | 43.62 |
| **Sub-Total: -** | | 49.94 | - | 49.94 |
| **Non-Tariff Income** | | - | - | - |
| Meter Rent/Service Line Rentals | | 0.12 | - | 0.12 |
| Recovery for theft of Power / Malpractices | | 0.82 | - | 0.82 |
| Wheeling Charges Recovery | | 13.40 | - | 13.40 |
| O&M Charges Recovery | | 2.32 | 0.15 | 2.47 |
| Peak Load Violation Charges | | - | - | - |
| Miscellaneous Charges from Consumers | | 4.37 | - | 4.37 |
| **Non-Tariff Income - Total** | | 21.03 | 0.15 | 21.18 |
| **Other Income** | | - | - | - |
| Interest on Staff loans & Advances | | 0.02 | - | 0.02 |
| Income from Investments | | - | - | - |
| Interest on Loans & Advances to Licensees | | - | - | - |
| Interest on Loans and Advances to Lessors | | - | - | - |
| Interest on Advances to Suppliers / Contractors | | 6.00 | - | 6.00 |
| Income from Trading (Other than | | 10.98 | 0.54 | 11.52 |

| Particulars | ARR Provisions | Actual FY 2023-24 | Generation | Total as per Balance Sheet |
|---|---|---|---|---|
| Electricity) | | | | |
| Gain on Sale of Fixed Assets | | 0.29 | - | 0.29 |
| Income fee collected against Staff Welfare | | 0.84 | 0.01 | 0.85 |
| Miscellaneous Receipts | | 172.79 | 1.77 | 174.56 |
| Delayed Payment Charges from Consumers* | | 50.49 | - | 50.49 |
| Delayed Payment Charges from PGCIL | | - | - | - |
| Interest on Banks (other than on Fixed Deposits) | | 1.72 | - | 1.72 |
| Recovery of Investigation & Survey Charges | | - | - | - |
| Amortization of Govt. grants | | 129.69 | - | 129.69 |
| Subsidies against loss on account of flood | | 26.21 | - | 26.21 |
| Prior Income | | 29.60 | - | 29.60 |
| Subsidies from State Govt. (General) | | - | - | - |
| **Other Income – Total** | | 428.63 | 2.32 | 430.95 |
| **Total Non-Tariff Income & Other Income** | | **499.60** | **2.47** | **502.07** |
| **Less: Income not considered** | | | | |
| i) Interest Income from Investments | | 0.05 | - | - |
| ii) Interest on Fixed Deposits | | 6.27 | - | - |
| iii) Income from Advance/ loan from BVPCL | | 43.62 | - | - |
| iv) Delayed Payment Charges from Consumers* | | 50.49 | - | - |
| v)Interest on Banks other than on FD | | 1.72 | - | - |
| vi) Amortization of Govt. grants | | 129.69 | - | - |
| vii) Prior Income | | 29.60 | - | - |
| viii) GST paid against bank Charges | | 10.18 | - | - |
| **Sub-total of amount not considered** | | **271.62** | - | - |
| **Net Non-Tariff Income & Other Income** | **131.24** | **227.98** | **2.47** | **230.45** |

4.17.3 Further, the Petitioner has submitted that it has not considered the Delayed Payment Surcharge from consumers in Non-Tariff income as per HPERC Regulations, 2013. Also, the Petitioner 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, expenses toward amortisation of Grants have also not been considered in the Non-Tariff income and the expenses towards REC purchase and GST payment are being deduced from the Non-Tariff income.

## 4.18 Aggregate Revenue Requirement

4.18.1 Based on the above data submissions and information, the Petitioner has submitted that the actual ARR on account of True up for FY 2023-24 after adjustment of past years expenses which the Commission had included in the approved ARR of FY 2023-24 is given in table below:

**Table 62: HPSEBL Submission- Aggregate Revenue Requirement for FY24 (Rs. Cr.)**

| Particulars | Approved in MYT Order | Approved in APR Order | True -UP |
|---|---|---|---|
| **Power Purchase Expenses (including own generation)** | **3,675.41** | **4,141.36** | **4,645.13** |
| i) Cost of Electricity Purchased (Including own generation) | 3,157.70 | 3,517.34 | 4,351.47 |
| **Interstate charges** | **472.64** | **553.83** | **230.49** |
| ii) PGCIL/CTUIL Charges | 380.87 | 463.83 | 176.81 |
| iii) STOA Charges | 91.77 | 90.00 | 53.67 |
| **Intra-State Charges** | **45.07** | **70.19** | **86.11** |
| iv) HPPTCL Charges | 33.87 | 66.95 | 66.63 |
| v) SLDC Charges | 11.20 | 3.24 | 3.61 |
| vi) Other Charges (System/Marketing, reactive Power, UI, Trading Margin, NLDC) | - | - | 15.87 |
| Incentive/penalty for over-achievement/underachievement of T&D losses | - | - | (22.94) |
| **Operation and Maintenance Costs** | **2,357.29** | **2,366.32** | **2,558.89** |
| i) Employees Cost | 2,185.86 | 2,185.86 | 2,331.15 |
| ii) R&M Cost | 118.78 | 118.78 | 155.89 |
| iii) A&G Cost | 52.65 | 61.68 | 71.85 |
| **Interest and Financing Charges** | **260.66** | **236.86** | **243.54** |
| i) Interest on long term loans | 193.58 | 157.68 | 157.68 |
| ii) Interest on Working Capital | 32.84 | 47.20 | 52.70 |
| iii) Interest on Consumer Security Deposit | 34.24 | 22.08 | 30.14 |
| iv) LC Charges | - | 9.90 | 3.00 |
| v) Other Bank Charges | - | - | 0.02 |
| Depreciation | 178.73 | 178.73 | **178.73** |
| Return of Equity | 68.39 | 68.39 | **68.39** |
| Prior period Income | - | - | - |
| Add: Misc. Written off | - | - | - |
| Less: Non-Tariff Income | 141.23 | 131.24 | **227.98** |
| **Aggregate Revenue Requirement** | **6,399.26** | **6,860.42** | **7,466.69** |
| **Add: Past period cost** | | | |
| i) Impact of True up of FY 22 | - | (524.82) | (524.82) |
| Provisions Towards impact of 6th Pay Commission revision | - | 250.00 | - |
| Provision towards impact of Uttarakhand Water CESS | - | 9.88 | - |
| Add. Past adjustment | - | - | - |
| **Total ARR Including Adjustments** | **6,399.26** | **6,595.48** | **6,941.87** |

| Particulars | Approved in MYT Order | Approved in APR Order | True -UP |
|---|---|---|---|
| i) Revenue from Sale of Power Within the State | - | 6,576.92 | 6,785.71 |
| ii) Revenue from Sale of Power Outside the State | - | 19.76 | 264.51 |
| **Total Revenue** | - | **6,596.68** | **7,050.22** |
| **Revenue Surplus (+)/Gap (-)** | - | **1.20** | **108.34** |
| **Sales (MU)** | **10,209.00** | **11,306.00** | **11,345.00** |
| **ACoS (Rs/kWh)** | **6.28** | **6.05** | **6.35** |
| **ACoS (Rs/kWh) (Including past period cost)** | **6.28** | **5.82** | **5.89** |

### 4.19 Revenue (Gap)/Surplus

4.19.1 The Petitioner has submitted the Revenue (Gap)/ Surplus for FY 2023-24 based on the actual ARR and revenue of HPSEBL in the following table:

**Table 63: HPSEBL Submission- Revenue (Gap)/ Surplus for FY24 (Rs. Cr.)**

| Particulars | Approved in APR Order | True up |
|---|---|---|
| **Total ARR Including Adjustments** | **6,595.48** | **6,941.87** |
| i) Revenue from Sale of Power Within the State | 6,576.92 | 6,785.71 |
| ii) Revenue from Sale of Power Outside the State | 19.76 | 264.51 |
| **Total Revenue** | 6,596.68 | 7,050.22 |
| **Revenue Surplus (+)/Gap (-)** | **1.20** | **108.34** |

### 4.20 Carrying Cost

4.20.1 The Petitioner has submitted that w.e.f.1st April, 2024, the new HPERC MYT Regulations, 2023 are enforced wherein, the basis points have been changed from 300 points to 150 points under Regulation 17. The Petitioner has also submitted that till date SBI has notified MCLR up to 15th November, 2024 and based on this, the weighted average rate for FY 2024-25 has been worked out as 8.88% and with addition of 150 basis points, the rate of interest works out to be 10.38%. The computation of holding/carrying cost and revenue surplus is given in following table:

**Table 64: HPSEBL Submission- Revenue Gap with Carrying Cost (Rs. Cr.)**

| Particulars | FY23-24 | FY24-25 |
|---|---|---|
| Opening Surplus/Gap | - | 114.60 |
| Addition/Surplus | 108.34 | - |
| Closing | 108.34 | 114.60 |
| Interest Rate for Carrying cost | 0.12 | 0.10 |
| Carrying cost | 6.26 | 11.90 |
| **Total Surplus/ (Gap)** | **114.60** | **126.50** |

# 5 Summary of the True-up of Controllable Parameters of 4th MYT Control Period

## 5.1 Background

5.1.1 The Petitioner has requested to True up the Controllable Parameters of 4th MYT Control Period (FY 2019-20 to FY 2023-24) which includes Capitalisation and Capital Expenditure, Depreciation, Interest and Finance Charges and Return on Equity (RoE) for each year from FY 2019-20 to FY 2023-24 as per the HPERC MYT Regulations, 2011.

## 5.2 Capital Expenditure and Capitalisation for 4th MYT Control Period

5.2.1 The Petitioner has submitted that the Commission in its MYT Order dated 29th June, 2019 had approved the Capital Expenditure and Capitalisation for the 4th MYT Control Period for FY20 to FY24 as follows:

**Table 65: HPSEBL Submission - Capitalisation approved for FY20 to FY24 (Rs. Cr.)**

| Particulars | FY 19-20 | FY 20-21 | FY 21-22 | FY 22-23 | FY 23-24 | Total |
|---|---|---|---|---|---|---|
| **Capital Expenditure** | 583.68 | 557.05 | 555.76 | 388.12 | 388.12 | **2,472.73** |
| **Capitalisation** | 568.63 | 564 | 560.7 | 491.67 | 450.25 | **2,635.25** |

5.2.2 The Petitioner has submitted the Capitalisation for the 4th MYT Control Period for FY 2019-20 to FY 2023-24 as under:

**Table 66: HPSEBL Submission - Capitalisation for 4th MYT Control Period (Rs. Cr.)**

| Sl. | Name of Units | FY20 | FY 21 | FY22 | FY23 | FY24 | Total |
|---|---|---|---|---|---|---|---|
| 1 | Operation Wing | 372.27 | 271.42 | 723.42 | 580.56 | 435.28 | 2,382.94 |
| 2 | ES Wing | 156.63 | 60.36 | 195.63 | 152.29 | 111.30 | 676.21 |
| 3 | Chief Engineer (P&M) | 73.80 | 24.49 | 25.28 | 59.55 | 0.52 | 183.64 |
| 4 | Head offices/Others | 0.16 | 0.74 | 1.05 | 0.06 | 0.43 | 2.44 |
| 5 | Chief Engineer (Gen) | 9.57 | 29.83 | 15.89 | 37.09 | 13.92 | 106.29 |
| 6 | Chief Engineer (PCA) | - | - | - | - | 1.37 | 1.37 |
| **7** | **Grand Total** | **612.43** | **386.83** | **961.27** | **829.55** | **562.82** | **3,352.90** |
| **8** | **Capitalisation for Distribution** | **602.86** | **357.00** | **945.38** | **792.46** | **548.90** | **3,246.60** |

| Sl. | Name of Units | FY20 | FY 21 | FY22 | FY23 | FY24 | Total |
|---|---|---|---|---|---|---|---|
| | **Business** | | | | | | |

5.2.3 The Petitioner has claimed the Capitalization based on actuals as per books of accounts. Out of total Capitalization of Rs. 3,352.90 Cr for the period from FY 2019-20 to FY 2023-24, Rs. 3,246.60 Cr pertains to Distribution Business and the remaining Capitalisation pertains to Generation Business. The abstract of year-wise actual Capitalisation from FY 2019-20 to FY 2023-24 as submitted by the Petitioner is as follows:

**Table 67: HPSEBL Submission - Difference of actual vs. approved Capitalisation for 4th MYT Control Period (Rs. Cr.)**

| Name of Units | FY 2019-20 | FY 2020-21 | FY 2021-22 | FY 2022-23 | FY 2023-24 | Total |
|---|---|---|---|---|---|---|
| Capitalisation in MYT Order dated 29.06.2019 | 568.63 | 564.00 | 560.70 | 491.67 | 450.25 | 2,635.26 |
| Actual Capitalisation | 602.86 | 357.00 | 945.38 | 792.46 | 548.90 | 3,246.60 |
| **Difference** | **34.23** | **(207.00)** | **384.68** | **300.79** | **98.65** | **611.34** |

5.2.4 The Petitioner has mentioned that it has submitted the scheme wise details of Capitalisation along with the Petition. Furthermore, the Petitioner has mentioned that the Commission had Trued up GFA for the 3rd MYT Control Period vide Order dated 29th March, 2022 with closing balance as on 31st March, 2019 as Rs. 6,072.56 Cr. The GFA based on the Trued up GFA of 3rd MYT Control Period and the Capitalisation done during the 4th MYT Control Period is as under:

**Table 68: HPSEBL Submission - GFA during FY20 to FY24(Rs. Cr.)**

| Particulars | FY 2019-20 | FY 2020-21 | FY 2021-22 | FY 2022-23 | FY 2023-24 |
|---|---|---|---|---|---|
| Opening GFA | 6,072.56 | 6,675.42 | 7,032.42 | 7,977.80 | 8,770.26 |
| GFA Addition during the Year | 602.86 | 357.00 | 945.38 | 792.46 | 548.90 |
| **Closing GFA** | **6,675.42** | **7,032.42** | **7,977.80** | **8,770.26** | **9,319.16** |

## 5.3 Funding Pattern for Capitalisation

5.3.1 The Petitioner has submitted year-wise details of the Funding Pattern and Fund requirement as under:

**Table 69: HPSEBL Submission - Funding Pattern for the Capitalisation done during FY20 to FY24 (Rs. Cr.)**

| Particulars | FY 2019-20 | FY 2020-21 | FY 2021-22 | FY 2022-23 | FY 2023-24 | Total |
|---|---|---|---|---|---|---|
| **Fund Requirement** | **602.86** | **357.00** | **945.38** | **792.46** | **548.90** | **3,246.60** |
| **Funding Break-up** | | | | | | |
| Debt | 311.47 | 198.79 | 483.46 | 419.10 | 270.06 | 1,682.88 |
| Equity | 48.78 | 29.88 | 78.88 | 76.74 | 46.85 | 281.13 |
| Grant | 104.97 | 48.92 | 188.42 | 73.79 | 25.66 | 441.77 |
| Consumer Contribution | 137.64 | 79.41 | 194.62 | 222.82 | 206.33 | 840.82 |

| Particulars | FY 2019-20 | FY 2020-21 | FY 2021-22 | FY 2022-23 | FY 2023-24 | Total |
|---|---|---|---|---|---|---|
| **TOTAL** | **602.86** | **357.00** | **945.38** | **792.46** | **548.90** | **3,246.60** |

## 5.4 Depreciation

5.4.1 The Petitioner has submitted that the Commission had approved the Depreciation in the MYT Order dated 29th June, 2019 for the 4th MYT Control Period (FY20 to FY24) @ 3.23% based on the average Depreciation of last 4 years and Depreciation approved for the period is as follows:

**Table 70: HPSEBL Submission - GFA and Depreciation approved for FY20 to FY24 (Rs. Cr.)**

| Particulars | FY20 | FY21 | FY22 | FY23 | FY24 |
|---|---|---|---|---|---|
| **Total GFA** | | | | | |
| Opening GFA | 6,092.09 | 6,660.72 | 7,224.72 | 7,785.43 | 8,277.10 |
| Addition | 568.63 | 564.00 | 560.71 | 491.67 | 450.25 |
| Reduction | - | - | - | - | - |
| Closing GFA | 6,660.72 | 7,224.72 | 7,785.43 | 8,277.10 | 8,727.35 |
| **Assets created from Grants/ Consumer Contribution** | | | | | |
| Opening GFA | 2,359.88 | 2,502.04 | 2,643.04 | 2,783.22 | 2,906.14 |
| Addition | 142.16 | 141.00 | 140.18 | 122.92 | 112.56 |
| Closing GFA | 2,502.04 | 2,643.04 | 2,783.22 | 2,906.14 | 3,018.70 |
| Depreciation on Total Assets | 205.72 | 223.99 | 242.13 | 259.10 | 274.30 |
| Less: | | | | | |
| Depreciation on Assets created from Grants/ Consumer Contribution | 78.43 | 83.00 | 87.53 | 91.78 | 95.57 |
| **Net Depreciation** | **127.29** | **140.99** | **154.60** | **167.33** | **178.73** |

5.4.2 The Petitioner has submitted that the Depreciation is computed based on straight line method as per rates mentioned in HPERC MYT Regulations, 2011. Further, in case of IT equipment and software, the Depreciation is computed up to 100% in line with 4th amendment of HPERC MYT Regulations, 2011, dated 30th January, 2021. Wherever, the useful life of the asset is less than the useful life prescribed under the Regulations, such as in case of computers and computer peripherals, the useful life is considered as per Companies Act, 2013.

5.4.3 The Petitioner further submitted that the assets funded through grants, consumer contribution and Infrastructure Development Charges (IDC) or capital subsidy has been excluded for computation of Depreciation. The Weighted Average Rate of Depreciation has been worked out after adding the assets created during the 4th MYT Control Period as per MYT Regulations, 2011.

5.4.4 The Depreciation submitted by the Petitioner as per actual Capitalisation of assets is shown in the following table:

**Table 71: HPSEBL Submission - Actual Depreciation for FY20 to FY24 (Rs. Cr.)**

| Particular | FY20 | FY21 | FY22 | FY23 | FY24 |
|---|---|---|---|---|---|
| Opening GFA | 6,072.56 | 6,675.42 | 7,032.42 | 7,977.81 | 8,770.27 |
| GFA Addition | 602.86 | 357.00 | 945.38 | 792.46 | 548.90 |
| Closing GFA | 6,675.42 | 7,032.42 | 7,977.81 | 8,770.27 | 9,319.17 |
| Rate of Depreciation | 3.78% | 3.85% | 3.87% | 3.80% | 3.82% |
| **Gross Depreciation** | 241.13 | 264.14 | 290.65 | 317.82 | 345.77 |
| **Less: Consumer Contribution / Grant/IDC** | | | | | |
| Opening GFA | 2,509.53 | 2,752.14 | 2,880.47 | 3,263.52 | 3,560.13 |
| GFA Addition | 242.61 | 128.33 | 383.04 | 296.62 | 231.99 |
| Closing GFA | 2,752.14 | 2,880.47 | 3,263.52 | 3,560.13 | 3,792.12 |
| Rate of Depreciation | 3.78% | 3.85% | 3.87% | 3.80% | 3.82% |
| **Depreciation** | 99.53 | 108.54 | 118.97 | 129.49 | 140.54 |
| **Net Depreciation** | **141.61** | **155.60** | **171.68** | **188.33** | **205.24** |

5.4.5 The Petitioner has mentioned that the Opening Balance of Grant and the Consumer Contribution has been taken as the closing balance of the True up of Grant /Consumer Contribution done by the Commission for the 2$^{nd}$ and 3$^{rd}$ MYT Control Period (i.e. Consumer Contribution and grant as on 31$^{st}$ March, 2014 was Rs. 1,508.88 Cr and During 3$^{rd}$ MYT Control Period, the contribution was Rs. 1,000.65 Cr making total Consumer Contribution and Grant to Rs. 2,509.53 Cr).

5.4.6 The Petitioner has submitted the summary of actual vs approved Depreciation from FY20 to FY24 as shown under:

**Table 72: HPSEBL Submission - Summary of actual vs. approved Depreciation from FY20 to FY24 (Rs. Cr.)**

| Particular | FY20 | FY21 | FY22 | FY23 | FY24 | Total |
|---|---|---|---|---|---|---|
| Depreciation approved in MYT Order | 127.29 | 140.99 | 154.60 | 167.33 | 178.73 | 768.94 |
| Actual Depreciation | 141.61 | 155.60 | 171.68 | 188.33 | 205.24 | 862.46 |
| **Difference (+ or -)** | **(14.32)** | **(14.61)** | **(17.08)** | **(21.00)** | **(26.51)** | **(93.52)** |

5.4.7 The Petitioner has further submitted that the Fixed Asset Register has been finalised by HPSBEL and the assessment of Depreciation as per the provisions of Regulations is under finalization and shall be submitted by the Petitioner separately. The Petitioner vide additional submission dated 24$^{th}$ December, 2024 has submitted revised calculations based on FAR and requested the Commission to consider the True up as per actuals.

## 5.5 Funding Pattern

5.5.1 The Petitioner has submitted that the Commission had approved Funding pattern for financing of additional Capitalisation in 4$^{th}$ MYT Order dated 26$^{th}$ June, 2019 as follows:

**Table 73: HPSEBL Submission - Funding Pattern approved by the Commission from FY20 to FY24 (Rs. Cr.)**

| Particulars | FY20 | FY21 | FY22 | FY23 | FY24 | Total |
|---|---|---|---|---|---|---|
| Funding requirement | 568.63 | 564.00 | 560.71 | 491.67 | 450.25 | **2,635.26** |
| Less: Consumer Contribution/ capital receipts/Grants | 142.16 | 141.00 | 140.18 | 122.92 | 112.56 | **658.82** |
| Balance remaining | | | | | | |
| Funding through Debt | 383.83 | 380.70 | 378.48 | 331.88 | 303.92 | **1,778.81** |
| Funding through Equity | 42.65 | 42.30 | 42.05 | 36.88 | 33.77 | **197.65** |

5.5.2 The Petitioner has submitted the actual Funding pattern of the Capitalisation from FY20 to FY24 as follows:

**Table 74: HPSEBL Submission - Actual Funding Pattern for FY20 to FY24 (Rs. Cr.)**

| Particulars | FY 2019-20 | FY 2020-21 | FY 2021-22 | FY 2022-23 | FY 2023-24 | Total |
|---|---|---|---|---|---|---|
| **Fund Requirement** | 602.86 | 357.00 | 945.38 | 792.46 | 548.90 | **3,246.60** |
| **Funding Break-up** | | | | | | |
| Debt | 311.47 | 198.79 | 483.46 | 419.10 | 270.06 | 1,682.88 |
| Equity | 48.78 | 29.88 | 78.88 | 76.74 | 46.85 | 281.13 |
| Grant | 104.97 | 48.92 | 188.42 | 73.79 | 25.66 | 441.77 |
| Consumer Contribution /IDC | 137.64 | 79.41 | 194.62 | 222.82 | 206.33 | 840.82 |
| **TOTAL** | **602.86** | **357.00** | **945.38** | **792.46** | **548.90** | **3,246.60** |

5.5.3 The Petitioner has submitted that in the schemes/ works where HPSEBL has executed the works with 100% own share, the same has been considered under Debt and Equity in the ratio of 70:30 as per provision of HPERC MYT Regulation, 2011.

## 5.6 Interest on Loan

5.6.1 The summary of Interest on Loan as approved by the Commission in 4th MYT Order dated 26th June, 2019 is submitted by the Petitioner as follows:

**Table 75: HPSEBL Submission - Summary of interest on loans approved for FY20 to FY24 (Rs. Cr.)**

| Particulars | FY 2019-20 | FY 2020-21 | FY 2021-22 | FY 2022-23 | FY 2023-24 |
|---|---|---|---|---|---|
| PFC | 0.08 | 0.06 | 0.04 | 0.02 | 0.01 |
| State Govt | 0.23 | 0.07 | - | - | - |
| New Loans for FY 12 to 14 | 14.65 | 8.49 | 3.58 | 0.88 | - |
| Interest on Uday Bonds | 42.24 | 42.24 | 42.24 | 0.00* | 0.00* |
| New loan FY15-19 (after UDAY) | 54.20 | 46.68 | 39.16 | 31.64 | 24.12 |
| New Loan for FY 20-24 | 19.86 | 57.22 | 89.90 | 115.70 | 133.55 |
| **Total** | **131.26** | **154.75** | **174.93** | **148.24** | **157.68** |

* The interest on Uday Bond has been disallowed w.e.f. FY 22-23 in Mid Term Review Order dated 29.03.2022.

## 5.7 Interest and Finance Charges

5.7.1 The Petitioner has submitted the actual Interest and Finance charges from FY20 to FY24 as shown in following Table:

| Sl.No. | Particulars | FY20 | FY21 | FY22 | FY23 | FY24 |
|---|---|---|---|---|---|---|
| A) | Interest and Finance Charges on Long Term Loans / Credits from the FIs/banks/organisations approved by the State Government | | | | | |
| | REC | 92.45 | 111.22 | 126.81 | 123.10 | 137.55 |
| | RGGVY | 0.04 | 0.04 | 0.03 | 0.02 | 0.01 |
| | DDUGJY | 2.04 | 2.45 | 2.45 | 2.27 | 2.03 |
| | Unsecured Bonds 8.75% | 23.31 | 23.00 | 17.69 | 10.79 | 2.16 |
| | Unsecured Bonds 9.13% | 21.42 | 21.36 | 20.94 | 18.07 | 12.06 |
| | Unsecured Bonds 10.39% | 31.24 | 31.11 | 31.17 | 31.17 | 30.03 |
| | Unsecured Bonds 9.30% | | | | - | |
| | Unsecured Bonds 9.85% | - | - | - | - | - |
| | PFC | 2.13 | 2.48 | 2.17 | 1.70 | 1.69 |
| | R: APDRP(Part A) | - | - | - | - | - |
| | R: APDRP(Part B) | 29.47 | 26.25 | 23.45 | 7.25 | 5.71 |
| | R: APDRP(Part B) CP | 2.37 | 2.24 | 2.01 | 1.62 | 1.66 |
| | ADB Loan | 1.16 | 1.16 | 1.16 | 1.16 | 1.16 |
| | KFW | 0.76 | 2.55 | 6.18 | 8.57 | 8.80 |
| | UDAY (25) from State Co-operative Bank 162.30 | 2.73 | 14.18 | 11.07 | 11.68 | 12.17 |
| | UDAY (25) from State Bank India (162.70) | 0.62 | 13.86 | 11.28 | 10.34 | 10.21 |
| | UDAY State Govt. Loan | 227.78 | 227.78 | 227.78 | 227.78 | 227.78 |
| | HPSCOB (Long Term) | - | | - | - | - |
| | (S) State Government Loan (APDRP) | - | - | - | - | - |
| | UDAY Bonds | - | - | - | - | - |
| | KCC | - | - | - | 5.95 | 18.55 |
| | Central bank of India | - | - | - | - | - |
| | Punjab & Sind Bank | - | - | - | - | - |
| | **Total of A** | **437.52** | **479.67** | **484.19** | **461.47** | **471.57** |
| B) | **Interest on Working Capital Loans Or Short-Term Loans** | | | | | |
| | Total Working Capital / Short Term Loan | 29.10 | 18.85 | 33.45 | 40.62 | 39.55 |
| | **Total of B** | **29.10** | **18.85** | **33.45** | **40.62** | **39.55** |
| C) | **Other Interest & Finance Charges** | | | | | |
| | Cost of raising Finance & Bank Charges etc. | 1.05 | 3.31 | 5.10 | 1.42 | 10.18 |
| | Interest on Security Deposit | 15.95 | 18.68 | 17.02 | 18.23 | 30.14 |
| | Penal Interest Charges | - | - | - | - | - |
| | Lease Rentals | - | - | - | - | - |

| Sl.No. | Particulars | FY20 | FY21 | FY22 | FY23 | FY24 |
|---|---|---|---|---|---|---|
| | Penalty charges for delayed payment for power purchase | - | 0.85 | 23.08 | 5.99 | 40.35 |
| | Interest on GPF | 10.73 | 5.78 | - | 0.08 | - |
| | Rebate on timely payments | 4.72 | 10.89 | 8.61 | - | - |
| | Bank Charges between Board Offices | 0.02 | 0.01 | 0.01 | 0.02 | 0.01 |
| | Other Bank Charges | 1.43 | | 0.50 | 0.62 | 3.00 |
| | Bank Commission for Collection from Consumers | 0.07 | 0.08 | 0.04 | 0.04 | |
| | **Total of C** | **33.97** | **39.60** | **54.36** | **26.40** | **83.68** |
| | **Grand Total of Interest & Finance Charges: A + B+C** | **500.59** | **538.12** | **572.00** | **528.49** | **594.80** |
| | Less: Interest capitalized | 59.49 | 76.12 | 65.76 | 48.75 | 28.09 |
| | **Net Total Of Interest & Finance Charges: For Revenue Account: C-D** | **441.10** | **462.00** | **506.24** | **479.74** | **566.71** |
| | **Interest & Financing Charges for Generation Business** | **9.01** | **14.20** | **19.44** | **4.81** | **13.59** |
| | **Total Interest & Financing Charges as per Balance Sheet** | **450.11** | **476.20** | **525.68** | **484.55** | **580.30** |

**Table 76: HPSEBL Submission - True up of Interest and Financing Charges for FY20 to FY24 (Rs. Cr.)**

| Particular | FY20 | FY21 | FY22 | FY23 | FY24 |
|---|---|---|---|---|---|
| A) Interest on long term loans | 251.98 | 294.13 | 298.65 | 233.69 | 243.79 |
| B) Other Finance Cost | 33.97 | 39.60 | 54.36 | 26.40 | 83.68 |
| LESS: LC Charges Allowed in True up for respective years | 1.24 | 1.67 | 0.49 | 0.75 | 3.02 |
| Less Interest Capitalisation | 59.49 | 76.12 | 65.76 | 48.75 | 28.09 |
| Less:Uday Interest Allowed in True up | 42.24 | 42.24 | 42.24 | - | - |
| Less: Rebate on timely payment already allowed in True up for respective year | 4.72 | 10.80 | 8.61 | - | - |
| Less: Being claimed under other Income being payment of GST/Taxes for FY 23-24 being filed in True up with this Petition | - | - | - | - | 10.18 |
| Less: Delay payment surcharge not allowed as per Regulations | - | 0.85 | 23.08 | 5.99 | 40.35 |
| LESS: Interest on consumer security deposit Trued up for respective years | 15.95 | 18.68 | 17.02 | 18.23 | 30.14 |
| **Sub-Total Exclusions** | **123.64** | **150.36** | **157.20** | **73.72** | **111.78** |
| **Net Interest and Financing Charges (A+B-C)** | **162.31** | **183.37** | **195.81** | **186.37** | **215.69** |

5.7.2 The Petitioner has mentioned the comparison of approved and actual Interest on Loan as claimed by HPSEBL in the table below:

**Table 77: HPSEBL Submission - Summary of approved and actual Interest on Loan for FY20 to FY24 (Rs. Cr.)**

| Particular | FY20 | FY21 | FY22 | FY23 | FY24 | Total |
|---|---|---|---|---|---|---|
| Interest on loan approved in MYT Order | 131.26 | 154.75 | 174.93 | 148.24 | 157.68 | 766.86 |
| Actual Interest on loan and finance charges | 162.31 | 183.37 | 195.81 | 186.37 | 215.69 | 943.54 |
| **Difference (+/-)** | **(31.06)** | **(28.62)** | **(20.88)** | **(38.13)** | **(58.01)** | **(176.68)** |

5.7.3 The Petitioner has thus requested the Commission to True up the Interest and Finance charges as per actuals.

### 5.8 Return on Equity

5.8.1 The Petitioner has computed the RoE considering a rate of return of 16% for the years from FY20 to FY24 as per the HPERC MYT Regulations, 2011. The RoE is computed on the average of opening and closing balance of equity for each year.

5.8.2 The Petitioner has mentioned that the Commission in the True up of Controllable Parameter for 3rd MYT Control Period (FY15 to FY19) vide Order dated 29th March, 2022 had Trued up the RoE and reduced the Equity in the opening and closing balance of IDC despite there being no such provision in the MYT Regulations, 2011. The Petitioner has further submitted that IDC utilized should have been considered under consumer contribution/grant, not in reduction of Equity. In view of above, the Petitioner has requested the Commission that RoE may be allowed in the 4th MYT Control Period for Truing up the Equity approved in 3rd MYT Control Period excluding the IDC utilisation as mentioned under:

**Table 78: HPSEBL Submission - Equity recalculated for FY15 to FY19 (Rs. Cr.)**

| Particulars | FY 15 | FY 16 | FY 17 | FY 18 | FY 19 |
|---|---|---|---|---|---|
| Opening Equity | 246.69 | 260.18 | 280.83 | 304.76 | 334.90 |
| Addition | 13.49 | 20.65 | 23.93 | 30.14 | 25.92 |
| Closing Equity | 260.18 | 280.83 | 304.76 | 334.90 | 360.82 |

5.8.3 The Petitioner has submitted the True up for RoE for 4th MYT Control Period with opening balance amounting to Rs. 360.82 Cr and Capitalisation for 4th MYT Control Period as under:

**Table 79: HPSEBL Submission - Return on Equity approved for FY20 to FY24 (Rs. Cr.)**

| Particulars | FY 2019-20 | FY 2020-21 | FY 2021-22 | FY 2022-23 | FY 2023-24 |
|---|---|---|---|---|---|
| Opening Equity | 360.82 | 409.60 | 439.48 | 518.36 | 595.10 |
| Addition | 48.78 | 29.88 | 78.88 | 76.74 | 46.85 |
| Closing Equity | 409.60 | 439.48 | 518.36 | 595.10 | 641.95 |
| Average Equity | 385.21 | 424.54 | 478.92 | 556.73 | 618.52 |
| Rate of Return | 16.00% | 16.00% | 16.00% | 16.00% | 16.00% |
| **RoE** | **61.63** | **67.93** | **76.63** | **89.08** | **98.96** |

5.8.4 The Petitioner has further submitted the comparison of approved and actual RoE claimed by HPSEBL as shown in the following table:

**Table 80: HPSEBL Submission - Summary of approved and actual Return on Equity for FY20 to FY24 (Rs. Cr.)**

| Particular | FY20 | FY21 | FY22 | FY23 | FY24 | TOTAL |
|---|---|---|---|---|---|---|
| Return on Equity approved in MYT Order dated 26.06.2019 | 42.88 | 49.68 | 56.43 | 62.74 | 68.39 | 280.12 |
| Actual Return on Equity | 61.63 | 67.93 | 76.63 | 89.08 | 98.96 | 394.23 |
| **Difference (+/-)** | **(18.75)** | **(18.25)** | **(20.20)** | **(26.34)** | **(30.57)** | **(114.11)** |

## 5.9 Gap for True up of Controllable Parameters of 4thMYT Control Period

5.9.1 The Petitioner has requested the Commission to approve the gap along with carrying cost as per provisions of clause (2) of Regulation 11 as per HPERC (Terms and Conditions for determination of Wheeling Tariff and Retail Supply Tariff) (Third Amendment) Regulations, 2018. The computation of Revenue Gap is submitted by the Petitioner as follows:

**Table 81: HPSEBL Submission - Revenue Gap on account of True up for 4th MYT Control Period (Rs. Cr.)**

| Particular | FY20 | FY21 | FY22 | FY23 | FY24 | Total |
|---|---|---|---|---|---|---|
| **Approved in MYT Order dated 29.06.2019 and MTR dated 29.03.2022** | | | | | | |
| Depreciation | 127.29 | 140.99 | 154.60 | 167.33 | 178.73 | **768.94** |
| Interest on Loan | 131.26 | 154.75 | 174.93 | 148.24 | 157.68 | **766.86** |
| Return on Equity | 42.88 | 49.68 | 56.43 | 62.74 | 68.39 | **280.12** |
| **Total Approved** | **301.43** | **345.42** | **385.96** | **378.31** | **404.80** | **1,815.92** |
| **Actual True up** | | | | | | |
| Depreciation | 141.61 | 155.60 | 171.68 | 188.33 | 205.24 | **862.46** |
| Interest and Finance Charges | 162.31 | 183.37 | 195.81 | 186.37 | 215.69 | **943.54** |
| Return on Equity | 61.63 | 67.93 | 76.63 | 89.08 | 98.96 | **394.23** |
| **Total Actual** | **365.55** | **406.90** | **444.12** | **463.78** | **519.89** | **2,200.23** |
| **Total Surplus/ (Gap)** | **(64.12)** | **(61.48)** | **(58.15)** | **(85.47)** | **(115.09)** | **(384.31)** |

5.9.2 The total revenue gap including carrying cost is computed by the Petitioner in the following table:

| Particulars | FY20 | FY21 | FY22 | FY23 | FY24 | FY25 |
|---|---|---|---|---|---|---|
| Opening balance | - | (67.70) | (139.10) | (214.07) | (327.27) | (486.84) |
| Surplus/ (Gap) addition | (64.12) | (61.48) | (58.15) | (85.47) | (115.09) | - |
| Closing balance | (64.12) | (129.18) | (197.25) | (299.53) | (442.35) | (486.84) |
| Interest Rate for Carrying/Holding Cost | 11.16% | 10.07% | 10.00% | 10.80% | 11.56% | 10.38% |
| Holding Cost/ (Carrying Cost) | (3.58) | (9.91) | (16.82) | (27.73) | (44.48) | (50.53) |
| **Total surplus/ (Gap) including** | **(67.70)** | **(139.10)** | **(214.07)** | **(327.27)** | **(486.84)** | **(537.37)** |

| Particulars | FY20 | FY21 | FY22 | FY23 | FY24 | FY25 |
|---|---|---|---|---|---|---|
| **Holding cost/ (Carrying Cost)** | | | | | | |

5.9.3 The Petitioner has submitted that the carrying cost shall be subjected to final outcome of the Appeal No. 892 of 2023 before the Hon'ble APTEL in respect of carrying/ holding cost rate of interest.

# 6 Summary of the APR of 5th MYT Control Period, ARR And Tariff Petition for FY 2025-26

## 6.1 Background

6.1.1 This chapter summarizes the highlights of the Petition filed by the Petitioner for review of 1st APR (FY 2024-25) of 5th Control Period and ARR and determination of Distribution and Retail Supply Tariff for FY 2025-26.

6.1.2 The Petitioner has mentioned that the Commission vide its MYT Order dated 15th March,2024 has determined the ARR for FY 2024-25 and FY 2025-26 based on the HPERC MYT Regulations, 2023 on the historical trends based upon revised projections by HPSEBL.

6.1.3 The Petitioner has requested the Commission to consider the revised projections of expenditure and revenue for FY 2025-26 based on figures of sales, Power purchase and other parameters of previous years and first half (April to September) of FY 2024-25. The revised projections of revenue and expenses under various heads along with details of cost and justification are enumerated by the Petitioner in the below mentioned sections.

## 6.2 Energy Sales, Consumers and Connected Load

6.2.1 The Petitioner has submitted the revised projections of Energy sales for FY 2024-25 and FY 2025-26 as shown in following table:

**Table 82: HPSEBL Submission – Revised Sales projection for FY 2024-25 and FY 2025-26 (MUs)**

| Categories | FY 2023-24 | CAGR Considered | FY 2024-25 | | | | FY 2025-26 | |
|---|---|---|---|---|---|---|---|---|
| | Base Year | | MYT Order | H1 Actual | H2-Projected | Total | MYT Order | Projected |
| Domestic Supply | 2,724 | 5.26% | 2,820 | 1,477 | 1,459 | 2,937 | 2,974 | 3,091 |
| NDNCS | 186 | 3.23% | 192 | 87 | 107 | 194 | 200 | 200 |
| Commercial Supply | 738 | 3.72% | 777 | 391 | 379 | 770 | 813 | 799 |
| Temporary | 55 | 7.81% | 58 | 30 | 32 | 62 | 58 | 67 |
| Small | 104 | 2.46% | 92 | 84 | 60 | 144 | 93 | 147 |

| Categories | FY 2023-24 | CAGR Considered | FY 2024-25 | | | | FY 2025-26 | |
|---|---|---|---|---|---|---|---|---|
| | Base Year | | MYT Order | H1 Actual | H2-Projected | Total | MYT Order | Projected |
| Power Supply | | | | | | | | |
| Medium Power Supply | 105 | -1.85% | 118 | 56 | 52 | 108 | 124 | 106 |
| Large Power Supply | 6,407 | 4.58% | 6,798 | 3,364 | 3,350 | 6,714 | 7,125 | 7,021 |
| Govt. Irrigation & Water pumping | 739 | 5.49% | 801 | 406 | 404 | 810 | 833 | 854 |
| Irrigation and Agriculture | 79 | 4.74% | 96 | 50 | 42 | 92 | 99 | 97 |
| Public Lighting | 13 | 4.58% | 12 | 6 | 7 | 13 | 12 | 13 |
| Bulk Supply | 193 | 5.06% | 174 | 83 | 113 | 196 | 177 | 206 |
| EV Charging Stations | 1 | 15.00% | 12 | 1 | 1 | 2 | 13 | 3 |
| **Total** | **11,345** | | **11,947** | **6,036** | **6,005** | **12,041** | **12,521** | **12,604** |

6.2.2 The Petitioner has submitted the revised projection of No. of Consumers for FY 2024-25 and FY 2025-26 as shown in the following table:

**Table 83: HPSEBL Submission –Revised Projected Number of Consumers for FY 2024-25 and FY 2025-26**

| Consumers (No.) | As on 31st March 2025 | | As on 31st March 2026 | |
|---|---|---|---|---|
| | MYT Order | (Projected) | MYT Order | (Projected) |
| Domestic | 2,461,565 | 2,412,479 | 2,535,885 | 2,526,116 |
| Non-Domestic Non-Commercial | 34,665 | 34,255 | 35,683 | 36,350 |
| Commercial | 344,224 | 333,673 | 356,807 | 348,591 |
| Temporary | 17,981 | 17,762 | 17,981 | 17,862 |
| Small Power | 30,459 | 29,844 | 30,763 | 30,392 |
| Medium Power | 2,290 | 1,524 | 2,313 | 2,329 |
| Large Supply | 1,953 | 2,137 | 1,980 | 2,005 |
| Govt. Irrigation & Water Pumping | 9,438 | 9,536 | 9,882 | 9,944 |
| Irrigation & Agriculture | 49,235 | 46,520 | 53,057 | 52,153 |
| Public Lighting | 1,490 | 1,437 | 1,571 | 1,566 |
| Bulk Supply | 393 | 401 | 410 | 397 |
| EV Charging Stations | 123 | 19 | 141 | 11 |
| **Total** | **2,953,816** | **2,889,587** | **2,981,554** | **3,027,717** |

6.2.3 The Petitioner has submitted the revised projection of Load for FY 2024-25 and FY 2025-26 as shown in the following table:

**Table 84: HPSEBL Submission –Revised Load Projection for FY 2024-25 and FY 2025-26 (MW)**

| Consumers (No.) | FY 2023-24 | CAGR Considered | FY 2024-25 | | FY 2025-26 | |
|---|---|---|---|---|---|---|
| | (Actual) | | MYT Order | (Projected) | MYT Order | (Projected) |
| Domestic | 4,321 | 5.72% | 5,689 | 5,380 | 6,104 | 5,903 |
| Non-Domestic Non-Commercial | 241 | 7.00% | 301 | 316 | 316 | 330 |
| Commercial | 899 | 5.73% | 1,131 | 1,106 | 1,207 | 1,245 |
| Temporary | 102 | 6.00% | 100 | 122 | 104 | 141 |
| Small Power | 274 | 1.97% | 294 | 303 | 303 | 296 |
| Medium Power | 145 | 3.17% | 160 | 169 | 165 | 166 |
| Large Supply | 1,594 | 2.00% | 1,711 | 2,125 | 1,741 | 1,739 |
| Govt. Irrigation & Water Pumping | 374 | 5.09% | 434 | 425 | 455 | 468 |
| Irrigation & Agriculture | 218 | 6.48% | 256 | 291 | 268 | 321 |
| Public Lighting | 6 | 5.26% | 7 | 7 | 7 | 7 |
| Bulk Supply | 142 | 2.31% | 149 | 142 | 153 | 150 |
| EV Charging Stations | NA | 1.00% | 11 | 2 | 13 | 3 |
| **Total** | **8,317** | | **10,243** | **10,389** | **10,836** | **10,768** |

## 6.3 Energy Requirement

6.3.1 The Petitioner has submitted the energy required at State periphery for FY 2025-26 and revised estimate for FY 2024-25 as per the T&D loss trajectory approved by the Commission in the MYT Tariff Order dated 15th March,2024 as under:

**Table 85: HPSEBL Submission - Energy Requirement for FY 2024-25 and FY 2025-26**

| Particulars | FY 2024-25 | | FY 2025-26 | |
|---|---|---|---|---|
| | MYT Order | Revised | MYT Order | Revised |
| Sales (MU) | 11,947 | 12,041 | 12,521 | 12,604 |
| Approved Loss (%) | 9.50% | | 9.50% | |
| Energy Requirement at Discom Periphery for own consumption (MU) | 13,201 | 13,305 | 13,835 | 13,927 |
| STU Losses (%) | 0.50% | 0.50% | 0.50% | 0.50% |
| **Energy Requirement at State Periphery for own consumption (MU)** | **13,268** | **13,372** | **13,905** | **13,997** |

## 6.4 Power Purchase

A. Review of energy availability from Interstate projects:

6.4.1 Tariff for Central Generating Stations:

The Petitioner has mentioned that the tariff determination for Central Generating Stations for the Control Period FY2024-25 is under process by

Hon'ble CERC and billing by CPSUs is being based on the Tariff approved by Hon'ble CERC for FY2023-24 with the modification in terms of CERC Regulation 10(4) of Tariff Regulations 2024. Therefore, the impact on the fixed cost for the Central Generating Stations cannot be intimated with certainty. In case of NTPC stations, an escalation @ 3% on the provisional rates of FY2023-24 has been considered to arrive at the provisional rates for FY2024-25. The Gas & Thermal stations energy projection for October 2024 to March 2025 & for FY2025-26 are arrived at by considering average of last three years. Also, in case of Koldam HPS, NHPC, SJVNL, UJVNL, UPJVNL and BBMB stations, energy projections are based on the average of last three years.

6.4.2 Banking Energy Arrangements & Winter purchase in FY 2024-25:

The Petitioner has mentioned that as per the approved Power supply position for FY 2024-25, there is winter deficit of approx. 2076 MUs during the period of October 2024 to March 2025.The HPSEBL has made arrangement to meet the same, partially under banking & remaining under short term Power purchases through IEX. The detail of the same along with disposal of the summer energy surpluses are as under:

**A. Banking energy:**

The Petitioner has banked energy outside the State (Firm) to the tune of 1745.22 MUs during the period of May, 2024 to September 2024 and banked energy is returnable with premium to HPSEBL by the traders from utilities to the tune of 618.3 MUs during the period of October, 2024 to March, 2025 as per the following details:

| Oct.2024 | Nov. 2024 | Dec.2024 | Jan. 2025 | Feb.2025 | Mar.2025 | Total |
|---|---|---|---|---|---|---|
| 44.71 MU | 269.61MU | 365.92MU | 405.02MU | 399.87MU | 260.09MU | 1745.22MU |

**B. Short Term purchase through long duration contracts at IEX - Winter Purchase in FY2024-25:**

Further, the Petitioner has submitted that, in addition to banking arrangements, to meet winter deficits, the HPSEBL has explored the option for the short-term Power purchase for winter months as per the directives of the HPERC from time to time. The Short-Term Power purchase for winters has been tied up by HPSEBL through traders under the tendering process. Accordingly, summary of the anticipated short term Power purchase for the period mentioned as under:

| Particulars | Oct-2024 | Nov-2024 | Dec-2024 | Jan-2025 | Feb-2025 | Mar-2025 | Total |
|---|---|---|---|---|---|---|---|
| Energy (in MUs) | 122.94 | 158.96 | 217.94 | 214.30 | 193.56 | 214.30 | **1,122.00** |
| Amount (Rs. in cr.) | 61.47 | 79.96 | 110.06 | 109.85 | 101.23 | 112.98 | **575.00** |
| At Seller STU Periphery Average Rate (Rs./kWh) | 5.00 | 5.03 | 5.05 | 3.40 | 5.23 | 5.23 | **5.12** |

The Petitioner has further mentioned that based on aforementioned banking arrangement & short-term Power purchases, the HPSEBL will be able to meet the demand of the State during winters starting from October, 2024 to March, 2025.

6.4.3 Sale outside the State at IEX in FY2024-25:

The Petitioner has mentioned that the sale outside the State through IEX in FY2024-25 during the months of April, 2024 to September, 2024 has been to the tune of 540.44 MUs at the average rate of Rs. 5.25 per kWh with the revenue of Rs. 283.95 crores. The details are as under:

| Particulars | Apr-2024 | May-24 | Jun-2024 | Jul-2024 | Aug-2024 | Sep-2024 | Total |
|---|---|---|---|---|---|---|---|
| Energy (MUs) | 7.18 | 190.37 | 111.06 | 7.89 | 127.24 | 96.70 | **540.44** |
| Amount (Rs. Cr.) | 6.12 | 112.22 | 67.69 | 3.07 | 53.68 | 41.18 | **283.95** |
| At HP Periphery Average Rate (Rs./kWh) | 8.52 | 5.90 | 6.10 | 3.88 | 4.22 | 4.26 | **5.25** |

6.4.4 New Commissioning Schedule in FY2024-25:

The Petitioner has submitted that it has tied up for Power purchase from the Rajasthan Atomic Power Station (RAPS) Unit 7&8 (installed capacity 700x2 MW) of NPCIL. The Commissioning schedule of RAPS (7&8) is under review as per the information given on the NPCIL website.

6.4.5 HPPTCL Transmission Charges:

The Petitioner has submitted that the Commission has not yet approved HPPTCL MYT for 5$^{th}$ MYT Control Period. However, the Commission in HPSEBL MYT Order has approved STU charges to the tune of Rs.210.83 Cr. Further, it is pertinent to mention here that the HPPTCL in its Petition filed before the Commission has submitted Transmission charges of Rs 679.11 Cr, and on pro rata basis its impact on HPSEBL will be around Rs. 445.26 Cr. Therefore, before finalizing HPSEBL's ARR for 2025-26, the Commission shall consider the pro rata impact of final ARR approved for HPPTCL along with arrears impact for FY2024-25.

6.4.6 CTUIL Transmission Charges:

On introduction of General Network Access by CERC, the central transmission charges are now based on net drawal of DICs. Currently, based on previous drawal data of HPSEBL, HP has been allocated GNA of 1130 MW. The Petitioner has thus submitted that the charges considered in APR for FY 2024-25 and ARR for FY 2025-26 are based on the provisional data available from October, 2023 onwards (after GNA Regime).

HPSEBL also pay Fiber Optic Communication System (FOCS) and ULDC charges for communication system of PGCIL, the charges for the same are also considered by the Petitioner based on past years data.

6.4.7 HPSLDC Charges & Other Charges:

The HPSLDC charges have been worked out by the Petitioner based on the contracted capacity in MW from all sources of Power procurement by HPSEBL for FY2024-25 & FY2025-26 and rate per MW/month for SLDC charges for the long-term beneficiaries is given in the HPSLDC MYT Order dated 15th March,2024.

6.4.8 Wheeling charges for Tanda-II Power wheeling:

The Petitioner has submitted that it has been given Government of India (GoI) unallocated share @ 0.1345% in Tanda-II TPS (1320MW) of NTPC for solar bundled Power. The Tanda-II TPS is located in UP. The Tanda-II TPS is the embedded generator of UP and evacuate the Power through UPPTCL network and then the Power is transferred to Power Grid system. Therefore, UPPTCL charges are being levied on the beneficiaries of Tanda II in terms of the UPERC transmission tariff regulations.

6.4.9 PSPCL Billing towards Shanan share to HP:

The HPSEBL is availing 45 MUs per annum from Shanan Extension project (50MW) at generation cost & 1 MW @ 60% PLF from Shanan Old project (60MW). Since the rates at which PSPCL raises bill are disputed & are not in terms of the agreements, the following rates have been considered by the Petitioner:

a. The Shanan project (Old Shanan) per kWh rate as per the PSPCL Tariff Order for FY2024-25 is 206.44 paise per kWh. Therefore, the Shanan (Old) supply 1 MW at a rate of 206.44 paise per kWh have been considered by the Petitioner for cost projection for the remaining period of FY2024-25 & for FY 2025-26.

b. The Shanan Extension supply energy of 45MUs per annum @ 151 paise per kWh. The same has been considered for the cost projection for remaining period of FY2024-25 & for FY2025-26. The Petitioner has requested the Commission to consider the Shanan supplies rates to HPSEBL as per the PSERC Tariff Order for FY2024-25 for PSPCL for Shanan project.

6.4.10 Khara Project of UPJVNL in Yamuna Valley:

The Petitioner has submitted that it has 20% entitlement in Khara HEP of UPJVNL. As per the Petition filed by UPJVNL before Hon'ble UPERC, the AFC of Rs. 43.87 crore has been projected for FY2024-25 & FY2025-26. The normative PAFY for Khara HEP is 80%, annual design energy is 385 MUs, auxiliary consumption is 1%, annual saleable design energy is 381.15 MUs & billing is done on two-part tariff basis. The Capacity charges are billed as per the monthly plant availability factor & energy charge rate under the Regulations. The rate for Khara HEP for FYs 2024-25 & 2025-26 is considered after escalating the rate of FY2023-24 by 3%.

6.4.11 GoHP Free Power:

In case of GoHP free Power availed by HPSEBL from the intra projects directly interfaced with HPSEBL system, Baspa-II, RSD, Shanan and Chanju-I, the energy rate of Rs. 2.60 per unit as approved by the Commission in the Order dated 15.03.2024 for FY2024-25 has been considered by the Petitioner.

6.4.12 UJVNL Projects in Yamuna Valley:

In case of UJVNL projects i.e. Chibroo, Khodri, Dhalipur Dhakrani, Kulhal HEPs, the rates as approved for FY2024-25 are hiked by 3% by the Petitioner for consideration of Tariff for FY2025-26.

6.4.13 NPCIL:

In case of NAPS and RAPS Units 5&6, the rates for FY2024-25 & FY2025-26 are considered by the Petitioner after escalating the actual rate for FY2023-24 by 3%.

6.4.14 BBMB Projects:

In case of BBMB projects, the Petitioner has considered the rates for FY2024-25 & FY 2025-26 after escalating the actual rate for FY2023-24 by 3%.

6.4.15 The details of Power Purchase quantum (MU) and Cost (Rs. Cr.) for FY 2024-25 and FY 2025-26, as submitted by the Petitioner, is shown in the table below:

**Table 86: HPSEBL Submission - Power Purchase projection for FY 2024-25 & FY 2025-26**

| Name of Source/ Plant | FY 2024-25 | | | | | | FY 2025-26 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Approved in MYT Order | | | Revised Estimate | | | Approved in MYT Order | | | Revised Estimate | | |
| | Energy (MU) | Rate (Rs/ Unit) | Cost (Rs Cr) | Energy (MU) | Rate (Rs/ Unit) | Cost (Rs Cr) | Energy (MU) | Rate (Rs/ Unit) | Cost (Rs Cr) | Energy (MU) | Rate (Rs/ Unit) | Cost (Rs Cr) |
| **Own Generation-HPSEBL** | | | | | | | | | | | | |
| Bhaba | 459.12 | 1.04 | 47.70 | 607.79 | 1.04 | 63.21 | 459.12 | 1.14 | 52.47 | 595.17 | 1.14 | 67.85 |
| Bassi | 344.40 | 0.64 | 22.16 | 328.61 | 0.64 | 21.03 | 344.40 | 0.68 | 23.26 | 315.81 | 0.68 | 21.48 |
| Giri | 287.52 | 1.46 | 41.84 | 186.77 | 1.46 | 27.27 | 287.52 | 1.53 | 43.93 | 225.38 | 1.53 | 34.48 |
| Andhra | 86.43 | 1.52 | 13.18 | 58.08 | 1.52 | 8.83 | 86.43 | 1.60 | 13.84 | 63.77 | 1.60 | 10.20 |
| Ghanvi | 81.15 | 2.25 | 18.26 | 88.56 | 2.25 | 19.93 | 81.15 | 2.25 | 18.26 | 76.66 | 2.25 | 17.25 |
| Baner | 52.86 | 2.43 | 12.86 | 32.60 | 2.43 | 7.92 | 52.86 | 2.56 | 13.51 | 33.21 | 2.56 | 8.50 |
| Gaj | 33.38 | 3.20 | 10.69 | 37.36 | 3.20 | 11.96 | 33.38 | 3.36 | 11.22 | 33.00 | 3.36 | 11.09 |
| Larji | 510.20 | 1.40 | 71.35 | 316.87 | 1.40 | 44.36 | 510.20 | 1.54 | 78.48 | 452.06 | 1.54 | 69.62 |
| Khauli | 43.65 | 2.25 | 9.82 | 39.02 | 2.25 | 8.78 | 43.65 | 2.25 | 9.82 | 38.22 | 2.25 | 8.60 |
| Binwa | 29.05 | 2.60 | 7.54 | 29.12 | 2.60 | 7.57 | 29.05 | 2.73 | 7.92 | 30.44 | 2.73 | 8.31 |
| Thirot | 23.23 | 2.25 | 5.23 | 10.26 | 2.25 | 2.31 | 23.23 | 2.25 | 5.23 | 10.64 | 2.25 | 2.39 |
| Gumma | 17.93 | 2.25 | 4.03 | 5.64 | 2.25 | 1.27 | 17.93 | 2.25 | 4.03 | 7.70 | 2.25 | 1.73 |
| Holi | 17.34 | 2.25 | 3.90 | 1.66 | 2.25 | 0.37 | 17.34 | 2.25 | 3.90 | 5.03 | 2.25 | 1.13 |
| Bhaba Aug | 12.00 | 2.25 | 2.70 | 12.77 | 2.25 | 2.87 | 12.00 | 2.25 | 2.70 | 7.80 | 2.25 | 1.75 |
| Nogli | 9.75 | 3.88 | 3.78 | 3.29 | 3.88 | 1.28 | 9.75 | 4.07 | 3.97 | 3.75 | 4.07 | 1.53 |
| Rongtong | 7.56 | 4.11 | 3.11 | 0.48 | 4.11 | 0.20 | 7.56 | 4.31 | 3.26 | 0.76 | 4.31 | 0.33 |
| Sal-II | 12.38 | 2.25 | 2.78 | - | 2.25 | - | 12.38 | 2.25 | 2.78 | - | 2.25 | - |
| Chaba | 7.59 | 3.54 | 2.69 | 2.70 | 3.54 | 0.96 | 7.59 | 3.72 | 2.82 | 5.12 | 3.72 | 1.90 |
| Rukti | 6.47 | 0.92 | 0.60 | 3.18 | 0.92 | 0.29 | 6.47 | 0.97 | 0.63 | 3.11 | 0.97 | 0.30 |
| Chamba | 1.75 | 3.36 | 0.59 | 0.93 | 3.36 | 0.31 | 1.75 | 3.54 | 0.62 | 1.23 | 3.54 | 0.44 |
| Killar | 1.15 | 2.25 | 0.26 | | 2.25 | - | 1.15 | 2.26 | 0.26 | | 2.25 | - |

| Name of Source/ Plant | FY 2024-25 | | | | | | FY 2025-26 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Approved in MYT Order | | | Revised Estimate | | | Approved in MYT Order | | | Revised Estimate | | |
| | Energy (MU) | Rate (Rs/ Unit) | Cost (Rs Cr) | Energy (MU) | Rate (Rs/ Unit) | Cost (Rs Cr) | Energy (MU) | Rate (Rs/ Unit) | Cost (Rs Cr) | Energy (MU) | Rate (Rs/ Unit) | Cost (Rs Cr) |
| Ghanvi II | 48.49 | 3.16 | 15.32 | 31.96 | 3.16 | 10.10 | 48.49 | 3.16 | 15.32 | 34.38 | 3.16 | 10.86 |
| Ligthi | 0.21 | 2.25 | 0.05 | 0.22 | 2.25 | 0.05 | 0.21 | 2.38 | 0.05 | 0.23 | 2.25 | 0.05 |
| Billing | 1.17 | 2.25 | 0.26 | 0.93 | 2.25 | 0.21 | 1.17 | 2.22 | 0.26 | 1.07 | 2.25 | 0.24 |
| Killar | 0.47 | 2.25 | 0.11 | 0.22 | 2.25 | 0.05 | 0.47 | 2.34 | 0.11 | 0.29 | 2.25 | 0.07 |
| Sach | 1.69 | 2.25 | 0.38 | 1.40 | 2.25 | 0.31 | 1.69 | 2.25 | 0.38 | 0.54 | 2.25 | 0.12 |
| Sural | 0.28 | 2.25 | 0.06 | 0.27 | 2.25 | 0.06 | 0.28 | 2.14 | 0.06 | 0.09 | 2.25 | 0.02 |
| Purthi | 0.14 | 2.25 | 0.03 | 0.09 | 2.25 | 0.02 | 0.14 | 2.14 | 0.03 | 0.10 | 2.25 | 0.02 |
| Uhl-III-Upcoming | 279.68 | 5.00 | 139.84 | 54.00 | 5.00 | 27.00 | 342.96 | 5.00 | 171.48 | 342.95 | 5.00 | 171.48 |
| **Sub-Total-Own Generation** | **2,377.04** | **1.86** | **441.12** | **1,854.79** | **1.45** | **268.52** | **2,440.32** | **2.01** | **490.60** | **2,288.51** | **1.97** | **451.74** |
| **HPPCL Projects** | | | | | | | | | | | | |
| Kashang | 211.28 | 5.00 | 105.64 | 201.52 | 3.44 | 69.32 | 211.28 | 5.00 | 105.64 | 164.02 | 3.44 | 56.42 |
| Sawra Kuddu | 331.60 | 5.00 | 165.80 | 251.73 | 5.24 | 131.91 | 331.60 | 5.00 | 165.80 | 262.12 | 5.24 | 137.35 |
| Sainj (87%) @ 50% | 138.49 | 5.00 | 69.24 | 185.74 | 3.32 | 61.67 | 138.49 | 5.00 | 69.24 | 169.40 | 3.32 | 56.24 |
| Sainj-Solar Hybrid | - | - | - | - | - | - | - | - | - | - | - | - |
| **Sub-Total-HPPCL** | **681.37** | 5.00 | **340.68** | **638.99** | **4.11** | **262.90** | **681.37** | **5.00** | **340.68** | **595.54** | **4.20** | **250.01** |
| **NTPC Thermal** | | | | | | | | | | | | |
| Unchahar-I | 1.13 | 6.26 | 0.71 | 36.14 | 4.41 | 15.95 | 1.13 | 3.72 | 0.42 | 52.91 | 4.54 | 24.05 |
| Unchahar-II | 68.13 | 5.93 | 40.38 | 136.53 | 4.19 | 57.24 | 68.13 | 3.16 | 21.54 | 158.25 | 4.32 | 68.33 |
| Unchahar-III | 48.46 | 6.29 | 30.46 | 66.57 | 4.92 | 32.73 | 48.46 | 3.17 | 15.35 | 70.62 | 5.06 | 35.76 |
| Rihand-1 STPS | 260.83 | 2.54 | 66.21 | 225.60 | 2.45 | 55.22 | 260.83 | 1.84 | 47.87 | 176.14 | 2.52 | 44.41 |
| Rihand-2 STPS | 248.41 | 2.63 | 65.31 | 255.47 | 2.39 | 61.00 | 248.41 | 1.81 | 45.05 | 184.66 | 2.46 | 45.41 |
| Singrauli STPS | 23.16 | 2.46 | 5.71 | 48.48 | 2.25 | 10.89 | 23.16 | 1.63 | 3.78 | 40.21 | 2.31 | 9.30 |
| Kahalgaon -II | 127.42 | 5.16 | 65.74 | 135.73 | 3.61 | 48.99 | 127.42 | 2.65 | 33.78 | 139.72 | 3.72 | 51.94 |
| Rihand-3 Units-1,2 | 267.54 | 3.16 | 84.46 | 239.59 | 3.13 | 75.02 | 267.54 | 3.03 | 81.06 | 168.76 | 3.23 | 54.43 |
| Dadri-II TPS | 25.27 | 5.84 | 14.76 | 47.26 | 4.92 | 23.24 | 25.27 | 1.54 | 3.89 | 78.60 | 5.06 | 39.81 |
| Unchahar IV | 5.71 | 6.81 | 3.89 | 23.16 | 4.32 | 10.00 | 5.71 | 4.83 | 2.76 | 31.80 | 4.45 | 14.14 |
| Bilhaur | 9.39 | 5.00 | 4.70 | - | - | - | 9.39 | 5.01 | 4.70 | - | - | - |
| Tanda-II | - | - | - | 70.27 | 3.69 | 25.96 | - | - | - | 92.97 | 3.81 | 35.38 |
| **Sub-Total-NTPC Thermal** | **1,085.45** | **3.52** | **382.33** | **1,284.81** | **3.24** | **416.23** | **1,085.45** | **2.40** | **260.20** | **1,194.64** | **3.54** | **422.96** |
| Koldam SOR | 14.69 | 5.86 | 8.61 | 13.47 | 5.86 | 7.89 | 102.34 | 5.79 | 59.22 | 105.67 | 4.89 | 51.67 |
| Kol dam HEP | 456.88 | 5.41 | 247.15 | 501.31 | 4.75 | 238.12 | 456.88 | 5.57 | 254.56 | 469.41 | 4.89 | 229.54 |
| **Sub-Total-NTPC-Hydro** | **471.57** | **5.42** | **255.76** | **514.78** | **4.78** | **246.02** | **559.22** | **5.61** | **313.78** | **575.08** | **4.89** | **281.22** |
| **Sub-Total - NTPC(Combined)** | **1,557.02** | - | **638.09** | **1,799.59** | **3.68** | **662.25** | **1,644.67** | **3.49** | **573.98** | **1,769.73** | **3.98** | **704.17** |
| **NPCIL** | | | | | | | | | | | | |
| NAPP | 96.55 | 3.17 | 30.58 | 103.26 | 3.03 | 31.29 | 96.55 | 3.26 | 31.49 | 94.63 | 3.12 | 29.54 |

| Name of Source/ Plant | FY 2024-25 | | | | | | FY 2025-26 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Approved in MYT Order | | | Revised Estimate | | | Approved in MYT Order | | | Revised Estimate | | |
| | Energy (MU) | Rate (Rs/ Unit) | Cost (Rs Cr) | Energy (MU) | Rate (Rs/ Unit) | Cost (Rs Cr) | Energy (MU) | Rate (Rs/ Unit) | Cost (Rs Cr) | Energy (MU) | Rate (Rs/ Unit) | Cost (Rs Cr) |
| RAPP (V & VI) | 108.93 | 4.16 | 45.34 | 108.91 | 3.98 | 43.35 | 108.93 | 4.29 | 46.70 | 113.65 | 4.10 | 46.59 |
| RAPP (VII & VIII) | 38.56 | 5.00 | 19.28 | 35.19 | 5.00 | 17.59 | 124.11 | 5.00 | 62.05 | 96.35 | 5.15 | 49.62 |
| **Sub-total NPCIL** | **244.04** | **3.90** | **95.20** | **247.36** | **3.73** | **92.23** | **329.59** | **4.25** | **140.24** | **304.63** | **4.13** | **125.75** |
| **NHPC Projects** | | | | | | | | | | | | |
| Salal | 31.37 | 2.90 | 9.09 | 32.82 | 2.81 | 9.22 | 31.37 | 2.95 | 9.26 | 15.05 | 2.89 | 4.35 |
| Tanakpur | 18.61 | 4.69 | 8.72 | 14.41 | 5.96 | 8.59 | 18.61 | 4.83 | 8.98 | 66.06 | 6.14 | 40.54 |
| Chamera-I | 53.82 | 2.55 | 13.71 | 58.19 | 1.90 | 11.07 | 53.82 | 2.62 | 14.12 | 53.97 | 1.96 | 10.58 |
| Chamera-II | 48.59 | 2.60 | 12.63 | 48.78 | 2.39 | 11.65 | 48.59 | 2.68 | 13.00 | 46.13 | 2.46 | 11.35 |
| Chamera-III | 5.91 | 7.35 | 4.35 | 4.07 | 6.24 | 2.54 | 33.14 | 4.89 | 16.20 | 34.12 | 6.43 | 21.93 |
| Uri | 74.94 | 2.36 | 17.67 | 63.03 | 2.79 | 17.56 | 74.94 | 2.41 | 18.10 | 40.60 | 2.87 | 11.65 |
| Dhauliganga | 43.85 | 2.91 | 12.78 | 41.22 | 2.71 | 11.18 | 43.85 | 3.00 | 13.15 | 35.01 | 2.79 | 9.78 |
| Parbati-II | 104.99 | 5.00 | 52.49 | 5.63 | 5.00 | 2.81 | 104.99 | 5.00 | 52.49 | 31.08 | 5.15 | 16.01 |
| Parbati-III | 12.31 | 5.00 | 6.16 | 1.77 | 5.00 | 0.89 | 76.52 | 5.00 | 38.26 | 19.68 | 2.86 | 5.63 |
| **Sub-Total-NHPC** | **394.39** | **3.49** | **137.60** | **269.91** | **2.80** | **75.51** | **485.83** | **3.78** | **183.56** | **341.70** | **3.86** | **131.82** |
| **THDC Projects** | | | | | | | | | | | | |
| Tehri SOR | 15.85 | 4.10 | 6.49 | 24.27 | 4.03 | 9.79 | 110.38 | 2.55 | 28.10 | 92.20 | 4.03 | 37.19 |
| Koteshwar SOR | 5.68 | 5.59 | 3.18 | 9.25 | 6.84 | 6.33 | 43.98 | 3.29 | 14.47 | 31.08 | 6.84 | 21.26 |
| **Sub-Total-THDC** | **21.53** | **4.49** | **9.67** | **33.52** | **4.81** | **16.12** | **154.36** | **2.76** | **42.57** | **123.28** | **4.74** | **58.44** |
| **Availability from GoHP share in directly connected projects.** | | | | | | | | | | | | |
| HPSEBL's Own Projects | - | - | - | 47.20 | 2.60 | 12.27 | - | - | - | 142.00 | 2.60 | 36.92 |
| Malana | - | - | - | 49.27 | 2.60 | 12.81 | - | - | - | 54.51 | 2.60 | 14.17 |
| Baspa-II | - | - | - | 162.04 | 2.60 | 42.13 | - | - | - | 155.17 | 2.60 | 40.34 |
| Shanan BSS | - | - | - | 2.58 | 2.60 | 0.67 | - | - | - | 2.63 | 2.60 | 0.68 |
| Thien (RSD) | - | - | - | 63.34 | 2.60 | 16.47 | - | - | - | 72.81 | 2.60 | 18.93 |
| IPP's Free Power (i/c OA Consumers) | - | - | - | 146.85 | 2.60 | 38.18 | - | - | - | 204.00 | 2.60 | 53.04 |
| Kashang | - | - | - | 28.02 | 2.60 | 7.29 | - | - | - | 24.39 | 2.60 | 6.34 |
| Chanju | - | - | - | 21.24 | 2.60 | 5.52 | - | - | - | 20.18 | 2.60 | 5.25 |
| Sawara Kuddu | - | - | - | - | - | - | - | - | - | - | - | - |
| **Sub-Total** | **-** | **-** | **-** | **520.55** | **2.60** | **135.34** | **-** | **-** | **-** | **675.69** | **2.60** | **175.68** |
| **BBMB and Other Shared Projects** | | | | | | | | | | | | |
| BBMB Old | 43.80 | 1.02 | 4.47 | 43.80 | 1.00 | 4.30 | 43.80 | 1.05 | 4.61 | 43.81 | 1.02 | 4.47 |
| BBMB New | 332.17 | 0.93 | 30.82 | 346.40 | 0.50 | 18.20 | 332.17 | 0.96 | 31.75 | 347.56 | 0.67 | 23.29 |
| Dehar | 169.47 | 1.21 | 20.44 | 166.90 | 0.60 | 10.70 | 169.47 | 1.24 | 21.06 | 166.31 | 0.67 | 11.14 |
| Pong | 42.39 | 0.64 | 2.70 | 43.70 | 0.50 | 2.00 | 42.39 | 0.66 | 2.78 | 45.08 | 0.67 | 3.02 |
| Shanan (available to HPSEB) | 5.26 | 1.50 | 0.79 | 5.30 | 2.10 | 1.10 | 5.26 | 1.54 | 0.81 | 5.25 | 2.06 | 1.08 |

| Name of Source/ Plant | FY 2024-25 | | | | | | FY 2025-26 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Approved in MYT Order | | | Revised Estimate | | | Approved in MYT Order | | | Revised Estimate | | |
| | Energy (MU) | Rate (Rs/ Unit) | Cost (Rs Cr) | Energy (MU) | Rate (Rs/ Unit) | Cost (Rs Cr) | Energy (MU) | Rate (Rs/ Unit) | Cost (Rs Cr) | Energy (MU) | Rate (Rs/ Unit) | Cost (Rs Cr) |
| Shanan Ext (available to HPSEB) | 45.00 | 0.76 | 3.44 | 45.00 | 1.50 | 6.80 | 45.00 | 0.79 | 3.54 | 45.00 | 1.51 | 6.80 |
| Yamuna | 428.10 | 1.62 | 69.22 | 413.10 | 1.60 | 66.80 | 428.10 | 1.68 | 71.95 | 406.16 | 1.70 | 69.05 |
| Khara | 64.37 | 0.57 | 3.64 | 50.50 | 1.30 | 6.30 | 64.37 | 0.58 | 3.76 | 55.48 | 1.32 | 7.32 |
| **Sub-Total** | **1,130.56** | **1.20** | **135.52** | **1,114.70** | **1.00** | **116.20** | **1,130.56** | **1.24** | **140.26** | **1,114.65** | **1.13** | **126.17** |
| NathpaJhakri SOR | 163.75 | 2.46 | 40.35 | 178.72 | 2.27 | 40.58 | 163.75 | 2.54 | 41.56 | 164.98 | 2.34 | 38.59 |
| NathpaJhakri Equity | 1,533.12 | 2.34 | 359.45 | 1,614.42 | 2.28 | 368.48 | 1,533.12 | 2.41 | 370.22 | 1,512.13 | 2.35 | 355.49 |
| Rampur SOR | 46.43 | 5.21 | 24.18 | 53.75 | 4.04 | 21.71 | 46.43 | 5.35 | 24.85 | 48.44 | 4.16 | 20.15 |
| Rampur Equity | 499.75 | 4.49 | 224.17 | 522.68 | 4.11 | 214.56 | 499.75 | 4.61 | 230.41 | 491.45 | 4.23 | 207.80 |
| **Sub-Total** | **2,243.05** | **2.89** | **648.15** | **2,369.57** | **2.72** | **645.33** | **2,243.05** | **2.97** | **667.04** | **2,217.00** | **2.81** | **622.02** |
| Small HEP/ Private Micro<5MW | 1,361.57 | 2.90 | 394.86 | 1,675.70 | 3.15 | 527.20 | 1,402.42 | 2.90 | 406.70 | 1,736.09 | 3.20 | 555.55 |
| Small HEP/ Private Micro>5MW | 644.34 | 3.36 | 216.50 | | | | 712.32 | 3.36 | 239.34 | - | - | - |
| Small HEP/ Private Micro - REC | 217.39 | 2.60 | 56.52 | 144.71 | 2.60 | 37.63 | 223.91 | 2.60 | 58.22 | 71.00 | 2.60 | 18.46 |
| Addl. up to 25 MW | - | - | - | 21.29 | 3.07 | 6.54 | - | - | - | 54.39 | 3.20 | 17.40 |
| **Sub-Total** | **2,223.30** | **3.00** | **667.88** | **1,841.71** | **3.10** | **571.36** | **2,338.65** | **3.01** | **704.26** | **1,861.48** | **3.18** | **591.41** |
| Baspa - II | 1,050.00 | 1.55 | 162.75 | 1,050.00 | 1.64 | 172.63 | 1,050.00 | 1.55 | 162.75 | 1,050.00 | 1.69 | 177.81 |
| Baspa - II Secondary Energy | 99.26 | 4.18 | 41.49 | 151.24 | 3.19 | 48.25 | 99.26 | 4.21 | 41.79 | 88.00 | 3.19 | 28.07 |
| **Sub-Total** | **1,149.26** | **1.78** | **204.24** | **1,201.24** | **1.84** | **220.88** | **1,149.26** | **1.78** | **204.54** | **1,138.00** | **1.81** | **205.88** |
| Singrauli Solar | 21.27 | 7.87 | 16.74 | 21.96 | 7.87 | 17.29 | 21.27 | 7.87 | 16.74 | 21.92 | 7.87 | 17.25 |
| SECI Solar | 42.88 | 5.50 | 23.59 | 42.69 | 5.72 | 24.44 | 42.88 | 5.50 | 23.59 | 42.32 | 5.50 | 23.27 |
| Solar Power | 56.99 | 3.75 | 21.37 | 78.65 | 3.93 | 30.92 | 56.99 | 3.74 | 21.31 | 107.00 | 3.93 | 42.07 |
| Additional Solar (Competitive Bidding) | 525.60 | 3.00 | 157.68 | - | - | - | 876.00 | 3.00 | 262.80 | - | - | - |
| HPPPCL Solar | - | - | - | - | - | - | - | - | - | 48.00 | 2.90 | 13.92 |
| Additional Solar - Himurja | 199.64 | 3.50 | 69.87 | - | - | - | 199.64 | 3.50 | 69.87 | 60.94 | 3.70 | 22.55 |
| Rooftop Solar | 5.35 | 3.65 | 1.95 | 5.35 | 3.65 | 1.95 | 10.60 | 3.65 | 3.87 | 10.60 | 3.65 | 3.87 |
| **Sub-Total** | **851.73** | **3.42** | **291.20** | **148.66** | **5.02** | **74.61** | **1,207.38** | **3.30** | **398.19** | **290.79** | **4.23** | **122.94** |
| Additional unallocated Power from CGS stations | - | - | - | 332.00 | 3.55 | 117.86 | - | - | - | - | - | - |
| Bilateral/Collective Purchase/Market purchase | 644.97 | 5.23 | 337.58 | 1,688.77 | 4.91 | 828.80 | 364.04 | 5.23 | 190.54 | 1,549.00 | **5.23** | 810.13 |
| Banking Energy to be received | - | - | - | 1,745.22 | - | - | - | - | - | - | - | - |
| **Total Power** | **13,518.3** | **2.92** | **3,946.9** | **15,806.5** | **2.59** | **4,087.9** | **14,169.07** | **2.88** | **4,076.44** | **14,270.00** | **3.07** | **4,376.16** |

| Name of Source/ Plant | FY 2024-25 | | | | | | FY 2025-26 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Approved in MYT Order | | | Revised Estimate | | | Approved in MYT Order | | | Revised Estimate | | |
| | Energy (MU) | Rate (Rs/ Unit) | Cost (Rs Cr) | Energy (MU) | Rate (Rs/ Unit) | Cost (Rs Cr) | Energy (MU) | Rate (Rs/ Unit) | Cost (Rs Cr) | Energy (MU) | Rate (Rs/ Unit) | Cost (Rs Cr) |
| **Purchase** | | | | | | | | | | | | |

6.4.16 The Petitioner has submitted the summary of Power Purchase Cost for FY 2024-25 and FY 2025-26 in the below table:

**Table 87: HPSEBL Submission - Summary of Power Purchase cost projection for FY 2024-25 & FY 2025-26**

| | FY 2024-25 | | | | | | FY 2025-26 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Approved in MYT Order by Commission | | | Revised Estimate | | | Approved in MYT Order by Commission | | | Revised Estimate | | |
| Sources | MUs | Rs/Unit | Rs. Cr. | MUs | Rs/Unit | Rs. Cr. | MUs | Rs/Unit | Rs. Cr. | MUs | Rs/ Unit | Rs. Cr. |
| HPSEBL Own Generation | 2377.04 | 1.86 | 441.12 | 1854.79 | 1.45 | 268.52 | 2440.32 | 2.01 | 490.6 | 2288.51 | 1.97 | 451.74 |
| NTPC (Thermal) | 1085.45 | 3.52 | 382.33 | 1284.81 | 3.24 | 416.23 | 1085.45 | 2.40 | 260.20 | 1194.64 | 3.54 | 422.96 |
| NTPC(Hydel) | 471.57 | 5.42 | 255.76 | 514.78 | 4.78 | 246.02 | 559.22 | 5.61 | 313.78 | 575.08 | 4.89 | 281.22 |
| NTPC(Combined) | 1557.02 | 4.10 | 638.09 | 1799.59 | 3.68 | 662.25 | 1644.67 | 3.49 | 573.98 | 1769.73 | 3.98 | 704.17 |
| NHPC | 394.39 | 3.49 | 137.6 | 269.91 | 2.80 | 75.51 | 485.83 | 3.78 | 183.56 | 341.70 | 3.86 | 131.82 |
| SJVNL | 2243.05 | 2.89 | 648.15 | 2369.57 | 2.72 | 645.33 | 2243.05 | 2.97 | 667.04 | 2217.00 | 2.81 | 622.02 |
| NPCIL | 244.04 | 3.90 | 95.2 | 247.36 | 3.73 | 92.23 | 329.59 | 4.25 | 140.24 | 304.63 | 4.13 | 125.75 |
| BBMB and Shared Stations | 1130.56 | 1.20 | 135.52 | 1114.70 | 1.04 | 116.22 | 1130.56 | 1.24 | 140.26 | 1114.65 | 1.13 | 126.17 |
| IPP & Others (Baspa& Pvt. IPPS) | 3372.56 | 2.59 | 872.12 | 3042.95 | 2.60 | 792.24 | 3487.91 | 2.61 | 908.8 | 2999.48 | 2.66 | 797.29 |
| GoHP Free Power | 0 | 0.00 | 0 | 520.55 | 2.60 | 135.34 | 0 | 0.00 | 0 | 675.69 | 2.60 | 175.68 |
| HPPCL | 681.37 | 5.00 | 340.68 | 638.99 | 4.11 | 262.90 | 681.37 | 5.00 | 340.68 | 595.54 | 4.20 | 250.01 |
| THDC | 21.53 | 4.49 | 9.67 | 33.52 | 4.81 | 16.12 | 154.36 | 2.76 | 42.57 | 123.28 | 4.74 | 58.44 |
| Solar IPPS and Others (SECI& HPPCL) | 851.73 | 3.42 | 291.2 | 148.66 | 5.02 | 74.61 | 1207.38 | 3.30 | 398.19 | 290.79 | 4.23 | 122.94 |
| Other Sources (Short term Purchase) | 644.97 | 5.23 | 337.58 | 2020.77 | 4.68 | 946.66 | 364.04 | 5.23 | 190.54 | 1549.00 | 5.23 | 810.13 |
| Banking Purchase | 0 | 0.00 | 0 | 1745.22 | 0.00 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0.00 | 0.00 |
| **TOTAL** | **13518.26** | **2.92** | **3946.93** | **15806.6** | **2.59** | **4087.92** | **14169.08** | **2.88** | **4076.46** | **14269.99** | **3.07** | **4376.16** |

## 6.5 Energy Balance

6.5.1 Based on the approved loss levels and the sales projections as above, the Petitioner has submitted the revised energy balance for FY 2024-25 and FY 2025-26. The summary of annual energy balance as proposed by the Petitioner is submitted in the following table:

**Table 88: HPSEBL Submission - Energy Balance for FY 2024-25 and FY 2025-26 (MUs)**

| Sr. No. | Particulars | FY24-25 | FY25-26 |
|---|---|---|---|
| A | Units procured from Interstate Generating projects (including GoHP free Power from the | 7,846.26 | 7,473.25 |

| Sr. No. | Particulars | FY24-25 | FY25-26 |
|---|---|---|---|
| | Stations connected to ISTS) | | |
| B | Banking Purchase at ISTS | 1,745.22 | - |
| C | Interstate Transmission Losses (%) | 3.66% | 3.66% |
| D | Transmission Losses in MU | 351.05 | 273.52 |
| **E** | **Net Energy Available at State Periphery** | **9,240.43** | **7,199.73** |
| **F** | **Power Available within the State (i+ii+iii)** | **4,526.34** | **5,247.75** |
| | i) State Generating Stations | 2,308.04 | 2,714.65 |
| | ii) Free Power Own Generation and IPPs-GOHP Share | 292.59 | 445.08 |
| | iii) IPPs (i/c Solar) | 1,925.71 | 2,088.02 |
| **G** | **Power Purchase from other Sources (i+ii)** | **1,688.77** | **1,549.00** |
| | i) UI Power | - | - |
| | ii) IEX/PXIL | 1,688.77 | 1,549.00 |
| H | Total Energy available (E+F+G) | **15,455.54** | **13,996.48** |
| **I** | **Energy Sales within the State** | 12,041.00 | 12,604.00 |
| **J** | **Inter-State Sale of Power (i+ii+iii)** | **2,083.34** | **-** |
| | i) Sale of Power (Including UI, Bilateral & IEX/PXIL) | 709.00 | - |
| | ii) Banking | 1,374.34 | - |
| | iii) RE Sale | - | - |
| **K** | **Total Energy Available at State Periphery (H-J)** | 13,372.20 | 13,996.48 |
| L | STU Losses @0.5% | 67.00 | 70.00 |
| **M** | **Energy Available for Sale to DISCOM** | **13,305.34** | **13,926.49** |
| **N** | **Energy Sales within the State** | **12,041.00** | **12,604.00** |
| O | T&D Losses HPSEBL(M-N) | 1,264.22 | 1,322.89 |
| **Q** | **T&D Loss-HPSEBL (%)** | **9.50%** | **9.50%** |

## 6.6 Transmission Charges and Other Charges

6.6.1 HPPTCL Transmission Charges

6.6.2 STU ARR Charges:

The Petitioner has submitted that the MYT Business Plan for HPPTCL has not been approved till date and therefore, it is proposed to consider Transmission charges for FY 2025-26 as approved in the MYT Order dated 15th March, 2024 which are as under:

**Table 89: HPSEBL Submission - HPPTCL Charges for FY 2024-25 and FY 2025-26**

| Particulars | FY 2024-25 | | FY 2025-26 | |
|---|---|---|---|---|
| | Approved in MYT Order | Revised Estimate | Approved in MYT Order | Revised Estimate |
| **HPPTCL Charges** | | | | |
| STU-ARR | 36.20 | 36.20 | 38.01 | 38.01 |
| Phozal charges (inclusive of Baragaon charges) | 1.66 | 1.66 | 1.66 | 1.66 |

| Particulars | FY 2024-25 | | FY 2025-26 | |
|---|---|---|---|---|
| | Approved in MYT Order | Revised Estimate | Approved in MYT Order | Revised Estimate |
| Arrear of Phojal | | 42.00 | | |
| Bhoktoo Charges | 6.09 | 6.09 | 6.39 | 6.39 |
| Kashang Bhabha Transmission line | 3.12 | 3.12 | 3.28 | 3.28 |
| Chambi GIS substation & Associated Line | 13.53 | 13.53 | 14.21 | 14.21 |
| Pandoh GIS Sub-station and associated line | 9.08 | 9.08 | 9.54 | 9.54 |
| Utilization of 132kV D/c MalanaBajaura Line of MPCL | 0.45 | 0.45 | 0.47 | 0.47 |
| 220kV Charor - Banala Transmission Line | 5.83 | 5.83 | 6.12 | 6.12 |
| WangtooPoooling Station | 32.24 | 32.24 | 33.85 | 33.85 |
| Snail-Hatkoti Line | 3.20 | 3.20 | 3.36 | 3.36 |
| 220kV Lahal-Budhil transmission line &Bajoli Holi Lahal Transmission Line | 11.27 | 11.27 | 11.84 | 11.84 |
| 66/22kV Nirmand - Kotla Transmission Line | 6.68 | 6.68 | 7.01 | 7.01 |
| 33/132/220kV GIS Substation & 220kV Dehan Hamirpur Line | 30.19 | 30.19 | 31.70 | 31.70 |
| GIS substation of Sunda along with Sunda Hatkoti Line | 29.42 | 29.42 | 30.89 | 30.89 |
| 66kV Urni S/stn. & 66kV Transmission line from URNI to Wangtoo | 11.91 | 11.91 | 12.51 | 12.51 |
| Arrear of Urni Sub-Station and KuniharPunchkula Line | | 33.84 | | |
| **Total HPPTCL** | **200.87** | **276.70** | **210.83** | **210.83** |

The Petitioner has requested the Commission to consider the above in the ARR for FY 2025-26.

6.6.3 CTUIL Transmission Charges:

The Petitioner has proposed the CTU Transmission Charges for FY 2024-25 and FY 2025-26 as under:

**Table 90: HPSEBL Submission - Proposed CTU Charges for FY 2024-25 and FY 2025-26 (Rs. Cr.)**

| Particulars | FY 2024-25 | | FY 2025-26 | |
|---|---|---|---|---|
| | Approved | Revised Estimate | Approved | Revised Estimate |
| PGCIL/CTUIL Charges | 525.49 | 480.19 | 551.77 | 560.00 |
| **Sub-total PGCIL** | **525.49** | **480.19** | **551.77** | **560.00** |

6.6.4 Other Charges:

The Petitioner has proposed the other charges for FY 2024-25 and FY 2025-26 as under:

**Table 91: HPSEBL Submission - Proposed other Charges for FY 2024-25 and FY 2025-26 (Rs. Cr.)**

| Particulars | FY 2024-25 | | FY 2025-26 | |
|---|---|---|---|---|
| | Approved | Revised Estimate | Approved | Revised Estimate |
| UPPTCL | - | 1.86 | - | 2.46 |
| SLDC Charges | 9.05 | 9.05 | 6.65 | 7.50 |
| T- GNA/STOA Charges | 37.89 | 37.89 | 39.02 | 50.00 |

## 6.7 Operation & Maintenance Expenses

6.7.1 The Petitioner has mentioned that the Commission had approved the O&M expenses for 5th MYT Control Period in the Order dated 15th March, 2024 as per the HPERC MYT Regulations, 2023.

6.7.2 The Petitioner has further mentioned that O&M expenses are considered as a controllable parameter as per the HPERC MYT Regulations, 2023. Therefore, the Petitioner has taken the O&M expenses as approved by the Commission for FY 2024-25. However, for FY 2025-26**, the O&M expenses have been considered as approved by the Commission for FY 2025-26** except in case of A&G expenses w.r.t Smart metering which are as under:

*"The Commission has allowed the meter rental on smart meter in the RDSS for FY 2024-25 &FY 2025-26 as per the status of installation of meters and the status of award at the time of filing of the Petition/approval of tariff the same is proposed to be revised based on the current status of installation of smart meters."*

6.7.3 The Petitioner has submitted the A&G expenses approved by the Commission in the MYT Order for FY 2024-25 & FY 2025-26 in respect of the Smart Metering works to be revised as under:

**Table 92: HPSEBL Submission - A&G charges for FY 2024-25 and FY 2025-26 (Rs. Cr.)**

| Particulars | FY 2024-25 | | FY 2025-26 | |
|---|---|---|---|---|
| | Approved | Revised Estimate | Approved | Revised Estimate |
| Smart Meter Rent payable to AMISP under RDSS | 46.46 | 9.15 | 201.34 | 115.01 |
| **Total A&G Expenses with above revision** | **134.01** | **96.70** | **293.70** | **207.37** |

6.7.4 The Petitioner has requested the Commission to consider the O&M expenses for FY 2024-25 and FY 2025-26 subject to Truing up in the respective years as per the table below:

**Table 93: HPSEBL Submission - O&M charges for FY 2024-25 and FY 2025-26 (Rs. Cr.)**

| Particulars | FY 2024-24 | | FY 2025-26 | |
|---|---|---|---|---|
| | Approved | Revised Estimate | Approved | Revised Estimate |
| Employees Expenses | 2,516.29 | 2,516.29 | 3,022.69 | 3,022.69 |

| Particulars | FY 2024-24 | | FY 2025-26 | |
|---|---|---|---|---|
| | Approved | Revised Estimate | Approved | Revised Estimate |
| Repair and Maintenance Expenses | 144.43 | 144.43 | 156.14 | 156.14 |
| Administrative and General Expenses | 134.01 | 96.70 | 293.70 | 207.37 |
| **Total O&M Expenses** | **2,794.73** | **2,757.42** | **3,472.53** | **3,386.20** |

## 6.8 Interest and Finance Charges

6.8.1 The Petitioner has mentioned that, as per the HPERC MYT Regulations, 2023, Interest & Finance Charges for long term loans is the controllable parameter and shall be True up every year based on the capitalization and depreciation. Therefore, the Petitioner has submitted the revised estimate of Interest & Finance charges to the extent of working capital & consumer security deposit only and has requested the Commission to True up the interest on long term loans during the Truing up based on actual capitalization as per provisions of the Regulations.

6.8.2 Interest on Working Capital

6.8.3 The Petitioner has submitted that the Interest on Working Capital has been projected in accordance with the HPERC MYT Regulations, 2023. The Petitioner has considered the weighted average SBI MCLR of 8.88% as notified by SBI as on 15$^{th}$ November, 2024 and by adding 350 basis points. The rate of interest on working capital for FY 2025-26 works out to be 12.38% and similarly for FY 2024-25 the same works out to be 12.06%.

6.8.4 Based on the Regulations, the Working Capital requirement as well as the Interest on Working Capital (IoWC) is calculated by the Petitioner as depicted in following table:

**Table 94: HPSEBL Submission - IoWC for FY 2024-25 and FY 2025-26(Rs. Cr.)**

| Particulars | FY 2024-25 | | FY 2025-26 | |
|---|---|---|---|---|
| | Approved | Revised Estimate | Approved | Revised Estimate |
| O&M Expenses for One Month | 232.89 | 459.57 | 289.38 | 564.37 |
| Revenue from Sale of Electricity equivalent to 2 months average billing | 661.19 | 1,339.06 | 737.82 | 1,575.33 |
| Maintenance Spares 40% of the R&M Expenses for one month | 57.77 | 57.77 | 62.46 | 62.46 |
| LESS: Consumer Deposit | 458.40 | 540.40 | 404.46 | 574.22 |
| Working Capital Requirement | 493.46 | 1,316.00 | 685.19 | 1,627.94 |
| Rate of Working Capital | 12.15% | 12.06% | 12.15% | 12.38% |
| Interest on Working Capital | **59.95** | **158.71** | **83.25** | **201.54** |

6.8.5 Interest on Consumer Security Deposit

6.8.6 The Petitioner has submitted the projection for the Interest on Consumer Security Deposit as per the actual security deposit and the projection for FY 2024-25 and FY 2025-26 as under:

**Table 95: HPSEBL Submission - Interest on Consumer Security Deposit for FY 2024-25 and FY 2025-26 (Rs. Cr.)**

| Particulars | FY 2024-25 | | FY 2025-26 | |
|---|---|---|---|---|
| | MYT Order | Revised Estimate | MYT Order | Revised Estimate |
| Opening Consumer Security Deposit | 571.07 | 511.00 | 625.41 | 540.40 |
| Additions | 54.34 | 29.40 | 54.34 | 33.82 |
| Closing Consumer Security Deposit | 625.41 | 540.40 | 679.75 | 574.22 |
| Rate of Interest | 6.75% | 6.75% | 6.75% | 6.75% |
| **Interest on Consumer Security Deposit** | **40.38** | **36.48** | **44.05** | **38.76** |

6.8.7 The Petitioner has further submitted that the Commission in the MYT Order dated 15th March, 2024 had allowed LC Charges of Rs. 6.30 Cr. for FY 2024-25 & FY 2025-26. HPSEBL has considered the same for projecting ARR for FY 2024-25 and FY 2025-26.

6.8.8 The interest and finance charges claimed by the Petitioner are as follows:

**Table 96: HPSEBL Submission - Interest and Finance Charges for FY 2024-25 and FY 2025-26 (Rs. Cr.)**

| Particulars | FY 2024-25 | | FY 2025-26 | |
|---|---|---|---|---|
| | MYT Order | Revised Estimate | MYT Order | Revised Estimate |
| Interest on Long Term Loans | 147.50 | 147.50 | 165.96 | 165.96 |
| Interest on Working Capital | 59.95 | 158.71 | 83.25 | 201.54 |
| Interest on Security Deposit | 40.38 | 36.48 | 44.05 | 38.76 |
| LC and Other Bank Charges | 6.30 | 6.30 | 6.30 | 6.30 |
| **Total Interest and Financing Charges** | **254.13** | **348.99** | **299.56** | **412.56** |

## 6.9 Other Controllable Parameters

6.9.1 The Petitioner has submitted that the Commission in its MYT Order dated 15th March, 2024 has approved Depreciation and Return on Equity. Accordingly, the Petitioner has considered these two parameters to the same level as approved in MYT Order and has requested the Commission to True up the same during respective year Truing up at the end of the Control Period as per provisions of Regulations. Accordingly, the Depreciation and Return on Equity are projected by the Petitioner as follows:

**Table 97: HPSEBL Submission - Depreciation and RoE claimed for FY 2024-25 & FY 2025-26 (Rs. Cr.)**

| Particulars | FY 2024-25 | | FY 2025-26 | |
|---|---|---|---|---|
| | Approved in MYT Order | Revised Estimate | Approved in MYT Order | Revised Estimate |
| Depreciation | 237.96 | 237.96 | 258.87 | 258.87 |
| ROE | 85.81 | 85.81 | 96.49 | 96.49 |

### 6.10 Non-Tariff Income

6.10.1 The Petitioner has projected the Non-Tariff Income for FY 2024-25 and FY 2025-26 based on the True up of FY 2023-24 with adjustment of late payment surcharge which has now been considered by the Petitioner in the Non-Tariff Income as per provisions of MYT Regulations, 2023 as under:

**Table 98: HPSEBL Submission - Non-tariff income for FY 2024-25 and FY 2025-26 (Rs. Cr.)**

| Particulars | FY 2024-25 | | FY 2025-26 | |
|---|---|---|---|---|
| | Approved in MYT Order | Revised Estimate | Approved in MYT Order | Revised Estimate |
| **Non-Tariff Income** | 158.56 | 116.33 | 158.56 | 116.33 |

### 6.11 Aggregate Revenue Requirement

6.11.1 The Petitioner's submission of ARR for the FY 2024-25 and FY 2025-26 has been summarised as below:

**Table 99: HPSEBL Submission- Details of ARR proposed for FY 2024-25 & FY 2025-26 (Rs. Cr.)**

| Particulars | FY 2024-25 | | FY 2025-26 | |
|---|---|---|---|---|
| | Approved ARR in MYT Order | Revised ARR | Approved ARR in MYT Order | Revised ARR |
| **Power Purchase Expenses for Supply in the State** | 4,720.20 | 4,891.75 | 4,884.71 | 5,204.49 |
| Cost of electricity purchase including own generation | 3,946.90 | 4,087.92 | 4,076.44 | 4,376.16 |
| **Inter-State Charges** | | | | |
| Power Grid Charges | 525.49 | 480.19 | 551.77 | 560.00 |
| Open Access Charges | 37.89 | 37.89 | 39.02 | 50.00 |
| **Intra-State Charges** | | | | |
| HPPTCL Charges | 200.87 | 276.70 | 210.83 | 210.83 |
| SLDC Charges | 9.05 | 9.05 | 6.65 | 7.50 |
| **Operation & Maintenance Expenses** | **2,794.73** | **2,794.73** | **3,472.53** | **3,386.20** |
| Employee Expenses | 2,516.29 | 2,516.29 | 3,022.69 | 3,022.69 |
| R&M Expenses | 144.43 | 144.43 | 156.14 | 156.14 |
| A&G Expenses | 134.01 | 134.01 | 293.70 | 207.37 |
| **Interest & Financing Charges** | **254.14** | **348.99** | **299.56** | **412.56** |
| Depreciation | 237.96 | 237.96 | 258.87 | 258.87 |
| Return on Equity | 85.81 | 85.81 | 96.49 | 96.49 |
| Less: Non-Tariff & Other Income | (158.56) | (116.33) | (158.38) | (116.33) |
| **Aggregate Revenue Requirement** | **7,934.28** | **8,242.91** | **8,853.79** | **9,242.28** |

## 6.12 Adjustments and provisions incorporated in the ARR

### A. The Impact of True up of Uncontrollable Parameters of FY 2023-24

The Petitioner has submitted the True up of FY 2023-24 with a surplus of Rs. 126.50 Cr (along with Carrying Cost) which has been carried forward towards True up of uncontrollable parameters for FY 2023-24 and is proposed by the Petitioner to be adjusted in the ARR for FY 2025-26.

### B. Impact of Controllable parameters of FY 4$^{th}$ MYT Control Period FY 2019-20 to FY 2023-24

The Petitioner has submitted the True up of Controllable Parameters of 4$^{th}$ MYT Control Period and has mentioned that there is a gap of Rs. 537.37 Cr (along with carrying cost) on account of True up towards controllable parameters for FY 20 to FY 24 which has been carried forward and proposed to be adjusted in the ARR for FY 2025-26.

### C. Impact of True up of Controllable Parameters of FY 2011-12 to FY 2013-14 for Generation Business

The Petitioner has mentioned that the Commission has done True up of Generation Business for FY 2011-12 to FY 2013-14 vide Order dated 11$^{th}$ November,2021 and has calculated surplus of Rs. 49.30 Cr. as on 31$^{st}$ March,2014 and the impact with carrying cost till 31$^{st}$ March, 2025 worked out to be Rs. 162.61 Cr. The Petitioner has proposed to adjust the same in the ARR of FY 2025-26.

### D. Impact of True up of Controllable Parameters of FY 2014-15 to FY 2018-19 for Generation Business

The Petitioner has submitted that the Commission has done True up of Generation Business for FY 2014-15 to FY 2018-19 vide Order dated 26$^{th}$ February, 2024 and has calculated surplus of Rs. 35.25 Cr. as on 31$^{st}$ March,2024 and the impact with carrying cost till 31$^{st}$ March, 2025 shall be Rs. 38.53 Cr. The Petitioner has proposed to adjust the same in the ARR of FY 2025-26.

6.12.1 The Petitioner has thus submitted that the levy of interest on surplus (+)/Gap (-) shall be subject to the final decision by Hon'ble APTEL in Appeal No 892 of 2023.

6.12.2 The Petitioner has proposed the ARR for FY 2025-26 with the above adjustments as under:

**Table 100: HPSEBL Submission - Total ARR including proposed adjustments for FY 2025-26 (Rs. Cr.)**

| Particulars | FY 2025-26 | |
|---|---|---|
| | Approved ARR in MYT Order | Revised ARR |
| **Aggregate Revenue Requirement for FY 25-26** | **8,853.79** | **9,242.28** |
| Add: Adjustments and provisions | - | - |
| i) Adjustment of True up of FY 23 | - | - |

| Particulars | FY 2025-26 | |
|---|---|---|
| | Approved ARR in MYT Order | Revised ARR |
| ii) Provisions of arrears towards HPPCL Plants | - | - |
| iii) Provision of arrears towards Central Generating Stations | - | - |
| Impact of True up of FY 2023-24 (Surplus) | - | (126.50) |
| Impact of True up of Controllable Parameters of FY 2019-20 to FY 2023-24 (Gap) | - | 537.37 |
| Impact of True of 2nd Control Period of Generation Business | - | (162.61) |
| Impact of True up of 3rd Control Period of Generation Business | - | (38.53) |
| **Net ARR** | **8,853.79** | **9,452.01** |
| Estimated Sales (MU) | 12,521.00 | 12,604.00 |
| Revenue from Sales Outside State (Rs. Cr.) | - | - |
| **ACoS without adjustments** | **7.07** | **7.33** |
| **ACoS with adjustments** | **7.07** | **7.50** |

## 6.13 Allocation of ARR into Wheeling and Retail Supply

6.13.1 The Petitioner has submitted the following table which gives the break-up of the ARR for FY 2025-26 into Wheeling and Retail supply.

**Table 101: HPSEBL Submission - Approved ARR of Wheeling Business for FY26 (Rs. Cr.)**

| Particulars | Wheeling ARR | Retail Supply ARR | Total |
|---|---|---|---|
| Power Purchase Expenses for Supply in the State | - | 5,204.49 | 5,204.49 |
| Employee Expenses | 2,176.34 | 846.35 | 3,022.69 |
| R&M Expense | 110.86 | 45.28 | 156.14 |
| A&G Expense | 72.58 | 134.79 | 207.37 |
| Interest and Financing Charges | 231.03 | 181.53 | 412.56 |
| Depreciation | 243.34 | 15.53 | 258.87 |
| Return on Equity | 96.49 | - | 96.49 |
| Less: Wheeling Charges | - | - | 0.00 |
| Less: Non-Tariff & Other Income | - | -116.33 | -116.33 |
| **Aggregate Revenue Requirement for Wheeling Business** | **2,930.64** | **6,311.64** | **9,242.28** |

## 6.14 Revenue from Existing Tariff

6.14.1 The Petitioner has submitted that based on existing tariffs, the revenue for FY 2025-26 is as depicted in following table:

**Table 102: Revenue for FY 2025-26 based on existing Tariff of FY 2024-25**

| Categories | FY 2023-24 (Existing tariff) | |
|---|---|---|
| | Sales | Revenue |
| | MUs | Rs. Cr. |
| Domestic | 3,091.12 | 1,956.68 |

| Categories | FY 2023-24 (Existing tariff) | |
|---|---|---|
| | Sales | Revenue |
| | MUs | Rs. Cr. |
| Non-Domestic Non-Commercial | 200.00 | 146.80 |
| Commercial | 798.61 | 602.15 |
| Temporary | 66.60 | 67.73 |
| Small Power | 147.33 | 117.87 |
| Medium Power | 106.04 | 72.32 |
| Large Supply | 7,021.24 | 4,760.40 |
| Govt. Irrigation & Water Pumping | 854.32 | 604.01 |
| Irrigation & Agriculture | 96.60 | 68.29 |
| Public Lighting | 13.38 | 8.67 |
| Bulk Supply | 205.82 | 148.81 |
| EV Charging Stations | 2.54 | 1.72 |
| **TOTAL** | **12,603.60** | **8,555.45** |

## 6.15 Revenue (Gap)/ Surplus for FY 2025-26

6.15.1 The Petitioner has proposed the revenue gap for FY 2025-26 as depicted in the following table:

**Table 103: HPSEBL Submission - Revenue Gap for FY 2025-26 (Rs. Cr.)**

| Particular | Rs. Cr. |
|---|---|
| Net ARR for FY 2025-26 | 9,452.01 |
| **Revenue at existing tariff** | **8,555.45** |
| Revenue from sale of surplus | - |
| **Total Revenue estimated** | **8,555.45** |
| **Total Revenue (Gap) /Surplus** | **(896.56)** |

## 6.16 Open Access Charges

6.16.1 The wheeling ARR has been worked out by the Petitioner as under:

**Table 104: HPSEBL Submission - Wheeling Charges for FY26**

| Wheeling Charges for FY26 | |
|---|---|
| Particulars | Amount |
| Total ARR for Wheeling worked for FY26 (Rs. Cr.) | 2,931 |
| Approved Energy Sales (MU) | 12,604 |
| **Average Wheeling Charge (Paisa per unit)** | **233** |

## 6.17 Additional Surcharge

6.17.1 The HPSEBL has adopted the same approach for determination of additional surcharge for FY 2025-26 as has been adopted by the Commission in the MYT Order dated 15.03.2024 as elaborated below:

**Computation of Additional Surcharge**

6.17.2 The Petitioner has submitted that the Ministry of Power, Government of India vide notification dated 10th January, 2024 has framed the Rules namely Electricity (Amendment) Rules, 2024. The said Rules of the GoI prescribe for computation of Additional Surcharge levied on any Open Access Consumer. In accordance with the Rules, the Commission has taken Power Purchase (in MUs) and Fixed Cost towards Power Purchase Cost (in Rs. Cr.) for purpose of calculation of Additional Surcharge during the tariff determination of FY 2024-25. Accordingly, Petitioner has computed Additional Surcharge based on Power purchase projected for FY 2025-26 (14270 MUs) and Fixed cost projected for FY 2025-26 (Rs. 1013.28 Cr.) as under:

**Table 105: HPSEBL Submission - Computation of Additional Surcharge**

| Sl. No. | Particulars | Power Purchase |
|---|---|---|
| 1 | Power Purchase Units (MUs) (A) | 14270 |
| 2 | Fixed Cost towards Power Purchase Cost (Rs. Cr.) (B) | 1013.28 |
| **3** | **Additional Surcharge for (Paisa/Unit) (C=B/A*1000)** | **71** |

## 6.18 Wheeling Charges

6.18.1 The Petitioner has submitted the actual energy sales of FY 2025-26 at EHT, HT and LT voltage-levels as per the following table:

**Table 106: HPSEBL Submission - Estimated Voltage wise sales for the FY 2025-26**

| Voltage wise Sales | Total Sales (MU) | 220 KV System | 132 KV System | 66 KV System | HT (33 kV) | HT (>=11 kV &<33kV) | LT (< 11 kV) |
|---|---|---|---|---|---|---|---|
| Sales apportioned at different voltage levels | 100.00% | 4.46% | 11.70% | 7.80% | 12.64% | 27.11% | 36.30% |
| Total sales within state (MUs) | 12,604.00 | 561.70 | 1,474.46 | 982.97 | 1,592.71 | 3,417.24 | 4,574.54 |

6.18.2 The category wise sales apportioned by the Petitioner for FY 2025-26 at EHT, HT and LT voltage-levels is presented in the following table:

**Table 107: HPSEBL Submission - Voltage wise sales for computation of Wheeling charges**

| Category | Total Sales (MU) | 220 KV System | 132 KV System | 66 KV System | HT (33 kV) | HT (>=11 kV &<33kV) | LT (< 11 kV) |
|---|---|---|---|---|---|---|---|
| Small Power | 147.34 | - | - | - | - | 13.26 | 134.08 |
| Medium Power | 106.03 | - | - | - | - | 92.25 | 13.78 |
| Large Supply | 7,021.24 | 561.70 | 1,474.46 | 982.97 | 1,474.46 | 2,527.64 | - |
| Domestic | 3,091.12 | - | - | - | - | 1.16 | 3,089.97 |
| Govt. Irrigation & | 854.32 | - | - | - | 51.26 | 367.36 | 435.71 |

| Category | Total Sales (MU) | 220 KV System | 132 KV System | 66 KV System | HT (33 kV) | HT (>=11 kV &<33kV) | LT (< 11 kV) |
|---|---|---|---|---|---|---|---|
| Water Pumping | | | | | | | |
| Irrigation & Agriculture | 96.63 | - | - | - | - | 2.38 | 94.25 |
| Commercial | 798.61 | - | - | - | - | 183.68 | 614.93 |
| Bulk Supply | 205.82 | - | - | - | 34.99 | 156.42 | 14.41 |
| Non-Domestic Non-Commercial | 200.00 | - | - | - | 32.00 | 56.00 | 112.00 |
| Public Lighting | 13.38 | - | - | - | - | - | 13.38 |
| Temporary | 66.60 | - | - | - | - | 15.32 | 51.28 |
| EV Charging Stations | 2.54 | - | - | - | - | 1.78 | 0.76 |
| **Total** | **12,603.62** | **561.70** | **1,474.46** | **982.97** | **1,592.71** | **3,417.24** | **4,574.54** |

6.18.3 The Petitioner has submitted the voltage wise cost allocation as approved by HPERC in Tariff Order dated 15th March, 2024 for FY 2024-25 as under:

**Table 108: HPSEBL Submission - Voltage wise cost allocation (%)**

| Voltage wise Sales | Total Sales (MU) | 220 KV System | 132 KV System | 66 KV System | HT (33 kV) | HT (>=11 kV &<33kV) | LT (< 11 kV) |
|---|---|---|---|---|---|---|---|
| Sales apportioned at different voltage levels | 100.00% | 5.99% | 13.08% | 5.40% | 12.88% | 27.35% | 35.12% |
| Total sales within state (MUs) | 12,604.00 | 754.69 | 1,648.67 | 680.75 | 1,623.35 | 3,447.09 | 4,426.39 |

6.18.4 The Petitioner has submitted that 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 109: HPSEBL Submission - Capacity of generators connected at each voltage level (MW)**

| Particulars | 220 kV | 132 kV | 66 kV | 33 kV | HT (>=11 kV &<33kV) | LT (< 11 kV) |
|---|---|---|---|---|---|---|
| Hydro IPP | - | - | 62.60 | 378.45 | 50.10 | 0.40 |
| OA Gen | - | 122.00 | 51.50 | 39.80 | - | - |
| Own Generation | 120.00 | 252.00 | 49.45 | 50.00 | 15.25 | 1.55 |
| Solar IPP | - | - | - | 15.00 | 1.70 | 21.40 |
| **Total** | **120.00** | **374.00** | **163.55** | **483.25** | **67.05** | **23.35** |

6.18.5 Further, the Petitioner has submitted that the energy flow at each voltage level has been estimated based upon the sales of HPSEBL and generation at each voltage level is as per the following table:

**Table 110: HPSEBL Submission - Estimated energy flow and Power handled at each voltage level.**

| Particulars | Total | 220 kV | 132 kV | 66 kV | 33 kV | HT (>=11 kV &<33kV) | LT (< 11 kV) |
|---|---|---|---|---|---|---|---|
| **Estimated Power Handled (MW)** | | **227** | **655** | **351** | **786** | **717** | **894** |
| Consumer Demand (MW) | | 107 | 281 | 187 | 303 | 650 | 870 |
| Generator Load (MW) | | 120 | 374 | 164 | 483 | 67 | 23 |
| **Estimated Energy Flow (MUs)** | | **1,140** | **3,276** | **1,771** | **3,921** | **3,740** | **4,687** |
| Consumer Energy Flow (MUs) | 12,604 | 562 | 1,474 | 983 | 1,593 | 3,417 | 4,575 |
| Generator Energy Flow (MUs) | 5,932 | 578 | 1,802 | 788 | 2,328 | 323 | 113 |

***Note:*** *Load factor of 60% and 55% has been considered for consumer and generator respectively*

6.18.6 The wheeling charges proposed by the Petitioner for short term open access consumers is as shown in following table:

**Table 111: HPSEBL Submission - Wheeling charges computed for Short-term open access consumers.**

| Particular | | 220 kV | 132 kV | 66 kV | 33 kV | HT (>=11 kV &<33kV) | LT (< 11 kV) |
|---|---|---|---|---|---|---|---|
| Total Wheeling ARR (Rs. Cr.) | | 2931 | | | | | |
| Cost apportioned (in %age) | | 4.46% | 11.70% | 7.80% | 12.64% | 27.11% | 36.30% |
| Cost apportioned (Rs. Cr.) | A*B | 117 | 264 | 117 | 615 | 850 | 967 |
| -Cost allocation brought forward from the next higher voltage block) (Rs. Cr.) | (E-(F*H/1000)) | - | 112 | 330 | 405 | 851 | 974 |
| Total Allocation (Rs. Cr.) | C+D | 117 | 376 | 447 | 1,021 | 1,701 | 1,941 |
| Estimated Energy (MUs) | | 562 | 1,474 | 983 | 1,593 | 3,417 | 4,575 |
| Total Energy Flow (MUs) | | 12,604 | 12,042 | 10,567 | 9,584 | 7,992 | 4,575 |
| **Wheeling Charges (Paisa per unit)** | **H=E*1000/G** | **9** | **31** | **42** | **107** | **213** | **424** |

6.18.7 The Petitioner has proposed the wheeling charges for Medium/ long term open access consumers as shown in following table:

**Table 112: HPSEBL Submission - Wheeling charges computed for Medium/Long-term open access consumers.**

| Particular | | 220 kV | 132 kV | 66 kV | 33 kV | HT (>=11 kV &<33kV) | LT (< 11 kV) |
|---|---|---|---|---|---|---|---|
| Total Wheeling ARR (Rs. Cr.) | | 2931 | | | | | |
| Cost apportioned (in %age) | | 4.46% | 11.70% | 7.80% | 12.64% | 27.11% | 36.30% |
| Cost apportioned (Rs. Cr.) | A*B | 117 | 264 | 117 | 615 | 850 | 967 |
| Cost allocation brought forward from the next higher voltage block) (Rs. Cr.) | As per previous table | | 110 | 302 | 366 | 659 | 837 |
| Total Allocation (Rs. Cr.) | C+D | 117 | 374 | 419 | 981 | 1,509 | 1,804 |
| Estimated Load (MW) | | 227 | 655 | 351 | 786 | 717 | 894 |
| Total Demand Flow (MW) | | 3,629 | 3,402 | 2,748 | 2,397 | 1,611 | 894 |
| **Wheeling Charges (Rs. Per MW per month)** | **H= (E*10^7)/ G/12** | **26,919** | **91,526** | **127,080** | **341,035** | **780,711** | **1,682,549** |

## 6.19 Cross Subsidy Surcharge

6.19.1 The Petitioner has stated that 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."*

6.19.2 The Petitioner has worked out the cross-subsidy surcharge based on the methodology and formula as per the revised Tariff Policy. Further, the Petitioner has submitted that 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 by the Petitioner for FY 2025-26 is shown in the following table:

**Table 113: HPSEBL Submission - 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 | 3.38 | 0.68 | 1.49 | 0.68 |
| Medium Power | 5.90 | 1.18 | 1.63 | 1.18 |
| Large Supply | 6.27 | 1.25 | 1.48 | 1.25 |
| Domestic | 2.73 | 0.55 | 1.40 | 0.55 |
| Govt. Irrigation & Water Pumping | 5.49 | 1.10 | 1.73 | 1.10 |
| Irrigation & Agriculture | 2.17 | 0.43 | 1.27 | 0.43 |
| Commercial | 4.49 | 0.90 | 1.65 | 0.90 |
| Bulk Supply | 7.17 | 1.43 | 1.85 | 1.43 |
| Non-Domestic Non-Commercial | 5.46 | - | 1.72 | - |
| Public Lighting | 3.09 | 0.62 | 1.47 | 0.62 |
| Temporary | 7.97 | 1.59 | 2.35 | 1.59 |
| EV Charging Stations | 4.74 | 0.95 | 1.50 | 0.95 |

# 7 Additional Submissions by the Petitioner

## 7.1 Introduction

7.1.1 The Petitioner has submitted the following additional submissions/ amendments requesting the Commission to consider in the Petition for True up of Uncontrollable Parameters for FY 2022-23 & FY 2023-24, True up of Controllable Parameters of 4th MYT Control Period FY 2019-20 to FY 2023-24, 1st APR of 5th MYT Control Period and ARR & determination of Tariff for FY 2025-26 filed on 30.11.2024.

## 7.2 True up of Controllable Parameters for 4th MYT Control Period FY 20 to FY 24

7.2.1 The Petitioner has submitted that the True up of Interest and Financing Charges for FY 20 to FY 24 has been submitted as per the actual interest as reflected in the Balance Sheet of HPSEBL in the Petition by deducting the disallowance and other charges already Trued Up with the Uncontrollable Parameters for the respective years. The Commission vide True up of 2nd MYT Control Period of FY 12 to FY 14 dated 17th April, 2017 and 3rd MYT Control Period FY 15 to FY 19 dated 29th March, 2022 has Trued Up the interest on the basis of Opening balance of loan as closing balance of previous MYT Control Period, the addition of loan as per funding pattern, loan repayment during the year and calculation of interest by taking the weighted average interest for respective years.

7.2.2 The Petitioner has further submitted that the True up of interest filed on the basis of actual interest during the year which includes the interest against Capital Work In Progress (CWIP) has been re-examined and HPSEBL has decided to revise the True up based on the earlier True up done by the Commission. Thus, the Petitioner has requested the Commission to consider the following normative loan repayment schedule:

i. The repayment of the opening loan has been considered to be paid in five equal installments assuming that the five installments stand already repaid.

ii. The new loan as per funding pattern has been proposed to be paid in 10 installments since CAPEX loan tenure is 10 years.

7.2.3 The Petitioner has submitted that based on the above methodology, the normative loan repayment schedule of debt portion of actual capitalization done during FY 20 to FY 24 and the opening loan balance has been depicted as under:

**Table 114: HPSEBL Submission - Schedule of Repayment of debt portfolio on normative basis (Rs. Cr.)**

| Particulars | Opening Balance | Loan Addition | | | | | Total Re-payment |
|---|---|---|---|---|---|---|---|
| | 31.03.2019 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | |
| Principal | 385.12 | 311.46 | 198.79 | 481.55 | 419.10 | 270.02 | |
| Repayment period (in years) | 5 | 10 | 10 | 10 | 10 | 10 | |
| **FY** | **Repayment Schedule** | | | | | | |
| 2019-20 | 77.02 | 15.57 | - | - | - | - | 92.60 |
| 2020-21 | 77.02 | 31.15 | 9.94 | - | - | - | 118.11 |
| 2021-22 | 77.02 | 31.15 | 19.88 | 24.08 | - | - | 152.13 |
| 2022-23 | 77.02 | 31.15 | 19.88 | 48.16 | 20.96 | - | 197.16 |
| 2023-24 | 77.02 | 31.15 | 19.88 | 48.16 | 41.91 | 13.50 | 231.62 |
| 2024-25 | - | 31.15 | 19.88 | 48.16 | 41.91 | 27.00 | 168.09 |
| 2024-25 | - | 31.15 | 19.88 | 48.16 | 41.91 | 27.00 | 168.09 |
| 2025-26 | - | 31.15 | 19.88 | 48.16 | 41.91 | 27.00 | 168.09 |
| 2026-27 | - | 31.15 | 19.88 | 48.16 | 41.91 | 27.00 | 168.09 |
| 2027-28 | - | 31.15 | 19.88 | 48.16 | 41.91 | 27.00 | 168.09 |
| 2028-29 | - | 15.57 | 19.88 | 48.16 | 41.91 | 27.00 | 152.52 |
| 2029-30 | - | - | 9.94 | 48.16 | 41.91 | 27.00 | 127.01 |
| 2030-31 | - | - | - | 24.08 | 41.91 | 27.00 | 92.99 |
| 2031-32 | - | - | - | - | 20.96 | 27.00 | 47.96 |
| 2032-33 | - | - | - | - | - | 13.50 | 13.50 |
| **Total** | **385.12** | **311.46** | **198.79** | **481.55** | **419.10** | **270.02** | **2,066.05** |

7.2.4 The Petitioner has submitted the True up of Interest and Financing Charges for FY 20 to FY 24 on normative basis as under:

**Table 115: HPSEBL Submission - Summary of Approved and Interest on loans and Financing Charges for FY 20 to FY 24 (Rs. Cr.)**

| Particulars | FY 2019-20 | FY 2020-21 | FY 2021-22 | FY 2022-23 | FY 2023-24 |
|---|---|---|---|---|---|
| Opening Loan as on 31.03.2019 (Closing balance of 3rd MYT Control Period True up) | 385.12 | 603.99 | 684.67 | 1,014.09 | 1,236.03 |
| Added | 311.46 | 198.79 | 481.55 | 419.10 | 270.02 |
| Repayment | 92.60 | 118.11 | 152.13 | 197.16 | 231.62 |
| Closing Balance | 603.99 | 684.67 | 1,014.09 | 1,236.03 | 1,274.44 |
| Rate of Interest | 10.33% | 10.48% | 10.00% | 10.07% | 10.50% |
| **Interest** | **51.08** | **67.53** | **84.95** | **113.30** | **131.74** |

| Particulars | FY 2019-20 | FY 2020-21 | FY 2021-22 | FY 2022-23 | FY 2023-24 |
|---|---|---|---|---|---|
| Add: Uday Interest on Capex | 42.24 | 42.24 | 42.24 | - | - |
| Other Finance charges | 12.06 | 1.67 | 0.49 | 0.75 | - |
| **Total Interest and Financing Charges** | **105.38** | **111.44** | **127.68** | **114.05** | **131.74** |

7.2.5 The Petitioner has showed the comparison of approved and actual interest on loans on normative basis as under:

**Table 116: HPSEBL Submission - True up of Interest and Financing Charges for FY 20 to FY 24 (Rs. Cr.)**

| Particular | FY 20 | FY 21 | FY 22 | FY 23 | FY 24 | TOTAL |
|---|---|---|---|---|---|---|
| Interest on loan approved in MYT Order | 131.26 | 154.75 | 174.93 | 148.24 | 157.68 | 766.86 |
| True up of Interest on loan and finance charges on normative basis | 105.38 | 111.44 | 127.68 | 114.05 | 131.74 | 590.29 |
| **Difference (+/-)** | **25.88** | **43.31** | **47.26** | **34.19** | **25.94** | **176.57** |

7.2.6 The Petitioner has submitted that the funding pattern in respect of IPDS (Phase-I) and IPDS GIS substation at Paonta got mixed and after verification from the respective field units, corrections have been made and accordingly, the Petitioner has submitted the revised scheme-wise /year-wise capitalization and funding pattern.

7.2.7 The Petitioner has submitted the revised funding pattern for the Capitalisation done during FY 20 to FY 24 as under:

**Table 117: HPSEBL Submission - Funding Pattern for the Capitalisation done during FY 20 to FY 24 (Rs. Cr.)**

| Particulars | FY 2019-20 | FY 2020-21 | FY 2021-22 | FY 2022-23 | FY 2023-24 | Total |
|---|---|---|---|---|---|---|
| **Fund Requirement** | **594.43** | **357.40** | **949.75** | **798.02** | **546.97** | **3,246.57** |
| **Funding Break-up** | | | | | | |
| Debt | 311.46 | 198.79 | 481.55 | 419.10 | 270.02 | **1,680.93** |
| Equity | 48.78 | 29.88 | 79.59 | 76.74 | 46.86 | **281.85** |
| Grant | 104.97 | 48.92 | 188.54 | 73.79 | 25.67 | **441.90** |
| Consumer Contribution | 129.21 | 79.81 | 200.07 | 228.38 | 204.42 | **841.89** |
| **TOTAL** | **594.43** | **357.40** | **949.75** | **798.02** | **546.97** | **3,246.57** |

7.2.8 The Petitioner has submitted the revised RoE for FY 20 to FY 24 as under:

**Table 118: HPSEBL Submission - Return on Equity for FY 20 to FY 24 (Rs. Cr.)**

| Particulars | FY 2019-20 | FY 2020-21 | FY 2021-22 | FY 2022-23 | FY 2023-24 |
|---|---|---|---|---|---|
| Opening Equity | 360.82 | 409.60 | 439.48 | 519.07 | 595.81 |
| Addition | 48.78 | 29.88 | 79.59 | 76.74 | 46.86 |
| Closing Equity | 409.60 | 439.48 | 519.07 | 595.81 | 642.67 |
| Average Equity | 385.21 | 424.54 | 479.28 | 557.44 | 619.24 |
| Rate of Return | 16% | 16% | 16% | 16% | 16% |
| **Return on Equity** | **61.63** | **67.93** | **76.68** | **89.19** | **99.08** |

7.2.9 The Petitioner has submitted the approved and actual RoE for FY 20 to FY 24 as under:

**Table 119: HPSEBL Submission - Summary of Approved and Actual Return on Equity for FY 20 to FY 24 (Rs. Cr.)**

| Particulars | FY 2019-20 | FY 2020-21 | FY 2021-22 | FY 2022-23 | FY 2023-24 | TOTAL |
|---|---|---|---|---|---|---|
| ROE approved as per MYT Order dated 29.06.2019 | 42.88 | 49.68 | 56.43 | 62.74 | 68.39 | 280.12 |
| True up as per Actual | 61.63 | 67.93 | 76.68 | 89.19 | 99.08 | 394.51 |
| Surplus (+)/(Gap (-) | **(18.75)** | **(18.25)** | **(20.25)** | **(26.45)** | **(30.69)** | **(114.39)** |

7.2.10 The Petitioner has submitted the finalized Fixed Asset Register (FAR) of Distribution Business.

7.2.11 The GFA for FY 20 to FY 24 with Capitalization during the MYT Control Period after adjusting the De-capitalization and other adjustments is as under:

**Table 120: HPSEBL Submission - GFA during 5th MYT Control Period FY 20 to FY 24 as per FAR submitted (Rs. Cr.)**

| Particulars | FY 2019-20 | FY 2020-21 | FY 2021-22 | FY 2022-23 | FY 2023-24 |
|---|---|---|---|---|---|
| Opening GFA | 5,959.66 | 6,560.77 | 6,987.25 | 7,998.93 | 8,716.72 |
| Closing GFA | 6,560.77 | 6,987.25 | 7,998.93 | 8,716.72 | 9,263.55 |

7.2.12 The Petitioner has submitted the revised actual depreciation for FY 20 to FY 24 as under:

**Table 121: HPSEBL Submission - Actual Depreciation for FY 20 to FY 24 based on FAR (Rs. Cr.)**

| Particulars | FY 2019-20 | FY 2020-21 | FY 2021-22 | FY 2022-23 | FY 2023-24 |
|---|---|---|---|---|---|
| Opening GFA | 5,959.66 | 6,560.77 | 6,987.25 | 7,998.93 | 8,716.72 |

| Particulars | FY 2019-20 | FY 2020-21 | FY 2021-22 | FY 2022-23 | FY 2023-24 |
|---|---|---|---|---|---|
| Closing GFA | 6,560.77 | 6,987.25 | 7,998.93 | 8,716.72 | 9,263.55 |
| Actual Depreciation as per FAR | 226.90 | 252.81 | 260.67 | 284.68 | 316.30 |
| **Less: Consumer Contribution / Grant/ IDC** | | | | | |
| Opening GFA | 2,509.53 | 2,743.71 | 2,872.44 | 3,261.06 | 3,563.24 |
| GFA Addition | 234.18 | 128.73 | 388.61 | 302.18 | 230.09 |
| Closing GFA | 2,743.71 | 2,872.44 | 3,261.06 | 3,563.24 | 3,793.32 |
| Rate of Depreciation worked out as per actual depreciation | 3.62% | 3.73% | 3.48% | 3.41% | 3.52% |
| **Depreciation** | 95.21 | 104.79 | 106.68 | 116.21 | 129.39 |
| **Net Depreciation** | **131.71** | **148.00** | **153.98** | **168.44** | **186.85** |

7.2.13 The summary of actual vs approved depreciation for FY 20 to FY 24 is submitted by the Petitioner as under:

**Table 122: HPSEBL Submission - Summary of Actual vs approved depreciation for FY 20 to FY 24 (Rs. Cr.)**

| Particular | FY 20 | FY 21 | FY 22 | FY 23 | FY 24 | TOTAL |
|---|---|---|---|---|---|---|
| Depreciation approved in MYT Order | 127.29 | 140.99 | 154.60 | 167.33 | 178.73 | 768.94 |
| Actual depreciation | 131.71 | 148.00 | 153.98 | 168.44 | 186.85 | 788.98 |
| **Difference (+/-)** | **(4.42)** | **(7.01)** | **0.62** | **(1.11)** | **(8.12)** | **(20.04)** |

7.2.14 The Gap/Surplus on account of True up of Controllable parameters for FY 20 to FY 24 has been worked out as under:

**Table 123: HPSEBL Submission - Revenue Gap on account of True up for 4th MYT Control Period (Rs. Cr.)**

| Particular | FY 20 | FY 21 | FY 22 | FY 23 | FY 24 | Total |
|---|---|---|---|---|---|---|
| **Approved in MYT Order dated 29th June, 2019 and MTR dated 29th March, 2022** | | | | | | |
| Depreciation | 127.29 | 140.99 | 154.60 | 167.33 | 178.73 | 768.94 |
| Interest on Loan | 131.26 | 154.75 | 174.93 | 148.24 | 157.68 | 766.86 |
| Return on Equity | 42.88 | 49.68 | 56.43 | 62.74 | 68.39 | 280.12 |
| **Total Approved** | **301.43** | **345.42** | **385.96** | **378.31** | **404.80** | **1,815.92** |
| **Actual True up** | | | | | | |
| Depreciation | 131.71 | 148.00 | 153.98 | 168.44 | 186.85 | 788.98 |
| Interest and Finance Charges | 105.38 | 111.44 | 127.68 | 114.05 | 131.74 | 590.29 |
| Return on Equity | 61.63 | 67.93 | 76.68 | 89.19 | 99.08 | 394.51 |
| **Total Actual** | **298.72** | **327.37** | **358.34** | **371.68** | **417.67** | 1,773.78 |
| **Total Surplus/ (Gap)** | **2.70** | **18.05** | **27.63** | **6.63** | **(12.87)** | **42.14** |

7.2.15 The total revenue Gap/Surplus including carrying cost as computed by the Petitioner is depicted in the following table:

**Table 124: HPSEBL Submission - Total Revenue Gap including carrying cost (Rs. Cr.)**

| Particulars | FY 20 | FY 21 | FY 22 | FY 23 | FY 24 | FY 25 |
|---|---|---|---|---|---|---|
| Opening balance | - | 2.85 | 22.10 | 53.31 | 66.06 | 60.08 |
| Surplus/ (Gap) addition | 2.70 | 18.05 | 27.63 | 6.63 | (12.87) | - |
| Closing balance | 2.70 | 20.90 | 49.72 | 59.95 | 53.19 | 60.08 |
| Interest Rate for Carrying/Holding Cost | 11.16% | 10.07% | 10.00% | 10.80% | 11.56% | 10.38% |
| Holding Cost/ (Carrying Cost) | 0.15 | 1.20 | 3.59 | 6.12 | 6.89 | 6.24 |
| **Total surplus/ (Gap) including Holding cost/ (Carrying Cost)** | **2.85** | **22.10** | **53.31** | **66.06** | **60.08** | **66.32** |

7.2.16 The Petitioner has mentioned that it has submitted the revised True up model for controllable parameters for the 4th MYT Control Period.

### 7.3 1st Annual Performance Review and ARR for FY 2025-26

7.3.1 The Petitioner has submitted the following additional submissions:

### 7.4 Change in share of energy in Thermal Power Projects

7.4.1 The Petitioner has submitted that earlier in the Petition, thermal share was calculated based on the average power purchase from firm sources in past years after excluding the URS share impact. Power purchase from the Thermal station is proposed as per PLF of FY 2022-23 as available in the CEA report for FY 2022-23 and the PLF for the stations that are not in the report is taken on a normative basis as 80%.

### 7.5 Addition of Banking of Energy in Power Purchase

7.5.1 The Petitioner has submitted that for FY 2025-26, Banking has been proposed resulting in overall reduction of power purchase cost due to Banking premium expected for FY 2025-26.

### 7.6 Additional impact on account of additional capitalization of Larji HEP:

7.6.1 The Petitioner has submitted that HPSEBL has filed MYT Petition for 5th MYT Control Period of Generation Business which is under consideration of the Commission. Since there is substantial impact on energy charges and capacity charges in respect of Larji HEP due to additional capitalization on account of restoration from flooding of the Hydropower plant. The rate per unit as per Petition filed has been taken for estimation of power purchase cost from Larji HEP for FY 2025-26.

7.6.2 The Petitioner has further submitted that energy of Larji HEP was earlier taken after considering 3rd unit availability by mid-year. The generation has been updated as the 3rd unit will now be available throughout the year now.

7.6.3 The Petitioner has mentioned that there is variation in Energy from Solar Power Projects and Change in IPPs projections for FY 2025-26, due to non-consideration of waiver of free power given to Silti Masrang, Lambadug and other projects.

7.6.4 The revised Power Cost has been worked out by the Petitioner by considering the submissions made above. Accordingly, the Petitioner has requested the Commission to consider the same.

**Table 125: HPSEBL Submission - Power Purchase Projections for FY 2024-25 & FY 2025-26**

| Name of Power Plant | FY 2024-25 | | | | | | FY 2025-26 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Approved in MYT Order | | | Revised Estimate | | | Approved in MYT Order | | | Revised Estimate | | |
| | Energy (MU) | Rate (Rs./ Unit) | Cost (Rs. Cr.) | Energy (MU) | Rate (Rs./ Unit) | Cost (Rs. Cr.) | Energy (MU) | Rate (Rs./ Unit) | Cost (Rs. Cr.) | Energy (MU) | Rate (Rs/ Unit) | Cost (Rs. Cr.) |
| **Own Generation-HPSEBL** | | | | | | | | | | | | |
| Bhaba | 459.12 | 1.04 | 47.70 | 607.79 | 1.04 | 63.21 | 459.12 | 1.14 | 52.47 | 595.17 | 1.14 | 67.85 |
| Bassi | 344.40 | 0.64 | 22.16 | 328.61 | 0.64 | 21.03 | 344.40 | 0.68 | 23.26 | 315.81 | 0.68 | 21.48 |
| Giri | 287.52 | 1.46 | 41.84 | 186.77 | 1.46 | 27.27 | 287.52 | 1.53 | 43.93 | 225.38 | 1.53 | 34.48 |
| Andhra | 86.43 | 1.52 | 13.18 | 58.08 | 1.52 | 8.83 | 86.43 | 1.60 | 13.84 | 63.77 | 1.60 | 10.20 |
| Ghanvi | 81.15 | 2.25 | 18.26 | 88.56 | 2.25 | 19.93 | 81.15 | 2.25 | 18.26 | 76.66 | 2.25 | 17.25 |
| Baner | 52.86 | 2.43 | 12.86 | 32.60 | 2.43 | 7.92 | 52.86 | 2.56 | 13.51 | 33.21 | 2.56 | 8.50 |
| Gaj | 33.38 | 3.20 | 10.69 | 37.36 | 3.20 | 11.96 | 33.38 | 3.36 | 11.22 | 33.00 | 3.36 | 11.09 |
| Larji | 510.20 | 1.40 | 71.35 | 316.87 | 1.40 | 44.36 | 510.20 | 1.54 | 78.48 | 540.06 | 2.24 | 120.97 |
| Khauli | 43.65 | 2.25 | 9.82 | 39.02 | 2.25 | 8.78 | 43.65 | 2.25 | 9.82 | 38.22 | 2.25 | 8.60 |
| Binwa | 29.05 | 2.60 | 7.54 | 29.12 | 2.60 | 7.57 | 29.05 | 2.73 | 7.92 | 30.44 | 2.73 | 8.31 |
| Thirot | 23.23 | 2.25 | 5.23 | 10.26 | 2.25 | 2.31 | 23.23 | 2.25 | 5.23 | 10.64 | 2.25 | 2.39 |
| Gumma | 17.93 | 2.25 | 4.03 | 5.64 | 2.25 | 1.27 | 17.93 | 2.25 | 4.03 | 7.70 | 2.25 | 1.73 |
| Holi | 17.34 | 2.25 | 3.90 | 1.66 | 2.25 | 0.37 | 17.34 | 2.25 | 3.90 | 5.03 | 2.25 | 1.13 |
| Bhaba Aug | 12.00 | 2.25 | 2.70 | 12.77 | 2.25 | 2.87 | 12.00 | 2.25 | 2.70 | 7.80 | 2.25 | 1.75 |
| Nogli | 9.75 | 3.88 | 3.78 | 3.29 | 3.88 | 1.28 | 9.75 | 4.07 | 3.97 | 3.75 | 4.07 | 1.53 |
| Rongtong | 7.56 | 4.11 | 3.11 | 0.48 | 4.11 | 0.20 | 7.56 | 4.31 | 3.26 | 0.76 | 4.31 | 0.33 |
| Sal-II | 12.38 | 2.25 | 2.78 | - | 2.25 | - | 12.38 | 2.25 | 2.78 | - | 2.25 | - |
| Chaba | 7.59 | 3.54 | 2.69 | 2.70 | 3.54 | 0.96 | 7.59 | 3.72 | 2.82 | 5.12 | 3.72 | 1.90 |
| Rukti | 6.47 | 0.92 | 0.60 | 3.18 | 0.92 | 0.29 | 6.47 | 0.97 | 0.63 | 3.11 | 0.97 | 0.30 |
| Chamba | 1.75 | 3.36 | 0.59 | 0.93 | 3.36 | 0.31 | 1.75 | 3.54 | 0.62 | 1.23 | 3.54 | 0.44 |
| Killar | 1.15 | 2.25 | 0.26 | | 2.25 | - | 1.15 | 2.26 | 0.26 | | 2.25 | - |

| Name of Power Plant | FY 2024-25 | | | | | | FY 2025-26 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Approved in MYT Order | | | Revised Estimate | | | Approved in MYT Order | | | Revised Estimate | | |
| | Energy (MU) | Rate (Rs./ Unit) | Cost (Rs. Cr.) | Energy (MU) | Rate (Rs./ Unit) | Cost (Rs. Cr.) | Energy (MU) | Rate (Rs./ Unit) | Cost (Rs. Cr.) | Energy (MU) | Rate (Rs/ Unit) | Cost (Rs. Cr.) |
| Ghanvi II | 48.49 | 3.16 | 15.32 | 31.96 | 3.16 | 10.10 | 48.49 | 3.16 | 15.32 | 34.38 | 3.16 | 10.86 |
| Ligthi | 0.21 | 2.25 | 0.05 | 0.22 | 2.25 | 0.05 | 0.21 | 2.38 | 0.05 | 0.23 | 2.25 | 0.05 |
| Billing | 1.17 | 2.25 | 0.26 | 0.93 | 2.25 | 0.21 | 1.17 | 2.22 | 0.26 | 1.07 | 2.25 | 0.24 |
| Killar | 0.47 | 2.25 | 0.11 | 0.22 | 2.25 | 0.05 | 0.47 | 2.34 | 0.11 | 0.29 | 2.25 | 0.07 |
| Sach | 1.69 | 2.25 | 0.38 | 1.40 | 2.25 | 0.31 | 1.69 | 2.25 | 0.38 | 0.54 | 2.25 | 0.12 |
| Sural | 0.28 | 2.25 | 0.06 | 0.27 | 2.25 | 0.06 | 0.28 | 2.14 | 0.06 | 0.09 | 2.25 | 0.02 |
| Purthi | 0.14 | 2.25 | 0.03 | 0.09 | 2.25 | 0.02 | 0.14 | 2.14 | 0.03 | 0.10 | 2.25 | 0.02 |
| Uhl-III-Upcoming | 279.68 | 5.00 | 139.84 | 54.00 | 5.00 | 27.00 | 342.96 | 5.00 | 171.48 | 342.95 | 5.00 | 171.48 |
| **Sub-Total- Own Generation** | **2,377.04** | **1.86** | **441.12** | **1,854.78** | **1.45** | **268.52** | **2,440.32** | **2.01** | **490.60** | **2,376.51** | **2.12** | **503.10** |
| **HPPCL Projects** | | | | | | | | | | | | |
| Kashang | 211.28 | 5.00 | 105.64 | 201.52 | 3.44 | 69.32 | 211.28 | 5.00 | 105.64 | 164.02 | 3.44 | 56.42 |
| Sawra Kuddu | 331.60 | 5.00 | 165.80 | 251.73 | 5.24 | 131.91 | 331.60 | 5.00 | 165.80 | 262.12 | 5.24 | 137.35 |
| Sainj (87%) @ 50% | 138.49 | 5.00 | 69.24 | 185.74 | 3.32 | 61.67 | 138.49 | 5.00 | 69.24 | 164.40 | 3.32 | 54.58 |
| Sainj-Solar Hybrid | | | | | | | | | | | | |
| **Sub-Total- HPPCL** | **681.37** | 5.00 | **340.68** | **638.99** | **4.11** | **262.90** | **681.37** | **5.00** | **340.68** | **590.54** | **4.21** | **248.35** |
| **NTPC Thermal** | | | | | | | | | | | | |
| Unchahar-I | 1.13 | 6.26 | 0.71 | 36.14 | 4.41 | 15.95 | 1.13 | 3.72 | 0.42 | 1.89 | 4.54 | 0.86 |
| Unchahar-II | 68.13 | 5.93 | 40.38 | 136.53 | 4.19 | 57.24 | 68.13 | 3.16 | 21.54 | 90.12 | 4.32 | 38.91 |
| Unchahar-III | 48.46 | 6.29 | 30.46 | 66.57 | 4.92 | 32.73 | 48.46 | 3.17 | 15.35 | 58.99 | 5.06 | 29.88 |
| Rihand-1 STPS | 260.83 | 2.54 | 66.21 | 225.60 | 2.45 | 55.22 | 260.83 | 1.84 | 47.87 | 285.65 | 2.52 | 72.02 |
| Rihand-2 STPS | 248.41 | 2.63 | 65.31 | 255.47 | 2.39 | 61.00 | 248.41 | 1.81 | 45.05 | 271.20 | 2.46 | 66.69 |
| Singrauli STPS | 23.16 | 2.46 | 5.71 | 48.48 | 2.25 | 10.89 | 23.16 | 1.63 | 3.78 | 25.79 | 2.31 | 5.96 |
| Kahalgaon – II | 127.42 | 5.16 | 65.74 | 135.73 | 3.61 | 48.99 | 127.42 | 2.65 | 33.78 | 152.95 | 3.72 | 56.86 |

| Name of Power Plant | FY 2024-25 | | | | | | FY 2025-26 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Approved in MYT Order | | | Revised Estimate | | | Approved in MYT Order | | | Revised Estimate | | |
| | Energy (MU) | Rate (Rs./ Unit) | Cost (Rs. Cr.) | Energy (MU) | Rate (Rs./ Unit) | Cost (Rs. Cr.) | Energy (MU) | Rate (Rs./ Unit) | Cost (Rs. Cr.) | Energy (MU) | Rate (Rs/ Unit) | Cost (Rs. Cr.) |
| Rihand-3 Units-1,2 | 267.54 | 3.16 | 84.46 | 239.59 | 3.13 | 75.02 | 267.54 | 3.03 | 81.06 | 278.30 | 3.23 | 89.76 |
| Dadri-II TPS | 25.27 | 5.84 | 14.76 | 47.26 | 4.92 | 23.24 | 25.27 | 1.54 | 3.89 | 10.64 | 5.06 | 5.39 |
| Unchahar IV | 5.71 | 6.81 | 3.89 | 23.16 | 4.32 | 10.00 | 5.71 | 4.83 | 2.76 | 7.07 | 4.45 | 3.15 |
| Bilhaur | 9.39 | 5.00 | 4.70 | | | - | 9.39 | 5.01 | 4.70 | | | |
| Tanda-II | | | | 70.27 | 3.69 | 25.96 | | | | 12.03 | 3.81 | 4.58 |
| **Sub-Total-NTPC Thermal** | **1,085.45** | **3.52** | **382.33** | **1,284.81** | **3.24** | **416.23** | **1,085.45** | **2.40** | **260.20** | **1,194.64** | **3.13** | **374.05** |
| Koldam SOR | 14.69 | 5.86 | 8.61 | 13.47 | 5.86 | 7.89 | 102.34 | 5.79 | 59.22 | **105.67** | 4.89 | 51.67 |
| Kol dam HEP | 456.88 | 5.41 | 247.15 | 501.31 | 4.75 | 238.12 | 456.88 | 5.57 | 254.56 | 469.41 | 4.89 | 229.54 |
| Sub-Total-NTPC- Hydro | **471.57** | **5.42** | **255.76** | **514.78** | **4.78** | **246.02** | **559.22** | **5.61** | **313.78** | **575.08** | **4.89** | **281.22** |
| **Sub-Total -NTPC( Combined)** | **1,557.02** | | **638.09** | **1,799.59** | **3.68** | **662.25** | **1,644.67** | **3.49** | **573.98** | **1,769.73** | **3.70** | **655.26** |
| **NPCIL** | | | | | | | | | | | | |
| NAPP | 96.55 | 3.17 | 30.58 | 103.26 | 3.03 | 31.29 | 96.55 | 3.26 | 31.49 | 94.63 | 3.12 | 29.50 |
| RAPP (V & VI) | 108.93 | 4.16 | 45.34 | 108.91 | 3.98 | 43.35 | 108.93 | 4.29 | 46.70 | 113.65 | 4.10 | 46.60 |
| RAPP (VII & VIII) | 38.56 | 5.00 | 19.28 | 35.19 | 5.00 | 17.59 | 124.11 | 5.00 | 62.05 | 96.35 | 5.15 | 49.60 |
| **Sub-total NPCIL** | **244.04** | **3.90** | **95.20** | **247.36** | **3.73** | **92.23** | **329.59** | **4.25** | **140.24** | **304.63** | **4.13** | **125.70** |
| **NHPC Projects** | | | | | | | | | | | | |
| Salal | 31.37 | 2.90 | 9.09 | 32.82 | 2.81 | 9.22 | 31.37 | 2.95 | 9.26 | 15.00 | 2.90 | 4.40 |
| Tanakpur | 18.61 | 4.69 | 8.72 | 14.41 | 5.96 | 8.59 | 18.61 | 4.83 | 8.98 | 66.10 | 6.10 | 40.50 |
| Chamera-I | 53.82 | 2.55 | 13.71 | 58.19 | 1.90 | 11.07 | 53.82 | 2.62 | 14.12 | 54.00 | 2.00 | 10.60 |
| Chamera-II | 48.59 | 2.60 | 12.63 | 48.78 | 2.39 | 11.65 | 48.59 | 2.68 | 13.00 | 46.10 | 2.50 | 11.30 |
| Chamera-III | 5.91 | 7.35 | 4.35 | 4.07 | 6.24 | 2.54 | 33.14 | 4.89 | 16.20 | 34.10 | 6.40 | 21.90 |
| Uri | 74.94 | 2.36 | 17.67 | 63.03 | 2.79 | 17.56 | 74.94 | 2.41 | 18.10 | 40.60 | 2.90 | 11.70 |
| Dhauliganga | 43.85 | 2.91 | 12.78 | 41.22 | 2.71 | 11.18 | 43.85 | 3.00 | 13.15 | 35.00 | 2.80 | 9.80 |

| Name of Power Plant | FY 2024-25 | | | | | | FY 2025-26 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Approved in MYT Order | | | Revised Estimate | | | Approved in MYT Order | | | Revised Estimate | | |
| | Energy (MU) | Rate (Rs./ Unit) | Cost (Rs. Cr.) | Energy (MU) | Rate (Rs./ Unit) | Cost (Rs. Cr.) | Energy (MU) | Rate (Rs./ Unit) | Cost (Rs. Cr.) | Energy (MU) | Rate (Rs/ Unit) | Cost (Rs. Cr.) |
| Parbati-II | 104.99 | 5.00 | 52.49 | 5.63 | 5.00 | 2.81 | 104.99 | 5.00 | 52.49 | 31.10 | 5.20 | 16.00 |
| Parbati-III | 12.31 | 5.00 | 6.16 | 1.77 | 5.00 | 0.89 | 76.52 | 5.00 | 38.26 | 19.70 | 2.90 | 5.60 |
| **Sub-Total-NHPC** | **394.39** | **3.49** | **137.60** | **269.91** | **2.80** | **75.51** | **485.83** | **3.78** | **183.56** | **341.70** | **3.90** | **131.80** |
| **THDC Projects** | | | | | | | | | | | | |
| Tehri SOR | 15.85 | 4.10 | 6.49 | 24.27 | 4.03 | 9.79 | 110.38 | 2.55 | 28.10 | 92.20 | 4.03 | 37.19 |
| Koteshwar SOR | 5.68 | 5.59 | 3.18 | 9.25 | 6.84 | 6.33 | 43.98 | 3.29 | 14.47 | 31.08 | 6.84 | 21.26 |
| **Sub-Total-THDC** | **21.53** | **4.49** | **9.67** | **33.52** | **4.81** | **16.12** | **154.36** | **2.76** | **42.57** | **123.28** | **4.74** | **58.44** |
| **Availability of free Power from GoHP share in directly connected projects.** | | | | | | | | | | | | |
| HPSEBL's Own Projects | - | - | - | 47.20 | 2.60 | 12.27 | - | - | - | 142.00 | 2.60 | 36.92 |
| Malana | - | - | - | 49.27 | 2.60 | 12.81 | - | - | - | 54.51 | 2.60 | 14.17 |
| Baspa-II | - | - | - | 162.04 | 2.60 | 42.13 | - | - | - | 155.17 | 2.60 | 40.34 |
| Shanan BSS | - | - | - | 2.58 | 2.60 | 0.67 | - | - | - | 2.63 | 2.60 | 0.68 |
| Thien (RSD) | - | - | - | 63.34 | 2.60 | 16.47 | - | - | - | 72.81 | 2.60 | 18.93 |
| IPP's Free Power (i/c OA Consumers) | - | - | - | 146.85 | 2.60 | 38.18 | - | - | - | 204.00 | 2.60 | 53.04 |
| Kashang | - | - | - | 28.02 | 2.60 | 7.29 | - | - | - | 24.39 | 2.60 | 6.34 |
| Chanju | - | - | - | 21.24 | 2.60 | 5.52 | - | - | - | 20.18 | 2.60 | 5.25 |
| Sawara Kuddu | - | - | - | - | 2.60 | - | - | - | - | | 2.60 | - |
| **Sub-Total** | **-** | **-** | **-** | **520.55** | **2.60** | **135.34** | **-** | **-** | **-** | **675.69** | **2.60** | **175.68** |
| **BBMB and Other Shared Projects** | | | | | | | | | | | | |
| BBMB Old | 43.80 | 1.02 | 4.47 | 43.80 | 1.00 | 4.30 | 43.80 | 1.05 | 4.61 | 43.81 | 1.02 | 4.47 |
| BBMB New | 332.17 | 0.93 | 30.82 | 346.40 | 0.50 | 18.20 | 332.17 | 0.96 | 31.75 | 347.56 | 0.67 | 23.29 |
| Dehar | 169.47 | 1.21 | 20.44 | 166.90 | 0.60 | 10.70 | 169.47 | 1.24 | 21.06 | 166.31 | 0.67 | 11.14 |
| Pong | 42.39 | 0.64 | 2.70 | 43.70 | 0.50 | 2.00 | 42.39 | 0.66 | 2.78 | 45.08 | 0.67 | 3.02 |

| Name of Power Plant | FY 2024-25 | | | | | | FY 2025-26 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Approved in MYT Order | | | Revised Estimate | | | Approved in MYT Order | | | Revised Estimate | | |
| | Energy (MU) | Rate (Rs./ Unit) | Cost (Rs. Cr.) | Energy (MU) | Rate (Rs./ Unit) | Cost (Rs. Cr.) | Energy (MU) | Rate (Rs./ Unit) | Cost (Rs. Cr.) | Energy (MU) | Rate (Rs/ Unit) | Cost (Rs. Cr.) |
| Shanan (available to HPSEB) | 5.26 | 1.50 | 0.79 | 5.30 | 2.10 | 1.10 | 5.26 | 1.54 | 0.81 | 5.25 | 2.06 | 1.08 |
| Shanan Ext (available to HPSEB) | 45.00 | 0.76 | 3.44 | 45.00 | 1.50 | 6.80 | 45.00 | 0.79 | 3.54 | 45.00 | 1.51 | 6.80 |
| Yamuna | 428.10 | 1.62 | 69.22 | 413.10 | 1.60 | 66.80 | 428.10 | 1.68 | 71.95 | 406.16 | 1.70 | 69.05 |
| Khara | 64.37 | 0.57 | 3.64 | 50.50 | 1.30 | 6.30 | 64.37 | 0.58 | 3.76 | 55.48 | 1.32 | 7.32 |
| **Sub-Total** | **1,130.56** | **1.20** | **135.52** | **1,114.70** | **1.00** | **116.20** | **1,130.56** | **1.24** | **140.26** | **1,114.65** | **1.13** | **126.17** |
| Nathpa Jhakri SOR | 163.75 | 2.46 | 40.35 | 178.72 | 2.27 | 40.58 | 163.75 | 2.54 | 41.56 | 165.98 | 2.34 | 38.82 |
| Nathpa Jhakri Equity | 1,533.12 | 2.34 | 359.45 | 1,614.42 | 2.28 | 368.48 | 1,533.12 | 2.41 | 370.22 | 1,512.63 | 2.35 | 355.61 |
| Rampur SOR | 46.43 | 5.21 | 24.18 | 53.75 | 4.04 | 21.71 | 46.43 | 5.35 | 24.85 | 49.44 | 4.16 | 20.56 |
| Rampur Equity | 499.75 | 4.49 | 224.17 | 522.68 | 4.11 | 214.56 | 499.75 | 4.61 | 230.41 | 491.95 | 4.23 | 208.01 |
| **Sub-Total** | **2,243.05** | **2.89** | **648.15** | **2,369.57** | 2.72 | **645.33** | **2,243.05** | **2.97** | **667.04** | **2,220.00** | **2.81** | **623.00** |
| Small HEP/ Private Micro<5MW | 1,361.57 | 2.90 | 394.86 | 1,675.70 | 3.15 | 527.20 | 1,402.42 | 2.90 | 406.70 | 1,757.09 | 3.20 | 562.27 |
| Small HEP/ Private Micro>5MW | 644.34 | 3.36 | 216.50 | | | | 712.32 | 3.36 | 239.34 | | | |
| Small HEP/ Private Micro – REC | 217.39 | 2.60 | 56.52 | 144.71 | 2.60 | 37.63 | 223.91 | 2.60 | 58.22 | 71.00 | 2.60 | 18.46 |
| Addl. up to 25 MW | | | | 21.29 | 3.07 | 6.54 | | | | 54.39 | 3.20 | 17.40 |
| **Sub-Total ( SHPs/IPPs)** | **2,223.30** | **3.00** | **667.88** | **1,841.71** | 3.10 | **571.36** | 2,338.65 | 3.01 | 704.26 | **1,882.48** | **3.18** | **598.13** |
| Baspa – II | 1,050.00 | 1.55 | 162.75 | 1,050.00 | 1.64 | 172.63 | 1,050.00 | 1.55 | 162.75 | 1,050.00 | 1.69 | 177.80 |
| Baspa - II Secondary Energy | 99.26 | 4.18 | 41.49 | 151.24 | 3.19 | 48.25 | 99.26 | 4.21 | 41.79 | 88.00 | 3.19 | 28.10 |
| **Sub-Total Baspa-II** | **1,149.26** | **1.78** | **204.24** | **1,201.24** | **1.84** | **220.88** | **1,149.26** | **1.78** | **204.54** | **1,138.00** | **1.81** | **205.88** |
| Singrauli Solar | 21.27 | 7.87 | 16.74 | 21.96 | 7.87 | 17.29 | 21.27 | 7.87 | 16.74 | 23.92 | 7.87 | 18.83 |
| SECI Solar | 42.88 | 5.50 | 23.59 | 42.69 | 5.72 | 24.44 | 42.88 | 5.50 | 23.59 | 42.32 | 5.50 | 23.30 |
| Solar Power | 56.99 | 3.75 | 21.37 | 78.65 | 3.93 | 30.92 | 56.99 | 3.74 | 21.31 | 107.00 | 3.93 | 42.07 |

| Name of Power Plant | FY 2024-25 | | | | | | FY 2025-26 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Approved in MYT Order | | | Revised Estimate | | | Approved in MYT Order | | | Revised Estimate | | |
| | Energy (MU) | Rate (Rs./ Unit) | Cost (Rs. Cr.) | Energy (MU) | Rate (Rs./ Unit) | Cost (Rs. Cr.) | Energy (MU) | Rate (Rs./ Unit) | Cost (Rs. Cr.) | Energy (MU) | Rate (Rs/ Unit) | Cost (Rs. Cr.) |
| Additional Solar | 525.60 | 3.00 | 157.68 | | | - | 876.00 | 3.00 | 262.80 | | | - |
| HPPPCL Solar | | | | | | - | | | | 48.00 | 2.90 | 13.90 |
| Additional Solar – Himurja | 199.64 | 3.50 | 69.87 | | | - | 199.64 | 3.50 | 69.87 | 69.94 | 3.70 | 25.88 |
| Rooftop Solar | 5.35 | 3.65 | 1.95 | 5.35 | 3.65 | 1.95 | 10.60 | 3.65 | 3.87 | 10.60 | 3.65 | 3.87 |
| **Sub-Total –Solar** | **851.73** | **3.42** | **291.20** | **148.66** | **5.02** | **74.61** | **1,207.38** | **3.30** | **398.19** | **301.79** | **4.24** | **127.84** |
| Additional unallocated Power from CGS stations | | | | **332.00** | 3.55 | 117.86 | | | | | | |
| Bilateral/Collective Purchase/Market purchase | 644.97 | 5.23 | 337.58 | 1,688.77 | 4.91 | 828.80 | 364.04 | 5.23 | 190.54 | 1,239.00 | **5.23** | 648.00 |
| Banking Energy to be received | | | | 1,745.22 | - | - | | | | 1,710.00 | | |
| **Total Power Purchase** | **13,518.28** | **2.92** | **3,946.90** | **15,806.59** | **2.59** | **4,087.92** | **14,169.07** | **2.88** | **4,076.44** | **15,788.00** | **3.00** | **4,227.42** |

**Table 126: HPSEBL Submission - Summary of Power Purchase Cost Projections for FY 2024-2025 & FY 2025-26**

| Sources | FY 2024-25 | | | | | | FY 2025-26 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Approved in MYT Order by Commission | | | Revised Estimate | | | Approved in MYT Order by Commission | | | Revised Estimate | | |
| | (MUs) | (Rs. /Unit) | (Rs. Cr.) | (MUs) | (Rs. /Unit) | (Rs. Cr.) | (MUs) | (Rs. /Unit) | (Rs. Cr.) | (MUs) | (Rs. /Unit) | (Rs. Cr.) |
| HPSEBL Own Generation | 2,377.04 | 1.86 | 441.12 | 1,854.79 | 1.45 | 268.52 | 2,440.32 | 2.01 | 490.60 | 2,376.51 | 2.12 | 503.10 |
| NTPC (Thermal) | 1,085.45 | 3.52 | 382.33 | 1,284.81 | 3.24 | 416.23 | 1,085.45 | 2.40 | 260.20 | 1,194.64 | 3.13 | 374.05 |
| NTPC(Hydel) | 471.57 | 5.42 | 255.76 | 514.78 | 4.78 | 246.02 | 559.22 | 5.61 | 313.78 | 575.08 | 4.89 | 281.22 |
| NTPC(Combined) | 1,557.02 | 4.10 | 638.09 | 1,799.59 | 3.68 | 662.25 | 1,644.67 | 3.49 | 573.98 | 1,769.73 | 3.70 | 655.26 |

| Sources | FY 2024-25 | | | | | | FY 2025-26 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Approved in MYT Order by Commission | | | Revised Estimate | | | Approved in MYT Order by Commission | | | Revised Estimate | | |
| | (MUs) | (Rs. /Unit) | (Rs. Cr.) | (MUs) | (Rs. /Unit) | (Rs. Cr.) | (MUs) | (Rs. /Unit) | (Rs. Cr.) | (MUs) | (Rs. /Unit) | (Rs. Cr.) |
| NHPC | 394.39 | 3.49 | 137.60 | 269.91 | 2.80 | 75.51 | 485.83 | 3.78 | 183.56 | 341.70 | 3.86 | 131.82 |
| SJVNL | 2,243.05 | 2.89 | 648.15 | 2,369.57 | 2.72 | 645.33 | 2,243.05 | 2.97 | 667.04 | 2,220.00 | 2.81 | 623.00 |
| NPCIL | 244.04 | 3.90 | 95.20 | 247.36 | 3.73 | 92.23 | 329.59 | 4.25 | 140.24 | 304.63 | 4.13 | 125.75 |
| BBMB and Shared Stations | 1,130.56 | 1.20 | 135.52 | 1,114.70 | 1.04 | 116.22 | 1,130.56 | 1.24 | 140.26 | 1,114.65 | 1.13 | 126.17 |
| IPP & Others (Baspa & Pvt. IPPS) | 3,372.56 | 2.59 | 872.12 | 3,042.95 | 2.60 | 792.24 | 3,487.91 | 2.61 | 908.80 | 3,020.48 | 2.66 | 804.01 |
| GoHP Free Power | - | - | - | 520.55 | 2.60 | 135.34 | - | - | - | 675.69 | 2.60 | 175.68 |
| HPPCL | 681.37 | 5.00 | 340.68 | 638.99 | 4.11 | 262.90 | 681.37 | 5.00 | 340.68 | 590.54 | 4.21 | 248.35 |
| THDC | 21.53 | 4.49 | 9.67 | 33.52 | 4.81 | 16.12 | 154.36 | 2.76 | 42.57 | 123.28 | 4.74 | 58.44 |
| Solar IPPS and Others (SECI & HPPCL) | 851.73 | 3.42 | 291.20 | 148.66 | 5.02 | 74.61 | 1,207.38 | 3.30 | 398.19 | 301.79 | 4.24 | 127.84 |
| Other Sources (Short term Purchase) | 644.97 | 5.23 | 337.58 | 2,020.77 | 4.68 | 946.66 | 364.04 | 5.23 | 190.54 | 1,239.00 | 5.23 | 648.00 |
| Banking Purchase | - | - | - | 1,745.22 | - | - | - | - | - | 1,710.00 | - | - |
| **TOTAL** | **13,518.26** | **2.92** | **3,946.93** | **15,806.59** | **2.59** | **4,087.92** | **14,169.08** | **2.88** | **4,076.46** | **15,788.00** | **3.00** | **4,227.42** |

**Table 127: HPSEBL Submission - Energy Balance for FY 2024-2025 & FY 2025-26**

| Sr. No. | Particulars | FY 24-25 | FY 25-26 |
|---|---|---|---|
| A | Units procured from Interstate Generating projects (including free from Power Stations connected to ISTS) | 7,846.26 | 7,473.25 |
| B | Banking Purchase at ISTS | 1,745.22 | 1,710.00 |
| C | Interstate Transmission Losses (%) | 3.66% | 4.15% |
| D | Transmission Losses in MU | 351.05 | 381.11 |
| E | **Net Energy Available at State Periphery** | **9,240.43** | **8,802.14** |
| F | **Power Available within the State (i+ii+iii)** | **4,526.34** | **5,365.75** |
| | i) State Generating Stations | 2,308.04 | 2,802.65 |
| | ii) Free Power Own Generation and IPPS-GOHP Share | 292.59 | 445.08 |
| | iii) IPPs (i/c Solar) | 1,925.71 | 2,118.02 |
| G | **Power Purchase from other Sources (i+ii)** | **1,688.77** | **1,239.00** |
| | i) UI Power | | |
| | ii) IEX/PXIL | 1,688.77 | 1,239.00 |
| **H** | **Total Energy available (E+F+G)** | **15,455.54** | **15,406.89** |
| I | Energy Sales within the State | 12,041.00 | 12,604.00 |
| **J** | **Inter-State Sale of Power (i+ii+iii)** | **2,083.34** | **1,410.00** |
| | i) Sale of Power (Including UI, Bilateral & IEX/PXIL) | 709.00 | - |
| | ii) Banking | 1,374.34 | 1,410.00 |
| | iii)RE Sale | | |
| **K** | **Total Energy Available at State Periphery (H-J)** | **13,372.00** | **13,997.00** |
| **L** | **STU Losses @0.5%** | **67.00** | **70.00** |
| **M** | **Energy Available for Sale to DISCOM** | **13,305.34** | **13,926.90** |
| **N** | **Energy Sales within the State** | **12,041.00** | **12,604.00** |
| **O** | **T&D Losses HPSEBL(M-N)** | **1,264.22** | **1,323.30** |
| **Q** | **T&D Loss-HPSEBL (%)** | **9.50%** | **9.50%** |

## 7.7 Operation and Maintenance Expenses

7.7.1 The Petitioner has submitted that the Employees Expenses under Operation and Maintenance Expenses have been approved by the Commission with the provision of Arrears for Pensioners amounting to Rs. 380 Crores to be paid to the Pensioners during each year of MYT Control Period w.e.f. FY 2025-26 onwards. The estimation of arrears of Pensioners was done at the time of filing MYT Petition. It is submitted that now HPSEBL has done fixation of most of the Pensioners and the revised calculations are as under:

**Table 128: HPSEBL Submission - Revised A&G Expenses on account of revision in IT related expenses (Rs. Cr.)**

| Particulars | FY 2025-26 Pension Arrear estimate (Rs Cr) | Paid /to be paid up to FY 2024-25 (Rs Cr) | | | Balance to be paid (Rs Cr) | To be paid per year (Rs Cr) |
|---|---|---|---|---|---|---|
| | | Already Paid | To be paid | Total | | |
| Arrear of Gratuity | 254.23 | 17 | 0 | 17 | 237.23 | **259.73** |
| Arrear of pension Commutation | 460.4 | 0 | 0 | 0 | 460.4 | |

| Particulars | FY 2025-26 Pension Arrear estimate (Rs Cr) | Paid /to be paid up to FY 2024-25 (Rs Cr) | | | Balance to be paid (Rs Cr) | To be paid per year (Rs Cr) |
|---|---|---|---|---|---|---|
| | | Already Paid | To be paid | Total | | |
| Arrear of Pension | 697.96 | 202.68 | 154 | 356.68 | 341.28 | |
| **Total** | **1412.59** | **219.68** | **154** | **373.68** | **1038.91** | |

**Table 129: HPSEBL Submission - Revised A&G Expenses on account of revision in IT related expenses (Rs. Cr.)**

| Particulars | FY 2025-26 | |
|---|---|---|
| | Approved | Revised Estimate |
| A&G Expenses | 65.82 | **65.82** |
| **IT Related Expenses** | | |
| Monthly Rental against Smart metering-IPDS Shimla/Dharamshala | 16.54 | 16.54 |
| Rental Charges against Smart Metering under RDSS | 201.34 | 115.01 |
| Addl. IT Expenses | 10.00 | 7.50 |
| Total IT Related Expenses | **227.88** | **139.05** |
| **Total A&G Expenses** | **293.70** | **204.87** |

**Table 130: HPSEBL Submission - Revised R&M Expenses on account of revision in IT related expenses (Rs. Cr.)**

| Particulars | FY 2025-26 | |
|---|---|---|
| | Approved | Revised Estimate |
| Gross R&M Expenses | 111.27 | 111.27 |
| IT Related Expenses | 44.86 | 42.20 |
| **Total A&G Expenses** | **156.14** | **153.47** |

7.7.2 The Petitioner has submitted the revised O&M Expenses considering the above submissions as under:

**Table 131: HPSEBL Submission - O&M Charges for FY 2024-25 & FY 2025-26 (Rs. Cr.)**

| Particulars | FY 2024-25 | | FY 2025-26 | |
|---|---|---|---|---|
| | Approved | Revised Estimate | Approved | Revised Estimate |
| Employees Expenses | 2,516.29 | 2,832.97 | 3,022.69 | 2,902.42 |
| Repair and Maintenance Expenses | 144.43 | 144.43 | 156.14 | 153.47 |
| Administrative and General Expenses | 134.01 | 96.70 | 293.70 | 204.87 |
| **Total O&M Expenses** | **2,794.73** | **3,074.10** | **3,472.53** | **3,260.76** |

## 7.8 Interest on Working Capital

7.8.1 The Petitioner has submitted that on account of revision of Power Purchase expenses and O&M Expenses, the Interest on Working Capital and total Interest and Financing charges got changed and have been shown as under:

**Table 132: HPSEBL Submission - Interest on Working Capital for FY 2024-25 & FY 2025-26 (Rs. Cr.)**

| Particulars | FY 2024-25 | | FY 2025-26 | |
|---|---|---|---|---|
| | Approved | Revised Estimate | Approved | Revised Estimate |
| O&M Expenses for One Month | 232.89 | 512.35 | 289.38 | 543.46 |
| Revenue from Sale of Electricity equivalent to 2 months average billing | 661.19 | 1,393.67 | 737.82 | 1,425.48 |
| Maintenance Spares 40% of the R&M Expenses for one month | 57.77 | 57.77 | 62.46 | 61.39 |
| LESS: Consumer Deposit | 458.40 | 540.40 | 404.46 | 574.22 |
| Working Capital Requirement | 493.46 | 1,423.39 | 685.19 | 1,456.10 |
| Rate of Working Capital | 12.15% | 12.06% | 12.15% | 12.38% |
| **Interest on Working Capital** | **59.95** | **171.66** | **83.25** | **180.27** |

**Table 133: HPSEBL Submission - Interest and Financing Charges for FY 2024-25 & FY 2025-26 (Rs. Cr.)**

| Particulars | FY 2024-25 | | FY 2025-26 | |
|---|---|---|---|---|
| | Approved in MYT Order | Revised Estimate | Approved in MYT Order | Revised Estimate |
| Interest on Long Term Loans | 147.50 | 147.50 | 165.96 | 165.96 |
| Interest on Working Capital | 59.95 | 171.66 | 83.25 | 180.27 |
| Interest on Security Deposit | 40.38 | 36.48 | 44.05 | 38.76 |
| LC and Other Bank Charges | 6.30 | 6.30 | 6.30 | 6.30 |
| **Total Interest and Financing Charges** | **254.13** | **361.94** | **299.56** | **391.29** |

7.8.2 In view of above additional submissions the Aggregate Revenue Requirement for FY 2024-25 is submitted by the Petitioner as under:

## 7.9 Aggregate Revenue Requirement (ARR)

**Table 134: HPSEBL Submission - Summary of ARR for FY 2025-26 (Rs. Cr.)**

| Particulars | FY 2024-25 | | FY 2025-26 | |
|---|---|---|---|---|
| | Approved ARR MYT Order | Revised ARR | Approved ARR MYT Order | Revised ARR |
| **Power Purchase Expenses for Supply in the State** | 4,720.20 | 4,891.75 | 4,884.71 | 5,055.75 |
| Cost of electricity purchase including own generation | 3,946.90 | 4,087.92 | 4,076.44 | 4,227.42 |
| **Inter-State Charges** | | | | |
| Power Grid Charges | 525.49 | 480.19 | 551.77 | 560.00 |
| Open Access Charges | 37.89 | 37.89 | 39.02 | 50.00 |
| **Intra-State Charges** | | | | |
| HPPTCL Charges | 200.87 | 276.70 | 210.83 | 210.83 |

| Particulars | FY 2024-25 | | FY 2025-26 | |
|---|---|---|---|---|
| | Approved ARR MYT Order | Revised ARR | Approved ARR MYT Order | Revised ARR |
| SLDC Charges | 9.05 | 9.05 | 6.65 | 7.50 |
| **Operation & Maintenance Expenses** | **2,794.73** | **3,111.41** | **3,472.53** | **3,260.76** |
| Employee Expenses | 2,516.29 | 2,832.97 | 3,022.69 | 2,902.42 |
| R&M Expenses | 144.43 | 144.43 | 156.14 | 153.47 |
| A&G Expenses | 134.01 | 134.01 | 293.70 | 204.87 |
| **Interest & Financing Charges** | **254.14** | **361.94** | **299.56** | **391.29** |
| Depreciation | 237.96 | 237.96 | 258.87 | 258.87 |
| Return on Equity | 85.81 | 85.81 | 96.49 | 96.49 |
| Less: Non-Tariff & Other Income | (158.56) | (116.33) | (158.38) | (116.33) |
| **Aggregate Revenue Requirement** | **7,934.28** | **8,572.54** | **8,853.79** | **8,946.82** |

7.9.1 The Petitioner has requested the Commission that the adjustment and provisions of Rs. 537.37 Cr to be read as Rs. -66.32 Cr. as shown under:

**Table 135: HPSEBL Submission - Total ARR including proposed adjustments for FY 2025-26 (Rs. Cr.)**

| Particulars | FY 2024-25 | | FY 2025-26 | |
|---|---|---|---|---|
| | Approved ARR MYT Order | Revised ARR | Approved ARR MYT Order | Revised ARR |
| **Aggregate Revenue Requirement** | **7,934.28** | **8,572.54** | **8,853.79** | **8,916.12** |
| Add: Adjustments and provisions | | | | |
| i) Adjustment of True up of FY 23 | (164.20) | (36.74) | | - |
| ii) Provisions of arrears towards HPPCL Plants | 108.80 | 85.00 | | - |
| iii) Provision of arrears towards Central Generating Stations | 231.82 | 100.00 | | - |
| Impact of True up of FY 2023-24 (Surplus) | | | | (126.50) |
| Impact of True up of Controllable Parameters of FY 2019-20 to FY 2023-24 (Gap) | | | | (66.32) |
| Impact of True of 2nd MYT Control Period of Generation Business | | | | (162.61) |
| Impact of True up of 3rd MYT Control Period of Generation Business | | | | (38.53) |
| **Net ARR** | **8,110.70** | **8,720.80** | **8,853.79** | **8,552.86** |
| Estimated Sales (MU) | 11,947.00 | 12,041.00 | 12,521.00 | 12,604.00 |
| Revenue from Sales Outside State | | 358.75 | | - |
| Net ARR within State | | **8,362.05** | | **8,552.86** |
| **ACoS without adjustments** | **6.64** | **6.82** | **7.07** | **7.10** |
| **ACOS with adjustments** | **6.79** | **6.94** | **7.07** | **6.79** |

7.9.2 The Petitioner has submitted the revised APR for FY 2024-25 and ARR model for FY 2025-26.

**Table 136: HPSEBL Submission - Apportionment of ARR in Wheeling Business for FY 2025-26 (Rs. Cr.)**

| Particulars | Allocation % | Amount |
|---|---|---|
| Employee Expenses | 72% | 2,089.74 |
| R&M Expense | 71% | 108.96 |
| A&G Expense | 35% | 71.70 |
| Interest and Financing Charges | 56% | 219.12 |
| Depreciation | 94% | 243.34 |
| Return on Equity | 100% | 96.49 |
| Less: Wheeling Charges | 0% | - |
| **Aggregate Revenue Requirement for Wheeling Business** | | **2,829.36** |

**Table 137: HPSEBL Submission - Apportionment of ARR in Retail Supply Business for FY 2025-26 (Rs. Cr.)**

| Particulars | Allocation % | Amount |
|---|---|---|
| Power Purchase Expenses for Supply in the State | 100% | 5,055.75 |
| Employee Expenses | 28% | 812.68 |
| R&M Expense | 29% | 44.51 |
| A&G Expenses | 65% | 133.17 |
| Interest & Financing Charges | 44% | 172.17 |
| Depreciation | 6% | 15.53 |
| Less: Non-Tariff & Other Income | 100% | (116.33) |
| **Aggregate Revenue Requirement for Retail Supply Business** | | **6,117.47** |

**Table 138: HPSEBL Submission - Revenue from Existing Tariff (Rs. Cr.)**

| Category | Sales (MU) | ABR for FY 2025-26 | Revenue at Existing Tariff of FY 2025-26 |
|---|---|---|---|
| Domestic | 3,091 | 6.33 | 1,955.89 |
| Non-Domestic Non-Commercial | 200 | 7.34 | 146.79 |
| Commercial | 799 | 7.54 | 602.53 |
| Temporary | 67 | 10.17 | 67.75 |
| Small Power | 147 | 8.00 | 117.91 |
| Medium Power | 106 | 6.82 | 72.27 |
| Large Supply | 7,021 | 6.78 | 4,763.55 |
| Govt. Irrigation & Water Pumping | 854 | 7.07 | 603.65 |
| Irrigation & Agriculture | 97 | | 68.25 |
| Public Lighting | 13 | 6.48 | 8.66 |
| Bulk Supply | 206 | 7.23 | 148.73 |
| EV Charging Stations | 3 | 6.79 | 1.72 |
| **TOTAL** | **12,604** | **6.79** | **8,557.71** |

**Table 139: HPSEBL Submission - Revenue Gap for FY 2025-26 (Rs. Cr.)**

| Particular | Rs. Cr. |
|---|---|
| Net ARR for FY 2025-26 | **8,552.86** |
| Revenue from existing tariff | 8,557.71 |
| Revenue from Sale of Surplus power | - |
| Total Revenue Estimated | 8,557.71 |
| **Total Revenue (Gap)/Surplus** | 4.85 |

**Table 140: HPSEBL Submission - Revenue and ABR at proposed tariff**

| Tariff Categories | FY 25-26 (Proposed) | | | Average Realisation (%) |
|---|---|---|---|---|
| | Sales | Revenue | Average Billing Rate | |
| | MUs | Rs Cr | Rs/unit | Rs/unit |
| Small Power | 147.00 | 99.01 | 6.72 | 99% |
| Medium Power | 106.00 | 78.10 | 7.29 | |
| Large Supply | 7,021.00 | 4,716.30 | 6.72 | |
| Domestic | 3,091.00 | 1,956.89 | 6.33 | 93% |
| Govt. Irrigation & Water Pumping | 854.00 | 653.36 | 7.45 | 110% |
| Irrigation & Agriculture | 97.00 | 55.33 | | |
| Commercial | 799.00 | 603.07 | 7.55 | 111% |
| Bulk Supply | 206.00 | 158.04 | 7.68 | 113% |
| Non-Domestic Non-Commercial | 200.00 | 154.28 | 7.71 | 114% |
| Public Lighting | 13.00 | 8.77 | 6.56 | 97% |
| Temporary | 67.00 | 67.61 | 10.15 | 150% |
| EV Charging Stations | 3.00 | 1.72 | 6.79 | 100% |
| **Total** | **12,604.00** | **8,552.50** | **6.79** | |

7.9.3 The Petitioner has requested the Commission to consider the additional submissions or to pass appropriate order as deemed fit by the Commission.

# 8 Objections Filed and Issues raised by Stakeholders during Public Hearing

## 8.1 Introduction

8.1.1 Pursuant to the notice, 18 Stakeholders have filed their written comments/objections on the Petition for final Truing up of FY 2022-23, provisional Truing up of FY 2023-24, True up of controllable parameters of 4th MYT Control Period i.e. FY 2019-20 to FY 2023-24 and approval of 1st APR of the 5th MYT Control Period (2025-2029) and determination of ARR and Wheeling Tariff and Retail Supply Tariff for FY 2025-26 filed by the Petitioner. The list of the Stakeholders is as follows:

**Table 141: Details of Objectors (Stakeholder Consultation)**

| Sl. | Objector | Address |
|---|---|---|
| 1 | Nalagarh Industries Association | M/s Nalagarh Industries Association, SWCA Building, Third Floor, Peersthan, Tehsil Nalagarh, Distt - Solan, Himachal Pradesh |
| 2 | Confederation of Indian Industries (CII) | Confederation of Indian Industries, Block No. 3, Dakshin Marg, Sector 31-A Chandigarh- 160030. |
| 3 | Parwanoo Industries Association (PIA) | Plot No. 4-A, Sector-2, Parwanoo, Distt – Solan |
| 4 | Kala-Amb Chamber of Commerce & Industry | Trilokpur Road, Kala-Amb- 173030, Distt - Sirmour |
| 5 | M/s Kundlah Loh Udyog | V.P.O. Barotiwala, Tehsil Baddi, Distt - Solan – 174103 |
| 6 | M/s Prime Steel Industries Pvt. Ltd. | Village Bated, Baddi Road, Barotiwala, Distt - Solan – 174103 |
| 7 | M/s JB Rolling Mills Limited | Trilokpur Road, Kala-Amb- 173030, Distt - Sirmour |
| 8 | M/s HM Steel Limited | Trilokpur Road, Village Johron, Kala-Amb- 173030, Distt – Sirmour |
| 9 | M/s Saboo Tor Pvt. Ltd. | Trilokpur Road, Kala-Amb- 173030, Distt - Sirmour |
| 10 | M/s Amba Shakti Ispat Ltd. | Plot No. 6 & 6A, Kala Amb Industrial Area-II, Kala-Amb- 173030 Distt – Sirmour |
| 11 | M/s Radiant Casting Pvt. Ltd. | Plot No. 288, Village Jharmajri, Baddi – 173205 |
| 12 | M/s IA Hydro Energy Pvt. Ltd. | D-17, Sector-1, Lane-1, New Shimla, Shimla 171 009 |
| 13 | M/s Winsome Textile Industries Limited | M/s Winsome Textile Industries Limited, 1, Industrial Area, Baddi, Distt. - Solan (H.P.) – 173205 |
| 14 | BBN Industries Association | M/s BBN Industries Association, Jharmajri - Barotiwala Road, EPIP Phase-I, Jharmajri, Baddi-173205 |

| Sl. | Objector | Address |
|---|---|---|
| 15 | M/s Vardhman Textiles Ltd. | M/s Vardhman Textiles Ltd., Sai-Road, Baddi, Distt - Solan - 173205, HP |
| 16 | Consumer Representative (Sh. K.S. Dhaulta) | Sh. Kameshwar Dhaulta, R/O NH A-62, Phase-1, Sector-2, Mian Road, New Shimla Pin-171009 |
| 17 | Himachal Pradesh Power Transmission Corporation Ltd. (HPPTCL) | Himfed Bhawan, Panjari, Shimla – 171005 |
| 18 | M/s Malana Power Company Ltd. | Bhilwara Tower, A-12, Sector-1, Noida-201301 (NCR Delhi), India |

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 the HPSEBL for approval of ARR and determination of Retail Tariff for FY 2025-26 as 10$^{th}$ February, 2025.

8.1.3 The Public Hearing was held on 10$^{th}$ February, 2025 at the Commission's Court Room in Shimla based on which it shall be issuing the Tariff Order for FY 2025-26. 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:

8.1.5 The Commission has also heard the representations of the Stakeholders in the Public Hearing.

**True up of Uncontrollable Parameters of FY 23 and FY 24**

## 8.2 True up to be filed in line with MYT Regulations

***Stakeholders' Submissions***

8.2.1 The Nalagarh Industries Association and M/s Winsome Textiles have submitted that as per the Regulations in vogue, the "uncontrollable factors" shall comprise of the following which were beyond the control of, and could not be mitigated by the applicant:

"

*a) Force Majeure events, such as war, fire, natural calamities etc;*
*b) Change in law;*
*c) Taxes, Cess and Duties;*
*d) Variation in sales;*
*e) Inter-State & Intra-State Transmission charges and losses; and*
*f) Variation in the cost of Power generation and/or Power purchase including due to price of fuel.*

*(2) Some illustrative variations or expected variations in the performance of the applicant, which may be attributed by the Commission to controllable factors include, but are not limited to the following: -*

*a) Variations in capital expenditure on account of time and/or cost overruns/ efficiencies in the implementation of a capital expenditure project not attributable to an approved change in scope of such project, change in statutory levies or force majeure events;*
*b) Variations in Aggregate Technical & Commercial (AT&C) losses which shall be measured as the difference between the units input into the distribution system and the units realized (units billed and collected) wherein the units realized*

*shall be equal to the product of units billed and collection efficiency (where Collection Efficiency shall be measured as ratio of total revenue realized to the total revenue billed for the same year). Detailed methodology for computation of AT&C loss has been indicated at Annexure - I to these Regulations;*

c) *Distribution Loss which is measured as the difference between total energy input for sale to all its Consumers and sum of the total energy billed in its license area in the same year;*
d) *(Variations in Return on Equity (RoE), depreciation and working capital requirements;*
e) *Failure to meet the standards specified in the Standards of Performance Regulations, except where exempted;*
f) *Variation in Operation & Maintenance Expenses, except those attributable to directions of the Commission; and*
g) *Variation in Wires Availability and Supply Availability."*

8.2.2 Further, the manner in which True up of un-controllable costs shall be done is as under: -

***"Mechanism for pass through of gains or losses on account of uncontrollable factors.***

*The approved aggregate gain or loss to the Distribution Licensee on account of uncontrollable factors shall be passed through, as an adjustment in the Tariff of the Distribution Licensee, as specified in these Regulations and as may be determined in the Order of the Commission passed under these Regulations.*

***Mechanism for sharing of gains or losses on account of controllable factors.***

*(1) The approved aggregate gain to the Distribution Licensee on account uncontrollable factors shall be dealt with in the following manner:-*

a) *Two-third of the amount of such gain shall be passed on as a rebate in Tariff over such period as may be stipulated in the Order of the Commission; and*
b) *The balance one-third of the amount of such gain, shall be utilised at the discretion of the Distribution Licensee.*

*(2) The approved aggregate loss to the Distribution Licensee on account of controllable factors shall be dealt with in the following manner:-*

a) *One-third of the amount of such loss shall be passed on as an additional charge in Tariff over such period as may be stipulated in the Order of the Commission; and*
b) *The balance two-third of the amount of such loss, shall be absorbed by the Distribution Licensee.*

*(3) The gain or loss on account of other controllable factors, unless otherwise specifically provided by the Commission shall be to the account of the Distribution Licensee."*

8.2.3 The Stakeholders have submitted that the Petitioner should have followed the above regulation while submitting various parameters of True up in its Petition.

***Petitioner's Response-***

8.2.4 The Petitioner has submitted that in the above paras, the provisions of HPERC (Multi Year Wheeling Tariff and Retail supply Tariff) Regulations, 2023 have been quoted and reproduced which is applicable w.e.f. FY 2024-25 to FY 2028-29. For True up of FY 2022-23 and FY 2023-24, the provisions of Regulation called "HPERC (Terms and Conditions for Determination of

Wheeling Tariff and Retail Supply Tariff) Regulations, 2011", as amended from time to time, are applicable which is reproduced as under:

Provisions of Regulation 4 (cc) of HPERC (Terms and conditions for determination of wheeling Tariff and retail supply Tariff) Regulations, 2011 have been quoted as under:

*"(cc) "Uncontrollable parameters" for a distribution licensee shall inter-alia comprise of the following factors, which were beyond the reasonable control of the licensee, and could not be mitigated by the licensee: -*

- *a) Force Majeure events,*
- *b) Change in Law, judicial pronouncements and Orders of the Central Government, State Government or Commission,*
- *c) Variation in the number or mix of Consumers or quantities of electricity supplied to Consumers,*
- *d) Variation in the cost of Power purchase due to variation in the rate of Power purchase from approved sources, subject to clauses in the Power purchase agreement or arrangement approved by the Commission,*
- *e) Variation in fuel cost,*
- *f) Change in Power purchase mix,*
- *g) Inflation,*
- *h) Transmission charges,*
- *i) Variation in market interest rates for long-term loans,*
- *j) Taxes and Statutory levies,*
- *k) Taxes on income,*
- *l) Income from the realisation of bad debts written off:*

*Provided that where the applicant believes, for any variable not specified above, that there is a material variation or expected variation in performance for any Financial Year on account of uncontrollable factors, such applicant may apply to the Commission for inclusion of such variable and the Commission may incorporate the same, under this Regulation for such Financial Year:"*

Provisions of Regulation 15 of HPERC (Terms and conditions for determination of wheeling Tariff and retail supply Tariff) Regulations, 2011 have been quoted as under:

*"(1) The target for the distribution loss levels to be achieved by the distribution licensee during the Control Period and the year-wise loss reduction trajectory for the Control Period shall be fixed in the multi-year Tariff Order:*

*Provided that, the Commission may, based upon the actual information submitted by the licensee in respect of variations in the mix of Consumers or sales at various voltage levels vis-à-vis that already approved, at the time of mid-term performance review, review the costs approved vis-à-vis the actual on account of the distribution loss and revise the targets set for the distribution loss for the balance years of the Control Period:*

*Provided further that, the mechanism for pass-through of gains or losses on account of variations in the distribution loss as a result of revision in costs and targets vis-à-vis that approved shall be as follows:-*

- *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;*

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;*

c) *Gains and losses on account of controllable factors during the Control Period shall be shared in the aforesaid manner at the time of mid-term Performance Review and also at the time of Tariff determination process of the next Control Period;*

d) *The gain or loss on account of controllable factors other than the distribution loss, unless otherwise specifically provided by the Commission in these Regulations, shall be to the account of the distribution licensee;*

*(2) The licensee shall also propose circle-wise baseline distribution loss levels and loss reduction trajectory for each year of the Control Period. The distribution licensee shall also propose voltage-wise losses for each year of the Control Period for the determination of voltage-wise cost of supply and determination of voltage-wise wheeling Tariff:*

*Provided that, till the actual data on voltage wise losses is not available, the distribution licensee shall submit best estimates of the voltage-wise losses.*

*(3) The Commission may fix circle-wise and voltage-wise losses with suitable mechanisms and modifications as it may consider necessary. On the basis of circle-wise distribution loss, the Commission may fix circle-wise differential Tariff by way of separate and distinct distribution loss surcharge."*

***Commission's Observations***

8.2.5 The Commission affirms that the Truing up exercise of the particular year has been conducted as per the provisions of HPERC (Multi Year Wheeling Tariff and Retail supply Tariff) Regulations of the respective Control Period. In this case, for Truing up of FY 2022-23 and FY 2023-24, the provisions of HPERC MYT Regulations, 2011 are applicable.

## 8.3 Energy Sales

***Stakeholders Submissions***

8.3.1 The Nalagarh Industries Association and M/s Winsome Textiles have submitted that besides the Domestic Sales, where the lower consumption slabs are cross subsidized, the actual sales vis-à-vis approved by the Commission, was higher by 137 MUs. The major deviation was in the Large Supply Consumers category i.e. 783 MUs. The Connected Load in the Large Supply category was only marginally higher at 16 MW. Resultantly, revenue recovery by way of fixed / demand charges would have been negligible. In view of the above factual matrix, the Large Supply Industrial category of Consumers contributed Rs. 372.43 Cr. of additional revenue in the financial year 2022-23. At the given sales, the Industrial Consumers were eligible for an up-front relief in Tariff of 60 Paise per kWh (Rs 3724.3 million / 6188 MU).

Further, out of 3581 MUs Surplus available after onward supply to the embedded Consumers of the HPSEBL, the reported actual Inter State sales were 657.82 MUs i.e. 18% of Surplus Power available leading to significantly higher system loss and trading loss as well. In terms of just two parameters i.e. Rs. 294.77 Cr. additional revenue vis-à-vis approved by the Commission and Rs. 372.43 Cr. of additional revenue from the LS category of Consumers (total Rs. 667.20 Cr.), there is a strong plea for reducing the Industrial Tariff. Revenue slippage in the Domestic category ought not to be cross subsidised by an amount more than the amount envisaged at the time of Tariff determination by the Commission for FY 23.

8.3.2 The HPPTCL has submitted that the total actual energy for 2022-23 has been indicated as 15,600.18 MUs against approved 11,440.82 MUs and the total actual energy for 2023-24 has been indicated as 15,566.08 MUs against approved 13012.53 MUs for the HPSEBL which indicates increase in demand/consumption in the State of HP.

8.3.3 The Confederation of Indian Industries (CII), Parwanoo Industries Association (PIA), Kala-Amb Chamber of Commerce & Industry, M/s Kundlah Loh Udyog, M/s Prime Steel Industries Pvt. Ltd., M/s JB Rolling Mills Ltd., M/s HM Steel Ltd. and other steel producers have submitted that the electricity consumption in the Industrial Categories of Consumers have witnessed growth during the last MYT Period FY 2019-24 even though there were setbacks due to the Covid-19 pandemic. The industrial growth has witnessed a severe setback during the financial year 2024-25, particularly because of the steep tariff hike by Re 1 per unit notified by the Commission. Although this hike was initially absorbed by the State Government, which agreed to provide equivalent amount of subsidy in order to counter the increase in electricity tariff. In the middle of the year, the State Government prematurely withdrew the said subsidy, casting a heavy burden on all large industries in the State. This additional burden crippled the industry, particularly the power intensive industry, whose operational viability suffered and all the expansion plans of the industry came to a halt.

***Petitioner's Response***

8.3.4 The Petitioner has submitted that the True up is done as per the provisions of the relevant Tariff Regulations. The figure of 3581 MU is not as per the Energy Balance, and it has been presumed that the energy has directly reached the Consumer premises without technical losses i.e. T&D Losses and without taking Banking purchase which is not feasible in case of flow of electricity. The Petitioner has submitted the energy balance and flow of the Power through Inter State Transmission system, Intra State and the Discom network with the quantum of actual losses in each system which in case of Inter State system is 380.59 MU (3.69%) and for Intra State, it is 1294.68 MUs (10.57%). Due to non-achievement of target of 9.5%, the penalty has also been worked out to compute the net Power Purchase Cost. As per Tariff Regulations, the overall impact of True up is worked out for Surplus/Gap and it is not done category wise, since other costs are also incurred for supply of Power to the Consumers. The amount indicated by the objector is exclusive of these charges. The overall impact as per the HPSEBL's submission has been worked out as Rs. 31.25 Cr. which shall have impact on the True up of FY 2024-25 which is further subjected to prudence check by the Commission.

8.3.5 The actual demand of the HPSEBL has increased over the years, however the figure of actual energy is high due to Banking of energy as the energy is initially purchased by the HPSEBL from Generators and Banked with some entity outside the State. The accounting of energy again takes place when the other entity returns the banked energy to the HPSEBL. In FY 23, the HPSEBL received 2575.55 MUs and in FY 24 the HPSEBL received 2350.61 MUs in Banking return.

8.3.6 Replying to M/s Kundlah Loh Udyog, M/s Prime Steel Industries Pvt. Ltd., M/s JB Rolling Mills Ltd., M/s HM Steel Ltd. and other steel producers, the Petitioner has submitted that the monthly sales of FY 2023-24 and FY 2024-25 up to December has been compared and it has been observed that there is increase from 4981.369 MUs (for FY 2023-24 upto December 2023) to 5198.73 MUs (for FY 2024-25 upto December 2024) which indicates that there is normal trend of power consumption by industries. The Petitioner has further submitted that it has not proposed any hike in the Tariff for FY 2025-26.

***Commission's Observations***

8.3.7 The Energy Sales are an uncontrollable parameter, the Commission has Trued up Energy Sales for FY 23 and FY 24 as detailed out in the respective Truing up chapters of this Order. The Commission has noted that there has been growth in the energy consumption in the State over the years. The Petitioner should follow a prudent Energy Sales and Power purchase practice that results in overall reduction of T&D losses and ACoS. Regarding the submission of high burden of the cross subsidy on the industrial Consumers, the fact remains that the cross subsidy at present for the industrial Consumers in the State of the HP is one of the lowest in the Country.

## 8.4 T&D Loss

***Stakeholders Submissions***

8.4.1 The Nalagarh Industries Association, M/s Winsome Textiles, M/s Vardhman Textiles Ltd., Consumer Representative (Sh. K.S. Dhaulta) have submitted that the electricity Consumers cannot be made to pay for the excess purchase or trading losses, in case the Petitioner was unable to achieve the benchmark T&D loss levels and/or failed to dispose of the Surplus Power in a gainful manner thereby incurring trading losses.

8.4.2 The Nalagarh Industries Association and M/s Winsome Textiles have also submitted that a higher sale, at the approved system loss level, considering the fact that Transmission & Distribution (T&D) Loss or AT&C loss (Aggregate Transmission and Commercial Loss) trajectory approved by the Commission, is not a subject matter to be re-visited. More so, as the Consumers of the State are paying for Capex for upgradation, modernization and strengthening of the Distribution System by way of interest cost of term loans and Return on Equity on the portion of assets funded from Equity Capital.

8.4.3 The Nalagarh Industries Association, M/s Winsome Textiles and the HPPTCL has further submitted that the T&D loss reported as actual was 10.57% against the benchmark norm of 9.70% for FY 23. Hence, the Petitioner failed to achieve the regulatory norms as the same happened to be 0.87% higher than the benchmark. Consequently, the underachievement to the tune of 117.82 MUs and not 103.11 MUs (after deducting 14.71 MUs attributed to Kulu Circle) ought to be reckoned with while estimating dis-incentive. In fact, the Commission may direct the Petitioner to monitor and report feeder wise losses. The financial impact of excess losses claimed due to wheeling of Surplus Power from various IPPs in Kullu circle ought not to be generalised and financial burden spread across all categories of Consumers and certainly not on the C&I Consumers who are the backbone of the State Economy. The same, in case found to be a legitimate claim, should be recovered from the IPPs or through cost of 'loss' from the beneficiaries and not from the electricity Consumers at large. Resultantly, the amount on this account i.e. Rs. 24.45 Cr. should be set off and Trued up due to in-efficiencies of the Petitioner in failing to rein in their losses and attributing its failure to an event in one distribution circle.

8.4.4 The Nalagarh Industries Association, M/s Winsome Textiles, M/s Vardhman Textiles Ltd. and BBN Industries Association have submitted that, for FY 24 the Petitioner has reported T&D loss level of 10.32% as against the approved norm of 9.50%. However, in addition to the previous year 'Kulu argument' this time the Petitioner has pleaded that the benchmark set by the Commission is stringent without making any logical arguments and the efforts made to rein in the distribution system losses. Consequently, after scrutiny, the Commission may reduce / True up the ARR for the year by deducting the disincentive amount Rs. 22.94 Cr.

***Petitioner's Response***

8.4.5 The Petitioner has submitted that the disallowance on account of under achievement of T&D loss has already been taken as per provisions of HPERC MYT Regulations and directions of the Commission.

8.4.6 As per provisions of Regulations, the under achievement is penalized and overachievement is incentivized. The Petitioner has submitted that it has already filed the Petition in line with the Regulations.

8.4.7 There is under achievement on account of T&D losses as compared to benchmark fixed by the Commission. The suggestion of the objector has been noted for taking necessary action to reduce the T&D losses. However, the losses on account of evacuation of Power in the Kullu valley is not attributable to the HPSEBL, since the HPSEBL has helped in evacuation of Power purchased from small IPPs as per Government of HP Policy for mandatory purchase of power from Hydro Projects upto 25 MW. The Petitioner has requested the Commission to consider the same in Order to reduce burden of losses to the DISCOM.

8.4.8 The Petition has been filed as per the provisions of Regulations after taking the losses of 9.5% as approved by the Commission. The Petition has submitted that the decrease in Transmission charges is due to refund of Transmission charges from the PGCIL/CTUIL on account of decision of the

Hon'ble APTEL and the benefit of the same has been proposed to be passed to the Consumers of the State.

8.4.9 The Petitioner has submitted that the T&D losses are on decreasing trend for the past years as can be seen from the previous years data and with the Capital Expenditure proposed in the 5$^{th}$ MYT Control Period, it may further reduce. However, at the present level of T&D losses, further reduction is very difficult in view of peculiar geographical condition and scattered load in the State. The Petitioner has submitted that the HPSEBL is being penalized for non-achievement of the T&D losses.

***Commission's Observations***

8.4.10 The Commission had fixed the T&D loss trajectory for the Petitioner based on the realistic analysis and the same is one of the lowest in the Country considering its geographical conditions. However, the Commission feels that there is still a lot of scope for improvement, as one of the factors for lower T&D losses is on account of the distributed generation in the State because of large hydro penetration. But, sometimes, the same become deterrent, in case there is surplus power generation and is to be wheeled out of the system. Further, the penetration of solar Power connecting directly to the Petitioner's system may also help in reducing the T&D losses of the Petitioner. Moreover, the Commission after analyzing the circle-wise losses data of the Petitioner feels that there is still room available to reduce the losses further. The Commission in the past years Tariff Orders have directed the HPSEBL to bring down the losses in all the Circles to the level of less than 20%. However, the same in some of the Circles are still on the higher side. The HPSEBL management in a meeting with the Commission has ensured that the target loss level in these Circles shall also be achieved within two years. The Commission has further analysed the T&D losses of the HPSEBL while conducting the True up exercise and has approved the same after doing required prudence check, as per the provisions of the Regulations, as detailed in this Order.

## 8.5 Power Purchase Cost

***Stakeholders Submissions***

8.5.1 The Nalagarh Industries Association, M/s Winsome Textiles and M/s Vardhman Textiles Ltd. have submitted that Energy Sales of the distribution licensee is 10,956 MUs as against 9,798 MUs approved by the Commission i.e. almost 12% higher than the approved sales. Admittedly, sales are uncontrollable in nature as demand depends on quite a few unpredictable factors including weather conditions, water discharge available at the hydro head etc., however, system losses approved at 9.7%, ought not to be revisited ex-post facto. As a corollary, the Petitioner in Order to supply onwards electricity to its ultimate Consumers, required about 12,019 MUs of Power available to it during the period under consideration i.e. actual sales grossed up by losses. The actual Power purchase reported for the year under True up is 15,600.18 MUs. Consequently, the excess Power purchase volume 3,581.18 MUs (15,600.18 MUs - 12,019 MUs) has to be disallowed by the Commission @ of actual Power purchase cost i.e. Rs. 2.55 / kWh.

Consequently, Rs. 913.20 Cr has to be disallowed. Even if Rs. Rs. 294.77 Cr were to be appropriated for Inter State sales (sale outside the licensed area of the HPSEBL), still there will be a Surplus available to be disallowed to the extent of Rs. 618.43 Cr (Rs. 913.20 Cr – Rs. 294.77 Cr).

8.5.2 The Nalagarh Industries Association and M/s Winsome Textiles have further submitted that the increase in Power purchase cost, if any, due to change in Hydro-Thermal mix or increase in Tariff for the Generators including CERC, PGCIL, NPCIL etc., if recoverable, ought to be recovered in line with the Ministry of Power guidelines on Fuel and Power Purchase Adjustment Surcharge (FPPAS).

8.5.3 The Nalagarh Industries Association and M/s Winsome Textiles have submitted observed that the average cost of Power purchase approved by the Commission for the year, on a projected basis, was Rs. 2.64/kWh (Rs. 3020 Cr. / 11440.82 MU) in FY 23. As against this, the actual reported by the Petitioner for the financial year under 'True up' was Rs. 2.55/kWh (Rs. 39,808.3 Cr. / 15,600 MU). Hence, this is also not the case that cost of Power to the Petitioner for onward supply to the electricity Consumers of the State, increased over and above the approved level.

8.5.4 They have also submitted that the average cost of Power purchase in FY 24 was Rs. 2.70 / kWh (Rs. 35,173.5 Million / 13012.53 MU) as against Rs. 2.69 / kWh (without arrears) reported as actual for the year under consideration. Further, the Transmission charges are lower by Rs. 307.42 Cr. As against the approved cost of Transmission of Rs. 624.02 Cr., the reported actual is Rs. 316.60 Cr.

8.5.5 The Consumer Representative (Sh. K.S. Dhaulta) has submitted that the HPSEBL is procuring Short-Term Power at higher cost due to poor demand forecasting. The Commission is requested to allow such short-term purchases by the Petitioner after doing required prudence check.

8.5.6 The Consumer Representative (Sh. K.S. Dhaulta) has observed that the Actual Power Purchase cost of FY 2022-23 and FY 2023-24, as well as, for Revised ARR of FY 2024-25 & 2025-26 has exceeded the power purchase cost approved by the Commission due to inefficient procurement planning of the Petitioner, which may lead the additional financial burdens on Consumers. The Commission is requested to approve power purchase cost after doing required prudence check.

***Petitioner's Response***

8.5.7 The Petitioner has submitted that the Power purchase by the DISCOM is based on the long term PPAs signed with the IPPs/State /Central Sector PSUs and other share of the State available in various Central Generating Stations, the balance Power purchase deficit is met from the short-term Power purchase. HPSEBL has tied up with most of the Hydel Power Projects which generates Power at rated capacity during summer months, whereas, during winter months, there is shortage of Power. The Surplus during summer months has to be disposed of either through market sale or through bilateral agreements. The HPSEBL during FY 2022-23 has banked the summer Surplus Power of 2311.36 MUs to cater the winter deficit and remaining Power is met through market purchase. In real time operation of the market, the buy & sell option as per different time slot may also result in sale of Power. Out of total purchase of 15600.18 MUs, 2575.55 MU is through Banking, whereas the rest of 13024.63 MUs is the actual Power purchase. The sale of Power through exchange results in decrease of Tariff to the Consumers within the State. The disallowance suggested by the objector is not based on the energy balance. The disallowance as per provisions of the Regulations stand already included in the Petition filed by the HPSEBL. The figure of Rs. 913.20 Cr. has been worked out without taking into account the actual Grid Losses, Discom target of T&D losses, Banking Power as per Energy Balance. The excess Power Purchase of 3581.18 MUs has not been derived accordingly in the objection.

8.5.8 The Fuel and Power Purchase Adjustment Surcharge (FPPAS) has been included in the Tariff Regulations notified in the FY 2023-24 which is applicable w.e.f. 1$^{st}$ April, 2024 and the FPPAS is also subjected to final True up by the Commission with the respective year's True up of the uncontrollable parameters.

8.5.9 It has been mentioned in the Petition that 2575.55 MU is due to Banking of energy being cashless transaction and Actual Power Purchase is 13024.63 MUs. Thus, average Power purchase is Rs. 2.88 per unit against approved projection of Rs. 2.64 per unit. Further, arrears to the tune of Rs. 231.54 Cr. have also been paid during the year 2022-23. The submission of the objector that increase of cost is not attributable to Power purchase cost is not correct.

8.5.10 The calculation of per unit average Power purchase rate is done after excluding the Banking energy received which is Rs. 3.17 per unit against the projected Power purchase rate of Rs. 2.70 per unit. Thus, this increase in Power purchase is due to increase in actual Power purchase cost than projected in ARR for FY 2023-24. The arrear payment of Rs. 157.73 Cr. which has not been taken in ARR projection has also been paid resulting in increase of Power purchase cost.

8.5.11 The Petitioner has further submitted that the resource adequacy plan has now been finalized and HPSEBL is in the process of firm tie up of the power as per the load growth to avoid purchase of costly power which otherwise is in small quantum but may have impact on the power purchase. In case the overall view of taken, per unit power purchase is lowest than neighboring States.

8.5.12 The Petitioner has submitted that there are other parameters such as the increase in tariff of the generating stations which were not envisaged at the time of ARR i.e. the arrears of past period due to tariff revision of generating stations and the new PPAs / arrangement of power for the year under consideration which are on higher cost than previous PPAs, the increase in transmission charges, etc. The increase in power purchase cannot be solely attributable to inefficiency as contended by the Stakeholder. It is submitted that the HPSEBL has done the power procurement in efficient manner for the years under consideration. The Petitioner has further submitted that during FY 2022-23, out of total power purchase of 15,600.18 MUs, 15,215.43 MUs (including banking) are from firm sources and only 384.75 MUs are through market purchase. Similarly in FY 2023-24, the firm purchase got reduced, and market purchase has increased due to the unprecedented flash floods and closure of the power houses on account of force majeure event which cannot be attributable to the HPSEBL. Since 97.5% of total power purchase is from firm sources which cannot be controlled through efficiency improvement, the objections seem to be not tenable. The HPSEBL is making sincere efforts to minimize the market purchase portion with a reduction in per unit cost.

***Commission's Observations***

8.5.13 The Commission is of the view that the low Power purchase cost of the Petitioner in the past years used to be a Unique Selling Proposition (USP) of the Petitioner. But, with each passing years, this cost has also started increasing. The Commission is of the view that the Petitioner cannot shy away from its responsibility and its poor planning by calling it as an uncontrollable parameter. Though the Commission agrees with the response of the Petitioner to the extent that the real time generation from these sources are not in the control of the Petitioner, yet the planning and tying up of the Power from different sources as per the demand is not an uncontrollable parameter. It is very much controllable. Further, based on the prudence check of the Petitioner's submissions and audited accounts, the Commission has analysed each parameter while conducting the True up exercise and has approved the expenditure on account of Power purchase as per the provisions of the HPERC MYT Regulations 2011, as detailed in this Order.

## 8.6 Employee Expenses

***Stakeholders Submissions***

8.6.1 The Nalagarh Industries Association, M/s Winsome Textiles, Confederation of Indian Industries (CII), Parwanoo Industries Association (PIA), Kala-Amb Chamber of Commerce & Industry, M/s Kundlah Loh Udyog, M/s Prime Steel Industries Pvt. Ltd., M/s JB Rolling Mills Ltd., M/s HM Steel Ltd. and other steel producers and M/s Vardhman Textiles Ltd. have submitted that the employee cost, current as well as retired, is a staggering 38% of Revenue in FY 23. No distribution system in the Country even with highly skewed LT: HT ratio, which may require a higher engagement of employees, has this kind of a cost structure. The Commission, in Order to avoid Tariff shock, considering the fact that the terminal benefits are Rs. 1889.34 Cr. i.e. almost 78% of the claimed Employees Cost may allow recovery of the same in a staggered manner over a period of next three years beginning the FY 2025-26 i.e. the ensuing financial year. Similarly, for FY 24, 1/3rd of the terminal benefit amount as submitted by the HPSEBL, may be considered for the FY 2024-25 and the balance 1/3rd may be built into Tariff for the financial year 2025-26. This is essential to avoid 'Tariff shock' to the Industrial Consumers. The HPSEBL could have concentrated on reducing the number of employees by increasing efficiency and increased use of IT system. Moreover, IT initiatives of the Petitioner are not upto the mark. There are no noticeable improvements in the IT enabling measures as compared to previous year. Even after a great deal of efforts, the number of sub-divisions of the utility continue to grow. While the salaries and terminal benefits to the retired/ retiring personnel continue to increase at a faster pace than the growth in business of the utility. The matter has also caught the attention of the State Government this year, which has verbally assured to work on this. The extremely high employee costs remain a major challenge even after 25 years of regulated tariffs. The Commission has observed that HPSEBL, as a distribution licensee, continues to own transmission assets instead of transferring them to HPPTCL, the dedicated transmission utility. The Stakeholders have suggested that segregating and transferring these assets, along with the workforce, would align with the Electricity Act, 2003. They have recommended that the Commission should advise the State Government under Section 86(2) of the Act for restructuring distribution and transmission utilities and direct the HPSEBL under Section 62(2) to provide relevant details to separate distribution and transmission costs effectively. The Stakeholders have highlighted inefficiencies in the government-owned distribution utility, which, as a monopoly, benefits from guaranteed returns on equity (14%) despite operational inefficiencies. They urge the Commission to address employee costs, particularly under State Government commitments, by fixing a trajectory to reduce these costs by 10% over five years. Reward and penalty provisions should be included in the tariff order to incentivize efficiency in manpower costs.

8.6.2 The BBN Industries Association, M/s Vardhman Textiles Ltd., Consumer Representative (Sh. K.S. Dhaulta) have submitted that a reasonable employee cost should be passed on to the Consumers to keep the cost of supply competitive. The employee cost of the HPSEBL is one of the highest in the Country. It seems that there is a lack of effective cost-cutting measures taken by the HPSEBL till date. Therefore, the Commission is requested to restrict this cost by doing benchmarking during determination of tariff for the best interest of Consumers so that Consumers should not pay for this high employee cost. In principle, it should not be more than 5-6% of the sale/ revenue of the Discom as in Punjab against about 30-32% in Himachal Pradesh.

***Petitioner’s Response***

8.6.3 The Petitioner has submitted that it has taken various steps over the years to mitigate employee expenses. It is consistently implementing the directives issued by the Commission. It has initiated certain restructuring measures, and the proposal for further restructuring is in the pipeline. It has also closed 2 Design Circles and 1 Construction Circle, including their respective Divisions and Sub-Divisions. Additionally, the restructuring of the Civil Wing and the abolition of 286 posts of various categories were enacted under office Order No. 25 dated 30$^{th}$ August, 2023, marking the 1$^{st}$ phase of restructuring. Despite of numerous steps being taken by the HPSEBL to reduce employee expenses over the years, it is stated that due to pay revisions, the increase in employee costs and cognate terminal benefits becomes inevitable. It needs no reiteration that elements of ‘employee cost’ owing to pay revision and other cognate benefits are beyond the reasonable control of the ‘licensee’ and in numerous cases have been upheld by Courts of law. An upward revision of ‘employee cost’ on account of reasons such as pay revisions and terminal benefits etc. are statutory in nature and accordingly such resultant increase in employee cost cannot be said to be on account of any lacuna on the part of the HPSEBL. The increase in employee expenses for the HPSEBL is primarily attributable to terminal benefits, dearness allowance (DA), and arrears resulting from pay revision, which are uncontrollable parameters as per HPERC Tariff Regulations. Despite of the deployment of employees across various business activities, these employees remain an integral part of the HPSEBL and cannot be delineated or separated as distinct entities. The HPSEBL is responsible for their salaries, terminal benefits, dearness allowance, and pay revision arrears, which are uncontrollable parameters in terms of the HPERC Tariff Regulations. The HPSEBL has made earnest efforts to reduce employee costs. The HPSEBL, instead of hiring new employees is deploying its employees from one department to another to reduce employee costs. It is relevant to note that the HPSEBL operates in the State of Himachal Pradesh as 'distribution licensee' which itself has numerous geographical and topographical challenges. As such the HPSEBL cannot be compared with other 'distribution licensees' in the Country which operate and conduct the business of distribution of electricity in a much more inviting terrain. Furthermore, there is no Tariff increase during the year FY 24, a net Surplus of Rs. 108.34 has been worked out after catering to the increase in Power purchase & other expenses. The IT interventions in Billing and metering is also being done so as to reduce the manpower cost, however, the terminal benefits cannot be escaped by the utility. The other benefits of DA, increments, revised pay scales etc. have to be provided to the employees / pensioners and is beyond the control of the Petitioner.

***Commission's Observations***

8.6.4 The Commission has been issuing directions to the HPSEBL time and again to reduce its employee cost through technological interventions. The Commission had already directed the Petitioner that any new recruitment and upgradation of posts by the Petitioner shall only be with the prior approval from the Commission. The Petitioner should outsource the activities/ functions based upon its requirements to the agencies. There should not be any manpower recruitment on outsource basis and only activity(ies) will be outsourced. Further, the Commission has approved the expenditure on account of employee cost as per the provisions of the HPERC MYT Regulations as detailed in this Order.

## 8.7 R&M and A&G Expenses

***Stakeholders Submissions***

8.7.1 The Confederation of Indian Industries (CII), Parwanoo Industries Association (PIA), Kala-Amb Chamber of Commerce & Industry, M/s Kundlah Loh Udyog, M/s Prime Steel Industries Pvt. Ltd., M/s JB Rolling Mills Ltd., M/s HM Steel Ltd. and other steel producers have submitted that the A&G Expenses include the legal expenses of the utility. The Commission in Regulation 24 of the HPERC (CGRF and Ombudsman) Regulations, 2013, has clearly notified that the parties are to be represented by non-advocates. In spite of this Regulation, the Petitioner has been assigning advocates to represent them before the Forum, who are also paid legal fee. Such legal fee paid to the advocates for appearing before the Consumer Grievances Redressal Forum is being charged by the Petitioner to the head A&G Expenses and is being allowed by this Commission for past several years. Since, the engagement of the advocates is against the provision of the Regulation, such fee for all the past years must not be allowed by the Commission. True up of past MYT Control Periods is also required to be carried out by the Commission.

8.7.2 The Consumer Representative (Sh. K.S. Dhaulta) has submitted that the HPSEBL's actual O&M expenses for FY 2022-23 and FY 2023-24 are higher than the approved by the Commission due to inefficiency of the HPSEBL. The Commission is requested to approve O&M Charges after doing required prudence check so that the burden should not be passed on to the Consumers.

***Petitioner's Response***

8.7.3 The Petitioner has submitted that the reference to Regulation 24 has been made by the objector in the objection which has already been stayed by the Hon'ble High Court in CWP No.9843 of 2013 and CMP No. 21447 of 2013 dated 8th January, 2014 and, therefore, the Petitioner can assign advocate to represent before Forum/ Ombudsman.

8.7.4 The Petitioner has further submitted that the objector might not have examined the actual O&M expenses for FY 2022-23 and FY 2023-24 and has concluded that the O&M expenses are higher than approved due to inefficiency of the HPSEBL, whereas, as per actual, O&M expenses are less than approved as can be seen from the True up of the respective year and for sake of clarity it is reproduced as under:

| **Particulars** | **FY-22-23** | | **FY- 23-24** | |
|---|---|---|---|---|
| | **Approved** | **Actual** | **Approved** | **Actual** |
| Employees Cost | 2052.37 | | 2185.86 | |
| Provisions | 453.75 | | 250 | |
| Sub-Total Employees Cost | **2506.12** | **2395.14** | **2435.86** | **2331.15** |
| R&M Cost | 112.91 | 126.24 | 118.78 | 155.89 |
| A&G Cost | 60.97 | 76.12 | 52.65 | 71.85 |
| **Total O&M Costs** | **2680** | **2597.5** | **2607.29** | **2558.89** |
| **Reduction** | **-82.5** | | **-48.4** | |

***Commission's Observations***

8.7.5 The Commission concurs with the views of the Stakeholders that the Petitioner must be prudent while incurring R&M and A&G expenditure since these are controllable parameters. The Commission is also of the view that sometime, it is necessary to engage the advocates for representation in matters involving law points. However, the Commisison has analyzed the claim of the Petitioner in this Order and allowed the R&M and A&G charges for FY 23 and FY 24 keeping in view the target fixed by the Commission.

## 8.8 Return on Equity

***Stakeholders Submissions***

8.8.1 The Nalagarh Industries Association and M/s Winsome Textiles have stated that the burden to be passed on to the Electricity Consumers ought to be reduced by Rs. 62.74 Cr. being the RoE claimed / allowed by the Commission in FY23 and Rs. 68.39 Cr. in FY24 and the same should be utilised to reduce the staggered terminal liabilities which is 78% of the total employee expenses. It is reiterated that there are no legal / regulatory constraints in deferring such liabilities to cushion the burden of overall employee cost on the distribution and retail supply Tariffs.

***Petitioner's Response***

8.8.2 The Petitioner has submitted that the RoE is allowed by the Commission and Trued up based on the Capitalization done during the year. Out of total RoE of Rs. 68.39 Cr., Rs. 47.50 Cr. has been disallowed/adjusted towards the terminal benefits of erstwhile the HPSEBL pensioners and balance amount of Rs. 20.89 Cr. only has to be allowed which shall be utilized by the HPSEBL for equity infusion of new Capex.

***Commission's Observations***

8.8.3 The Petitioner has submitted its RoE calculations in line with the MYT Regulations. The Commission has analysed the same and after required prudence check has approved RoE for the True up of FY 23 and FY 24 as per the MYT Regulations in force as discussed in this Order.

## 8.9 Non-Tariff Income

***Stakeholders Submissions***

8.9.1 The Nalagarh Industries Association and M/s Winsome Textiles has submitted that the Non-Tariff income reported as actual is of the order of Rs. 227.98 Cr. as against Rs. 131.24 Cr. considered by the Commission. Consequently, the additional amount of Rs. 96.74 Cr. needs to be reduced from the Trued up ARR for the FY 2024-25.

***Petitioner's Response***

8.9.2 The Non-Tariff income is as per actual and has increased which shall be pass through to the Consumers of the State as per Regulations. However, since the True up of FY 2023-24 is being done at the time of ARR for FY 2025-26, any adjustment on this account shall be reflected in ARR of FY 2025-26 and not in ARR of FY 2024-25.

***Commission's Observations***

8.9.3 The Commission has analysed the Non-Tariff income and has approved the same as per the provision of HPERC MYT Regulations as applicable in this Order.

## 8.10 Revenue

***Stakeholders Submissions***

8.10.1 The Nalagarh Industries Association, Confederation of Indian Industries (CII), Parwanoo Industries Association (PIA), Kala-Amb Chamber of Commerce &

Industry and M/s Winsome Textiles has submitted that the Surplus revenue in the year FY 2022-23 (Rs. 31.25 Cr) and FY 2023-24 (Rs. 108.34 Cr), may be prudently examined by the Commission as per Regulations. These revenue surpluses may be carried over to the FY 2024-25 and FY 2025-26 along with the holding cost which shall be significantly higher than Rs. 108.34 Cr. (FY 2023-24) estimated by the Petitioner. Hence, on the whole, the revenue Surplus to be carried over will exceed Rs. 241.10 Cr.

8.10.2 The Nalagarh Industries Association and M/s Winsome Textiles have further submitted that there are no significant deviations between the quantum approved and the reported actual sales for large and medium supply Consumers. The quantum of sales to the Cross-subsidized Domestic Consumers are also the same in both the instances. However, the connected demand in terms of kVA / MVA would have been a better and more accurate measure as compared to Connected Load in MW which impacts of the revenue yield from Fixed / Demand Charges, was 9627 MW (actual) as against 9001 MW approved / reckoned with by the Commission while estimating revenue. The actual reported connected load was almost 7% higher than that approved in the MYT Order. Consequently, the additional revenue yield was Rs. 208.7 Cr. i.e. Rs. 6785.71 Cr. (actual) as against the approved amount of Rs. 6577 Cr.

8.10.3 Similarly, revenue from Inter State sale of Power for FY 2023-24 (Rs. 264.51 Cr.) was higher than that approved by the Commission (Rs. 19.76 Cr.), by Rs. 244.75 Cr. As a corollary, the Petitioner has significant quantum of Power to sell outside the State. The reported quantum is 531.83 MU as against approved of 42.13 MUs, which is higher by 489.7 MUs.

***Petitioner's Response***

8.10.4 The Petitioner has submitted that it has already covered this part of Surplus & holding cost as per the provisions of the Regulation in force for the FY 2022-23 and FY 2023-24. The revenue Surplus that has been worked out by the Petitioner in the Petition is subjected to prudence check by the Commission.

8.10.5 The connected load is no measure of additional revenue, but it is the actual consumption & the demand which contribute to the revenue, thus the calculation of revenue yield of Rs. 208.70 Cr. worked out based on connected load growth is not correct rather it is increase in consumption.

8.10.6 Revenue from Inter State sale of Power has been taken in the Petition as per provisions of Tariff Regulations & direction by Commission. The energy balance figure reflected in the True up may be referred by the objector for further clarity on the issue.

***Commission's Observations***

8.10.7 The Commission has trued up the revenue and ARR figures of the Petitioner after doing required prudence check. The treatment of the Revenue Surplus has been carried out as per the provisions of the HPERC Regulations in this order.

8.10.8 The Commission has scrutinized the Inter State sales/ purchase of power by the HPSEBL. Most of the Power purchased by the HPSEBL is constituted of Hydro Power where the HPSEBL is Surplus during summer/monsoon months but has to resort to purchase of Power during winter months when the Hydro generation gets reduced drastically. The Commission observes that the HPSEBL has entered into Banking arrangements to meet its winter deficit and is also selling Surplus Power through Power exchanges during summer and monsoon months. Accordingly, based on the prudence check of Petitioner's submissions and audited accounts, the Commission has approved the revenue figures as per the provisions of the HPERC MYT Regulations in force, as detailed in this Order.

## 8.11 Interest on Working Capital

### *Stakeholders Submissions*

8.11.1 The Nalagarh Industries Association and M/s Winsome Textiles has submitted that the Working Capital allowed by the Commission for FY 24 was Rs. 294.56 Cr. and interest on the same was considered @ 11.15% i.e. Rs. 32.84 Cr. In the True up, the Petitioner has pleaded for being allowed an inordinately excessive working capital requirement of Rs. 458.24 Cr. and interest @ 11.5% thereof amounting to Rs. 52.70 Cr. Effectively, the cash turnover / cash flow cycle of the Petitioner leaves much to be desired thereby widening the gap between Current Assets and Current Liabilities thereby leading to higher working capital needs and interest costs. Meanwhile, it holds large security deposits / Consumers contribution, on which, they are paying lower rate of interest than what they have sought for working capital borrowings. In view of the above, the Stakeholders have requested the Commission to reject such 'True up' pleadings which would otherwise be nothing short of rewarding inefficiency of the HPSEBL and penalising the honest paying electricity Consumers of the State. The Petitioner ought to manage its receivables and cash flow cycle in an efficient manner rather than passing on its inefficiency to the electricity Consumers. The average balance as per 'true-up' is Rs.487.51 Crore and interest of Rs.30.14 Crore thereto @ about 6.5%.

### *Petitioner's Response*

8.11.2 The Petitioner has submitted that the provision for Interest on Working Capital as per the HPERC Tariff Regulation states:

*"The Distribution Licensee shall be allowed interest on estimated level of working capital for the financial year, computed as follows:-*

*(a) O&M expenses for one month;*

*(b) Two months equivalent of expected revenue;*

*(c) Maintenance spares @ 40% of R&M expenses for one month; and Less:*

*(d) Security deposits from Consumers, if any:*

*Provided that the interest on working capital shall be on normative basis and rate of interest shall be equal to the weighted average of one year Marginal Cost of Funds based Lending Rate (MCLR) as declared by the State Bank of India from time to time for the financial year in which the application for the determination of Tariff is made plus 350 basis points:*

*Provided further that interest shall be allowed on Consumer security deposits and security deposits from Distribution System users at the Bank Rate as on the date on which the Petition for determination of Tariff is accepted by the Commission."*

8.11.3 The Petitioner has submitted that the interest and financing charges have been projected as per the provisions of the Regulations and the relation of interest on sales have already been provided in the Regulation for working out the interest on working capital.

***Commission's Observations***

8.11.4 The Commission has scrutinized the Petitioner's submission and after going through the audited accounts, it has allowed the charges as per the Tariff Regulations as discussed in this Order.

### 8.12 Annual Audited Accounts

***Stakeholders Submissions***

8.12.1 The Consumer Representative (Sh. K.S. Dhaulta) has submitted that the HPSEBL has filed True up of FY 2023-24 despite of the fact that the Annual Account of FY 2023-24 has not been finalized and certified from the Comptroller and Auditor General of India (CAG). Therefore, the Commission should not take the True up exercise for FY 2023-24 without the approval of Accounts of the HPSEBL from the CAG.

***Petitioner's Response***

8.12.2 The Petitioner has submitted that the annual accounts have been approved by BoD of the HPSEBL and the Statutory Audit is under progress and thereafter CAG Audit shall be carried out. The True up is being filed in Order to access the Surplus/Gap during the FY 2023-24 which shall be adjusted in the ARR of FY 2025-26. It is likely that the CAG audit may be done before notification of Tariff Order by the Commission.

***Commission's Observations***

8.12.3 The Commission agrees with the submissions of the Stakeholders that the True up has not been filed based on the CAG approved audited account. Thus, the Commission has carried out provisional True up in this Order and the same shall be finalised in the next Tariff Order based on the CAG approved accounts.

### 8.13 Miscellaneous Expenses

***Stakeholders Submissions***

8.13.1 The Consumer Representative (Sh. K.S. Dhaulta) observed that the Petitioner has claimed Miscellaneous Expenses Write Off for FY 2022-23 of Rs. 80.64 Cr., which has resulted in increase in the ARR. The Commission should not approve these expenses as this cost incurred does not fall under the provisions of the Regulations of the HPERC and this will cause unnecessary burden to the Consumers.

***Petitioner's Response***

8.13.2 The Petitioner has submitted that the Misc. written off is accounting practice and the detailed justification has already been submitted to the Commission for the prudence check.

***Commission's Observations***

8.13.3 The Commission has considered the submissions and has accordingly discussed it in detail in the relevant section of the Tariff Order.

## 8.14 Deviation Charges

***Stakeholders Submissions***

8.14.1 The Consumer Representative (Sh. K.S. Dhaulta) has submitted that the HPSEBL is paying Deviation Charges and penalty on year-to-year basis despite of the directives of the Commission to reduce these charges. The Commission is requested to disallow any penalty paid by the Petitioner on account of Deviation charges of the HPSEBL for FY 2022-23 and FY 2023-24.

***Petitioner's Response***

8.14.2 The Petitioner has submitted that the deviation charges are inevitable, and it cannot be completely reduced to zero for the quantum of Power being managed daily but can be minimized. It is further submitted that the HPSEBL has taken steps to reduce the deviation charges which can be seen in the Petition itself and now the same are reduced.

***Commission's Observations***

8.14.3 The Commission expresses serious concern over the continued procurement of unscheduled Power and the resultant high amount of additional deviation charges along with the sustained deviation charges, which is basically penalty. Accordingly, the Petitioner directs the Petitioner to undertake adequate steps for reducing the high burden of DSM charges on the Petitioner. Further, any allowance or disallowance on account of these DSM charges incurred by the Petitioner during FY 2022-23 and FY 2023-24 have been discussed in detail in the relevant section of the Tariff Order.

## 8.15 Transmission charges and other charges

***Stakeholders Submissions***

8.15.1 The HPPTCL has submitted that for FY 23 the amount of Rs. 6.07 Cr. and for FY 24 the amount of Rs. 3.17 Cr. against the ADHPL have been indicated as payable to the HPPTCL which seems to be erroneous. The said amount should not be booked against the HPPTCL Charges since the HPPTCL role as STU was just to facilitate the HPSEBL for Power evacuation/drawl through 220kV D/C Transmission line of the ADHPL by its LILO at the HPPTCL Sub-Station at Phozal as per back-to-back IPTA agreements with the HPSEBL & the ADHPL.

8.15.2 Also, the Transmission charges against Malana-Bajaura line to the MPCL have also been indicated as payable to the HPPTCL which seem to be erroneous since Malana-Bajaura line is in possession of M/s MPCL and does not belong to the HPPTCL.

8.15.3 The Transmission charges claimed by the HPSEBL for STU Transmission system, Phojal, Bhoktoo, Chambi & Pandoh for FY 2022-23 have been found to be on higher side in comparison to the charges received by the HPPTCL as detailed under:

(In Rs. Cr.)

| Description of asset | Actual values claimed in the Petition | Actual amount received by HPPTCL |
|---|---|---|
| STU ARR corresponding to 12 No. IntraState lines | 35.01 | 8.75 |
| Bhoktoo Substation | 5.96 | 1.49 |
| Phozal Sub-Station a/w Transmission line | 2.57 | 0.324 |
| Pandoh Sub-Station a/w Addl. Transformer at Pandoh | 0 | 31.46 |
| Chambi Sub-Station alongwith 132kV Transmission line | 36.59 | 9.59 |
| **TOTAL** | **80.13** | **51.62** |

8.15.4 Similarly, the actual claim against the HPPTCL charges are amounting to Rs. 66.63 Cr. However, no breakup of said charges has been mentioned in the Petition. As per the HPPTCL records, asset wise breakup of charges received by the HPPTCL from the HPSEBL is as detailed under:

(In Rs. Cr.)

| Description of asset | Approved in APR Order | Actual amount received by HPPTCL |
|---|---|---|
| STU ARR corresponding to 12 No. IntraState lines | 34.48 | 34.48 |
| Bhoktoo Substation | 5.80 | 5.80 |
| Phozal Sub-Station a/w Transmission line | 1.30 | 1.30 |
| Pandoh Sub-Station a/w Addl. Transformer at Pandoh | 8.65 | 9.30 |
| Chambi Sub-Station alongwith 132kV Transmission line | 12.89 | 13.12 |
| **TOTAL** | **63.12** | **64.00** |

***Petitioner's Response***

8.15.5 The Petitioner has submitted that the said charges are paid to the ADHPL through the HPPTCL for the usage of M/s ADHPL 220kV line for the evacuation of Power from Phozal to Nalagarh. As per the provisions of IPTA signed between the HPSEBL, the HPPTCL and the ADHPL, the HPSEBL had to deposit the payment for bills raised by the ADHPL and the HPPTCL, to a bank account nominated by the HPPTCL.

8.15.6 The charges are not paid to the HPPTCL, these charges are paid to the MPCL for usage of Malana Bajaura line.

8.15.7 The Petitioner has submitted that the HPSEBL has claimed only those charges which have been paid to the HPPTCL as per book of accounts. The HPPTCL has to reconcile the accounts and the accounting for the charges is done on an accrual basis in the financial statements of the respective years. The payments have been made on multiple dates with the charges being consolidated into one total amount in different dates as detailed hereunder:

**For FY 23:**

| Sr. No. | Date of payment | Amount in Rs. Cr. |
|---|---|---|
| 1 | Adjustment with HPPTCL | 58.65 |
| 2 | 15.3.2023 | 10.84 |

| | | |
|---|---|---|
| 3 | 31.3.2023 | 0.49 |
| 4 | 10.04.2023 | 3.98 |
| 5 | 4.05.2023 | 0.59 |
| 6 | 11.05.2023 | 1.12 |
| 7 | 12.05.2023 | 2.86 |
| Add: | TDS | 1.60 |
| | **Total** | **80.13** |

**For FY 24:**

| Sr. No. | Date of payment | Amount in Rs. Cr. |
|---|---|---|
| 1 | 5.07.2023 | 0.58 |
| 2 | 18.08.2023 | 3.87 |
| 3 | 13.09.2023 | 0.47 |
| 4 | 20.03.2024 | 4.12 |
| 5 | 30.03.2024 | 17.88 |
| 6 | 10.05.2024 | 38.38 |
| Add: | TDS | 1.33 |
| | **Total** | **66.63** |

***Commission's Observations***

8.15.8 The Commission has gone through the submissions of the Petitioner as well as the Stakeholders. The Power purchase cost including Transmission charges are allowed after doing required prudence check as per the provisions of the Regulations and as discussed in the relevant section of this order.

**True up of controllable parameters for 4th Control Period**

## 8.16 Controllable Parameters

***Stakeholders Submissions***

8.16.1 The Nalagarh Industries Association and M/s Winsome Textiles have submitted that the controllable parameters should not be trued up, as it would undermine the regulatory framework and make the ARR, cost-to-serve calculations, and tariff process ineffective. Moreover, as per the statute, the tariff cannot ordinarily be revised more than once in a financial year and the changed Tariff, if at all cannot be implemented with retrospective effect. The mechanism to keep the Tariff aligned to the cost already exists in the form of Fuel and Power Purchase Cost Adjustments.

***Petitioner's Response***

8.16.2 The Petitioner has submitted that the True up of the controllable parameters i.e. Depreciation, interest on working capital & Return on Equity is done at the end of the Control Period based on the capitalization done by the Discom during the Control Period. The fuel and Power purchase surcharge is the methodology for cost recovery of uncontrollable parameters of Power purchase & related expenses whereas the controllable parameters for the Control Period may depend upon capitalization done by the DISCOM.

***Commission's Observations***

8.16.3 The Commission has gone through the submissions and is of the view that the True up, APR and ARR exercise is conducted as per the HPERC MYT Regulations in force. However, the Commission has not carried out the True up of the controllable parameters of the Petitioner for the 4th control period due to the reasons as discussed in detail in the relevant section of this Order.

## 8.17 Capex & Capitalisation

***Stakeholders Submissions***

8.17.1 The Nalagarh Industries Association and M/s Winsome Textiles have submitted that, based on actual reported capitalization the actual depreciation has been claimed by the Petitioner. At the onset, the intervener observes that there is no correlation between year-to-year capitalisation schedule approved by the Commission in its MYT Order dated 29th June, 2019 and the actual year to year capitalisation. The variation ranges from Rs. 207 Cr. in FY21 to Rs. 384.68 Cr. in FY22. The Petitioner needs to plan its Capex and monitor physical and financial progress meticulously and promptly transfer assets, as soon as it enters revenue generation stream, from Capital Works in Progress to Fixed Asset Register. In the True up for the entire 4th MYT Control Period, the actual depreciation claimed is Rs.862.46 Cr. as against Rs.768.94 Cr. approved by the Commission in the MYT Order. There is no justification for Truing up such non-cash items. Moreover, if the initial depreciation amount is calculated based on the average value, the actual depreciation amount will anyway vary as assets are not added in a linear way. Needless to add that Assets do not increase in the same proportion and each asset / asset class has separate life and rate of depreciation. Hence, the difference, now claimed, ought not to be considered and allowed.

8.17.2 The Consumer Representative (Sh. K.S. Dhaulta) has requested the Commission to allow Capital Expenditure after prudence check by verifying completion report/ execution details of CAPEX works for 04th MYT Period as per the time period allowed to the Petitioner. In case of any cost overrun and time overrun in these CAPEX works, it is requested to allow the CAPEX by doing proper scrutiny so that the Consumers of the State are not overburdened with hike in Tariff.

***Petitioner's Response***

8.17.3 The Petitioner has submitted that it has prepared the Fixed Asset Register for each of the line items, so that there is no averaging as pointed out by the objector. The class-wise life with depreciation has been claimed in the True up. The Petitioner has further submitted that the rate of capitalization projection for the MYT Control Period has been done based on the CWIP plus the capex during respective year with capitalization factor of 40%. The overachievement/under achievement accordingly results in variation of actual capitalization depreciation, RoE & Interest on capital loans.

***Commission's Observations***

8.17.4 The Commission has carried out detailed scrutiny of the CWIP, Capex during the respective years along with the capitalisation submitted by the Petitioner for the 4th MYT Control Period. Any capital expenditure incurred and capitalisation done by the Petitioner is approved after prudence check by the Commission as per the provisions of the HPERC Regulations. However, the True up of the controllable parameters of the Petitioner for the 4th control period could not be carried out due to the reasons as discussed in detail in the relevant section of this Order.

## 8.18 Rate of Interest

***Stakeholders Submissions***

8.18.1 The Nalagarh Industries Association and M/s Winsome Textiles have submitted that the rate of interest claimed for borrowing from a few sources are inordinately higher than the benchmark MCLR of about 7.5%. The Petitioner should be directed to make an effort for swapping such high-cost funds with low-cost fund. Thus, the True up claimed to cover the revenue gap, ought to be rejected. To the contrary, and after appropriating the Surplus revenue available, the Commission, may re-estimate the revenue gap in the ARR proposed for the FY 2025-26. The Surplus may be used to reduce the Tariff by at least Rs.1/ kWh in the FY 2025-26.

***Petitioner's Response***

8.18.2 The Petitioner has submitted that efforts are being taken by the HPSEBL to swap the loans having higher interest rate with lower interest rate as pointed out by the objector. It is further submitted that in the 4$^{th}$ MYT Order for FY 20 to FY 24, the interest rate on new loans has been considered as 11.5% whereas, the actual weighted average rate is less and accordingly claimed in the Petition.

***Commission's Observations***

8.18.3 The Commission has gone through the submissions. Any interest on loan is allowed to the Petitioner, as per the provisions of the HPERC MYT Regulations in force after doing required prudence check.

## 8.19 Depreciation

***Stakeholders Submissions***

8.19.1 The Nalagarh Industries Association, Consumer Representative (Sh. K.S. Dhaulta) have submitted that the depreciation amount has been claimed higher than previous estimates, affecting the ARR and causing extra burden to the Consumers. The Commission is requested to make prudence check before approving such cost.

***Petitioner's Response***

8.19.2 The Petitioner has submitted that the rate of capitalization projection for the MYT period has been done based on the CWIP plus the capex during respective year with capitalization factor of 40%. The overachievement/under achievement accordingly results in variation of actual capitalization, depreciation, RoE & Interest on capital loans.

***Commission's Observations***

8.19.3 The Commission has carried out detailed scrutiny of the capex works during the respective years along with the capitalisation submitted by the Petitioner.

Depreciation claimed by the Petitioner is approved after doing required prudence check by the Commission as per the relevant MYT Regulations.

**1st APR of 5$^{th}$ MYT Control Period, ARR And Tariff Petition for FY 2025-26**

## 8.20 ARR Parameters

***Stakeholders Submissions***

8.20.1 The Nalagarh Industries Association and M/s Winsome Textiles have submitted that the APR or changing / updating or reviewing any figure in the ARR hardly makes much sense. It tantamount to replacing one estimated / projected figure by another. Hence, without the availability of the audited accounts, the estimated figures ought not to be changed.

8.20.2 The BBN Industries Association has submitted that the ARR of the Discom for FY 2025-26 should be reworked in the light of lower power purchase cost likely to go down by Rs.1-1.5/unit in the Country due to the renewable power especially solar and wind. There is growing demand in most of the States to reduce the power tariff and Himachal Pradesh would not be able to compete if the power tariff keeps on escalating as differential between power tariff in Himachal Pradesh and other neighboring States is coming down rapidly.

***Petitioner's Response***

8.20.3 The Petitioner has submitted that the concept of ARR for each year of MYT Control Period is to take care of the estimate w.r.t actual of the previous year which is in line with the provision of Tariff Regulations. Since the impact of True up of previous year as well as change in the sale /purchase figures will have an impact in the ARR for the year, the ARR is determined in every year after MYT Order.

8.20.4 The Petitioner has also submitted that the ARR has been filed after taking the power purchase cost available from various sources tied up on long term basis and to be tied up during the year with estimates of sales and various other parameters approved by the Commission in the MYT for FY 2025-26 and the proposed reduction as intimated by the Stakeholder is not feasible.

***Commission's Observations***

8.20.5 The Commission has analyzed the claim of the Petitioner and allowed the ARR parameters as per the provisions of the applicable HPERC MYT Regulations. During the time of Truing up of these parameters, detailed analysis and necessary prudence check is done by the Commission before allowing any deviations.

## 8.21 Tariff Hike

***Stakeholders Submissions***

8.21.1 The Nalagarh Industries Association and M/s Winsome Textiles have submitted that the Petitioner has projected a revenue gap in the first year of the MYT Control Period without suggesting a tariff proposal or other solutions to bridge it, leaving the decision to regulators. Considering that no body would understand distribution business better than themselves, the HPSEBL should have presented Tariff design and Consumer category wise Tariff in their Petition so as to enable the Stakeholders / interveners to peruse and object to the same.

8.21.2 The Nalagarh Industries Association and M/s Winsome Textiles have further submitted that, at the existing Tariff and consequent to the Truing up exercise, the following Surplus scenario emerges, requiring a reduction in Tariff in the range of Rs. 0.60 / kWh to 1.0/kWh which would fairly balance the interest of the Industrial Consumers (the interveners herein) and the HPSEBL.

| **Indicative Revenue Surplus** | | |
|---|---|---|
| **Items** | **Surplus Amount (Rs. Cr.)** | **Remarks** |
| Power Purchase Cost Excess | 618.43 | Excess Power purchased less revenue from Inter State sales |
| Loss Disincentive | 47.39 | Benchmark not achieved |
| Employee Cost (-) | 1322 | Retiral benefit staggered over next 3 years |
| TOTAL | 1987.87 | ARR Requirement will be lower, leading to Surplus at existing Tariff. |

8.21.3 The Confederation of Indian Industries (CII), Parwanoo Industries Association (PIA), Kala-Amb Chamber of Commerce & Industry, M/s Kundlah Loh Udyog, M/s Prime Steel Industries Pvt. Ltd., M/s JB Rolling Mills Ltd., M/s HM Steel Ltd. and other steel producers have submitted that the overall per unit cost which is close to Rs. 7.50/kWh, for industry in Himachal Pradesh, after the withdrawal of subsidy and imposition of new cesses. The rate is now higher than the neighboring States of Punjab and Haryana by about 50 Paise per unit in overall terms. Cost of electricity in the neighboring State of J&K is lower by Rs 2.00 per unit than Himachal Pradesh. The matter was also raised and explained to the State Government during various deliberations during the year.

8.21.4 The Stakeholders have also submitted that considering the surplus power of past two years along with various parameters which ought not be allowed by the Commission, a tariff reduction of Rs. 1.20 per unit should be allowed by the Commission for the survival and growth of industry in the State.

8.21.5 The BBN Industries Association has submitted that the industry which had moved to Himachal Pradesh specially for the low-cost power is now nowhere in comPetition with other neighboring States after 21% increase in last year, whereas there are other challenges in Himachal Pradesh being the hilly State.

8.21.6 The Consumer Representative (Sh. K.S. Dhaulta) has submitted that, although, the tariff increase has not been proposed by the Petitioner for FY 2025-26, but the same should be reduced this year because of the unprecedented hike of around 15-20% last year. The Petitioner must balance the increase of its uncontrollable cost with the growth in the sales. Thus, the

Consumer Representative (Sh. K.S. Dhaulta) has requested the Commission to look into the matter for the benefits of the Consumers.

***Petitioner's Response***

8.21.7 The Petitioner has submitted that the HPSEBL has not proposed any Tariff hike for the FY 2025-26 and accordingly, there is no change proposed in Tariff of FY 2025-26 and has proposed the same level of Tariff as approved for FY 2024-25. This is due to saving done by the Petitioner in the FY 2023-24 and other past True up adjustments which shall be a pass through to the Consumers. The Tariff/ABR for the large industrial Consumers is also less than the average cost of supply.

8.21.8 **Power Purchase excess of Rs. 618.43 Cr.:** The excess of power purchase that has been worked out by the Stakeholder for FY 2022-23 does not align with the energy balance and other factors, including banking, which is a cashless transaction. It is further submitted that Surplus/deficit of the True up for all the parameters as a whole is taken for adjustment in the Tariff for the next year. The overall Surplus of FY 2022-23 will be adjusted in the True up of FY 2024-25 and not in the ARR of FY 2025-26 (current Petition). Further, the impact has been arrived without taking into consideration the excess arrear amount of Rs. 231.54 Cr. paid during FY 2022-23.

8.21.9 **Loss Disincentive:** The disincentive of Rs. 47.39 Cr. has been worked out by the Stakeholder based on the provisions of Tariff Regulation 2023, which are not applicable for truing up of FY 2022-23. The Stakeholder has also not considered the loss of Kullu circle. The Petitioner, therefore, has requested the Commission to consider the Kullu circle loss & True up as the submissions for FY 2022-23.

8.21.10 **Employee Cost:** It is submitted that the terminal benefits are the actual pension/ arrears paid to the retired employees during the year and cannot be deferred as suggested by the objector in Order to avoid creation of regulatory asset.

8.21.11 The Petitioner has submitted that the HPSEBL has not proposed any increase in the per unit cost for FY2025-26 as compared to FY 2024-25 and average cost in respect of industrial supply Consumer works out to be around Rs. 6.73 per unit which is on lower side as compared to the Tariff Petitions of neighboring States as available in public domain. It is submitted that the objector has not examined the additional submissions filed by the HPSEBL and has compared the average cost of HP industry based on rate of Rs. 7.50 per unit instead of Rs 6.73 per unit and accordingly with the revised submissions, the proposed Tariff for FY 2025-26 is lower as compared to neighboring States.

8.21.12 The Petitioner has submitted that the proposal has been filed after taking into account the sales growth as well as the other parameters of the tariff in line with the provisions of the Regulations.

***Commission's Observations***

8.21.13 The Commission has carried out detailed scrutiny of all revenue and expense heads for FY 2025-26 as part of ARR. Based on the prudence check of Petitioner's submissions and audited accounts, the Commission has independently analysed each parameter and has approved the expenditure as per the provisions of the applicable HPERC MYT Regulations, as detailed in this Order.

## 8.22 Night-time Tariff Concession

***Stakeholders Submissions***

8.22.1 The Nalagarh Industries Association, BBN Industries Association, M/s Winsome Textiles and M/s Vardhman Textiles Ltd. have submitted that instead of any specific or comprehensive revision of Tariff and charges, the HPSEBL has made an un-substantiated proposal to remove the concessions 'night-time' and rebate in 'energy charges' applicable for the qualifying Industrial Consumers. The night time concessions and rebate should not only continue but should increase and the eligibility criteria / conditions linked to the vintage / expansion of Industrial Units should be removed. The plea that cheaper Power is no more available during the night time is also not supported by any documentary evidence. As India has now back-to-back connected Grid and the fact that most of the regions / States have morning peak after 8 AM for 2/3 hours and evening peak after 7.30 P.M again for 3/4 hours, hence, nothing has changed the circumstances of available quantum/cost of Power. Since the HPSEBL has surplus power after meeting Consumer demand, including free power to the State, energy charge concessions should continue. Alternatively, a generic Time-of-Day (ToD) tariff can be introduced for HT Consumers with compatible meters, setting off-peak rates at Rs. 6/kWh and normal rates for the rest of the period. A better approach would be to roll back tariffs to pre-revised rates. Any government subsidy for domestic or other categories should strictly follow Section 65 of the Electricity Act, 2003, to avoid increasing the financial burden on industrial Consumers. It is also submitted that the subsidy due from the Government and received is not shared. The Commission may ask Discom to submit the detail of such due subsidy and interest accrued thereon. The same should be considered for processing of ARR. Any non-receipt of subsidy from Government should be shown revenue earned by Discom.

8.22.2 The BBN Industries Association and M/s Vardhman Textiles Ltd. have submitted that the night concession should be fixed at a single rate throughout the year, based on the difference in day and night tariffs across the Country's energy exchanges. Moreover, having different night energy rates for different seasons will again create implementation issues and will move in a direction away from simplification.

***Petitioner's Response***

8.22.3 The Petitioner has proposed that the night-time concession may be withdrawn by the Commission in view of the following:

(i) There has been increase in rates for electricity during night-time.

(ii) To avoid burden of the concession to other category of Consumers.

(iii) The HPSEBL has no Surplus Power for sale.

(iv) The Government has restricted free Power availability to the HPSEBL.

(v) Further, non-release of subsidy by the Government is also impacting the financial position of the HPSEBL adversely.

***Commission's Observations***

8.22.4 In view of the rival submissions, the Commission has independently analyzed the proposal of the Petitioner and has discussed the same in relevant section of this Order.

## 8.23 Cross Subsidy Surcharge

***Stakeholders Submissions***

8.23.1 The Nalagarh Industries Association and M/s Winsome Textiles have submitted that the Tariff including both fixed and energy charge, as per the ABR is estimated by the Petitioner at Rs. 7.39 / kWh (Large Supply), Rs. 7.44 / kWh (Small Power) and Rs. 8.14 / kWh Medium Power. The ABR is more or less akin to Tariff, it may include a negligible percentage of delayed payment surcharge etc. This is against an ACoS of Rs. 5.67/kWh as per provisional True up for the FY 2022-23 and Rs. 5.89/kWh on True up for the FY 2023-24. Based on the ACoS trend and objections/suggestions for FY 2024-25 and FY 2025-26, the ACoS is expected to remain below Rs. 6/kWh. Moreover, since the Petitioner has not provided voltage-wise details (line wise, conductor wise and transformation losses as well as voltage wise assets), the cost of supply to industrial Consumers could have been lower than the average, which also includes LT supply. Accordingly, the Industrial Consumers are paying about more than 23% above the cost i.e. cross-subsidy paying category. Whereas, the Commission had specified a cross-subsidy of -10% / + 5%. Consequently, the Tariff for the Industrial Consumers should not exceed Rs. 6.30 / kWh. Resultantly, this is a fit case for rolling back the Tariff for such cross-subsidy paying category of Consumers by about Rs. 1/kWh.

8.23.2 The Confederation of Indian Industries (CII), Parwanoo Industries Association (PIA), Kala-Amb Chamber of Commerce & Industry, M/s Kundlah Loh Udyog, M/s Prime Steel Industries Pvt. Ltd., M/s JB Rolling Mills Ltd., M/s HM Steel Ltd. and other steel producers have submitted that, it cannot be ignored that the tariff shock to the Industrial Category can drastically affect the economics and put an adverse effect on the financial health of the utility as well as the State. The Industrial Category of Consumers, by and large, over the past several years have also been bearing the burden of cross subsidy the benefit of which has been passed on to the other categories of Consumers particularly to the Domestic Category of the Consumers. The industry over the past decade or so have been demanding the tariffs to be based on cost to serve model, but the State of Himachal Pradesh has not taken a lead in this direction.

8.23.3 The BBN Industries Association and M/s Vardhman Textiles Ltd. has submitted that undue preference should not be given to any Consumer. By using the average cost of supply principle, the Board is favoring domestic Consumers, whose supply cost is more due to low voltage, over industrial Consumers who use high voltage. This has increased the cross subsidy burden on subsidizing Consumers, which goes against the Electricity Act,

2003. Therefore, the Commission is requested to reduce this cross subsidy burden.

***Petitioner's Response***

8.23.4 The Petitioner has submitted that the HPSEBL with additional submission has revised the Tariff proposal and has not proposed to increase the Tariff from the current level of FY 2024-25 and the ACoS with past period adjustment has been proposed resulting in ACoS to be Rs. 6.79 as was approved by Commission for FY 2024-25. So far industrial Consumers are concerned, in the Tariff Order for FY 2024-25, the cross-subsidy burden was not passed to industrial Consumers rather it is passed to other category of Consumers. The Tariff submission has been made based on the provisions of HPERC (Multi Year Wheeling Tariff & Retail Supply Tariff) Regulations, 2023 and the controllable & uncontrollable parameters approved in the MYT Order dated 15.03.2024. The ABR for FY 2022-23, FY 2023-24 & ARR for FY 2024-25 itself indicate that the industrial Consumers are having ABR less than the average ABR for the particular year and they are not cross subsidizing the other category of Consumers.

8.23.5 The Petitioner has further submitted that the cross subsidy in Himachal Pradesh has already been minimised by the Commission during the past years and based on average cost of supply model the cross subsidy to the Industrial Consumers has been reduced to almost zero in the previous tariff orders.

***Commission's Observations***

8.23.6 The Commission has been determining voltage wise losses for the purpose of the open access Consumers. However, the Commission is of the view that the implementation of the Cost to serve/voltage wise Tariff to the retail Consumers shall take some more time. Moreover, the National Tariff Policy also specifies the Tariff at ±20% of ACoS. The first target before the Commission is to achieve a uniform Tariff equal to the ACoS to all the categories of the Consumers. Tariff is slowly and steadily moving in that direction which is quite evident as currently the ABR of the Industrial Consumers is almost equal to the ACoS of the Petitioner.

## 8.24 Inefficiency of the utility

***Stakeholders Submissions***

8.24.1 The Confederation of Indian Industries (CII), Parwanoo Industries Association (PIA), Kala-Amb Chamber of Commerce & Industry, M/s Kundlah Loh Udyog, M/s Prime Steel Industries Pvt. Ltd., M/s JB Rolling Mills Ltd., M/s HM Steel Ltd. and other steel producers have submitted that the inefficiency of the State utility has been passed on to Consumers. The subsidy given to industries appears to be an incentive, but it is actually a result of the utility's inefficient operations, which are fully controlled by the State government. Industries have never directly requested electricity subsidies. Instead of providing subsidies to industries, the government should address the utility's poor performance, especially high employee costs, and support it through grants or equity. The subsidy was essentially a way to cover the utility's inefficiencies, for which the State government is responsible. The Commission has the authority to set a reasonable cap on employee costs, with any excess being covered through returns on equity, profits, or direct government grants.

***Petitioner's Response***

8.24.2 The Petitioner has submitted that the Tariff filling and determination of Tariff is regulated by the Regulations notified by HPERC in pursuance to the Powers conferred under Electricity Act, 2003. HPERC has never allowed inefficiency of utility to be transferred to the Consumers of the State and has disallowed various expenses after prudent check on account of inefficiency or expenses not made as per the provisions of the Tariff Orders and Regulations. It is denied that utility is getting guaranteed RoE and efficiency burden is totally transferred and passed through to the Consumers of all categories. It is submitted that for the Tariff for FY 2025-26, the RoE as per MYT Order dated 15$^{th}$ March, 2024 has been approved by HPERC as Rs. 96.49 Cr. out of which Rs. 47.50 Cr. has been disallowed/adjusted towards the terminal benefits of erstwhile HPSEB pensioners and balance amount of Rs. 48.99 Cr. only has been allowed in the ARR for FY 2025-26 which is also further subject to True up based on the capitalisation to be done during FY 2025-26 and actual equity infused therein. It cannot be concluded that the RoE is to cover the inefficiency of the utility to Consumers, whereas the RoE is allowed to every Discom as per the provisions of the Regulations.

***Commission's Observations***

8.24.3 The Commission concurs with the submissions of the Stakeholders that the inefficiency in the system needs to be plugged. The operational cost of the Petitioner is one of the highest in the Country. The Commission has time and again given various suggestions and directions to the Petitioner to become efficient and to curtail its high cost The commission in this Order has allowed the cost of the Petitioner as per the MYT Regulations of the Commission after due prudence check, as discussed in the relevant sections.

## 8.25 Wheeling Charges

***Stakeholders Submissions***

8.25.1 The Nalagarh Industries Association and M/s Winsome Textiles have submitted that the proposed wheeling charges (Rs. 2.33 / kWh) must be the highest in the Country. Such a dispensation literally shuts the door for bringing in Power under Open Access mechanism. The cost of wheeling should not exceed 8% of the net projected ARR (60 Paise per unit).

8.25.2 The Confederation of Indian Industries (CII), Parwanoo Industries Association (PIA), Kala-Amb Chamber of Commerce & Industry, M/s Kundlah Loh Udyog, M/s Prime Steel Industries Pvt. Ltd., M/s JB Rolling Mills Ltd., M/s HM Steel Ltd. and other steel producers have requested the Commission to rationalize the open access charges in a manner so that the open access become economically feasible. Open access charges such as wheeling charges, additional surcharge and cross subsidy surcharge, need to be calculated on the basis of actual data rather than purely on assumptions.

8.25.3 M/s IA Hydro Energy Pvt. Ltd. has submitted that the HPSEBL has proposed to increase wheeling charge @31 Paisa/kWh from @19 paisa/kWh towards wheeling of Power from Chanju-I HEP through its 132 kV network. At present despite connectivity of project Chanju-I (36MW) at 132 kV, the Stakeholder is bound to pay distribution losses and wheeling Charges i.e. 2.5 % and 31 Paisa/kWh respectively whereas in other States @132 KV line there is no provision for taking distribution losses & wheeling charges. As per HPPTCL MYT Order dated 22-01-2025, the STU charges and STU Losses are being allowed by the Commission @0.50% & @ 8 Paisa /kWh respectively. After considering the above charges & losses, the total expenditure towards Transmission of Power up to State periphery is being incurred more than 52 Paisa/kWh which is very high and should be rationalized.

8.25.4 The HPPTCL has submitted that the methodology adopted by the Commission regarding the ARR to be allocated among Wheeling Business and Retail Supply Business need to be reviewed as the Petitioner should present the backup accounts of the EHV Network which they claim is being used for catering the power to their Consumers. In the understanding of HPPTCL, no ARR should be allowed for maintenance of EHV system unless the accounts are separately disclosed by the Petitioner.

***Petitioner's Response***

8.25.5 The Petitioner has submitted that the wheeling charges has been calculated based on the methodology as per the prevailing Regulations. This methodology has been adopted by the Commission in the Tariff Order. It is submitted that the HPSEBL through additional submission has revised the proposed ARR for FY 2025-26 and accordingly, the per unit wheeling charges as indicated in the Petition as Rs. 2.33/kWh will get revised since no Tariff change has been proposed by the HPSEBL.

8.25.6 The segregation of wheeling and retail business is based on the allocation statement which is realistic since each component of ARR has been allocated to wheeling and retail business. It is submitted that out of total ARR of Rs. 8946.82 Cr., Rs. 2829.36 has been allocated to wheeling business which is 31.62% of total ARR and accordingly wheeling Tariff is derived from 31.62% of ARR. The wheeling Tariff/Open Access charges in HP are less as compared to the neighboring States which can be verified from the Petitions filed by neighboring States.

8.25.7 The Petitioner has submitted that the HPSEBL has filed the Petition in line with the provisions of HPERC (Multi Year Wheeling Tariff and Retail Supply Tariff) Regulations, 2023 and there is no such mandate for filing the Petition as contended by the Stakeholders. The Petitioner has already submitted the segregation of cost of various divisions at the time of MYT Business Plan and accordingly the MYT ARR for FY 2024-24 to FY 2028-29 has been approved by the Commission. It is further submitted that the understanding of HPPTCL of not allowing the ARR for maintenance of EHV system is not as per prevailing Regulations since HPSEBL is maintaining the system for providing the supply of power to the Consumers. It is further submitted that at the time of True up, Division-wise bifurcation of annual accounts is submitted to the Commission for prudence check.

***Commission's Observations***

8.25.8 The Commission has noted the submissions of the Petitioner with regard to determination of the wheeling charges. The Commission has also analyzed the claim of the Petitioner and allowed allocation of ARR into Wheeling and Retail supply business, as per the MYT Regulations, 2023, as discussed in the relevant section of this Order.

## 8.26 Additional Surcharge

***Stakeholders Submissions***

8.26.1 The Nalagarh Industries Association, M/s Winsome Textiles, BBN Industries Association, M/s Vardhman Textiles Ltd. have submitted that the proposed Additional Surcharge is also flawed as it should relate to Power stranded due to embedded Open Access Consumers bringing in Power from sources other than the HPSEBL. In the present case, the HPSEBL has not provided the details of the quantum / slot wise drawls of Power under Open Access Mechanism. Moreover, the embedded Open Access Consumers even if they meet some percentage of their Power requirement from Open Access, they are still paying fixed charges for their entire connected load / recorded demand. Consequently, the Additional Surcharge should be 'Nil'. It is also submitted that the Additional Surcharge, as per the statute in vogue cannot be levied on Power drawn from a Captive Power Plant (CPP).

8.26.2 The Stakeholders have also submitted that the additional surcharge is to be determined annually and collected either as a one-time payment or monthly basis. The rate proposed by HPSEBL makes open access burdensome, unaffordable, and uncompetitive, violating Clause 8.5.1 of the Tariff Policy and the Electricity Act, 2003. The surcharge should not excessively burden Consumers to the extent that open access becomes impractical. Excessively high charges undermine comPetition and defeat the purpose of open access, reducing it to a theoretical provision instead of a viable practice in the State.

***Petitioner's Response***

8.26.3 The Petitioner has submitted that the Commission in the Tariff Order for FY 2024-25 has revised the methodology for working out additional surcharge based on Rules notified by Ministry of Power, Government of India. The HPSEBL has accordingly, worked out the additional surcharge which is subject to change due to change in ARR revised by the HPSEBL & prudence check by the Commission. The treatment of additional surcharge for Captive Power Plant (CPP) shall be as per provisions of HPERC Open Access Regulation & its amendments.

***Commission's Observations***

8.26.4 The Commission has gone through the submissions. The Additional surcharge is allowed as per provisions of the HPERC MYT Regulations, 2023 as discussed in the relevant section of this Order.

## 8.27 Steep Increase in electricity duty

***Stakeholders Submissions***

8.27.1 The Confederation of Indian Industries (CII), Parwanoo Industries Association (PIA), Kala-Amb Chamber of Commerce & Industry, M/s Kundlah Loh Udyog, M/s Prime Steel Industries Pvt. Ltd., M/s JB Rolling Mills Ltd., HM Steel Ltd. and other steel producers, M/s Vardhman Textiles Ltd. have submitted that the steep increases in the rates of Electricity Duty w.e.f. 1st September, 2023 also came as a shock to the industry, but partial rollback during the current year, has given a meagre relief to the Consumers. They have also submitted that the electricity price was increased by Rs. 1 per unit which was subsidized by GoHP but still the impact of Electricity Duty @ Rs. 0.19 per unit was imposed on Consumers. This had already increased the cost of power to the Consumer. Furthermore, in the mid-year 2024-25, the subsidy was also withdrawn by GoHP, which has resulted into the huge burden to the Consumers. Therefore, they have requested the Commission to provide some relief to the Consumers.

***Petitioner's Response***

8.27.2 The Petitioner has submitted that the Electricity Duty is levied as per the provisions of HP Electricity Duty Act, 2009 which is in the purview of HP Government and is not directly related to the present Petition.

***Commission's Observations***

8.27.3 The Commission is of the view that the matter of increase of Electricity Duty pertains to the Government of Himachal Pradesh. Therefore, the Stakeholders are advised to take up this issue separately with the State Government.

**8.28 O&M Expense**

***Stakeholders Submissions***

8.28.1 The Confederation of Indian Industries (CII), Parwanoo Industries Association (PIA), Kala-Amb Chamber of Commerce & Industry, M/s Kundlah Loh Udyog, M/s Prime Steel Industries Pvt. Ltd., M/s JB Rolling Mills Ltd., M/s HM Steel Ltd. and other steel producers have submitted that the Petitioner has estimated an excess of Rs. 316.68 Cr. in manpower cost as against the approved cost of Rs. 2516.29 Cr. The Petitioner has estimated and projected an alarming increase in the employee expenses. In any case, the Commission must not allow any excess employee cost over and above the 99% of the employee cost of the previous year. The employee cost must be capped according to this roadmap and approved at only Rs. 2491.13 Cr as against projected figure of Rs. 2902.42 Cr. This itself will reduce the ARR by more than Rs. 400 Cr. The employee cost for FY 2029 has been estimated as per trajectory fixed by the Commission at Rs. 3888.27 Cr. out of the total projected ARR of Rs. 10973.64 Cr., which is at a level of 30.66%, which is only about 1% reduction over a period of five years and is considered very meagre reduction in terms of percentage of overall ARR. This proposed reduction may also disappear during the MYT period if any pay increase is allowed by the State Government as a result of Pay Commission or old pension scheme. It is submitted that the reduction should have been to a level of at least 3% on yearly basis when computed in terms of percentage of overall ARR and at least 2% in the absolute terms in order to encourage efficiency and to reduce the burden of inefficiency that is being passed through to all the Consumers of the State including the industrial as well as the domestic Consumers.

***Petitioner's Response***

8.28.2 The Petitioner has submitted that the excess amount of Rs. 316.68 Cr. is the revised estimate for FY 2024-25 which is subject to True up by the Commission after closure of the FY 2024-25. This amount is due to payment of arrears of pensioners. The Petitioner has further submitted that this amount does not have any bearing on the present Petition for ARR of FY 2025-26. Since there is no recruitment and various posts are being rationalised, therefore, the employee cost which is mandatory to be paid to the employees/pensioners has been taken in the Petition.

8.28.3 The HPSEBL has in fact taken various steps over the years to mitigate employee expenses. The HPSEBL is consistently implementing the directives issued by the State Commission. Additionally, the HPSEBL has initiated certain restructuring measures, and the proposal for further restructuring is in the pipeline.

8.28.4 The HPSEBL has closed 2 Design Circles and 1 Construction Circle, including their respective Divisions and Sub-Divisions. Additionally, the restructuring of the Civil Wing and the abolition of 286 posts of various categories were enacted vide dated 30.08.2023, marking the 1st phase of restructuring.

8.28.5 Despite of numerous steps being taken by the HPSEBL to reduce employee expenses over the years, it is stated that due to pay revisions, the increase in employee costs and cognate terminal benefits becomes inevitable.

8.28.6 It needs no reiteration that elements of 'employee cost' owing to pay revision and other cognate benefits are beyond the reasonable control of the 'licensee' and in numerous cases have been upheld by Courts of law.

8.28.7 It is further submitted that upward revision of 'employee cost' on account of reasons such as pay revisions and terminal benefits etc. are statutory in nature and accordingly such resultant increase in employee cost cannot be said to be on account of any lacuna on the part of the HPSEBL.

8.28.8 The increase in employee expenses for the HPSEBL is primarily attributable to terminal benefits, dearness allowance (DA), and arrears resulting from pay revisions, which are uncontrollable parameters as per HPERC Tariff Regulations.

8.28.9 Despite of the deployment of employees across various business activities, these employees remain an integral part of the HPSEBL and cannot be delineated or separated as distinct entities. The HPSEBL is responsible for their salaries, terminal benefits, dearness allowance, and pay revision arrears, which are uncontrollable parameters in terms of the HPERC Tariff Regulations.

8.28.10 The HPSEBL has made earnest efforts to reduce employee costs. The HPSEBL, instead of hiring new employees is deploying its employees from one department to another to reduce employee costs.

***Commission's Observations***

8.28.11 The Commission acknowledges some of the steps being taken up by the Petitioner to rationalize the organization structure. However, these measures being taken by the Petitioner should result in reduction of the employee cost. The Commission has carried out detailed scrutiny of the O&M expenses proposed by the HPSEBL and has approved the O&M expenses while keeping in view the methodology laid down under the HPERC MYT Regulations, 2023 for the projection of employee expenses, R&M expenses and A&G expenses.

## 8.29 Interest and Financing Charges

***Stakeholders Submissions***

8.29.1 The Confederation of Indian Industries (CII), Parwanoo Industries Association (PIA), Kala-Amb Chamber of Commerce & Industry, M/s Kundlah Loh Udyog, M/s Prime Steel Industries Pvt. Ltd., M/s JB Rolling Mills Ltd., M/s HM Steel Ltd. and other steel producers have submitted that the Petitioner has estimated a significant increase in Interest Cost, which is estimated at Rs. 361.94 Cr. against an approved value of Rs. 254.14 Cr. for FY 25 and projected to increase further to Rs. 391.29 Cr. in FY 26. Such a disproportionate increase as compared to a decrease in total revenue from Rs. 8720.80 Cr to Rs. 8552.86 Cr can in no way be justified. It is suggested that this increase be disallowed and it being a controllable parameter must be controlled in proportion to the sales revenue. When the utility is getting the return on equity, any such inefficiencies cannot be passed through to the Consumers and must be met from their own profits.

8.29.2 The BBN Industries Association, M/s Vardhman Textiles Ltd., Consumer Representative (Sh. K.S. Dhaulta) have submitted that a very high interest cost is charged at 12.38% for FY 2025-26, which is too much in comparison to prevailing interest rate in the market. Discom may be asked to look for competitive interest rate, which should not be more than 8-9%.

***Petitioner's Response***

8.29.3 The Petitioner has submitted that the interest and financing cost is having following four components:

1. Interest on Long term loans
2. Interest on Working Capital
3. Interest on Security Deposit
4. LC and Other Bank Charges

8.29.4 Out of above four components the interest on working capital is calculated every year based on the ARR of the respective years and interest on security deposit is calculated based on the amount of security deposit with the HPSEBL in line with provisions of the HPERC (Security Deposit) Regulations, 2005 as amended from time to time.

8.29.5 The interest on working capital is calculated as per provisions of Regulation 34 of the HPERC (Multi Year Wheeling Tariff and Retail Supply Tariff) Regulations, 2023 which is reproduced as below:

*"34. Interest on Working Capital: The Distribution Licensee shall be allowed interest on estimated level of working capital for the financial year, computed as follows:-*

*(a) O&M expenses for one month;*

*(b) Two months equivalent of expected revenue;*

*(c) Maintenance spares @ 40% of R&M expenses for one month; and Less:*

*(d) Security deposits from Consumers, if any:*

*Provided that the interest on working capital shall be on normative basis and rate of interest shall be equal to the weighted average of one-year Marginal Cost of Funds based Lending Rate (MCLR) as declared by the State Bank of India from time to time for the financial year in which the application for the determination of Tariff is made plus 350 basis points:*

*Provided further that interest shall be allowed on Consumer security deposits and security deposits from Distribution System users at the Bank Rate as on the date on which the Petition for determination of Tariff is accepted by the Commission."*

8.29.6 The interest on working capital has been calculated in line with the above provisions as under:

| Particulars | FY 2025-26 |
|---|---|
| O&M Expenses for One Month | 543.46 |
| Revenue from Sale of Electricity equivalent to 2 months average billing | 1425.48 |
| Maintenance Spares 40% of the R&M Expenses for one month | 61.388 |
| LESS: Consumer Deposit | 574.22 |
| Working Capital Requirement | 1456.1 |
| Rate of Working Capital | 12.38% |
| Interest on Working Capital | 180.27 |

8.29.7 The interest on security deposit has been revised from Rs. 44.05 Cr. to Rs. 38.76 Cr. based on the estimates of security deposit. The interest and financing charges for FY 2025-26 has accordingly been proposed as under:

| Particulars | FY 2025-26 | |
|---|---|---|
| | Approved in MYT Order | Revised Estimate |
| Interest on Long Term Loans | 165.96 | 165.96 |
| Interest on Working Capital | 83.25 | 180.27 |
| Interest on Security Deposit | 44.05 | 38.76 |
| LC and Other Bank Charges | 6.3 | 6.3 |
| **Total Interest and Financing Charges** | **299.56** | **391.29** |

8.29.8 The interest and financing charges including interest on the working capital has been projected as per the provisions of HPERC MYT Regulations, 2023.

8.29.9 About getting RoE for inefficiencies, the HPSEBL is not getting huge return on account of RoE as already explained in the relevant section and is being allowed only a small amount of RoE after deducting an amount of Rs. 47.5 Cr on account of pension liability of erstwhile pensioners of HPSEB.

***Commission's Observations***

8.29.10 The Commission has gone through the submissions of the Petitioner with regard to the interest and finance charges. The Commission has scrutinized the same and has allowed the charges in line with the methodology laid down under the MYT Regulations, 2023, as discussed in the relevant section of this Order.

## 8.30 Return on Equity for FY 2024-25 and FY 2025-26

***Stakeholders Submissions***

8.30.1 The BBN Industries Association and M/s Vardhman Textiles Ltd. have submitted that Rs.96.49 crore is claimed as return on equity which is not acceptable.

***Petitioner's Response***

8.30.2 The Petitioner has submitted that for the tariff for FY 2025-26, the RoE as per MYT order dated 15.03.2024 has been approved by the Commission as Rs. 96.49 Cr. out of which Rs. 47.50 Cr. has been disallowed/adjusted towards the terminal benefits of the erstwhile HPSEB pensioners and balance amount of Rs. 48.99 Cr. only has been allowed in the ARR for FY 2025-26 which is also further subject to True-Up based on the capitalisation done during FY 2025-26 and actual equity infused therein.

***Commission's Observations***

8.30.3 The Commission has gone through the submissions of the Petitioner with regard to the RoE. The Commission has analysed the same and has approved the RoE for FY 2024-25 and FY 2025-26 as per the MYT Regulations, as discussed in the relevant section of this Order.

## 8.31 Power Purchase

***Stakeholders Submissions***

8.31.1 The Confederation of Indian Industries (CII), Parwanoo Industries Association (PIA), Kala-Amb Chamber of Commerce & Industry, BBN Industries Association, M/s Kundlah Loh Udyog, M/s Prime Steel Industries Pvt. Ltd., M/s JB Rolling Mills Ltd., M/s HM Steel Ltd. and other steel producers and M/s Vardhman Textiles Ltd. have submitted that the Power Purchase cost must be determined keeping in mind that during the last year, the free Power owned by the State Government was not considered available to the Petitioner at the time of finalization of the Tariff. However, it was around the mid-year that this Power was handed over to the Petitioner. Therefore, the estimates and projections for FY 26 may go wrong if they are purely based on the approved cost of Power purchase during FY25. Furthermore, there is no provision of free Power from GoHP for FY26. Thus, the Stakeholders have requested the Commission to take up the matter with Government to supply free Power from all sources to Discom on long term basis on average price of solar/wind/hybrid Power, which is Rs.2.50/unit for next 25 years as given to other Discom through tender mode. This would help in keeping price of the

Power in the State competitive in Order to stop industry flying to other States as Himachal Pradesh does not enjoy any comparative advantage and in-fact suffer from locational disadvantage. Power business is very dynamic and disposing of any such Power would be a challenge as also noted by Commission in Directive to Discom in ARR. It would not be possible for Government to optimize the available Power, which it may end up surrendering and/or selling at exchange at uncertain price, which may go very low at times. However, if Government does not agree then all charges related to Transmission of Power from generation point to consumption point with in State as well as State periphery including wheeling charges, additional charges, fixed charges and others should be taken from Government for using Discom Transmission system.

***Petitioner's Response***

8.31.2 The Petitioner has submitted that the HP Government has only made available the free Power in respect of the generating stations directly connected to the HPSEBL stations to the tune of 520.55 MUs during FY 2024-25 and the impact of the same shall be reflected in the True up of FY 2024-25. It is further submitted that in the ARR for FY 2025-26, the HPSEBL has estimated Government of HP free Power to the tune of 675.69 Mus. However, the same is also further subjected to availability from Government of HP.

8.31.3 The Petitioner has further submitted that the decision on the suggestion by the Stakeholder is not in the purview of the HPSEB, according to the Electricity (Removal of Difficulties) Third Order, 2005, the State Government receiving free electricity from Hydro Power generating stations shall have discretion to disposed off such electricity in the manner it deems fit according to the provision of the Act. Further, if such electricity is sold by the State Government to a distribution licensee, the concerned State Commission shall have Powers to regulate the price at which such electricity is to be procured by the distribution licensee.

8.31.4 Further, the GoHP has only made available the free Power in respect of the generating stations directly connected to the HPSEBL stations to the tune of 520.55 MUs during FY 2024-25 and accordingly, in the ARR for FY 2025-26 the HPSEBL has estimated GoHP free Power to the tune of 675.69 MUs, however, the same is also further subjected to availability by Government. of HP.

***Commission's Observations***

8.31.5 The Commission concurs with the submissions of the Stakeholders that the Petitioner must follow commercial principles and Merit Order while procuring the Power. The Petitioner must ensure to get back the already surrendered sources of Power instead of buying expensive Power from the Power Exchanges.

8.31.6 The Power procurement is a major cost in the ARR of the HPSEBL. It has been observed that the HPSEBL has procured short term Power through Power Exchanges at very high rates. This shows poor management and the lack of planning on the part of the HPSEBL. The Commission directs the

HPSEBL to plan the Power procurement in a judicious manner so that the inefficient costs are not passed on to the Consumers of the State.

8.31.7 The matter of utilization of GoHP free Power by the HPSEBL needs to be taken up with the GoHP by the HPSEBL strongly. However, the Tariff for free Power is separately determined by the Commission based on the methodology detailed in the Order. This is a win-win scenario wherein both GoHP and the HPSEBL get benefited. The HPSEBL is getting the Power at a reasonable price and the GoHP is also getting stable revenue without worrying for market volatility.

## 8.32 Voltage-wise Losses & Cost of Supply

***Stakeholders Submissions***

8.32.1 The Confederation of Indian Industries (CII), Parwanoo Industries Association (PIA), Kala-Amb Chamber of Commerce & Industry, BBN Industries Association, M/s Kundlah Loh Udyog, M/s Prime Steel Industries Pvt. Ltd., M/s JB Rolling Mills Ltd., M/s HM Steel Ltd., other steel producers and M/s Vardhman Textiles Ltd. have submitted that the Tariff should be based upon the "Voltage Wise Cost of Supply" rather than the "Average Cost of Supply". It was also submitted that by subjecting the Tariff upon the "Average Cost of Supply", the same is an act of giving undue preference upon the domestic category of Consumers where the cost of supply works out to be on the higher side as the supply is being given at low voltage. As a consequence of the same, the cross subsidy of the subsidizing class has been growing which is hidden. The HPSEBL and the Commission have brushed aside this issue by relying upon the National Tariff Policy, which permits the variation to be ±20% of the average cost of supply. There is a fundamental error which is apparent on the face of the record and there is no progress in this direction from year to year even though the Commission may justify the cross subsidy to be within the upper limits of the National Electricity Policy.

***Petitioner's Response***

8.32.2 The Petitioner has submitted that as per provisions of HPERC (Multi Year Wheeling Tariff and Retail Supply Tariff) Regulations, 2023, (for the control period FY 2024-25 to FY 2028-29), there is provision of Tariff at ±20% of Average Cost of Supply in line with the provision of National Tariff Policy, 2016. The Regulation 41(2)(d) of the above Regulations provides that the Tariff for the Consumer categories other than lifeline category has to be within (-) 10% to (+) 10% of the Average Cost of Supply by the end of the Control Period i.e. by 31st March, 2029. Accordingly, the HPSEBL has filed the Tariff structure before the Commission for FY 2025-26.

***Commission's Observations***

8.32.3 The Commission is already determining voltage wise losses for the purpose of the open access Consumers. However, the Commission is of the view that the implementation of the voltage wise Tariff to the retail Consumers shall take some more time. Moreover, the National Tariff Policy at present also specifies the Tariff at ±20% of average cost of supply. First target before the Commission is to achieve a uniform Tariff equal to the Average Cost of Supply to all the categories of the Consumers. The Tariff is slowly and steadily moving in that direction. Thereafter, we can think of applying other principles of determination of the Tariff. Accordingly, the Commission finds merits to continue with the existing approach of determining the Tariff based on average cost of supply.

## 8.33 Time of Day Tariff

***Stakeholders Submissions***

8.33.1 The Confederation of Indian Industries (CII), Parwanoo Industries Association (PIA), Kala-Amb Chamber of Commerce & Industry have submitted that the ministry of Power has recently issued advisory/ instructions to introduce such time of the day Tariff in which the Tariff during solar hours i.e. day hours have to be cheaper by 20% of the normal Tariff. In the amended Rule 8A of the Electricity (Rights of Consumers) Amendment Rules, 2023, it has been notified that while deciding the Time of the Day Tariff, the Commission should determine the Tariff for peak hours to at least 1.20 times the normal Tariff, whereas the Tariff for solar hours during the day, shall be at least 20% less than the normal Tariff for that category of Consumer. While our Tariff already meets the first part, the second part still remains to be introduced.

***Petitioner's Response***

8.33.2 The Petitioner has submitted that at present the proportion of Power purchase from Solar by the HPSEBL is very less as compared to the total Power purchase quantum and as such rebate will result in increase in Tariff during other time blocks in view of the fact that average Power purchase in respect of solar Power in the State is higher as compared to average Power purchase cost. The provisions of the Rules notified by Government of India may be incorporated in the Tariff for next Control Period after installation of Smart meters and the tie up of more solar resources on long term basis.

***Commission's Observations***

8.33.3 Regarding limiting the peak charges to atleast 1.20 times of the normal Tariff, the Commission is of the view that the Petitioner is in a process of installing smart meters to all its Consumers under RDSS. Smart meters have multiple features which will help in analysing and managing the load in a better way. The Commission feels that it will be in a better position to take an informed decision with regard to implementation of ToD Tariff in future in consultation with all the Stakeholders. In view of the above, the Commission decides to continue with the existing methodology of determining the peak charges.

## 8.34 Rebate on Prepaid Meters

***Stakeholders Submissions***

8.34.1 The Confederation of Indian Industries (CII), Parwanoo Industries Association (PIA), Kala-Amb Chamber of Commerce & Industry, M/s Kundlah Loh Udyog, M/s Prime Steel Industries Pvt. Ltd., M/s JB Rolling Mills Ltd., M/s HM Steel Ltd. and other steel producers have submitted that the rebate applicable to prepaid meters was reduced by the Commission from 3% to 1.5% on energy charges. The comparison between the outstanding liability at any time of a pre-paid and post-paid Consumer will reveal that there is a difference of three months in the liquidity cycle. Whereas on one hand a prepaid Consumer pays for one month in advance, while the post-paid Consumer enjoys a credit to the tune of about 2 months. Therefore, it has been prayed to restore the rebate to 3% in the next Tariff Order in the interest of fairness.

***Petitioner's Response***

8.34.2 The Petitioner has submitted that the Commission during the Tariff of FY 2024-25 has reduced the rebate from 3% to 1.5% on energy charges for prepaid meters which may be continued being logically correct in view of late payment surcharge. The objector has also made it clear that the postpaid Consumers enjoy a credit to the tune of 2 months but has not supported the interest and other liabilities of Discom to manage the funds to pay the outstanding dues.

***Commission's Observations***

8.34.3 The Commission agrees with the submissions of the Petitioner. The Commission also believes that the Consumers are required to be incentivised for opting to prepaid meters. Keeping above in view, the Commission has continued with the existing rebate of 1.5% on the Tariff for the Consumers with prepaid mode of operation. The rate of 1.5% for availing rebate for prepaid meter is uniform for all category of the Consumers.

## 8.35 Load Factor based rebate

***Stakeholders Submissions***

8.35.1 M/s Kundlah Loh Udyog, M/s Prime Steel Industries Pvt. Ltd., M/s JB Rolling Mills Ltd., M/s HM Steel Ltd. and other steel producers have submitted that most of the steel industries have a very high load factor of about 70%. It is appropriate to evaluate the same and introduce load factor rebate in the upcoming Tariff. This will also serve as justified measure in case the introduction of voltage-based Tariff is further delayed by the Commission.

8.35.2 They have also submitted that industries in the HT2 and EHT tariff categories have a steady load throughout the day, which benefits the distribution licensee. These industries require minimal service costs due to high load density, allowing the electricity supplier to save significantly on service expenses. Hence, load factor-based rebate should be introduced.

8.35.3 M/s Kundlah Loh Udyog has requested that all the Consumers should not be kept under a single category. The Consumers consuming higher load should be given rebate because their line loss is very less which will also benefit the HPSEBL. The BBN Industries Association has submitted that the categories of Industrial Consumers be re-defined for helping small investors.

***Petitioner's Response***

8.35.4 The Petitioner has submitted that in Uttarakhand, the Tariff in terms of energy charges is more for higher load factor. Further, in order to provide continuous supply to the industry, supply surcharge @ 15% on energy charges is levied to the industrial Consumers like steel industries in

Uttarakhand. While in Himachal Pradesh, concessions are being provided to promote the energy consumption. The HPSEBL has also studied the issue of load factor of various categories of Consumers and due to two-part Tariff, their per unit cost with low load factor is more as compared to the higher load factor Consumers. The concession/rebate, if any, to any Consumers or any category of Consumers will result in burden on other Consumers/categories.

8.35.5 The Petitioner has submitted that the fact mentioned by the Stakeholder regarding the minimal service costs due to high load density, is equally applicable to other industrial Consumers.

8.35.6 Regarding the re-categorization of the Consumers, the Petitioner has submitted that as per tariff order, the Industrial Consumers have been categorized as small (CD up to 50KVA), medium (CD above 50KVA up to 100KVA) and large industrial (CD more than 100KVA). The large Industrial Consumers have been further sub categorized as HT-I with CD up to 1000KVA, HT-2 with CD above 1000KVA. The EHT Consumers are also separately categorized as 66K,132KV and 220KV. The energy charges are accordingly fixed based on the supply voltage and the suggestion of the objector has already been taken care in the tariff structure.

***Commission's Observations***

8.35.7 The Commission has deliberated on this issue at length and is of the view that the Load Factor based rebate may be given in a time when the DISCOM is having surplus power capacity. But here the case is different wherein the Petitioner is facing deficit power scenario especially during the period October to March. And, the Petitioner is managing the extra demand by power procurement from the short-term markets like Power Exchanges. The marginal cost of such power procurement is much higher than the selling price to the Consumers. Therefore, giving any incentive on additional power consumption at this stage may not be the right approach. However, the rebate in electricity tariff linked with the load factor is already built in the Tariff. The Tariff determined by the Commission for the Consumers governed through two-part Tariff has two components i.e., 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 the energy consumption shall be high and the same would imply reduced effective per unit charges. However, the Commission will look into this proposal of introducing load factor-based Tariff in future after doing consultations with all the Stakeholders involved. Currently, the HPSEBL is in process of installing smart meters under RDSS in the State. Smart meters shall help both the Consumers and the Utility to have better planning and visibility of the System. Thereafter, the Commission will be in position to take any inform decision in the matter.

## 8.36 Connected Load for Industrial Consumers

***Stakeholders Submissions***

8.36.1 The BBN Industries Association has submitted that the estimated sales figure for FY 2024-25 is 12,041 MUs against approved figures of 11,947 MU. The notable factor is the negligible increase rather lower sales in industrial supply.

| Categories | FY 2024-25 | |
|---|---|---|
| | Approved (MUs) | Projected (MUs) |
| Small Power Supply | 92 | 144 |
| Medium Power Supply | 118 | 108 |
| Large Power Supply | 6,798 | 6,714 |

8.36.2 This will further decrease in year FY 2025-26, if Tariff is not made competitive. Therefore, the projection of load for industry for year FY 2025-26 is not realistic.

***Petitioner's Response***

8.36.3 The Petitioner has submitted that the projections have been done based on the compounded annual growth rate for the last five years and the actual consumption during FY 2024-25 in the first half and projections for the second half. The estimated sales for FY 2024-25 have been increased by CAGR to estimate the Energy Sales for FY 2025-26 which may vary as per actual.

***Commission's Observations***

8.36.4 The Commission while projecting the sales has taken into account the previous growth trend and the economic factors as well. However, any unforeseen factors at this stage is not possible to capture. The Commission has carried out detailed scrutiny of the sales figures projected by the Petitioner for FY 2024-25 and FY 2025-26 as part of ARR and has approved the same as per the provisions of the HPERC MYT Regulation 2023, as detailed in this Order. The actual sales will be approved at the time of True up.

## 8.37 Transmission and Other charges

***Stakeholders Submissions***

8.37.1 The HPPTCL has submitted that with reference to the HPPTCL Transmission charges claimed for FY 2024-25 & 2025-26 of Rs. 276.70 Cr. and Rs. 210.80 Cr. respectively against Rs. 200.87 Cr. & Rs. 210.83 Cr. as per approved APR, the 5$^{th}$ MYT Tariff Order of the HPPTCL issued on 22$^{nd}$ January, 2025 may kindly be considered along with other Transmission assets of the HPPTCL which have not been included in the pool of the HPPTCL Transmission assets to which the HPSEBL is one of the beneficiaries.

***Petitioner's Response***

8.37.2 The Petitioner has submitted that the charges against the HPPTCL assets have been proposed on the basis of MYT Order dated 15$^{th}$ March, 2024. For FY 2025-26, HPPTCL has proposed ARR of Rs. 679.11 Cr in its MYT Petition and the Commission, vide Order dated 22$^{nd}$ January, 2025, has approved ARR of Rs. 112.17 Cr. only. However, the projections made by the HPSEBL are comparatively on higher side.

***Commission's Observations***

8.37.3 The Commission has considered the submissions and has allowed the Transmission charges after prudence check as discussed in the relevant section of this Order.

**Other Issues**

## 8.38 Direction to field units

***Stakeholders Submissions***

8.38.1 The Confederation of Indian Industries (CII), Parwanoo Industries Association (PIA) and Kala-Amb Chamber of Commerce & Industry have submitted that there is a wide gap between the Tariff Order and the instructions imparted to the field in respect of Tariff by the Chief Engineer of the Petitioner. It has been noticed that over the past few years, the practice of issuance of circulars and displaying them in public domain has been discontinued. As a result, each Division of the Petitioner interprets the Tariff Order in a different manner, which has resulted in difference of opinion and increased litigation. It should be a standard practice that whenever there is a change in Tariff Order, a circular must be issued by the Chief Engineer, informing the field officers and the Consumers about the changes that have come through in the Tariff explaining the detailed modalities with illustrations. This will facilitate to bridge the gap of perception and situations will not arise that the clarifications are sought after the lapse of several years.

***Petitioner's Response***

8.38.2 The Petitioner has submitted that the Tariff Orders are communicated to the respective field units immediately after notification by the Commission for implementation. It is further submitted that earlier the Tariff Orders were implemented by the respective field units, however, in view of computerised billing system across the State, the Tariff Order is implemented through computerised billing at the central level. It is further submitted that in the past, the circulars were issued, however, since the Tariff Order itself is self-explanatory, any circular for interpretation of the same may result in violation of Tariff Order and therefore, it has been dis-continued to avoid litigation.

***Commission's Observations***

8.38.3 The Commission is of the view that even if the Tariff Order is self-explanatory, the Petitioner must issue/impart instructions to the field units. Therefore, the Petitioner is directed to timely instruct its field units whenever there is any changes in the existing Tariff and issue a circular informing the field units and the Consumers about the changes that have come through in the Tariff.

## 8.39 Infrastructure Development Charges

***Stakeholders Submissions***

8.39.1 The Confederation of Indian Industries (CII), Parwanoo Industries Association (PIA), Kala-Amb Chamber of Commerce & Industry, BBN Industries Association, M/s Kundlah Loh Udyog, M/s Prime Steel Industries Pvt. Ltd., M/s JB Rolling Mills Ltd., M/s HM Steel Ltd. and other steel producers, M/s Vardhman Textiles Ltd. have submitted that increase in infrastructure development charges must be done away with as the same are already very high even in comparison to the other States. Infrastructure Development Charges form the initial cost and acts as a disincentive towards the growth of industry and must be kept at the lowest possible level. The HPSEBL has demanded for the increase in IDC charges by 1.33% but the Commission had already increased it to Rs. 2,500/- per KVA from Rs. 200/- on dated 18.05.2024 which is more than 12 times. This had again given a new pain to Consumers especially to the Industrial Consumers. Since there is no extra infrastructure required to be developed if a Consumer is planning to expand its production capacity & also in case the existing contract demand, the Stakeholders have prayed to provide relaxation to the Consumers who are going for the expansions or increasing contract demand in existing plants.

***Petitioner's Response***

8.39.2 The Petitioner has submitted that the Commission vide Order dated 5$^{th}$ June, 2024 has fixed the Infrastructure Development Charges which are applicable up to 31$^{st}$ March, 2025 and the HPSEBL has only applied escalation of 1.33% for the already approved rates which is based on the cost data. The Commission may increase the rates as deemed fit.

***Commission's Observations***

8.39.3 The Commission has considered the submissions. The IDC has been determined by the Commission after going through the process of Stakeholder consultation in its order dated 18.05.2024. Further, the fixation of these charges for FY 2025-26 has been discussed in detail in the relevant section of this order.

## 8.40 Reliability of Power

***Stakeholders Submissions***

8.40.1 The Confederation of Indian Industries (CII), Parwanoo Industries Association (PIA) and Kala-Amb Chamber of Commerce & Industry have mentioned that continuity of Power has become a major issue nowadays as there are absolutely no contingency plans to cover the damage of transformers and other equipment on the part of utility. The recent damage of 100 MVA 220/66kV transformer at Uperla Nangal has shown the preparedness of the Petitioner. The Consumers in the region had faced regular Power cuts for almost a fortnight. The utility should be prepared for such breakdowns and sufficient stock for replacement in such situations must lie with the Petitioner to cater for such contingencies.

8.40.2 The infrastructure in Baddi, Barotiwala, Nalagarh belt is running at its full in terms of the Sub-Station capacities, while there are no plans for augmentation in the pipeline. Adequate focus is required on the infrastructure requirement of the utility to cater to the load growth in the potential areas.

8.40.3 The status of deficient infrastructure at Kala Amb is already into the notice of the Commission and has been highlighted several times in the past years.

8.40.4 The BBN Industries Association and M/s Vardhman Textiles Ltd. have submitted that the Power cuts unless becomes essential to avoid Grid failure or to maintain the Sub-Station equipment health by avoiding over loading etc., the Petitioner may be directed to impose Power cuts uniformly across all categories of Consumers without any discrimination to industrial Consumers.

8.40.5 The BBN Industries Association has also submitted that the demand to start 24x7 fault repair service in industrial areas is long pending despite the Petitioner having surplus manpower. This action will benefit industry as well as the Entity.

***Petitioner's Response***

8.40.6 The Petitioner has submitted that in order to provide continuity of Power supply, the HPSEBL has submitted capital expenditure plan for 5$^{th}$ MYT Control Period which envisages the additional/new and augmentation of existing substation/lines which is under implementation by the HPSEBL to meet load growth and quality of supply in the State.

8.40.7 Regarding the uniformity in power cuts across all Consumer categories, the Petitioner has submitted that the suggestion of the Stakeholders has been noted for further examination and implementation, if found feasible.

8.40.8 The Petitioner has submitted that the HPSEBL is not having shortage of technical staff and is in the process of rationalization of staff so as to meet the objective of reliability of quality supply to the Consumers of the State.

***Commission's Observations***

8.40.9 The Commission has time and again directed the Petitioner to ensure the reliability of power supply. The Petitioner must follow the supply code and the Distribution Performance Regulations to provide the electricity to the Consumers within the State. Also, the Petitioner must strengthen and upgrade its distribution network so that there are no bottlenecks in supplying quality and reliable power supply. Further, the Commission is of the view that ideally there should not be any Power cuts in the State as the Commission has allowed sufficient capacity to fulfil the demand of the State. The Discom has to ensure 24x7 Power supply to the Consumers. Load factor of the domestic Consumers is generally very less in comparison to Industrial Consumer and in the light of this, the Petitioner at times may be constrained to impose load shedding on industries that have high load factor. Also, many industries have standby DG capacity to ensure continuity of supply. However, the Petitioner is directed to ensure 24x7 Power supply and minimise imposing Power cuts, if at all required, keeping in view the system requirements.

## 8.41 Rationalization of Fixed/ Demand Charges

***Stakeholders Submissions***

8.41.1 The Confederation of Indian Industries (CII), Parwanoo Industries Association (PIA) and Kala-Amb Chamber of Commerce & Industry, BBN Industries Association and M/s Vardhman Textiles Ltd. have submitted that the demand charges for the HT2 and EHT category of Consumers are abnormally high as compared to all other States. They have requested 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.

***Petitioner's Response***

8.41.2 The Petitioner has submitted that the demand charges reflect fixed charges of utility which include O&M charges, Depreciation, Interest charges, fixed cost related to Generation and these components are different for different States. The reduction in fixed charges may be recovered through proportionate increase in the energy charges of industrial Consumers. It is mentioned that the comparison of Demand charges with the neighboring States may not give clear picture of the Tariff as in Uttarakhand, the same are higher than HP. The average billing rate (which is reflecting demand and energy charges) of HP is still lower as compared to neighboring States.

***Commission's Observations***

8.41.3 Regarding rationalisation of Fixed/ Demand Charges, it is relevant to mention that the fixed/ Demand Charges to be recovered by way of tariff correspond to the fixed cost of the HPSEBL. Presently, these charges determined by the Commission do not represent the fixed cost of the HPSEBL to serve its Consumers. The fixed cost of HPSEBL consists of O&M cost, depreciation, interest on loan, return on equity and capacity charges of Power procurement etc., which makes it little bit higher as O&M cost in our state is much higher. If all these charges are to be recovered by way of Fixed/ Demand Charges, the present Fixed Charges being levied would become abnormally high. Therefore, the contentions of the Objectors that the Fixed/ Demand Charges are quite high do not holds any merit.

8.41.4 Further, the main concern for the 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. It would not be justified to increase the Energy Charges of all Consumers to recover the additional amount on account of reduced Demand Charges of industry.

## 8.42 Applicability of Temporary Tariff to Consumers who do not supply NOC from local Body/Town and Country Planning

***Stakeholders Submissions***

8.42.1 The Confederation of Indian Industries (CII), Parwanoo Industries Association (PIA) and Kala-Amb Chamber of Commerce & Industry have submitted that the Commission may review the tariff scheme for "Temporary Metered Supply" for industrial Consumers who lack an NOC from statutory authorities. They have further submitted that the current approach promotes non-compliance with building norms, corruption, and other unfair practices. However, the HPSEBL has not addressed or responded to these concerns. Since these issues were not discussed in the Tariff Order, they should be reconsidered and reviewed.

8.42.2 The Stakeholders have further mentioned that the Commission has failed to appreciate that while fixing the Tariff for the different categories of the Consumers, it does not have a jurisdiction to change the category of the Consumer, in case of want of any document. It is important to note that applicability of the Tariff is dependent upon the category of the Consumer and the category of the Consumer is dependent upon the nature of use/ activity of the Consumer. It is submitted that the requirement of any document, without there being any change in the purpose of the electricity connection of a Consumer, will not change the category of the Consumer. This is a fundamental error which is apparent on the face of the whole case and also, a sufficient reason, why the review qua this ground may be undertaken by the Commission.

8.42.3 The Commission has also perpetuated the discrimination by passing of this Order qua this issue. It is mostly the domestic Consumer who is getting the connection without the NOC from the statutory authorities and as a consequence, the Commission by way of the Tariff Order, ordered the domestic Consumers to be charged with the highest slab of the Tariff under the domestic category. However, in the schedule of the "Temporary Metered Supply", under clause 1 of the applicability, it is made clear that this shall be applicable to those Consumers which do not have NOC from the statutory authority. Now the conjoint reading/ harmonious reading of the Tariff Order would suggest that those Consumers who do not have NOC from the statutory authority, Tariff category of the "Temporary Metered Supply" will be applicable to them. However, the same is with one exception that in case the Consumer belongs to the domestic category, he will not be charged with the Tariff category of the "Temporary Metered Supply" but with the Tariff category under the "domestic category" only. The same suffers from discrimination and undue preference, which is against Section 62(3) of the Electricity Act 2003 and also, Article 14 of the Constitution of India. This is a fundamental error which is apparent on the face of the whole case and also, a sufficient reason, why the review qua this ground may be undertaken by the Commission.

8.42.4 The Stakeholders have further submitted that NOC from the statutory authority can be stalled on account of various reasons including the fault, which can be attributable to a Consumer. However, the same is not a situation in all cases as the fault can be attributable to other factors including the exigencies of the State Authorities, for which no fault can be attributable to a Consumer. It is important to note that, in case a Consumer does not have NOC from the Statutory Authority, the Tariff of the "Temporary Metered Supply", is applicable which is much higher than the other Tariffs. In other words, if a Consumer does not have NOC, the higher Tariff as a penalty will be made applicable to the Consumer. However, the same suffers from the vice of arbitrariness. It is a settled position under the law that penal consequences cannot be attributable on account of assumption/presumption. In the present case, the Commission overlooked this aspect. It is submitted that, as non-issuance of NOC can be on account of various factors, as such fault cannot be attributable to the Consumer and in all cases, it cannot be presumed that in those cases also, the Consumer is at fault and that the penalty in the form of applying the Tariff of the "Temporary Metered Supply" be made applicable to the Consumer. The Consumer cannot be made liable for the inactions, which are not attributable to the Consumer. The same will go against the objective, preamble and the spirit of the Electricity Act, 2003, which is a Consumer friendly and a beneficial piece of the legislation.

***Petitioner's Response***

8.42.5 The Petitioner has submitted that the present objection/suggestions are related to the provisions of Supply code wherein the requirement of documents for release of documents to single part consumes and two-part Consumers has been approved by the Commission. The relevant provisions are as under:

*"3.1.2.1 For the new connections covered under single part Tariff, the Application and Agreement form shall be required to be accompanied, apart from the test report, with only two mandatory documents, namely - (1) identity proof (i.e. Passport, Aadhar Card, voter card etc.) of the applicant; and (2) proof of applicant's ownership or occupancy over the premises for which new connection is being sought or in the absence of any proof of ownership or occupancy, any other address proof not given as part of identity proof under (1) above.*

*3.1.2.2 For the new connections covered under two-part Tariff, the Commission shall specify the list of documents as per sub-para 3.1.2:*

*Provided that till such time the Commission specifies such list of documents, the licensee shall continue to entertain the Applications alongwith the documents as per the prevailing practice being followed by it:*

*Provided further that any other agreement required for supply of electricity, in addition to the normal agreement on Application form, shall also become the part of the Application and Agreement form and there shall not be any requirement of a separate agreement form.";*

*"3.1.2.3 In case of a new connection, where an applicant is unable to produce "No Objection Certificate" for seeking electricity connection, from the Statutory Authority (ies) like the Panchayat, Municipality or the Town and Country Development Authority (by whatever name called), the licensee shall not refuse electricity connection to an applicant seeking electricity connection, only for want of such "No Objection Certificate" and shall, release the electricity connection to such applicant on the submission of the undertaking/declaration to the extent that the licensee may disconnect the electricity connection under reference, in the event of a legally binding Order issued by the Statutory Authority (ies) for disconnection of supply owing to any default/non-compliance of statutory provisions. However, such connections shall be regularised by the Licensee only on the submission of the sanction letter from the concerned statutory authority of the area. This shall be without prejudice to any other rights of the licensee including that of getting its payment due as on the date of disconnection".*

8.42.6 The Petitioner has submitted that Commission vide Order dated 24.08.2022 has approved the list of documents for release of new connection in respect of two part Tariff Consumers as per provisions of clause 3.1.2.2 of supply code wherein under sr. no. (a) (vii) the requirement of NOC from statutory authority has been mentioned and it has been mentioned that in case applicant is unable to produce such NOCs the connection may be released under "Temporary Metered Supply Category" as per the provisions of clause 3.1.2.3 of sub para 3.1.2 of HP Electricity Supply Code, 2009 by submitting an undertaking on plain paper as per Annexure-I.

8.42.7 The Petitioner has further submitted that for single part Tariff Consumers, irrespective of categories, there is no provision for obtaining NOC for release of permanent connection, however, in view of provisions of Supply Code, the NOC condition is applicable for two-part Tariff Consumers. It is submitted that applicability of highest slab for domestic Consumers without NOC has been Ordered by the Commission in the Tariff Order for FY 2024-25 which is being implemented by the HPSEBL after filing the clarificatory Petition and Order by the Commission.

***Commission's Observations***

8.42.8 The Commission has gone through the submissions. The Commission partially agrees to the response of the Petitioner. Further, the Commission is of the view that in case the industries are able to segregate their load as per the requirement of the Domestic Category then, the Domestic Tariff without NOC shall be applicable.

## 8.43 Tariff Structure

***Stakeholders Submissions***

8.43.1 The Confederation of Indian Industries (CII), Parwanoo Industries Association (PIA), Kala-Amb Chamber of Commerce & Industry have submitted that the MSME sector plays a crucial role in India's economic growth, but small industrial supply has seen negative growth in recent years. Despite lower tariffs, these industries are not expanding as expected. The main issue is the lack of adequate electrical infrastructure. Currently, industries with a contract demand of 20-25 kVA must install an 11 kV setup due to the 50 kW/kVA limit for 415V supply, which requires an investment of around Rs. 5 lakh. Small industries are unlikely to opt for such high-cost HV connections. To support their growth, the threshold for 11 kV supply should be increased, allowing 415V connections for industries with contract demand up to 100 kVA. This would require re-categorizing small and medium Consumers and implementing a single-part tariff for loads up to 50 kW. Neighboring States like Punjab and Haryana allow 415V connections up to 100 kVA, and Delhi permits them up to 150 kVA. Expanding 415V infrastructure would need additional investment in the distribution network. Additionally, the process for obtaining an electricity connection should be simplified to improve ease of doing business. The draft sixth amendment of the Supply Code, 2009, does not address these challenges for small and medium industries.

8.43.2 The BBN Industries Association have submitted that the industry is divided into three segments, which needs urgent revision in line with policy of GOI to promote MSMEs. It is long pending prayer of Industry. Our prayer is as under:

| Category | Present status (KVA) | Proposed (KVA) |
|---|---|---|
| Micro | No category | 0-100 |
| Small | 0-50 | 101-250 |
| Medium | 50-100 | 251-500 |
| Large | Above 100 | 501 and above |

***Petitioner's Response***

8.43.3 The Petitioner has submitted that the present comments/suggestions are mostly related to standard supply voltage for release of connection to small industries which is not in the scope of present Petition and is to be dealt as per supply code notified by commission in pursuance to provisions of section 50 of Electricity Act, 2003.

8.43.4 The Petitioner has further submitted that present categorization is done by the Commission and is being continued from last so many years. The Tariff policy also provides for minimum category/sub-category.

***Commission's Observations***

8.43.5 The Commission agrees with the submissions of the Petitioner that this issue is pertaining to the Supply Code and cannot be addressed in the present Petition.

## 8.44 Rebate on energy charges to Industrial Consumers

***Stakeholders Submissions***

8.44.1 The M/s Vardhman Textiles Ltd. have submitted that the expansion of industrial unit is duly approved by the industry department of the HP Government based on investment and other parameters and reduction in Tariff is given as an incentive to invest in the State. Therefore, once such investment is approved and actually happened, the related Power Tariff incentive cannot be withheld as a matter of industrial policy.

8.44.2 In case, a Consumer consumes more Power than threshold consumption, which is decided based on past consumption (in some States highest of last 3 years consumption) then incentive is given. Incentive in such case is one time only, however, increased consumption gives higher revenue year after year to the Discom. Because of this reason, the threshold consumption-based incentive is given to the industry to grow and consume more Power. This should not be withdrawn and must be continued.

8.44.3 However, if contract demand is reduced for 2-3 months and then increased and become base for claiming lower Power Tariff as incentive, the same should be discouraged in consultation with the industry.

8.44.4 Thus, for either expansion or setting up new industrial unit, incentive should be given if there is incremental increase in Power consumption from Discom.

8.44.5 The Confederation of Indian Industries (CII), Parwanoo Industries Association (PIA), Kala-Amb Chamber of Commerce & Industry, BBN Industries Association, M/s Kundlah Loh Udyog, M/s Prime Steel Industries Pvt. Ltd., M/s JB Rolling Mills Ltd., M/s HM Steel Ltd. and other steel producers have submitted that the incentives in the form of industrial policy and concessional rate of electricity duty were introduced since 2017 by the State Government to encourage the growth of industry in the State of Himachal Pradesh. A similar approach is also reflected in the tariff orders notified by the Commission, which too incentivised the load growth by providing rebates ranging from 10% to 15% on additional consumption for a period of three years. Such measures were introduced by the Commission to increase the volumes of the sale of electricity so that a minimum amount of surplus power is sold outside the State. The State Government had a different objective , which was in terms of the increased employment opportunities for the local population. The main objective of introducing the industrial incentives policy was actually to increase revenue for the State Government which included revenue from GST, Income Tax, Registration fee of land and buildings, and various other revenue heads including transport.

***Petitioner's Response***

8.44.6 The Petitioner has submitted that the HPSEBL in the previous year submission as well as in the present submission has proposed to withdraw the rebates in view of the fact that such rebates are only availed by selected industrial Consumers and the desired objective of coming more industries has not been achieved. Rather the rebates have resulted in litigations. Since the Tariff is based on average cost of supply, the rebate allowed to one Consumer has to be compensated by the other Consumer.

8.44.7 The Petitioner has further submitted that the incentive of 10 % to 15% provided in the tariff order for a period of three years does not have a major impact in industrial growth in HP since these rebates are availed by only some of the industries and the burden on this account is being born by other categories of Consumers/Industrial units which are not availing such benefit. The Petitioner has further submitted that such rebates have led to multiple litigations with the HPSEBL.

***Commission's Observations***

8.44.8 The Commission believes that the role of the industries in overall growth of the State has been immense. Keeping this in mind, the Commission had given rebate on energy charges to the new Industries and those Industries doing substantial expansion in the past years. The Commission feels that it has helped in the growth of the Energy Sales of the Petitioner as well as economy of the State. But allowing the rebate this year may not be sustainable as the Petitioner's winter deficit of power has increased over the years and the Petitioner even had to procure substantial power at the platform of Power Exchanges during current FY 2024-25 at higher tariff. However, the eligible Consumers will continue to get the rebate for three years as promised in the respective tariff orders.

## 8.45 Rate of Green Energy

***Stakeholders Submissions***

8.45.1 The BBN Industries Association and M/s Vardhman Textiles Ltd. have submitted that the Petitioner has set the green power rate at 39 paisa/unit for FY 2025 but has proposed increasing it to the REC rate of previous months. This approach is unfair to both the Discom and green energy Consumers.

8.45.2 The HPSEBL wants to pass 100% of the green power cost to Consumers under RPPO obligations, assuming they will get better prices in the market. However, this would effectively increase power costs by 39 paisa/unit.

8.45.3 In the FY 2024-25 Tariff Order, the HPSEBL has requested approval for issuing green energy certificates, stating that in order to certify 100% green energy, it must procure green power for Consumers in every time slot. Since this is not always available, especially in lean seasons, the HPSEBL would need to buy green power from the market or purchase RECs, leading to additional costs.

8.45.4 The Commission has calculated the green energy rate based on the fact that about 85% of the HPSEBL's power comes from renewable sources, meaning most of its supply is already green. While industrial Consumers must meet their Renewable Purchase Obligations (RPOs) by buying RECs, some want the HPSEBL to provide 100% green energy.

8.45.5 Every Consumer is getting around 85% green energy. It means, the green energy certificate up to 85% of power should not be charged. The Stakeholders have requested the Commission to direct the HPSEBL to issue green energy certificates up to 85% to the Consumers without any extra cost. Only if Consumer demands certificate for 100% green energy, in that case for the 15% of power (100-85) should be charged as per tariff order.

***Petitioner's Response***

8.45.6 The Petitioner has submitted that the HPERC on dated 17.12.2024 has notified HPERC (Terms and Conditions for Green Energy Open excess and Banking) Regulations, 2024 which provide for requisition of Green energy by any Consumer of the State from distribution licensee who has contracted demand or sanctioned load of 100 KW or more either through single connection or through multiple connections aggregating 100 KW or more located in same Electricity Division of the distribution licensee and the charges to be paid by such Consumers shall be as determined by the Commission.

8.45.7 Consumers have demanded that the green energy certificate up to 85% of the Power being made available by the HPSEBL to all the Consumers of the State which is not in line with the provisions of the said Regulations. As per the prevailing Regulations the Consumer has to apply for green energy from the HPSEBL for the quantum up to 100% of the consumption for a minimum period of 12 months. As per Regulation, 12 of HPERC (Terms and Condition for Green Energy open excess and Banking) Regulations, 2024, distribution licensee shall provide green energy certificate on yearly basis to the Consumers for the green energy supplied by the licensee to the Consumers on its request, beyond the renewable Power obligation of the Consumers.

***Commission's Observations***

8.45.8 The Commission is aware of the fact that around 85% of the Power purchased by the HPSEBL is from the Renewable Energy Sources. As such, the major portion of energy supplied by the HPSEBL to its Consumers is effectively Green Energy. The Open Access Consumers are obligated to comply with the Renewable Power Purchase Obligation for which they may purchase RECs from the market. However, certain Industrial Consumers want the HPSEBL to supply them 100% Green Energy. Keeping this in view, the Commission has computed the rate of green Power as discussed in the relevant section of this order. Further, the requisition of the green power by the Consumers and issuance of the Green Energy Certificates has to be as per the provisions of the HPERC (Terms and Condition for Green Energy open excess and Banking) Regulations, 2024. However, there should not be any problem in issuance of a certificate by the Petitioner to a Consumer, stating the approximate percentage quantum of renewable power in total power sale of the Petitioner, if any such request is received by the Petitioner. The Petitioner may charge some nominal fee per Consumer as administrative cost for issuing such certificate.

## 8.46 Principal and Interest payment towards UDAY Bonds

***Stakeholders Submissions***

8.46.1 With respect to Commission's directive on Principal and Interest payment towards UDAY Bonds, the BBN Industries Association, M/s Vardhman Textiles Ltd. and Consumer Representative (Sh. K.S. Dhaulta) have requested the Commission to disallow all such interest claimed by Discom on UDAY Bonds. Furthermore, the status of UDAY bond and its conversion between grants and equity should be shared with Consumers. There should not be any amount allowed as equity by the Commission till the amount is actually infused in the Discom as cash.

8.46.2 Further, return on such converted equity should not be more than interest on long term loan. The Consumer interest should not be sacrificed by way of paying higher return on equity than long term interest rate.

***Petitioner's Response***

8.46.3 The Petitioner has submitted that Government. has not converted the UDAY loan into grant & equity as per Tripartite Agreement. The matter is being continuously followed with GoHP. The Commission has allowed the interest only on the capital loan amounting to Rs. 42.24 Cr up to FY 2021-22 and from FY 2022-23 onwards, the same has been discontinued. In case the repayment of principal as well as interest is to be done by the HPSEBL, the organization may not sustain since the same is not being allowed in the Tariff.

***Commission's Observations***

8.46.4 The Commission has noted the submissions and response of the Petitioner. The Commission has not allowed any interest and repayment to the Petitioner on account of the issuance of the UDAY bonds by the GoHP as per the tripartite agreement entered between GoI, GoHP and the HPSEBL.

## 8.47 Higher voltage rebate based on Category wise cost of supply

***Stakeholders Submissions***

8.47.1 M/s JB Rolling Mills Ltd. has submitted that in HP, the electricity Tariff structure presently does not follow a voltage wise Tariff system, which is a standard practice in most other States. In our State, the Tariff for higher voltage Consumers is higher than that of lower voltage Consumers, whereas technically, the losses at higher voltages are minimal, and the infrastructure cost for Power supply is significantly lower. Industries operating on EHV have installed their own substations, which not only reduces the load on the HPSEBL's infrastructure but also ensures efficient Power consumption with minimal Transmission and distribution losses. Despite these advantages, the current Tariff structure does not provide any benefit to EHV Consumers, making industrial operations financially unviable. In States like Punjab, Haryana, and Uttar Pradesh, the Tariff for higher voltage Consumers is lower than that for lower voltage Consumers, recognizing the efficiency and lower losses associated with EHV. The Stakeholders have thus requested the Commission to align HP's Tariff structure with the industry standards followed across other States by implementing a voltage wise Tariff system which will encourage industrial growth and improve overall Power efficiency in the State.

8.47.2 The BBN Industries Association and M/s Vardhman Textiles Ltd. have submitted that EHT Consumer category wise cost of supply is 79% of average cost of supply as determined by the Commission in its last Tariff Order while the average revenue collection from EHT Consumers is 105% of average cost of supply. Thus, there is a big gap between 79% (cost) of CCOS and 105% (Tariff) charged from EHT Consumers about 26-30%. The Stakeholders have requested that the same should be narrowed down by giving a Higher Voltage Rebate of 40-50 paisa /unit or EHT Tariff based on fixed separately reflecting some portion of the above gap mentioned, if the gap cannot be fully eliminated.

***Petitioner's Response***

8.47.3 The Petitioner has responded that the Average Billing Rate of the Large Industrial Consumer is less as compared to the Average Billing Rate of all the Consumers as a whole. The Petitioner has further submitted that the High Voltage Supply Rebate falls under the provision of HP Electricity Supply Code, 2009, as amended from time to time, and not the subject matter of the present Petition.

***Commission's Observations***

8.47.4 The Commission has noted down the submissions of the Stakeholders and the Petitioner. The Commission is of the opinion that the stage has not yet come to move away from the existing principle of Tariff determination based on Average Cost of Supply (ACoS). However, the cross subsidy based on the ACoS principle is one of the lowest in the country. Also, the Commission has streamlined the tariff differentials at the different voltage levels in the recent years.

## 8.48 Connected load in KW be replaced with contract demand

***Stakeholders Submissions***

8.48.1 The BBN Industries Association and M/s Vardhman Textiles Ltd. have submitted that all the motors, heaters, lighting and other electrical appliances draw Current in Amperes and consumption is recorded in KVAh and accordingly the billing is also made in KVAh & KVA only. Also, a contract demand is sanctioned by HPSEB which is entered in A & A form. Since, we 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. It is merely a handle with utility officials to harass the Consumers and totally non-productive work leading to inefficiency. We understand that this concept has already been implemented by some other States like Maharashtra, Madhya Pradesh and Punjab Electricity Boards and have requested 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.

***Petitioner's Response***

8.48.2 The Petitioner has submitted that the billing as well as industrial categorization of small, medium and large is done based on contract demand entered by the Consumer in the agreement for supply of Power. The connected load is based on the actual installation of plant and machinery in the premises of the Consumer and to be verified at the time of release of load to a Consumer for planning of the system to cater to the demand of Consumer and cannot be done away with as suggested. It is further submitted that the issue raised in the suggestion is related to the provisions of H.P. Electricity Supply Code, 2009 which is not in the scope of the present Petition.

***Commission's Observations***

8.48.3 The Commission observes that the categorization of Industries into small, medium and large industries is based on Contract Demand. Further, the charges payable (Tariff) are also based on Contract Demand. The issue raised by the Stakeholder is pertaining to the Supply Code. Therefore, the Commission finds it appropriate not to comment on the matter in this Order. However, the Commission has noted down the concern of the Stakeholders and shall address this matter separately at appropriate time.

### 8.49 Relaxation of Peak Hours Tariff during peak hours

***Stakeholders Submissions***

8.49.1 The BBN Industries Association and M/s Vardhman Textiles Ltd. have 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 Stakeholders have 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 the HPSEBL.

***Petitioner's Response***

8.49.2 The Petitioner has submitted that the rate of Power during peak hours is more than the energy charges approved for the peak hours and to meet the demand during peak hours, additional Power purchase cost has to be incurred resulting in overall Power purchase cost. Therefore, the Petitioner has requested the Commission to keep the peak hour differential without any change.

***Commission's Observations***

8.49.3 The Commission feels that with the increase in Solar Power Generation, the Power availability during the day has increased and correspondingly, the rates for Power purchase during the day in the Power markets/exchanges has started reducing and it may further reduce in future as well. However, the peak hours rates are still on the higher side in the Power Exchanges. The main aim for introduction of peak hours Tariff was not only to smoothen the load curve of the HPSEBL but also to ensure that the HPSEBL does not need to arrange extra Power during the peak hours to cater to the needs of the Industrial Consumers.

8.49.4 The above may not hold in the future and the Commission will review the same once the differential of power rates during peak and off-peak hours get reduced. For the present, the Commission decides to continue with the peak hour Tariff as applicable presently.

## 8.50 Transfer of Transmission Assets of the HPSEBL to the HPPTCL

***Stakeholders Submissions***

8.50.1 The HPPTCL has stated that the entire losses are being charged to the HPSEBL resulting in penalty for losses attributable to STU also. In context to this, the Stakeholders have submitted that the 15 Nos. HPSEBL Transmission lines have been transferred to HPPTCL without bays/Sub-Station still lying under the possession of the HPSEBL leading to complexity in calculation of Transmission losses. In order to resolve said issue and as per directions of the Commission in 5th MYT Tariff Order of HPPTCL, HPPTCL has been rigorously pursuing the matter with Government of Himachal Pradesh (GoHP) to expedite the transfer of Transmission assets from the HPSEBL to HPPTCL, essential for accurately measuring standalone Transmission losses. In view of above, the Stakeholders have requested the Commission to impart instructions to the Petitioner to transfer EHV Transmission system to HPPTCL in a time bound manner in the interest of State. It will not only help in the better management of EHV System but shall also help in reduction of cost of Supply of Power to the end Consumers in the State.

***Petitioner's Response***

8.50.2 The Petitioner has submitted that the T&D losses have been worked out for the State as a whole based on the energy input and consumption in the State. These losses include the T&D losses of HPPTCL also for which the HPSEBL is being penalized since the segregation of losses have not been done till date. The Petitioner has further submitted that till the DISCOM is operating the system, there is no need for bifurcation of EHV losses since separate Petition is not being filed by the HPSEBL.

8.50.3 Further, the Petitioner has submitted that the issue raised in the comments/ objections is a policy decision to be taken by the Government in pursuance to the provisions of Electricity Act and the Reform Scheme implemented by GoHP in the State and do not require any reply from the Petitioner.

***Commission's Observations***

8.50.4 The Commission has noted the comments submitted by the Stakeholders. In most of the States, the DISCOM is having distribution network upto 33 kV only. In our State, the GoHP has not transferred all the transmission assets more than 66 kV to the HPPTCL i.e. Transmission licensee operating in the State. The transfer of these Transmission assets of the HPSEBL to the HPPTCL is the prerogative of the GoHP. The Stakeholder is, therefore, required to approach the GoHP on this issue. However, the Commission has already taken up the matter with the GoHP separately.

## 8.51 Smart Meters

***Stakeholders Submissions***

8.51.1 Consumer Representative (Sh. K.S. Dhaulta) has submitted that despite the Capital Investment on infrastructure and smart meters, the HPSEBL has not been able to reduce the T&D loss of its network. The Commission is requested not to burden inefficiency of the HPSEBL on the retail Consumers. Further, it has been noticed that the installation work of smart meters in the fields are being executed with very lower pace and even a lot of Consumers are not getting energy meters with in time frame as scheduled by the Commission. Even some Consumers are getting energy meter (either Smart Energy Meters or Electronic Energy Meters) after six months or after one year which may result in loss to the Consumers as well as the Petitioner. In this regard, the Commission is requested to give strict directions to the HPSEBL to arrange energy meters within time so that Consumer should not be in trouble.

***Petitioner's Response***

8.51.2 It has been submitted by the Petitioner that the progress of installation of Smart Meters was slow in the initial phase and various issues were there which now stands resolved. Now, the energy meters are made available for the release of the connections which were pending on account of their non-availability.

***Commission's Observations***

8.51.3 The Commission has noted the submissions made by the Stakeholder. The Commission has taken up this matter with the Petitioner separately in a meeting with their management as well. The management of the Petitioner has informed that there has been initial delay in tendering of these works but now the award has been placed to the successful bidders in all the zones and the implementation of the same shall take place in the coming financial year. The Commission would also like to highlight that due to the poor planning and implementation lapses in implementation of Smart Energy Meter Scheme by the HPSEBL in Shimla and Dharamshala cities, benefits of Smart Metering have not been achieved yet. Clearly the Petitioner could not reap the full benefit of the Scheme as all the Energy Meters required to be replaced with Smart Meters could not be executed and still the Petitioner is incurring the same operational cost which it was doing earlier, on account of the left-out Meters. The Commission, therefore, directs the Petitioner that it should demonstrate the notional savings on this account while filing the tariff Petition for the next financial year failing which the Commission shall be constrained to disallow this cost which will not be passed through to the Consumers of the State. Discom has to keep in mind that technological interventions have to have commensurate benefits rather than passing on the burden of the additional cost to the Consumers of the State. The Commission's stand on this issue is very clear that no additional burden will be passed through in the tariff. The Commission further directs the Petitioner to roll out smart meter project to fulfill the requirements of MOP, GoI notification dated 14.06.2023.

## 8.52 Environment & Milk Cess

***Stakeholders Submissions***

8.52.1 The Confederation of Indian Industries (CII), Parwanoo Industries Association (PIA), Kala-Amb Chamber of Commerce & Industry, M/s Kundlah Loh Udyog, M/s Prime Steel Industries Pvt. Ltd., M/s JB Rolling Mills Ltd., M/s HM Steel Ltd. and other steel producers have submitted that the Industrial Category of Consumers, which constitute almost 60% of the overall sales of the HPSEBL have suffered a drastic tariff shock during the financial year 2024-25, with a steep increase of Re. 1 per unit notified by the Commission in its last tariff dated 15.03.2024. The imposition of new cesses termed as environment cess and the milk cess @ Rs. 0.10 each, has further put a question mark on the very existence of the industry due to a challenge to their competitiveness across the Country.

***Petitioner's Response***

8.52.2 The Petitioner has submitted that the issue of imposition of Cess by the State Govt. is not within the purview of the present Petition.

***Commission's Observations***

8.52.3 The Commission has noted down the concern of the Stakeholders regarding increase in electricity tariff last year. The tariff hike was inevitable due to increase in legitimate cost of the Petitioner. However, the Commission has given strict directions to the Petitioner to become efficient and to curtail its costs especially the high employee cost. The Petitioner has taken note of it and has started working in this direction. The result of which shall be visible in the near future. The imposition of the environment cess, milk cess etc. by the GoHP does not fall in the purview of the Commission and the stakeholders are advised to take up this matter with the GoHP.

## 8.53 Unbundling of the Electricity Board

***Stakeholders Submissions***

8.53.1 The Confederation of Indian Industries (CII), Parwanoo Industries Association (PIA), Kala-Amb Chamber of Commerce & Industry, M/s Kundlah Loh Udyog, M/s Prime Steel Industries Pvt. Ltd., M/s JB Rolling Mills Ltd., M/s HM Steel Ltd. and other steel producers have submitted that the State Government has failed in the restructuring and proper unbundling of the Electricity Board into three separate functions i.e. generation, transmission and distribution. A major part of the transmission function is still retained by the distribution licensee, which is a unique model in the Country. In the absence of proper segregation of assets to separate organizations with clear boundaries in terms of functions and assets, the tariff exercise is suffering. Even in the present ARR, a huge content is of transmission expenses, which does not allow transparency of the tariff system.

***Petitioner's Response***

8.53.2 The Petitioner has submitted that the restructuring of HPSEBL as per provisions of Electricity Act, 2003,is in the purview of State Govt. The Stakeholder has raised the issue of Transmission assets segregation and its impact on tariff system, to which the Petitioner has submitted that the restructuring is in the purview of the Govt. However in so far as the tariff is concerned, there may not be much difference in the tariff for the Consumers of DISCOM since the transmission charges and transmission losses may add to the ARR of the DISCOM resulting in tariff increase to Consumers of State.

***Commission's Observations***

8.53.3 The restructuring of the erstwhile HPSEB and further rationalizing the existing HPSEBL organization framework as suggested by the Stakeholders, has been a policy decision of the GoHP. However, the Commission, has time and again given advice in this regard to the GoHP under Section 86 of the Electricity Act, 2003 so as to make power sector in the State more efficient and sustainable.

## 8.54 Wheeling and Retail Supply Business

***Stakeholders Submissions***

8.54.1 M/s Malana Power Company Limited has submitted that the Petitioner has submitted that the total energy sold by it to the Consumers located within the State of Himachal Pradesh is approx. 12,604 MUs and that the total energy of the generators connected to the system is approx. 5,932 MUs (thus making the total energy flow in the system as 18,593 MUs). While submitting the calculations for the wheeling charges, the Petitioner has completely ignored the total energy flow in the system which is contrary to the provisions of the Act, policy and mandate of the Regulations and law upheld by the Hon'ble APTEL. Therefore, the Stakeholder has submitted that the wheeling charges are required to be calculated by considering the entire energy flow in the system i.e. energy of the Consumers as well as the energy of the generators.

8.54.2 M/s Malana Power Company Limited has further submitted that the Section 61 of the Electricity Act, 2003 mandates the Commission to specify the terms and conditions for the determination of tariff and for doing so, shall be guided by various principles one of which for the commercial principle as given here in below:-

*"61 (b) the generation, transmission, distribution and supply of electricity are conducted on commercial principles;"*

8.54.3 Following the provisions of the Act, the Commission has framed the tariff Regulations, 2011 for determination of supply charge and wheeling charge for the distribution system of the Petitioner/ HPSEBL and the Regulation 5 stipulates that: -

*"5. Segregation of Wheeling and Retail Supply Business*

*(1) The distribution licensee shall segregate the accounts of the licensed business into wheeling business and retail supply business. The ARR for wheeling business shall be used to determine wheeling charges and the ARR for retail supply business to determine retail supply tariff.*

*(2) Till such time there is complete segregation of accounts, the licensees shall prepare an allocation statement to apportion costs and revenues to respective business. The allocation statement, approved by the board of directors/whole time directors of the licensee, shall be accompanied with an explanation of the methodology which should be consistent over the control period."*

8.54.4 Th allocation ratio proposed by the Board cannot be inconsistent with the commercial principles as mandated by the Act 2004. In its Petition, the Petitioner has submitted an allocation ratio of the ARR, between Wheeling and Retail Supply as under: -

| 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 | 72% | 28% |
| R&M Expense | 71% | 29% |
| A&G Expense | 35% | 65% |
| Interest and Financing Charges | 56% | 44% |
| Depreciation | 94% | 6% |
| Return on Equity | 100% | 0% |
| Non-Tariff Income | 0% | 100% |
| Wheeling Charges | 100% | 0% |

8.54.5 The aforesaid allocation ratio submitted by the Petitioner is not on the basis of the commercial principles mandated in the Regulations and that the same is without the methodology as mandated in the Regulations. Therefore, the allocation ratio proposed isnot in line with the mandate of the Act as well as the Regulations.

***Petitioner's Response***

8.54.6 The reply of the Petitioner on above submissions of M/s Malana has not been received as the comments of the stakeholder has been received quite late after the due date.

***Commission's Observations***

8.54.7 The Commission has noted the submissions of the Stakeholder. The Commission has already taken up the matter with the Petitioner and has also issued directives on above points in the previous Tariff Orders. Further, the Commission has incorporated directives in this Order as well wherever there is any contradiction with respect to the Regulations.

# 9 Final True up of Uncontrollable parameters for FY 2022-23 under the 4th MYT Control Period

## 9.1 Background

9.1.1 In the absence of final audited accounts of FY 2022-23 approved by CAG, the Commission, vide Order dated 15th March, 2024, had carried out the provisional True up for FY 2022-23 and has further stated that the Commission shall review the provisional True up carried out in the said Order in the next year Tariff filings. The relevant extract of the Order is as under:

> *"7.1.2 It is observed that the Petitioner has not submitted the CAG audited accounts for FY 2022-23. In response to the query, the Petitioner informed that the CAG Audit for FY 2022-23 is undergoing and the report of the same after approval from CAG-New Delhi is expected to be completed by 20.03.2024.* ***In the absence of the CAG Audited accounts, the Commission is undertaking a provisional True up for FY 2022-23.*** *Further, it has been observed that during the scrutiny of the True up figures submitted by the Petitioner, it has been submitting additional claims and details with respect to the already claimed amount against the parameters. Therefore, due to time constraints and non-submissions of the CAG audit report, the Commission feels appropriate to continue with a provisional True up.* ***The Commission shall review the provisional True up carried out in this Order in the next year Tariff filings. Additionally, certain claims which have remained unexplained or were submitted in response to the deficiencies letters for which adequate prudence check could not be undertaken. The Commission shall review the pending and additional claims at the time of final Truing up based on CAG Audited accounts****." (****emphasis added****)*

9.1.2 Now, HPSEBL has filed the Petition for final True up of uncontrollable parameters for FY 2022-23 on the basis of variation in actual expenses and revenue in FY 2022-23 vis-à-vis the expenses and revenue provisionally approved for FY 2022-23 in the Multi Year Tariff (MYT) Order for 5th MYT Control Period dated 15th March, 2024. The Petitioner has submitted the final annual audited accounts approved by CAG for the period 1st April, 2022 to 31st March, 2023 to support the actual expense and revenue for FY 2022-23.

9.1.3 The ARR approved by the Commission in the provisional True up carried out in MYT Order dated 15th March, 2024 and claimed by the Petitioner in the final True up now is shown in the table below:

**Table 142: Aggregate Revenue Requirement claimed by the Petitioner for FY23 (Rs. Cr.)**

| Particulars | Provisional True up | Claimed in Final True up |
|---|---|---|
| Power Purchase Expenses | 4,649.76 | 4,661.51* |
| **Operation & Maintenance Costs** | **2,578.55** | **2,597.50** |
| *Employee Cost* | *2,374.04* | *2,395.14* |
| *R&M Cost* | *129.01* | *126.24* |
| *A&G Cost* | *75.50* | *76.12* |
| Interest & Financing Charges | 210.34 | 210.64 |
| Depreciation | 167.33 | 167.33 |
| Return on Equity | 62.74 | 62.74 |
| Miscellaneous written off | 0.00 | 80.64 |
| Less: Non-Tariff & Other Income | -68.07 | -64.78 |
| **Aggregate Revenue Requirement (ARR)** | **7,600.65** | **7,715.60** |
| Add: Adjustments | | |
| True up for FY21 | -526.98 | -526.98 |
| Impact of True up 3rd Control Period Controllable parameters FY 15 to 19 | -473.68 | -473.68 |
| Provisioning towards CGS Orders | - | - |
| Provision towards impact of 6th pay Commission revision | - | - |
| Add Past Adjustment | 5.22 | - |
| **Net ARR including adjustment** | **6,605.21** | **6,714.94** |
| **Revenue** | | |
| Revenue from sale of Power within state | 6,346.23 | 6,346.23 |
| Revenue from sale of Power outside state | 398.61 | 399.52 |
| **Total Revenue** | **6,744.84** | **6,745.74** |
| **Revenue Surplus/(Gap)** | **139.62** | **30.81** |

**Cost of power purchase from Own Generating Station was revised from Rs. 262.91 Cr. to Rs. 263.36 Cr. in the 5th reply dated 05.03.2025.*

9.1.4 In response to the Commission's query, the Petitioner has highlighted expenditure and revenue wherein there is a variation with respect to Petitioner's claim in the provisional True up Petition and final True up Petition. After the analysis of the submissions made by the Petitioner, the differences have been observed in the final True up on account of the following:

(a) **Power purchase cost and quantum** has been revised based on the Regional Energy Accounts (REAs) for 4th quarter of FY 2022-23 and correspondingly, revision in penalty for under achievement of T&D loss.

(b) **Power Purchase from Own Generating Stations:** The Petitioner has revised Power purchase quantum (MUs) as well as cost from Own Generating Stations based on the SLDC certificate.

(c) **Minor variation in Intra-state Transmission charges**

(d) **Variation in O&M expenses**:

i. The Petitioner has claimed Employee expenses, R&M expenses and A&G expenses including the expenses associated with S&I and Project wing;

ii. There is change in the allocation of R&M expenses across different business wings of HPSEBL. An amount of Rs. 2.83 Cr., related to Hydraulic works under Generation Business, was inadvertently included in the Line and Cable works under Distribution Business. This has been corrected and resulted in reduction of R&M expenses of Distribution Business;

iii. The Petitioner has claimed Rs. 0.68 Cr. towards the arbitration charges and Rs. 0.25 Cr. towards statutory dues payable. A detailed analysis for these expenses has been done in the "A&G expenses" Section of this Chapter;

(e) **Other Bank charges:** The Petitioner has claimed Rs. 0.15 Cr. as Other Bank charges which includes Bank charges, interest on GPF, Bank charges between board offices and Bank commission for collection from Consumers.

(f) **Non-Tariff income:** The Petitioner has not considered certain incomes under Non-Tariff income whereas, the Commission has considered the same under Non-Tariff income. The detailed analysis has been done in the "Non-Tariff" Section of this Chapter.

(g) **Adjustment in revenue (Rs. 5.22 Cr.) towards rebates provided to Tourism Sector during FY21**: In the provisional True up, the Commission had approved Rs. 5.22 Cr. towards past adjustment. Now, the Petitioner has received this amount from the GoHP. Therefore, the Petitioner has not claimed it in the final True up.

(h) **Revenue from sale of Power outside state:** In the provisional True up carried out in the MYT Order dated 15th March, 2024, the Commission had approved Rs. 398.61 Cr. as revenue from sale of Power out-side State. Now, in the final True up, the Petitioner has claimed revenue from sale of Power out-side state as Rs. 399.52 Cr.

9.1.5 The Commission has reviewed the operational and financial performance of HPSEBL for FY 2022-23 based on the audited accounts made available and has undertaken the final True up in line with the 'MYT Regulations, 2011', taking into account all the information, data submissions and necessary clarifications submitted by the Petitioner at the time of provisional True up and in the final True up as well as views expressed by the Stakeholders.

9.1.6 The relevant extract stated in the amended Regulation 11 of HPERC MYT Regulations, 2011, (Second Amendment Regulations, 2013) describe the True up as under:-

*"**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."*

9.1.7 The following Sections explain the methodology adopted by the Commission for final Truing up of uncontrollable parameters for FY 2022-23 based on the audited accounts submitted by HPSEBL for FY 2022-23.

## 9.2 Energy Sales

9.2.1 The HPSEBL in its True up Petition for FY 2022-23 has submitted the actual sales of 10,956 MUs which is same as approved by the Commission vide Order dated 15th March, 2024 in the provisional True up of FY 2022-23.

9.2.2 It is observed that there is a difference in the sales within the State and outside the State as shown in the Annual Report for FY 2022-23 and as submitted by the Petitioner in the Petition. In response to the query, the Petitioner has submitted that the data shown in the Annual Report of FY 2022-23 was provisional and the same given in the Petition has been final. For approval of sales in this True up, the Commission has considered sales as submitted in the Petition.

9.2.3 The following table shows the actual sales submitted by the Petitioner vis-à-vis the sales approved by the Commission in the provisional True up for FY 2022-23.

**Table 143: Category-wise Trued up Sales for FY23 (MUs)**

| Category | Approved in provisional True up | Actual |
|---|---|---|
| Domestic Supply | 2,620 | 2,620 |
| Non-Domestic Non-Commercial | 177 | 177 |
| Commercial Supply | 710 | 710 |
| Small Power Supply | 88 | 88 |
| Medium Power Supply | 107 | 107 |
| Large Power Supply | 6,188 | 6,188 |
| Public Lighting | 11 | 11 |
| Govt. Irrigation & Water pumping | 739 | 739 |
| Irrigation and Agriculture | 91 | 91 |
| Bulk Supply | 168 | 168 |
| Temporary | 58 | 58 |
| EV Charging Stations | 0.001 | 0.001 |
| **TOTAL** | **10,956** | **10,956** |

9.2.4 There is no difference in the energy sales considered by the Commission in the provisional True up and claimed by the Petitioner in the final True up. Accordingly, the Commission approves the actual sales as claimed by the Petitioner in the final True up of FY 2022-23.

## 9.3 Revenue from Sale of Power

9.3.1 The Commission has considered revenue of Rs. 6,346.23 Cr. for FY 2022-23, as reflected in the audited accounts and in line with the revenue submitted by the HPSEBL in its Petition.

9.3.2 The table below provides a comparison of the category-wise revenue submitted by the Petitioner and as approved by the Commission for FY 2022-23:

**Table 144: Category-wise Trued up Revenue from Sale of Power for FY23 (Rs. Cr.)**

| Particulars | Provisional True up | Petition | Final Trued up |
|---|---|---|---|
| Domestic | 1340.70 | 1340.70 | 1340.70 |
| Non-Domestic Non-Commercial | 132.32 | 132.32 | 132.32 |
| Commercial | 470.64 | 470.64 | 470.64 |
| Small Power | 61.48 | 61.48 | 61.48 |
| Medium Power | 71.71 | 71.71 | 71.71 |
| Large supply | 3,456.43 | 3,456.43 | 3,456.43 |
| Public Lighting | 6.57 | 6.57 | 6.57 |
| Govt. Irrigation & Water Pumping | 583.77 | 583.77 | 583.77 |
| IPH | 46.09 | 46.09 | 46.09 |
| Bulk and Grid supply | 122.33 | 122.33 | 122.33 |
| Temporary Metered Supply | 54.13 | 54.13 | 54.13 |
| EV Charging Stations | 0.05 | 0.05 | 0.05 |
| **Total** | **6,346.23** | **6,346.23** | **6,346.23** |

9.3.3 The Commission has also reviewed the submissions of the Petitioner for revenue from sale of Power outside the State and has considered the actual revenue of Rs. 399.52 Cr. as per the audited accounts.

## 9.4 Transmission and Distribution (T&D) Loss

9.4.1 The Commission had approved T&D loss level at 9.70% for FY 2022-23 in the MYT Order dated 29th June, 2019, for the 4th MYT Control Period (FY20-24) and retained the same loss in the Mid-Term Performance Review (MTPR) Order dated 29th March, 2022.

9.4.2 Further, in the MYT Order dated 15th March, 2024, the Commission had approved T&D loss of 10.59% in the provisional True up of FY 2022-23. The Petitioner now has claimed actual T&D loss of 10.57% in the final True up in this Petition.

9.4.3 The Petitioner has submitted REAs for 4th Quarter of FY 2022-23 in the additional submission dated 16th January, 2024. The Commission had not considered the REAs of the 4th Quarter in the provisional True up of FY 2022-23, as it was submitted at the eleventh hour.

9.4.4 Now, in the final True up, the Petitioner has submitted Power purchase quantum and Interstate Transmission loss dully incorporating the changes based on the REAs of the 4th Quarter of FY 2022-23. Therefore, there is change in Units Procured from Inter-state - Generating Stations (including free Power stations connected to ISTS), Inter-state Transmission loss and Power purchased from the exchange, as shown in the table below:

**Table 145: T&D Loss for FY23 in MUs (Provisional True up and Proposed by the Petitioner)**

| Sl. | Name of the Plant | Provisional Trued up | HPSEBL's Submission |
|---|---|---|---|
| A | Units Procured from Interstate- Generating Stations (including free Power stations connected to ISTS) (MUs) | 7,724.46 | 7730.19 |
| B | Banking Purchase at ISTS (MUs) | 2,575.55 | 2575.55 |
| C | Interstate Transmission Loss (%) | 3.61% | 3.69% |
| D | Transmission Loss (MUs) | 372.18 | 380.59 |
| **E** | **Net Energy Available at State Periphery (MUs)** | **9,927.83** | **9,925.15** |
| **F** | **Power Available within the state (i+ii+iii) (MUs)** | **4,753.35** | **4,753.35** |
| | (i) State Generating Stations (MUs) | 2,048.33 | 2048.33 |
| | (ii) GoHP Power (own generation & IPPs) (MUs) | 360.47 | 360.46 |
| | (iii) IPPs (MUs) | 2,344.56 | 2,344.56 |
| **G** | **Power from Other Sources (i+ii) (MUs)** | **541.89** | **541.10** |
| | (i) UI Power (MUs) | 156.36 | 156.35 |
| | (ii) IEX/PXIL (MUs) | 385.53 | 384.75 |
| | (iii) short term Power (MUs) | - | |
| **H** | **Total Energy Available at State Periphery (E+F+G) (MUs)** | **15,223.07** | **15,219.59** |
| | | | |
| **I** | **Energy Sales within the state (MUs)** | **10,955.73** | **10,955.73** |
| **J** | **Interstate Sale of Power (i+ii+iii) (MUs)** | **2,969.18** | **2,969.18** |
| | (i) Sale of Power (including UI, Bilateral & IEX/PXIL) (MUs) | 657.82 | 657.82 |

| Sl. | Name of the Plant | Provisional Trued up | HPSEBL's Submission |
|---|---|---|---|
| | (ii) Banking (MUs) | 2,311.36 | 2,311.36 |
| | (iii) RE sale (MUs) | - | - |
| **K** | **Total Energy Available for sale within state the state (I+J) (MUs)** | **13,924.91** | **13,924.91** |
| L | T&D loss (in MUs) (H-K) | 1,298.16 | 1,294.68 |
| **M** | **Total Energy Available for sale within the state at HP Periphery (H-J) (MUs)** | **12,253.89** | **12,250.41** |
| **N** | **T&D loss (%) (L/M) X 100** | **10.59%** | **10.57%** |

9.4.5 The Commission has considered revised numbers submitted by the Petitioner based on the revision in REAs.

9.4.6 Further, the Petitioner has also submitted that during FY 2022-23, in the Kullu Circle, a total of 445 MUs were procured from various IPPs (26 No.) at 11 kV & 33 kV supply voltage. Out of the total 445 MUs, 199.95 MUs have been consumed and remaining 245.15 MUs have been wheeled out of the circle. The month-wise energy generation and consumption from IPPs in the Kullu Circle is shown in the table below:

**Table 146: Loss on account of IPPs energy wheeled in the Kullu Circle for FY23 (MUs)**

| Month | Generation (in MU) | Energy Consumed (in MU) | Energy Wheeled (in MU) | T&D Losses Claimed (@6%) |
|---|---|---|---|---|
| April | 42.66 | 17.30 | 25.36 | 1.52 |
| May | 44.52 | 19.15 | 25.37 | 1.52 |
| June | 41.57 | 19.05 | 22.52 | 1.35 |
| July | 54.34 | 22.25 | 32.09 | 1.93 |
| August | 57.86 | 18.85 | 39.01 | 2.34 |
| September | 52.23 | 17.89 | 34.34 | 2.06 |
| October | 42.68 | 18.49 | 24.19 | 1.45 |
| November | 28.98 | 16.32 | 12.66 | 0.76 |
| December | 20.48 | 12.36 | 8.12 | 0.49 |
| January | 17.56 | 10.96 | 6.60 | 0.40 |
| February | 18.89 | 12.09 | 6.80 | 0.41 |
| Match | 23.31 | 15.24 | 8.07 | 0.48 |
| **Total** | **445.10** | **199.95** | **245.15** | **14.71** |

9.4.7 The Petitioner has submitted that the data presented in the above table depicts that in FY 2022-23, the Kullu Circle wheeled the energy out of the Circle which resulted into additional losses. The Commission notes that the energy flow in the Kullu circle is not a new or unexpected development. When setting the T&D loss trajectory for the Petitioner, the Commission had already accounted for the impact of hydro power projects connected to the Petitioner's system. Additionally, some IPPs connected to the distribution network may have helped the Petitioner to reduce the T&D losses. So, these factors as highlighted by the Petitioner, cannot be considered at this stage. Therefore, while computing the actual T&D losses and penalty thereon, in this Order, the Commission has not agreed to the request of the Petitioner.

9.4.8 The Commission has accordingly computed the T&D losses based on the energy as approved in this Order from the Interstate Generating Stations, State

Generating Stations, Free Power, IPPs and Transmission losses as discussed in the "Power purchase" Section of this Chapter.

9.4.9 Based on the approved Power purchase quantum and as per approach of the Commission adopted in the previous True up, T&D loss for FY 2022-23 has been computed, as shown in the table below:

**Table 147: T&D Loss for FY 2022-23 in MUs (Approved in Provisional True up, Proposed by the Petitioner and Trued up by the Commission)**

| Sl. | Name of the Plant | Provisional Trued up | HPSEBL's Submission | Final Trued up |
|---|---|---|---|---|
| A | Units Procured from Interstate- Generating Stations (including free Power stations connected to ISTS) (MUs) | 7,724.46 | 7730.19 | 7,730.19 |
| B | Banking Purchase at ISTS (MUs) | 2,575.55 | 2575.55 | 2,575.55 |
| C | Interstate Transmission Loss (%) | 3.61% | 3.69% | 3.69% |
| D | Transmission Loss (MUs) | 372.18 | 380.59 | 380.59 |
| **E** | **Net Energy Available at State Periphery (MUs)** | **9,927.83** | **9,925.15** | **9,925.15** |
| **F** | **Power Available within the state (i+ii+iii) (MUs)** | **4,753.35** | **4,753.35** | **4,746.54** |
| | (i) State Generating Stations (MUs) | 2,048.33 | 2048.33 | 2,041.51 |
| | (ii) GoHP Power (own generation & IPPs) (MUs) | 360.47 | 360.46 | 360.47 |
| | (iii) IPPs (MUs) | 2,344.56 | 2,344.56 | 2,344.56 |
| **G** | **Power from Other Sources (i+ii) (MUs)** | **541.89** | **541.10** | **541.10** |
| | (i) UI Power (MUs) | 156.36 | 156.35 | 156.36 |
| | (ii) IEX/PXIL (MUs) | 385.53 | 384.75 | 384.75 |
| | (iii) short term Power (MUs) | - | | - |
| **H** | **Total Energy Available at State Periphery (E+F+G) (MUs)** | **15,223.07** | **15,219.59** | **15,212.79** |
| | | | | |
| **I** | **Energy Sales within the state (MUs)** | **10,955.73** | **10,955.73** | **10,955.73** |
| **J** | **Interstate Sale of Power (i+ii+iii) (MUs)** | **2,969.18** | **2,969.18** | **2,969.18** |
| | (i) Sale of Power (including UI, Bilateral & IEX/PXIL) (MUs) | 657.82 | 657.82 | 657.82 |
| | (ii) Banking (MUs) | 2,311.36 | 2,311.36 | 2,311.36 |
| | (iii) RE sale (MUs) | - | - | - |
| **K** | **Total Energy Available for sale within state the state (I+J) (MUs)** | **13,924.91** | **13,924.91** | **13,924.91** |
| L | T&D loss (in MUs) (H-K) | 1,298.16 | 1,294.68 | 1,287.88 |
| **M** | **Total Energy Available for sale within the state at HP Periphery (H-J) (MUs)** | **12,253.89** | **12,250.41** | **12,243.61** |
| **N** | **T&D loss (%) (L/M) X 100** | **10.59%** | **10.57%** | **10.52%** |

9.4.10 The T&D loss achieved by the HPSEBL has resulted in an under-achievement of 0.82% which is eligible for penalty as per Regulation 15 of HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) (Second Amendment) Regulations, 2013.

## 9.5 Power Purchase

9.5.1 For the True up of FY 2022-23, the Petitioner has submitted Power purchased from the following generating stations:

(a) HPSEBL's own Generating Stations.
(b) Generating Stations of Himachal Pradesh Power Corporation Limited (HPPCL)
(c) Central/Joint Sector Generating Stations of NTPC, NHPC, SJVNL, NPCIL and THDC
(d) BBMB and shared stations.
(e) Private HEPs.
(f) Free and Equity Power from the GoHP
(g) Renewable Energy Sources
(h) Power exchanges and under DSM/UI

9.5.2 The Commission had approved net Power purchase cost of Rs. 4,649.76 Cr. (including Transmission and other charges) in the provisional True up of FY 2022-23. Against this, HPSEBL has claimed total Power purchase cost (including Transmission and other charges) of Rs. 4,661.51 Cr. for FY 2022-23 as per audited accounts of FY 2022-23 for final Truing up. Notional cost booked in the audited 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 Stations has been considered by the Petitioner in the total Power purchase cost of FY 2022-23. The Commission’s analysis with respect to Power purchase quantum and cost from different sources has been discussed in the paragraph below:

***Power Purchases Excluding Own Generating Stations:***

9.5.3 As discussed under Para 9.1.4, the Power purchase cost and quantum has been revised based on the REAs for the $4^{th}$ quarter of FY 2022-23 received in November 2024. On scrutiny of the submissions of the Petitioner, the Commission observed variation in the station-wise Power purchase quantum (MUs) as shown in the Annual Report of FY 2022-23 and as claimed in the Petition. In response to query raised by the Commission, the Petitioner has submitted that at the time of preparation of Annual Report, only provisional REAs were available. Thus, the data shown in the Annual Report is provisional data based on the provisional REAs. However, final REAs were issued by Northern Regional Power Committee (NRPC) in November 2024. Accordingly, the Power purchase quantum (MUs), as claimed in Petition, is correct as it is based on the HPSLDC Certificate. Therefore, the Commission has considered Power purchase quantum excluding generation from Own Generating Stations based on the HPSLDC certificate.

9.5.4 With regards to the Power purchase cost, the Commission has scrutinised the submissions made by the Petitioner including the reconciliation between the Power purchase cost claimed in the Petition and audited accounts. It is observed that the Petitioner has claimed Rs. 0.44 Cr. as variation in the Power purchase cost shown in the audited accounts and claimed in the Petition. In response to the query raised by the Commission, the Petitioner has explained that the differential amounts are not the current year expenditure but rectification of book entry due to the previous year's excess power purchase costs or refunds received from open access. By considering these adjustments here instead of being treated as other income or prior period adjustments, the current year's power purchase cost has reduced. Item wise clarification submitted by the Petitioner is as under:

**Table 148: Variation in Power Purchase Cost for FY23 submitted by the HPSEBL**

| Particulars | Difference (Rs. Cr.) | Remarks |
|---|---|---|
| M/s Adani Enterprises Limited | 0.17 | M/s Adani Enterprises Limited had got revision in scheduling of Power between REL to HPSEBL under Bilateral purchase w.e.f. 1.3.2022 to 31.3.2022 and raised credit Note on dated 24.4.2022 for refund of Open Access charges revision of Power supply. The credit note amount has not been adjusted in FY 2021-22 accounts. During FY 23, amount of Rs. 0.17 Cr. has been shown credit balance instead of expense under Purchase of Power. |
| PTC India Limited | 0.12 | Refund of Open Access w.e.f. 1.7.22 to 31.7.22 received from PTC vide credit memo dated 20.9.2022. This credit note reduced the Power purchase cost of the current year. |
| | 0.04 | NRLS refund for Excess calculation w.e.f. 1.8.22 to 31.8.22 vide credit memo dated 8.9.2022. This credit note reduced the Power purchase cost of current year. |
| CTUIL | 0.10 | Payment recoverable amount of RLDC charges from GoHP for FY23. Hence, the Power purchase cost for the year has been reduced. |
| **Total** | **0.44** | |

9.5.5 Based on the response of the Petitioner, it is observed that the variation amount is just a book entry/ rectification entry and hence cannot be allowed in the Power purchase cost.

9.5.6 With respect to cost of Power purchase excluding the cost of Power purchased from Own Generating Stations, the Commission has considered the same as per the audited accounts of FY 2022-23 and deducted notional cost booked in the audited accounts towards Banking and provision made towards LADF. The Petitioner, in the True up Petition, has clarified that an amount of Rs. 2.12 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 2022-23.

9.5.7 The reconciliation of Power purchase cost with audited accounts is shown in the table below:

**Table 149: Reconciliation of Power Purchase Cost for FY23 (Rs. Cr.)**

| Particulars | Formula | Petitioner submission | Audited accounts |
|---|---|---|---|
| Total Power Purchase Cost | A | 4,402.14 | 5,701.11 |
| Less: LADF Provision | B | 2.12 | 2.12 |
| **Power purchase cost net of LADF prov.** | **C=(A-B)** | **4,400.02** | **5,698.99** |
| Less: Banking purchase | D | - | 1,298.97 |
| **Power purchase cost net of Banking** | **F = C-D** | **4,400.02** | **4,400.02** |
| Add: Variation in Power purchase (as shown in the above table) | **G** | 0.44 | - |
| **Power Purchase Cost** | **H=F+G** | **4,400.46** | **4,400.02** |

9.5.8 It is observed that the total Power purchase cost incurred by the Petitioner is Rs. 4400.02 Cr, which also includes:

- CTUIL charges of Rs. 535.85 Cr.

- HPPTCL charges of Rs. 86.20 Cr.
- STOA charges of Rs. 35.71 Cr.
- Other charges of Rs. 20.97 Cr.
- SLDC charges of Rs. 3.81 Cr.

9.5.9 With respect to reconciliation of CTUIL charges of Rs. 535.85 Cr. with the audited accounts, the Petitioner has submitted that it has paid total Transmission and System Operation charges of Rs. 706.86 Cr. (as reflected in the accounts). This amount also includes TSO charges of Rs. 171.01 Cr. paid towards GoHP Free Power. Accordingly, the Petitioner has claimed CTUIL charges of Rs. 535.85 Cr. after netting of TSO charges recovered on behalf of the GoHP towards the share of the GoHP Free Power as shown in the table below.

**Table 150: Reconciliation of CTUIL charges for FY23 (Rs. Cr.)**

| Particulars | Amount |
|---|---|
| Total CTUIL Charges paid as per accounts | 706.86 |
| Less: TSO charges towards GoHP | 171.01 |
| **Net CTUIL charges (claimed in Petition)** | **535.85** |

9.5.10 Further, the Petitioner has paid total HPPTCL charges of Rs. 86.20 Cr., the details regarding the same has been discussed in the Para 9.6.1 under Section "Transmission and Other Charges" of this Chapter.

9.5.11 The Petitioner has also paid STOA charges Rs. 35.71 Cr. as per audited accounts.

9.5.12 The Commission has observed that the Petitioner has also claimed Rs. 20.97 Cr. towards trading margin for Banking Transaction, UPPTCL Charges, Bhudil Hydro Transmission Charges, cost towards Kanchanjunga Power Company and Power Grid Charges. In response to the query raised by the Commission, the Petitioner has submitted clarification as under:

**(a)** **UPPTCL Charges:** The Petitioner in respect of UPPTCL Charges has submitted that Tanda-II TPS of NTPC is an embedded Generator in the Intrastate Transmission network of UPPTCL and Interstate Transmission network. UPPTCL Transmission charges are payable to beneficiary UPPTCL for wheeling of energy from Tanda-II TPS through UPPTCL network.

**(b)** **Trading Margin:** The Petitioner in respect of Trading Margin has submitted that it had Banked its summer surplus Power through traders (i.e. Manikaran Power Limited and PTC India Limited) on firm basis and received it back in winter and also did the advance Banking with APPCPL in April, 2022. For carrying out the Banking transactions, Traders were paid the Trading margin by the HPSEBL as per the provision of CERC Regulations "Grant of Trading License and Other Related Matters 2020". The HPSEBL received 2509.667 MUs under Firm Banking and paid a Trading margin of Rs. 0.04/kWh total amounting to Rs. 10.04 Cr.

**(c)** **Bhudil Hydro Transmission Charges:** There was interim arrangement for evacuation of Power for 3 IPPs and charges incurred for Transmission of Power on temporary basis.

**(d)** **Power Grid Charges:** Power Grid Charges are being paid towards communication charges and other O&M activities carried out by PGCIL.

**(e)** Wheeling charges are paid to Malana Power Company Limited against usage of Malana HEP line for evacuation of IPPs Power in the region.

**(f)** Similarly, the Petitioner has incurred Wheeling/Transmission charges towards Kanchanjunga Power Company Private Limited.

9.5.13 Other Power purchase cost claimed by the Petitioner is summarised in the table below:

**Table 151: Other Power Purchase Cost for FY23 (Rs. Cr.)**

| Particulars | Amount |
|---|---|
| Trading Margin-Banking | 10.04 |
| UPPTCL Charges | 3.43 |
| Bhudil Hydro Transmission Charges | 0.97 |
| Kanchanjunga Power Company Private Limited. | 0.43 |
| Power Grid Charges | 2.82 |
| Malana Wheeling charges paid | 3.28 |
| **Total Others** | **20.97** |

9.5.14 Based on the clarifications of the Petitioner, the expenses were observed to be related to Power purchase cost and were also reconciled with the Power purchase cost as mentioned in the audited accounts for FY 2022-23. Therefore, the Commission has considered the same for Truing up. However, the Commission for computation of Power purchase cost excluding Transmission and Other Charges has deducted this amount of Rs. 20.97 Cr. from total Power Purchase Cost of Rs. 4400.02 Cr and has allowed the same separately.

9.5.15 With regards to reconciliation of SLDC charges of Rs. 3.81 Cr. with audited accounts, the Petitioner has submitted that the SLDC charges are not reflected separately in the audited accounts of FY 2022-23 and has been combined under various other charges paid to the SLDC including Deviation Settlement Account (DSA), reactive energy charges as shown in the table below:

**Table 152: SLDC and other charges submitted by HPSEBL for FY23 (Rs. Cr.)**

| Sl. | Particulars | Amount |
|---|---|---|
| I. | DSA Charges | 203.29 |
| II. | Reactive Charges (Net) | 2.60 |
| III. | SLDC Charges | 3.81 |
| | **Total** | **209.71** |

9.5.16 For FY 2022-23, the Commission has reconciled source-wise Power purchase cost for Truing up after adjustments on account of Banking and other matters. The Commission has further considered the final amount of Power purchase recorded in the audited accounts of the Petitioner and has adjusted the same for Banking, Transmission charges and other Power purchase related costs. A summary table of the Power purchase cost excluding CTUIL charges, SLDC and Other related Power purchase costs considered as per audited accounts has been provided below:

**Table 153: Power Purchase Cost (excluding CTUIL Charges, SLDC and Other related Power purchase costs) for FY23 (Rs. Cr.)**

| S. No. | Particulars | Final Trued up |
|---|---|---|
| **A** | **Total Power Purchase Cost as per Accounts** | **5,701.11** |
| | <u>Less:</u> | |
| B | Banking Power Purchase | 1,298.97 |
| C | LADF (DOE) | 2.12 |

| S. No. | Particulars | Final Trued up |
|---|---|---|
| **D** | **Total Power Purchase allowed (A-B-C)** | **4,400.02** |
| | Less: | |
| E | CTUIL Charges | 535.85 |
| F | HPPTCL | 86.20 |
| G | SLDC Charges | 3.81 |
| H | STOA charges | 35.71 |
| I | Other Charges | 20.97 |
| **J** | **Power Purchase Cost (excluding Transmission and other Charges) D-(E+F+G+H+I)** | **3,717.46** |

9.5.17 With respect to Power purchase cost for Central Generating Stations (CGS), the Commission has observed that the actual cost paid by the Petitioner for the Power procured from various Central Generating Stations has been higher than the approved Power purchase cost due to the increase in Tariff by the Central Electricity Regulatory Commission (CERC) for the CGS plants for the period FY 2019-24. Also, an amount of Rs. 158.40 Cr. was paid towards arrears for these plants during FY 2022-23 resulting in increased cost of Power procurement for these stations.

9.5.18 The Commission has also observed that the Petitioner has purchased 384.75 MUs from Power exchanges with the cost of Rs. 286.18 Cr. translating into Rs. 7.44/kWh during FY 2022-23. The Commission asked the Petitioner to submit justification for purchasing Power at such high rate. In response, the Petitioner had submitted that the HPSEBL is mandated to supply 24x7 Power, and to fulfil the obligation and demand of the State, the HPSEBL had to purchase Power from Power Exchanges under contingency conditions. The contingencies faced by the Petitioner during FY 2022-23 were as under:

- **Increase in Demand:** Demand of the State has increased by 7.5% in comparison to the previous growth rate of 4-5% in normal years.
- **Dip in Hydro generation:** The Hydro generation in the State / Northern Region did not pick up as anticipated resulting in the less Power generation/availability in comparison to the approved / anticipation made. This has resulted in contingent purchase of Power from the Power Exchanges.
- **Non-Commissioning of SHP/Solar Intrastate/Waste to Energy Plants:** The SHP/Solar Intrastate/Municipal Solid Waste to Energy projects were not commissioned as per the timelines considered for the Power procurement plan of FY 2022-23, therefore, the equivalent Power was purchased from other sources.
- **Banking Energy in April 2022**: In the month of April 2022 because of early onset of Summers, the Power deficits were managed through availing advance Banking energy to the tune of 53.42 MUs from other utilities which was returned in August 2022. In addition, there was intra-day Banking arrangement to the tune of 7.34 MUs and stand settled in the same month.
- **Coal/Gas shortage due to Russia–Ukraine War:** The Russia-Ukraine war had led to a surge in global coal prices, affecting India's Power sector. As India heavily relies on coal for electricity generation, the shortage increased the cost of Power purchased and high demand led to higher prices at Power exchange. The rising coal prices elevated production costs for thermal Power plants, subsequently impacting the overall expenses borne by utilities. The

detail of the Power procurement by the HPSEBL through the Power Exchanges during FY 2022-23 has been as under:

**Table 154: Details of Power Purchase Cost through Exchanges for FY23 submitted by Petitioner.**

| Particulars | Power Purchase Quantum (MUs) | Power Purchase Cost (Rs. Cr.) | Rs./kWh |
|---|---|---|---|
| Contingency Purchase (IEX) | 370.48 | 285.53 | 7.71 |
| Contingency Purchase (PXIL) | 14.27 | 0.65 | 0.46 |
| **Total** | **384.75** | **286.18** | **7.44** |

9.5.19 The Commission has observed that the Petitioner has also paid Rs. 205.89 Cr. against UI/DSM purchase with total Power purchase quantum from UI/DSM as 156.35 MUs. In response to the Commission's query, the Petitioner has clarified that the total amount of Rs. 205.89 Cr. comprises of Rs. 203.29 Cr. for UI/DSM and Rs. 2.60 Cr. payable towards reactive charges. Further, the Commission asked the Petitioner to provide reconciliation of UI/DSM charges claimed in the Petition and shown in the audited accounts of FY 2022-23 and the reconciliation of DSM charges provided by the Petitioner is shown in the table below:

**Table 155: Reconciliation of DSM charges with audited accounts (Rs. Cr.)**

| Particulars | Amount |
|---|---|
| UI/DSM charges as per audited accounts | 209.71 |
| Less: SLDC charges | 3.81 |
| DSM Charges | 205.89 |

9.5.20 After scrutiny of the submission of the Petitioner, the Commission has observed that amount claimed towards UI/DSM charges also has past arrears, reactive energy charges, additional DSM charges, sustained DSM charges and adjustment amount. In response to queries raised by the Commission as well as during the TVS, the Petitioner has clarified that the past arrears are amounting to Rs. 58.42 Cr. This includes Rs. 32.88 Cr. for the week no. 52 of FY 2021-22, as it was not considered earlier. The remaining amount is towards the revision of DSM charges on account of the correction of scheduled energy data of HPSEBL and due to correction in Sustained Deviation amount as per Sub-Regulation (b) of Regulation 9A of HPERC (Deviation Settlement Mechanism and Related Matters) Regulations, 2018 (First Amendment). The Petitioner has also submitted the following with respect to Additional DSM charges, Sustained Deviation amount and adjustment charges:

(a) **Additional DSM charges**: In addition to charges for Deviation as defined under Regulation 7 of HPERC (Deviation Settlement Mechanism and Related Matters) Regulations, 2018 (herein referred as "HPERC DSM Regulations, 2018), as amended from time to time, additional charges for deviation are applicable for incremental over-drawal as well as under-injection of electricity for each slab in respect of each time block in excess of the volume limit specified in Regulation 8 of HPERC DSM Regulations, 2018 and its amendment from time to time.

(b) **Additional Charges for Sustained Deviation**: In addition to the DSM charges and additional DSM charges as per Regulations 7, 8 and 9 HPERC DSM Regulations, 2018 and its amendment from time to time, State Entity is also liable to pay the additional charges for not meeting the requirements for change in sign of Deviation.

(c) **Adjustment amount**: Adjustment amount is applicable in respect of the difference between the provisions of HPERC DSM Regulations, 2018 and CERC DSM Regulations.

9.5.21 The Commission understands the concern with respect to scheduling and drawl of energy. However, the Petitioner is required to undertake adequate planning to avoid such situations where the Power drawn under UI is at such higher rates (Rs. 9.27/kWh). Based on the information submitted by the Petitioner, it is observed that apart from normal deviation charges, the Petitioner has paid an amount of Rs. 27.29 Cr. towards additional deviation charges and Rs. 12.82 Cr. towards additional charges for sustained deviation out of Rs. 203.29 Cr., which is a significant amount. These charges are additional burden on the ARR and indicates the poor planning of Power procurement by the Petitioner. In the MTPR Order dated March 29, 2022, the Petitioner was directed to do proper planning for Short-Term Power purchase with load forecasting tools. The relevant extract of the Order is as under:

> *"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 surcharges 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 the event of Petitioner unable to do so, the Commission shall be constraint to disallow such additional surcharge in future Truing up."*

9.5.22 It seems that despite of the clear-cut direction of the Commission, the Petitioner has not taken adequate steps to avoid/ mitigate the burden of the DSM charges. Instead, it continued to incur these charges along with the additional and sustained deviation charges. The Commission is of the firm opinion that the additional and sustained deviation charges are penalty on the Petitioner on account of non-adherence to the grid discipline. Therefore, the Commission is of the view that it should not be passed through in the Tariff. However, seeing the financial difficulties of the Petitioner, the Commission has allowed the additional deviation charges to be recovered in the Tariff but all the sustained deviation charges paid by the Petitioner cannot be passed through in the Tariff. Accordingly, the Commission feels it appropriate to disallow 50% of sustained DSM charges (Rs. 12.82 Cr.) in the True up for FY 2022-23 as the same was due to poor Power purchase planning of the Petitioner. **The Commission expresses serious concern over the continued procurement of unscheduled Power and the resultant high amount of additional/sustained deviation charges and directs the Petitioner to undertake adequate steps for reducing the high burden of DSM charges.**

***Power Purchases from Own Generating Stations:***

9.5.23 With respect to the actual energy generated from the Petitioner's own Generating Stations, it has been observed that auxiliary energy consumption (MU) and net energy purchased (MU) shown in the Annual Report for FY 2022-23 and submitted in the Petition do not match. In response to the Commission's query, the Petitioner has submitted revised station wise Power purchase quantum in MUs i.e. ex-bus generation, auxiliary consumption, free Power and net generation and cost. To substantiate purchased power (Mus), the Petitioner has submitted SLDC certificate. The Commission observed that SLDC has certified Ex-Bus Generation for the stations other than Killar, Sach, Purthi, Bhabha Aug. and Sural. Accordingly, the Commission has considered Power purchase quantum from Own Generating Stations (other than Killar, Sach, Purthi, Bhabha Aug. and Sural) based on the SLDC certificate and for Killar, Sach, Purthi, Bhabha Aug. and Sural stations, the energy quantum (MUs) have been considered as submitted by the Petitioner. However, any variation in energy (MUs) and their corresponding cost will be dealt in the True up Order of Generation Business. With respect to Larji Station, the Petitioner has claimed ex-bus generation as 611.13 MUs. Whereas, the same as per the SLDC certificate is 604.56 Mus. The Commission has considered the power purchase quantum for the True-up as certified by the SLDC. However, any variation in MUs and corresponding cost will be dealt in the True-up Order of the Generation Business.

9.5.24 Further, the Commission has computed the cost of Power from Own Generating Stations based on the energy units, as discussed in the above Section and the Tariff approved for the respective Generating Stations for FY 2022-23 as per the MYT Order for Generation Business dated 11$^{th}$ November, 2021. For own Generating Stations with capacity lower than 25 MW, the Petitioner has requested to consider the PPA rates for Ligthi, Billing, Sach Sural and Purthi Stations. Accordingly, the Commission has considered PPA rates for Truing up of the cost of Power purchase from these stations. For Killar, the Commission has considered the Generic Tariff of Rs. 2.25/kWh as approved in the Order dated 15$^{th}$January, 2014 in Petition No. 54/2013. However, in case of Ghanvi II HEP, the Commission has considered the Project Specific Levelized Tariff of Rs. 3.16/kWh as approved vide Order dated 28$^{th}$September, 2022. It is further observed that the Petitioner has claimed Rs. 14.73 Cr. towards arrears for Ghanvi-II HEP based on the revised Tariff of this station. The Commission has considered the arrears amount as per the claim of the Petitioner.

9.5.25 Based on the above considerations and in line with the provisions of the HPERC MYT Regulations, 2011, as amended from time to time, the Commission has reassessed the energy units and cost for Own Generating Stations as summarised below:

**Table 156: Power Purchase computed by the Commission from Own Generating Stations for FY23**

| Name of Station | Net Generation (MUs) | Amount (Rs. Cr.) |
|---|---:|---:|
| Bhaba | 626.24 | 50.88 |
| Bassi | 305.69 | 19.57 |
| Giri | 230.90 | 26.03 |
| Andhra | 62.41 | 10.42 |
| Ghanvi-I | 75.04 | 16.88 |
| Baner | 33.87 | 9.78 |
| Gaj | 32.99 | 9.83 |
| Larji | 530.89 | 64.73 |
| Khauli | 35.44 | 7.97 |
| Binwa | 25.96 | 6.54 |

| Name of Station | Net Generation (MUs) | Amount (Rs. Cr.) |
|---|---|---|
| Thirot | 8.54 | 1.92 |
| Gumma | 6.50 | 1.46 |
| Holi | 5.64 | 1.27 |
| Bhaba Aug. | 4.88 | 1.10 |
| Nogli | 4.65 | 2.56 |
| Rongtong | 0.71 | 1.56 |
| Chaba | 4.56 | 1.97 |
| Rukti | 3.65 | 0.44 |
| BS Chamba | 1.14 | 0.45 |
| Ghanvi-II | 37.87 | 26.69* |
| Ligthi | 0.21 | 0.05 |
| Billing | 1.17 | 0.29 |
| Killar | 0.47 | 0.11 |
| Sach | 1.69 | 0.50 |
| Sural | 0.28 | 0.08 |
| Purthi | 0.14 | 0.04 |
| **Total** | **2,041.51** | **263.13** |

**Total cost is including arrear of Rs. 14.73 Cr. for Ghanvi-II.*

### 9.6 Transmission and Other Charges

9.6.1 While considering the PGCIL Transmission charges, it is observed that an amount of Rs. 535.85 Cr. has been claimed by the Petitioner after excluding the amount recoverable from GoHP sale of free Power. However, the Petitioner has included an amount of Rs. 58.15 Cr. towards PowerGrid Kala Amb Transmission Limited Assets (PKATL assets) and Rs. 1.06 Cr. towards Hamirpur asset as non-PoC charges.

9.6.2 With regard to the charges pertaining to PKATL asset, the Commission in the Tariff Order dated 31st March, 2023 had provisionally considered the actual amount paid to PGCIL for FY 2021-22 towards PKATL assets to avoid any financial hardships to the HPSEBL and stated that the matter shall be reviewed in the subsequent Tariff Order based on the outcome of the appeal filed by the Petitioner for the review of the CERC judgement. The relevant extract of the Order dated 31st March, 2023 is as under:

*"6.6.3 In view of the submissions of the Petitioner and taking in view that a revised Order is awaited from CERC in the matter, the Commission has provisionally considered the actual amount paid to PGCIL for FY 2021-22 towards PKATL Assets to avoid any financial hardships to HPSEBL. The Commission shall review the matter in subsequent Tariff Orders. Also, in case of Hamirpur assets, the Commission has considered the actual payment of Rs. 0.74 Cr. during FY 2021-22 as per accounts."*

9.6.3 Since, HPSEBL had made payment against the PKATL assets and Hamirpur assets during FY 2022-23 and these amounts have been booked in the audited accounts of FY 2022-23, the Commission has considered the amount paid during FY 2022-23 for the purpose of Truing up. In view of the refund of this amount by PGCIL as per the additional submission of the Petitioner, appropriate treatment against the same shall be incorporated in the True up for FY 2023-24 when the amount has been refunded.

9.6.4 With regard to the HPPTCL charges, the Commission had deliberated during the provisional True up in detail. The Commission observed that the HPPTCL Transmission charges have increased significantly in comparison to the approved charges especially for ADPHL and Chambi Sub-Station. The Petitioner was directed to provide justification with respect to the high cost in case of few elements. In response, the Petitioner has submitted the following:

*"It is submitted that the increase in Transmission charges for ADHPL is on account of arrear due to a revision in Contracted Capacity from 13.04.2019 onwards after signing supplementary IPTA, amount shown for ADHPL consists of Rs.4 Cr for FY2022-23 & Rs.2.07 Cr for arrear for previous period.*

*Further Transmission charges are shown for Chambi S/stn. are inclusive of arrears for previous years. The amount of Rs. 36.59 Crs consists of the amount Rs. 13.50 Crs for FY 2022-23 and Rs. 23.09 Crs for FY 2020-21 & FY 2021-22 respectively in line with the Hon'ble commission Order dated 28.09.2022 for Chambi s/stn."*

9.6.5 Therefore, the HPPTCL charges approved by the Commission in the provisional True up vis-a-vis that claimed by the Petitioner in the present Petition and the final True up as approved by the Commission are shown in the table below:

**Table 157: Asset wise HPPTCL Charges for FY23 (Rs. Cr.)**

| Particulars | Provisional Trued up | Petition | Final Trued up |
|---|---|---|---|
| STU Charges | 35.01 | 35.01 | 35.01 |
| Kashang Bhaba | 0.00 | 0.00 | 0.00 |
| Allain Duhangan Hydro Power Limited (ADPHL) | 6.07 | 6.07 | 6.07 |
| Phojal | 2.57 | 2.57 | 2.57 |
| Bhoktoo | 5.96 | 5.96 | 5.96 |
| Chambi | 36.59 | 36.59 | 36.59 |
| Pandoh | 0.00 | 0.00 | 0.00 |
| Malana Bajaura line to MPCL | 0.00 | 0.00 | 0.00 |
| **Total** | **86.20** | **86.20** | **86.20** |

9.6.6 The Commission has verified HPPTCL charges claimed by the Petitioner with the audited accounts of FY 2022-23. Therefore, the Commission has approved actual HPPTCL charges for FY 2022-23, as booked in the audited accounts.

9.6.7 Other charges associated with Power procurement and supply including System/Marketing, reactive Power, UI (Malana), Trading Margin and National Load Dispatch Center amounting to Rs. 3.81 Cr. have been considered as per the claim of the Petitioner and details available in the accounts.

9.6.8 Further, an amount of Rs. 18.05 Cr. is booked towards 'Purchase of REC' under the A&G expenses which has been excluded from the A&G and included under the Power purchase cost for FY 2022-23.

9.6.9 Subsequently, vide additional submission, the Petitioner has requested to allow to retain 50% of rebate received on timely payment of Power purchase bill. The

Commission asked the Petitioner to submit treatment of rebate received against timely payment of Power purchase bill. In response, the Petitioner has submitted that rebate received on account of timely payment of Power purchase bill has been booked under head 'Other Income' by contra debit to the liability against purchase of Power in the audited accounts. Further, it was also clarified that rebate received on this account is not adjusted against Power purchase cost.

9.6.10 The provision of Regulation 14 of HPERC MYT Regulations, 2011 (Third Amendment Regulations, 2018) provides for 50% of the maximum normative rebate available on timely payment of Power purchase bill to be retained by the licensee and the remaining 50% to be adjusted in Power purchase cost. The relevant extract the Regulation 14 is under:

***"14. Cost of Power Procurement***

*……*

*"The licensee shall avail maximum rebate available from each source for early payment of Power purchase bills such as through letter of credit: Provided that, 50% of the maximum normative rebate available to the licensee shall be allowed to be retained by him and the remaining 50% of the maximum normative available rebate shall be adjusted in the Power Procurement Cost:*

*……"*

9.6.11 Accordingly, in accordance with the provision of the above Regulations, the Commission has adjusted 50% of rebate in the Power purchase cost. The Commission, based on the above discussions, has approved Power purchase cost for FY 2022-23 as summarized in the table below:

**Table 158: Total Power Purchase Cost approved for FY23 (Rs. Cr.)**

| Sl. | Description | Provisionally Trued up | HPSEBL's Submission | Final Trued up |
|---|---|---|---|---|
| A. | Power Purchase Cost (exc. PGCIL Charges and Other Costs) | 3,717.46 | 3,717.91 | 3,717.46 |
| B. | Own Generation | 262.92 | 263.36 | 263.13 |
| C. | Interstate Charges | 535.85 | 535.85 | 535.85 |
| D. | Open Access Charges | 35.71 | 35.71 | 35.71 |
| E | HPPTCL Charges | 86.20 | 86.20 | 86.20 |
| F. | SLDC Charges | 3.81 | 3.81 | 3.81 |
| G. | REC Charges | 18.05 | 18.05 | 18.05 |
| H. | Other Charges | 20.97 | 20.97 | 20.97 |
| I. | Less: Disallowance of additional charges towards sustained deviation (50% of Rs. 12.82 Cr.) | -6.77 | - | -6.41 |
| J | Less: Rebate on timely payment of Power purchase bill (50% of Rs. 3.64 Cr.) | - | - | -1.82 |
| | **Total Power Purchase Cost (inc. Own Gen.)** | **4,674.21** | **4,681.87** | **4,672.96** |

9.6.12 Accordingly, the Commission has considered total Power purchase cost (including cost from Own Generation) as Rs. 4,672.96 Cr. as against the Petitioner's submission of Rs. 4,681.87 Cr. for True-up of Power purchase cost for FY 2022-23.

## 9.7 Disincentive for Under-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 10.57% for FY 2022-23 as against the approved T&D loss of 9.70% in the MTPR Tariff Order dated 29th March, 2022. Regulation 15 of HPERC MYT Regulations, 2011 (Second Amendment Regulations, 2013) was amended to include a mechanism for pass-through of gains or losses on account of variations in the distribution loss. The amended Regulation provides as under:

*"(a) 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;"*

9.7.2 As discussed in the Para 9.4.9, the actual losses Trued up by the Commission for FY 2022-23 are 10.52% as against the approved T&D loss of 9.70%. The loss resulting from the under-achievement of T&D loss for FY 2022-23 is as below:

**Table 159: Disincentive on account of Under-achievement of T&D loss for FY23**

| Sl. | Particulars | Final Trued up |
|---|---|---|
| A | Energy Sales within state (MU) | 10,955.73 |
| B | T&D Losses (%) | 9.70% |
| **C** | **Power Purchase to meet the State requirement (MU)** | **12,132.59** |
| | | |
| **D** | **Inter – State Sale (MU) (i+ii+iii)** | |
| (i) | For Sale of Power (including UI, Bilateral & IEX/PXIL) (MU) | 2,311.36 |
| (ii) | For Banking arrangements (MU) | 657.82 |
| (iii) | For RE sale (MU) | |
| **E** | **Total Power Purchase Quantum Approved at State Periphery (MU) (C+D)** | **15,101.77** |
| F | Actual Power Purchase Quantum at State Periphery (MU) | 15,212.79 |
| **G** | **No. of units (MU) (E-F)** | **-111.02** |

9.7.3 Based on the higher quantum of Power purchased vis-à-vis the approved quantum, as per the above table, the Commission has computed the disincentive for under-achievement of T&D loss as detailed in table below:

**Table 160: Disincentive for under-achievement of T&D Loss for FY23**

| Sl. | Particulars | Unit | Amount |
|---|---|---|---|
| **A** | **No. of units** | **MU** | **111.02** |
| | | | |
| **B** | **Cost of Power for under-achievement** | | |
| (i) | Cost of Power Purchased from Other than own sources* | Rs. Cr. | 3,560.71 |
| (ii) | Quantum of Power purchased from other than own sources | MU | 10,976.31 |
| (iii) | Less: PGCIL Losses (3.47%) | MU | 380.59 |
| (iv) | **Net Power Purchase (ii-iii)** | **MU** | **10,595.72** |
| **C** | **Cost of Power Purchase from Other than own** | **Rs. /kWh** | **3.36** |

| Sl. | Particulars | Unit | Amount |
|---|---|---|---|
| | **sources (i*10 / iv)** | | |
| | | | |
| **D** | **Disincentive on account of under-achievement in T&D loss (A X C X 60%/10)** | **Rs. Cr.** | **22.38** |

**Cost of Power purchase has been adjusted for arrears of past years*

9.7.4 The share of Petitioner's penalty is Rs. 22.38 Cr. as computed above on account of underachievement of T&D losses as per Regulation 15(1) of the HPERC MYT Regulations, 2011, as amended from time to time.

## 9.8 Renewable Power Purchase Obligation (RPPO)

9.8.1 The Commission vide Regulation 4 of the HPERC (Renewable Power Purchase Obligation and its Compliance) Regulations, 2023 has specified the minimum ceiling of Wind, Hydro and Other Renewable RPPO for the Distribution Licensee over a time span of eight years from FY 2022-23 to FY 2029-30. The target laid down by the Commission for FY 2022-23 is given in the table below:

**Table 161: Minimum quantum of purchase from Renewable Sources**

| Financial Year | Minimum Quantum of Purchase in percentage from renewable sources of total consumption | | | |
|---|---|---|---|---|
| | Total | Wind | HPO | Other RPO |
| FY 2022-23 | 24.61% | 0.81% | 0.35% | 23.45% |

9.8.2 During the provisional True up, in response to the Commission's query the Petitioner had submitted RPO compliance status and there is no change in RPO compliance submitted by the Petitioner last year, which is shown in the table below:

**Table 162: RPPO Status of FY23 submitted by the Petitioner**

| Particulars | Consumption of State (MUs) | %age RPPO | RPPO Target (MU) | Envisaged Power generation (MU) | Surplus (+)/ Deficit (-) (MUs) |
|---|---|---|---|---|---|
| Wind RPPO | 12,568 | 0.81% | 101.80 | Nil | -101.8 |
| Hydro Purchase Obligations (HPO) | 12,568 | 0.35% | 44 | 543 | +499 |
| Other | 12,568 | 23.45% | 2947 | 9689 | +6742 |

9.8.3 The Petitioner has further submitted that it has fulfilled RPO compliance, which has been recorded by the Commission in the Order dated 23rd June, 2023. The relevant extract of the Order is as under:

*"In view of the above, the Petition succeeds and allowed. The HPSEBL is compliant for Wind RPO (after adjustment of HPO energy), HPO and Other RPOs as per the trajectory specified by the Commission for FY 2022-23. The HPSEBL has procured RE Power in excess of the obligations in the relevant year 2022-23 and, therefore, the HPSEBL is entitled for the recommendation for issuance of RECs for excess energy procured by the HPSEBL as per the quantum as mentioned above. The requisite recommendations for issuance of RECs, on Format 3.5, devised under Procedure for Implementation of REC Mechanism by the Central Agency be issued accordingly".*

9.8.4 Since, the Petitioner has purchased renewable energy in excess of obligation therefore, the Petitioner is entitled for issuance of RECs for excess energy procured. The income realised from the sale of RECs by the Petitioner is to be adjusted in its True up for retail business. The relevant extract of the Order is as under:

> *"It is made clear that the income realised from the sale of RECs by the Petitioner will be adjusted in its True up for retail business. The Petitioner is directed to file quarterly status report of RPPO compliance to the State Agency (the DoE) for expeditious monitoring and facilitating requisite action by the State Agency in a time bound manner."*

9.8.5 Further, the Petitioner has clarified that on the basis of Commission's Order dated 23rd June 2023, HPSEBL is RPPO compliant. Further, the income earned from the sale of RECs has been considered under Non-Tariff Income of FY 2023-24.

## 9.9 Total Power Purchase

9.9.1 The total Trued Up Power purchase cost in comparison with the Power purchase cost approved in provisional True up in the MYT Order dated 15th March, 2024 and the HPSEBL's submission in the Petition for the final True up of FY 2022-23 is summarized in table below:

**Table 163: Trued up Total Power Purchase Cost for FY23 (Rs. Cr.)**

| Particulars | Provisional Trued up | Petition | Final Trued up |
|---|---|---|---|
| **Total Power Purchase Cost (inc. Own Gen.)** | **4,674.21** | **4,681.87** | **4,672.96** |
| Less: Adjustment in PP cost on account of underachievement/overachievement | -24.45 | -20.36 | -22.38 |
| **Net Power Purchase Expense** | **4,649.77** | **4,661.51** | **4,650.58** |

## 9.10 Operation and Maintenance (O&M) Expenses

9.10.1 The Commission in the MYT Order for 4th MYT Control Period of HPSEBL dated 29th June, 2019, had approved the O&M expenses for each year based on the submissions of the Petitioner and the provisions of HPERC MYT Regulations, 2011, as amended from time to time.

9.10.2 Subsequently, Mid-term Performance Review (MTPR) for the 4th MYT Control Period was conducted. In the MTPR Order dated 29th March, 2022, the Commission had continued with projection of Employee cost and R&M expenses approved for FY 2022-23 in the MYT Order dated 29th June, 2019. With respect to A&G expense, the Commission had excluded the provision of Rs. 5.00 Cr. made towards one time A&G expenses (Public Interaction Program) and had provisionally allowed Rs. 14.02 Cr. towards meter rental charges under smart metering initiative. Based on the above, the Commission had approved A&G expenses of Rs. 60.97 Cr. in the MTPR Order against Rs. 51.95 Cr. approved in the MYT Order.

9.10.3 Further, as discussed above, the Commission had carried out the provisional True up for FY 2022-23 in the absence of CAG approved annual accounts. The O&M expenses approved by the Commission in the provisional True up are shown in the table below:

**Table 164: Total O&M Expenses approved by the Commission in the provisional True up for FY23 (Rs. Cr.)**

| Particulars | MTPR Order | Petition | Provisionally Trued up |
|---|---|---|---|
| Net Employee Cost | 2,052.36 | 2,407.86 | 2,374.04 |
| R&M Expenses | 112.91 | 129.07 | 129.01 |
| Net A&G Expense | 60.97 | 93.24 | 75.50 |
| **Total O&M Expenses** | **2,226.24** | **2,630.17** | **2,578.55** |

9.10.4 As per HPERC MYT Regulations, 2011, as amended from time to time, O&M expenses are of controllable in 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.

9.10.5 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.

9.10.6 The Commission had directed the Petitioner to submit business segment wise audited accounts or allocation statement depicting the expenses and revenue of the company into different business wing i.e. Distribution, ES, Generation, Project and S&I approved by the Board of Directors or Statutory Auditor. In response, the Petitioner has submitted that no separate account is being prepared for the individual business wings and the allocation statement is under the consideration of management and the same will be shared once approved by the management. However, the Petitioner has not submitted the allocation statement, during the Tariff finalization proceedings, as directed by the Commission. In the previous Orders also, the Commission has been directing the Petitioner to have such division-wise break-up of the audited accounts signed by the Statutory Auditor. **The Petitioner is required to get the business wing wise accounts break-up audited by the Statutory Auditor for the next True up year failing which the Commission shall consider its prudence for allocation of high cost towards such business wing.**

9.10.7 In the absence of allocation statement, the Commission has relied on the break-up of O&M expenses across Generation, Distribution, S&I and Project Divisions as submitted by the Petitioner along with the Petition (in MS-Excel format), which has been prepared internally by the finance team of HPSEBL. It is observed that the Commission in its previous Tariff Orders has been allowing expenses pertaining only towards Distribution and ES wings only and disallowing expenses pertaining to Generation wing and S&I and Projects wings. The Petitioner in this Petition has submitted as follows:

> *"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 in part of HPSEBL, as a whole business and cannot be parted or shown separately.* ***Further, HPSEBL submits that the amount of Rs. 4.87 Cr. attributed towards "Pension Contribution of BVPCL, Projects & S&I Employees" is incorrect as no amount is being paid by HPSEBL towards the above head****."*

9.10.8 It was observed that O&M expenses claimed by the Petitioner are including O&M expenses associated with project and S&I wings. The Petitioner has submitted S&I and Projects cost of Rs. 18.47 Cr. towards Employee cost, Rs. 0.06 Cr.

towards R&M expenses and Rs. -0.08 Cr. towards A&G expenses. In line with the approach followed in previous True up, the Commission is of the considered view that the expenses towards S&I and Project Divisions cannot be charged to the Distribution Business. Also, the expenses towards Generation Business are already being approved by the Commission as part of the Tariff for various Generating Stations. Therefore, the Commission has considered the expenses booked towards Distribution (including EHV) Business only for the purpose of True up of FY 2022-23.

9.10.9 For Truing up of FY 2022-23, the Commission has reviewed the various components of O&M expenses in line with the provisions of HPERC MYT Regulations, 2011, as amended from time to time, and has undertaken prudence check of each element as detailed in subsequent Sections:

## 9.11 Employee Expenses

9.11.1 In the MYT Order dated 15th March, 2024, the Commission had approved the Employee cost of Rs. 2,374.04 Cr. in the provisional True up for FY 2022-23. Against this, the HPSEBL has claimed actual net Employee cost of Rs. 2,395.14 Cr. towards Distribution Business. The business wing wise break-up of the Employee expense for FY 2022-23 submitted by the Petitioner along with the Petition (in MS-Excel format) is shown in the table below:

**Table 165: Business wing wise Employee Expenses submitted by Petitioner for FY23 (Rs. Cr.)**

| Particulars | Generation | Distribution | EHV | S&I & Projects | Total |
|---|---|---|---|---|---|
| Salaries | 101.07 | 698.58 | 83.62 | 16.67 | 899.94 |
| Other Staff Cost | 9.41 | 467.92 | 15.39 | 0.97 | 493.69 |
| Terminal Benefits | 12.93 | 1,861.54 | 12.63 | 2.24 | 1,889.34 |
| Less: Employee Capitalization | 0.65 | 41.26 | 15.05 | 1.41 | 58.37 |
| **Employee Cost as per Accounts** | **122.76** | **2,986.78** | **96.59** | **18.47** | **3,224.60** |
| Less: Prov. Actuarial Evaluation Gratuity | 0.00 | 378.93 | 0.00 | 0.00 | 378.93 |
| Less: Prov. Actuarial Evaluation leave encashment | 0.00 | 317.29 | 0.00 | 0.00 | 317.29 |
| **Net Employee Cost** | **122.76** | **2,290.56** | **96.59** | **18.47** | **2,528.38** |

9.11.2 As discussed above, the Commission has considered the Employee expenses pertaining to only Distribution Business (including EHV). It is observed that the Commission has already allowed an amount of Rs. 12.72 Cr. towards terminal benefit of Generation Employees for FY 2022-23 to be recovered from the generation Tariff as per the Tariff Order for MYT for Generation Business of HPSEBL for the 4th MYT Control Period. Accordingly, the Commission has excluded an amount of Rs 12.72 Cr. towards terminal benefit of Generation Employees from Employee expenses.

9.11.3 Further, it is also observed that the Commission, in the absence of specific information with respect to the pension contribution of Employees deployed in BVPCL, Projects and S&I departments, had excluded an amount of Rs. 4.87 Cr. towards pension contribution towards BVPCL, Projects and S&I employees while approving the Employee cost for Distribution Business in the MYT Order dated 29th June, 2019. The Petitioner had claimed the same amount of Rs. 4.87 Cr. towards pension contribution of Employees deployed in BVPCL, Projects and S&I departments in the provisional True up, however, in the final True up, the

Petitioner has excluded this amount stating that no amount is being paid under this head. Since, the Commission had deducted this amount towards pension contribution towards BVPCL, Projects and S&I employees in the MYT Order dated 29th June, 2019 on account of absence of specific information, the same amount remains disallowed in the True up period also.

9.11.4 Further, the Commission has considered the adjustment of Return on Equity of Rs. 47.50 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.

9.11.5 Also, the provisional amount of Rs. 378.93 Cr. on account of Actuarial Evaluation towards Gratuity and Rs. 317.29 Cr. on account of Actuarial Evaluation towards leave encashment booked under the Employee cost has also been excluded as per the submissions of the Petitioner as the same has also not been paid during the year.

9.11.6 The Petitioner has additionally claimed an amount of Rs. 36.81 Cr. towards provision of DA deducted in True up for FY 2021-22 and paid during FY 2022-23. In response to the query, the Petitioner vide its additional submissions, clarified that an amount of Rs. 72.10 Cr. was disallowed under Employee expenses during True up of FY 2021-22 in view of the provision created for payment towards terminal benefits and DA arrears under Employee cost of FY 2021-22. Out of the created provisions, an amount of Rs. 36.81 Cr. was kept for the payment of DA arrears @ 3% w.e.f. 1st July, 2021 to 31st March, 2022 which was paid during FY 2022-23. The detail submitted by the Petitioner is as under:

**Table 166: DA deducted in True up for FY22 and paid during FY23 (Rs. Cr.)**

| Particulars | Provisional Figure as per New Scale | ADA @3% | Amount |
|---|---|---|---|
| Regular Staff | 51.51 | 1.55 | 13.91 |
| Pensioner | 84.82 | 2.54 | 22.90 |
| **Total** | | | **36.81** |

9.11.7 Further, in response to the query raised by the Commission regarding the above amount of Rs. 36.81 Cr. which has been included in the Employee cost for FY 2022-23, the Petitioner has responded as below:

*"However, in pursuance to accounting principles, the said provision was already reversed on 01.04.2022 and therefore, the expenses of the current FY i.e. 2022-23 have already been reduced to the same extent and the actual DA paid has been booked during the FY 2022-23 in the account. The Commission while Truing up the Employees cost for FY 2021-22 has approved that the Commission has excluded the amount of provision from Employee cost and shall consider the same at the time of Truing up for FY 2022-23 based on actual payment made by the Petitioner."*

9.11.8 It is observed that the above claimed amount is related with FY 2021-22. However, the Commission, in the Tariff Order dated 31st March, 2023, had approved Employee cost excluding the provision of Rs. 72.10 Cr. and has decided that this amount shall be considered at the time of True up of FY 2022-23 based on actual payment made by the Petitioner. The relevant extract of the Order is as under:

*"6.9.4 In a response with respect to the details of provision created towards Employee cost, the Petitioner has submitted that it had made a provision of Rs. 72.10 Cr. towards terminal benefits and DA arrears under Employee cost for FY 2022-23. On further examination, the Petitioner has clarified that a provision*

*was created in FY 2021-22 against DA arrears and terminal benefits which was reversed on 01.04.2022. Considering that the actual amounts were not paid during FY 2021- 22,* ***the Commission has excluded the amount of provision from the Employee cost and shall consider the same at the time of Truing up for FY 2022-23 based on actual payment made by the Petitioner."***

9.11.9 As the provisioned amount was not approved by the Commission in the previous True up for FY 2021-22 and the same amount is reversed in the current accounts, the Commission is of the view that amount claimed by the Petitioner of Rs. 36.81 Cr. can be allowed based on the actual payment made during FY 2022-23. Based on the above, the Trued up Employee cost is detailed below:

**Table 167: Comparison of Employee Cost for FY23 after Adjustments (Rs. Cr.)**

| Sl. | Particulars | Provisional True up | Petition | Final Trued up |
|---|---|---|---|---|
| **A** | **Salary & Other Costs*** | **1,265.51** | **1,283.15** | **1,265.51** |
| **B** | **Pension and Terminal benefits#** | **1,889.34** | **1,889.34** | **1,889.34** |
| | Less: | | | |
| C | Annual Share of State Government (Return on GoHP Equity approved for Generation and Distribution) | 47.50 | 47.50 | 47.50 |
| D | Pension contribution of generation employees | 12.72 | 12.72 | 12.72 |
| E | Pension contribution of BVPCL, Projects and S&I employees | 4.87 | 0.00 | 4.87 |
| **F** | **Gross Employee Cost (A+B-C-D-E)** | **3,089.76** | **3,112.27** | **3,089.76** |
| G | Less: Capitalization | 56.31 | 57.72 | 56.31 |
| H | Less: Prov. Actuarial Evaluation Gratuity | 378.93 | 378.93 | 378.93 |
| I | Less: Prov. Actuarial Evaluation leave encashment | 317.29 | 317.29 | 317.29 |
| J | Add: Provision of DA deducted in True up for FY 22 and paid during FY 2022-23 | 36.81 | 36.81 | 36.81 |
| **K** | **Net Employee Cost (F-G-H+I)** | **2,374.04** | **2,395.14** | **2,374.04** |

**Including amount of provision of Rs. 317.29 Cr. for FY 2022-23*
*#Including amount of provision of Rs. 378.93 Cr. for FY 2022-23*

## 9.12 Repairs and Maintenance Expenses (R&M)

9.12.1 In the MYT Order dated 15th March, 2024, the Commission had approved R&M expenses of Rs. 129.01 Cr. in the provisional True up for FY 2022-23. Against this, the HPSEBL has claimed actual R&M expenses of Rs. 126.24 Cr. towards Distribution Business. The business wing wise break-up of the R&M expenses for FY 2022-23, as submitted by the Petitioner along with the Petition (in MS-Excel format), is shown in the table below:

**168: Business wing wise R&M Expenses submitted by Petitioner for FY23 (Rs. Cr.)**

| Particulars | Generation | Distribution | EHV | S&I & Projects | Total |
|---|---|---|---|---|---|
| R&M Expenses (Excluding IT related expenses) | 33.57 | 68.40 | 6.21 | 0.06 | 108.24 |
| IT Related expenses | 0.00 | 51.57 | 0.00 | 0.00 | 51.57 |
| **Total R&M expenses** | **33.57** | **119.97** | **6.21** | **0.06** | **159.81** |

9.12.2 After scrutiny, the Commission has observed that there is no difference in the total R&M expenses reflected in the provisional accounts and final audited accounts for FY 2022-23. However, a difference was found in the cost allocation across business wings as submitted in the present Petition and the provisional True up. In response to the Commission's query, the Petitioner has submitted that an amount of Rs. 2.83 Cr., related to hydraulic works under Generation Business, was inadvertently included in the Line and Cable works under Distribution Business. This misallocation has been corrected in the final True up of FY 2022-23.

9.12.3 With regard to IT related expenses, in the provisional True up, vide MYT Order dated 15th March, 2024, the Commission had deliberated in detail and accordingly approved Rs. 51.57 Cr. The same amount has been claimed by the Petitioner in the final True up. Accordingly, the Commission has considered Rs. 51.57 Cr. towards R&M expenses related to IT Cell. The Petitioner clarified that total expenses booked under head 'Office Equipment' in the audited accounts is Rs. 52.02 Cr. (Rs. 51.98 Cr for Distribution Business and Rs. 0.04 Cr. for Generation Business). Out of total R&M expenses of Rs. 51.98 Cr. booked for Distribution Business, Rs. 51.57 Cr. has been booked as R&M expenses of IT cell and balance amount of Rs. 0.41 Cr. has been incurred by other offices of HPSEBL towards the maintenance and upkeep of Computer Systems. The details of IT related R&M expenses submitted by the Petitioner is shown in the table below:

**Table 169: R&M expenses for IT works for FY23 submitted by the Petitioner (Rs. Cr.)**

| Particulars | Amount |
|---|---|
| Annual Maintenance Cost (AMC) | 12.03 |
| Facility Management Support (FMS) | 20.34 |
| Annual Technical Support (ATS) | 18.78 |
| Others or Miscellaneous Services | 0.42 |
| **Grand Total** | **51.57** |

9.12.4 Further, the Petitioner has clarified that an amount of Rs. 7.60 Cr. is towards the expenses of previous years out of the total amount of Rs. 51.57 Cr. booked towards IT expenses under this head of R&M expenses.

9.12.5 The Petitioner has also clarified that Annual Technical Support (ATS)/ Facility Management Services (FMS) expenses towards SAP ISU billing project, IPDS project and additional SAP licenses were initiated during FY 2021-22 and these costs were incurred during FY 2022-23 resulting in annual financial implication of more than Rs. 12.00 Cr. towards the R&M expenses of IT Systems of HPSEBL.

9.12.6 In the MYT Order of the 4th MYT Control Period, the Commission had approved a provisional amount of Rs. 20 Cr. towards additional IT related expenses in view of the limited expenditure during the past years. However, after scrutiny, the Commission found that IT assets of HPSEBL are increasing year on year basis. For the maintenance of these IT assets, the Petitioner has contract with the vendors for AMC, ATS and FMS services and in Order to substantiate its claim, the Petitioner has also provided invoices regarding payment made to vendors. Further, the Commission has verified the claim of the Petitioner from audited accounts of FY 2022-23. Also, the Commission has been reviewing these expenses in previous True up based on actuals which have been higher as compared with the provision allowed by the Commission. Considering the significant amount of IT related expenditure, annual impact of which has been incurred during FY 2022-23 under the R&M expenses, the Commission approves the R&M expenses for FY 2022-23 as shown in the table below.

**Table 170: R&M Approved for FY23 (Rs. Cr.)**

| Particulars | Provisional True up | Petition | Final Trued up |
|---|---|---|---|
| R&M Expenses (Excluding IT related expenses) | 92.91 | 74.67 | 74.61 |
| IT Related Expenses for FY23 | 20.00 | 51.57 | 43.97 |
| IT Related Expenses for past period | - | - | 7.6 |
| **Total** | **112.91** | **126.24** | **126.18** |

## 9.13 Administrative and General Expenses (A&G)

9.13.1 In the MYT Order dated 15th March, 2024, the Commission had approved Administrative and General (A&G) expenses of Rs. 75.50 Cr. in the provisional True up for FY 2022-23. Against this, HPSEBL has claimed actual A&G expenses of Rs. 76.12 Cr. towards Distribution Business. The business wing wise break-up of the A&G expense for FY 2022-23 as submitted by the Petitioner along with the Petition ((in MS-Excel format) is shown in the table below:

**171: Business wing wise A&G Expenses submitted by Petitioner for FY23 (Rs. Cr.)**

| Particulars | Generation | Distribution | EHV | S&I & Projects | Total |
|---|---|---|---|---|---|
| Gross A&G expenses | 3.38 | 90.19 | 3.85 | -0.80 | 96.62 |
| Less: REC related expenses booked under A&G expenses | 0.00 | 18.05 | 0.00 | 0.00 | 0.00 |
| **Total A&G expenses** | **3.38** | **72.14** | **3.85** | **-0.80** | **78.57** |

9.13.2 As discussed in the "Power purchase" Section of this Chapter, the Petitioner has booked REC related expense under A&G expenses in the audited accounts. However, this expense has been excluded from A&G expenses and allowed under Power purchase cost.

9.13.3 Against Rs. 60.97 Cr. approved towards A&G expenses in Mid Term Performance Review Order for FY 2022-23 dated 29th March, 2022, actual A&G expenses are Rs. 93.24 Cr. The reasons for increase in A&G expenses for FY 2022-23 as submitted by the Petitioner are as follows:

i. HPSEBL has made payment of Rs. 5.93 Cr. towards legal charges as per the directions from Statutory Authority. These charges are of uncontrollable and non-recurring in nature.

ii. The amount of Rs. 18.05 Cr. as booked is under "Purchase of REC" towards meeting the Renewable Power Purchase Obligation for FY 2022-23.

iii. Increase in Regulatory expenses of HPSEBL.

iv. The total electricity charges of Rs. 8.76 Cr. have been incurred during FY 2022-23. Out of which around 20% (Rs. 1.752 Cr.) is towards Data Centre and Disaster Recovery Centre of HPSEBL.

9.13.4 With respect to legal charges claimed by the Petitioner, the Commission has deliberated in detail in the provisional True up. The relevant extract of the Order is as under:

> *"7.11.2 The Commission sought the detail of the cases against which the Petitioner has incurred Rs. 5.93 Cr as legal charges. In response, the Petitioner has submitted list of such cases. The Commission has gone through these cases submitted by the Petitioner along with the Accounts of FY23 and finds that out of the total amount of Rs. 5.93 Cr. an amount of Rs. 5.82 Cr. is towards Distribution Business and Rs. 0.11 Cr. is towards legal charges of S&I and project. Also, of the total amount of Rs. 5.82 Cr. towards Distribution Business, an amount of Rs. 0.47 Cr. is recorded towards interest payment. The Commission is of the view that any penal charges or interest payment towards legal expenses cannot be allowed as a pass through in the Tariff and has accordingly disallowed the same."*

9.13.5 Further legal expenses related with other business wing i.e. Generation, Project and S&I have been excluded as the expenses related to these divisions cannot be considered here in the Distribution Business. Since, there is no change in legal expenses in audited accounts, the Commission has continued with the legal expenses approved by the Commission during the provisional True up, which are shown in the table below:

**Table 172: Legal charges Approved for FY23 (Rs. Cr.)**

| Particulars | Final Trued up |
|---|---|
| Legal Charges as per Accounts (A) | 5.98 |
| Legal Charges for Generation (B) | 0.05 |
| Legal charges for S&I and Project (C) | 0.11 |
| Legal Charges for Distribution (D=A-B-C) | 5.82 |
| Interest amount paid (E) | 0.47 |
| **Approved Legal Charges (F=D-E)** | **5.35** |

9.13.6 Further, the Petitioner has claimed Rs. 0.68 Cr. towards arbitration charge and Rs. 0.25 Cr. towards statutory dues payable under A&G (booked under finance cost in the audited accounts). In response to the Commission's query as well as during the TVS, the Petitioner has clarified that these expenses are relating with legal charges. However, due to errors, these expenses were booked under different head 'Finance Cost' of the audited accounts. The Petitioner has also provided a copy of judgement in relation to the arbitration charges and on the scrutiny, it was observed that out of Rs. 0.68 Cr., Rs. 0.01 Cr. is interest cost, which cannot be allowed in the True up. The Commission has gone through the submission of the Petitioner and found that these expenses are related with the A&G expenses and thus the same (excluding interest cost) should be allowed under A&G expenses.

9.13.7 Further, the Commission as discussed under the Section 'Miscellaneous Written off', had allowed Rs. 2.07 Cr. towards "Provision for contingencies" and Rs. 1.56 Cr. towards "Compensation for Death, Injuries and Damages" over and above the A&G Expenses. Accordingly, the same are being allowed under A&G expenses.

9.13.8 Based on the above discussions, the Commission has approved the expenditure towards A&G expense against the claim of the Petitioner as reflected in the table below:

**Table 173: A&G Expenses Approved for FY23 (Rs. Cr.)**

| Particulars | Provisional True up | Petition | Final Trued up |
|---|---|---|---|
| A&G Expenses towards Distribution Business | 52.38 | 51.49 | 51.19 |
| Rental charges against smart metering project | 17.77 | 17.77 | 17.77 |
| Legal Charges | 5.35 | 5.93 | 5.35 |
| Arbitration Charges | - | 0.68 | 0.67 |
| Statutory Dues payable | - | 0.25 | 0.25 |
| Mis. Writ: Provisions for contingency | | | 2.07 |
| Mis. Writ: Compensation for injuries, death and damages | | | 1.56 |
| **Total A&G Expense** | **75.50** | **76.12** | **78.86** |

## 9.14 Total O&M Charges

9.14.1 Based on the above discussions, the Commission approves the total O&M expense for FY 2022-23 as shown in the table below:

**Table 174: Total O&M Expenses Approved for FY23 (Rs. Cr.)**

| Particulars | Provisional True up | Petition | Final Trued up |
|---|---|---|---|
| Net Employee Cost | 2,374.04 | 2,395.14 | 2,374.04 |
| R&M Expenses | 129.01 | 126.24 | 126.18 |
| Net A&G Expense | 75.50 | 76.12 | 78.86 |
| **Total O&M Expenses** | **2,578.55** | **2,597.50** | **2,579.08** |

## 9.15 Interest and Finance Charges

9.15.1 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 audited accounts of FY 2022-23. It is observed that the True up of interest on capital loans has been claimed by the Petitioner under True up of controllable parameters for the 4$^{th}$ MYT Control Period FY(2020-24) and has been dealt in relevant Sections accordingly.

9.15.2 The working capital requirements and Interest on Working Capital has been revised and approved as follows:

**Table 175: Trued up Interest on Working Capital for FY23 (Rs. Cr.)**

| Particulars | Provisional True up | Petition | Final Trued up |
|---|---|---|---|
| O&M Expenses for one month | 214.88 | 216.46 | 214.92 |
| Receivables equivalent to 2 months | 1,057.70 | 1,057.70 | 1,057.70 |
| Maintenance Spares 15% of the O&M expense for one month | 13.71 | 13.88 | 13.71 |
| Less: Consumer Security Deposit | 464.05 | 464.05 | 464.05 |
| Less: One Month Power Purchase | 388.95 | 389.80 | 387.55 |

| Particulars | Provisional True up | Petition | Final Trued up |
|---|---|---|---|
| **Working Capital Requirement** | **432.72** | **434.19** | **434.74** |
| Rate of Interest | 10.00% | 10.00% | 10.00% |
| **Interest on Working Capital** | **43.27** | **43.42** | **43.47** |

9.15.3 Further, the Interest on Consumer Security Deposit has been considered as per the audited accounts of FY 2022-23 and is approved as below:

**Table 176: Trued up Interest on Consumer Security Deposit for FY23 (Rs. Cr.)**

| Particulars | Final Trued up |
|---|---|
| Opening | 420.75 |
| Additions | 43.30 |
| Closing | 464.05 |
| **Interest on Consumer security deposit** | 18.23 |

9.15.4 Additionally, the Petitioner has claimed LC charges and other Bank charges as Rs. 0.60 Cr. and Rs. 0.15 Cr. respectively. However, such heads are not reflected in the accounts. In response to the Commission's query, the Petitioner has submitted that it has incurred actual cost of Rs. 0.60 Cr. towards LC charges and Rs. 0.15 Cr. towards other Bank charges during FY 2022-23 and the same are included under the 'Other Bank charges' of Rs. 1.50 Cr. in the accounts. As per the clarification submitted by the Petitioner, other Bank charges include Bank Charges (Rs. 0.015 Cr.), Interest on GPF (Rs. 0.079 Cr.), Bank charges between board office (Rs. 0.02 Cr.) and Bank commission for collection from Consumers (Rs. 0.04 Cr.). Based on the approach followed in the previous Tariff Order, the Commission has approved the LC charges. However, with respect to other Bank charges, the Petitioner has submitted following clarification:

(a) **Bank Charges:** Bank charges are generally paid on the different type of transactions done by HPSEBL in the normal courses of business.

(b) **Interest on GPF:** During the TVS, HPSEBL clarified that in order to manage PF of Employees, a trust has been formed and for managing the trust, a professional fund manager has been hired. As per the agreement between HPSEBL and Trust, any difference between interest earned from market and specified in contract has to be borne by the HPSEBL.

(c) **Bank charges between board office:** Bank charges between board offices are the expenses levied by the banks on the remittance of the collection amount by various sub-divisions to the headquarter account.

(d) **Bank commission for collection from Consumers:** The bank commission for collection from consumers refers to the charges levied by the bank for clearing the cheques/drafts and collection of cash etc.

9.15.5 Based on the clarifications of the Petitioner, the expenses related to the Bank Charges, Bank charges between board office and Bank commission for collection from Consumers were identified as finance costs. Therefore, the Commission has considered same for Truing up. However, interest on GPF has not been considered for True up.

9.15.6 Based on the revision in Interest on Working Capital and Consumer Security Deposit, the total interest expenses approved for Truing up for FY 2022-23 are shown in the table below:

**Table 177: Trued up Interest and Finance Charges for FY23 (Rs. Cr.)**

| Particulars | Provisional True up | Petition | Final Trued up |
|---|---|---|---|
| Interest on Long term loans | 148.24 | 148.24 | 148.24 |
| Interest on Working Capital | 43.27 | 43.42 | 43.47 |
| Interest on Consumer Security Deposit | 18.23 | 18.23 | 18.23 |
| LC charge & Other Bank charges | 0.60 | 0.75 | 0.67 |
| **Total Interest & Finance Charges** | **210.34** | **210.64** | **210.62** |

## 9.16 Other Controllable Parameters

9.16.1 The Petitioner has submitted details of actual capital expenditure and capitalisation in respect of all schemes for FY 2022-23. Details of Capex and Capitalisation approved under Mid-term Performance Review (MTPR) Order dated 29th March, 2022, and now submitted by the Petitioner are summarised below:

**Table 178: Capital Expenditure and Capitalization submission for FY23 (Rs. Cr.)**

| Particulars | MPR Order | Actual |
|---|---|---|
| Capital Expenditure – Distribution Business | 388.12 | 625.71 |
| Capitalisation – Distribution Business | 737.51 | 795.67 |

9.16.2 As per the HPERC MYT Regulations, 2011, as amended from time to time, any variation in actual capital expenditure and subsequent variations in Depreciation, Interest cost and Return on Equity (RoE) with respect to the figures approved in the MYT/ MPR Orders shall be considered during the end of MYT Control Period based on audited accounts. It is observed that the True up of Depreciation and RoE has been claimed by the Petitioner under True up of controllable parameters for the 4th MYT Control Period (2020-24) and has been dealt in relevant Sections accordingly.

9.16.3 With respect to True up of uncontrollable parameter for FY 2022-23, the Commission has retained the Depreciation and RoE amount at the same level as approved in the MYT Order dated 29th June, 2019 for FY 2022-23 as under:

**Table 179: Depreciation and Return on Equity approved for FY23 (Rs. Cr.)**

| Particulars | MYT Order | Petition | Final Trued up |
|---|---|---|---|
| Depreciation | 167.33 | 167.33 | 167.33 |
| Return on Equity | 62.74 | 62.74 | 62.74 |

## 9.17 Non-Tariff Income

9.17.1 The Non-Tariff income is required to be deducted from the ARR of the Petitioner. The Commission, vide MYT Order dated 15th March, 2024, had approved Non-Tariff income of Rs. 68.07 Cr. in the provisional True up of FY 2022-23. Against this, the Petitioner has claimed the same as Rs. 64.78 Cr. in the final True up Petition.

9.17.2 The Petitioner has submitted that it has not been claiming expenses on capitalization of works carried out through Consumer contribution, deposit works, grants and capital subsidy and has, therefore, excluded the adjusted amortization of Government Grants from the Non-Tariff income. Additionally, the amount towards delayed payment surcharge has also been excluded as per the HPERC MYT Regulations 2011, as amended from time to time.

9.17.3 As per HPERC MYT Regulations, 2011, as amended from time to time, the amount of delayed payment surcharge recovered is not to 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 audited accounts.

9.17.4 With regard to reduction of value of amortization of the Government Grants, the Petitioner has clarified that the amount relates to the depreciation of assets created from the Government Grants and Consumer Contribution. The Commission has not been approving depreciation on such assets created out of Government Grants and Consumer contribution in line with the provisions of the HPERC MYT Regulations 2011. Therefore, amortization recognized as Non-Tariff income against these assets has been excluded from the Non-Tariff income.

9.17.5 As per audited accounts, an amount of Rs. 42.79 Cr. has been booked under "Income from advance/loan from BVPCL". In line with the approach followed in previous True up, the Commission has not considered the interest amount towards Income from advance/loan from BVPCL. However, any interest realized by the Petitioner against the same shall be required to be disclosed in the subsequent years and appropriate adjustment would be considered by the Commission based on prudence check.

9.17.6 Further, the Commission observed that the Petitioner has also earned rental income from Reliance Jio for use of electricity poles. In response to the Commission's query regarding the rental income, the Petitioner has submitted that it had received a sum of Rs. 15.70 Cr. (Rs. 8.72 Cr. in FY20 and Rs. 6.98 Cr. in FY22) from Reliance Jio for the usage of electricity poles. The Petitioner submitted that it had booked this amount of Rs. 8.72 Cr. and Rs. 6.98 Cr. under Non-Tariff income in the audited accounts of FY20 and FY22 respectively. The Petitioner further submitted that the Commission had already considered an amount of Rs. 8.72 Cr. in the Order dated 29th March 2022 for True up of FY20 and Rs. 6.98 Cr in the Order dated 15th March 2024 for True up of FY22. On further query, the Petitioner submitted that the amount of Rs. 8.72 Cr. and Rs. 6.98 Cr. was included under "Income from Trading" in Non-Tariff income and has submitted the breakup of "Income from Trading" as shown in the Table below:

**Table 180: Break up of "Income from Trading" approved under "Non-Tariff Income" in True up of FY20 and FY22 (Rs. Cr.)**

| Particulars | Approved in Order dated 29th March 2022 (True up of FY20) | Approved in Order dated 15th March 2024 (True up of FY22) |
|---|---|---|
| Hire Charges & Rentals from contractors for T&P | 0.00 | 0.00 |

| Particulars | Approved in Order dated 29th March 2022 (True up of FY20) | Approved in Order dated 15th March 2024 (True up of FY22) |
|---|---|---|
| Hire Charge for laying signal from Reliance Jio | 8.72 | 6.98 |
| Profit on Sale of Store | 0.00 | 0.00 |
| Sale of Scrap – Sale Proceeds | 1.74 | 6.02 |
| Other Miscellaneous receipts from Trading | 0.41 | 0.05 |
| Exs Amt received due rounding of Electricity Bill Welfare/prton cons | 0.00 | 0.00 |
| Exs Amt received from consumers due to unclaimed security deposit | 0.00 | 0.00 |
| **Total** | **10.87** | **13.05** |

9.17.7 Further, the Petitioner has submitted that during the audit process, the auditor observed that rental income from Reliance Jio pertains to 5 years and should not be booked in the year in which income was received. Accordingly, the Petitioner under Miscellaneous written off has written off Rs. 10.12 Cr. from the audited accounts of FY23 and written back Rs. 4.05 Cr. in FY23, Rs. 4.05 Cr. in FY24 and Rs. 2.02 Cr. will be written back in FY25 accounts.

9.17.8 The Commission is of the view that as the benefit of Non-Tariff income pertaining to rental income from Reliance Jio has already been passed to the Consumers in previous Tariff Orders as discussed above, accounting of Rs. 4.05 Cr. again in the Non-Tariff income may lead to double deduction to the Petitioner. Accordingly, for this Tariff Order, the Commission has not considered rental income of Rs. 4.05 Cr. from Reliance Jio in the Non-Tariff Income of FY 2022-23. However, the Petitioner is directed to submit a detailed justification with all the supporting documents certified by Chartered Accountant at the time of final True up of FY 2023-24.

9.17.9 Further, as discussed in the Power purchase Section of this Order, the Petitioner has requested to retain 50% of the rebate received on the timely payment of Power purchase bill as per the provisions of HPERC MYT Regulations, 2011, as amended from time to time, which has been booked under 'Other Income' of the audited accounts. Accordingly, the Commission has adjusted rebate received on timely payment of Power purchase bills in the Power purchase cost and the same amount has been deducted from total 'Other Income' while computing Non-Tariff income for FY 2022-23.

9.17.10 Based on the above discussions, the Commission approves the Non-Tariff income for FY 2022-23 as summarised below:

**Table 181: Trued up Non-Tariff Income for FY23 (Rs. Cr.)**

| Particulars | Formula | Final Trued up |
|---|---|---|
| Other Income as per audited accounts | A | 783.33 |
| Less: Excess Provision | B | 537.09 |
| **Other Income net of provision** | C= B-A | **246.24** |
| Less: Amortization of Government Grants | D | 112.39 |
| Less: Delayed Payment Surcharge (DPS) | E | 47.86 |
| Less: Income from Loan to BVPCL | F | 42.79 |

| Particulars | Formula | Final Trued up |
|---|---|---|
| **Other Income excluding amortization, DPS & Income from Loan to BVPCL** | **G=C-D-E-F** | **43.20** |
| **Add:** | | |
| O&M- G | H | 0.80 |
| O&M- T | I | 1.42 |
| O&M- D | J | 1.44 |
| Miscellaneous Charges | K | 4.39 |
| Meter Rent | L | 1.16 |
| Recoveries from Theft | M | 0.75 |
| Wheeling Charges recoveries | N | 14.91 |
| **Sub-total** | O = H+I+J+K+L+M+N | **24.86** |
| **Other adjustments:** | | |
| Less: Rental Income from Reliance Jio | P | 4.05 |
| **Non-Tariff Income: Excluding rental income from Jio** | **Q=G+O-P** | **64.01** |
| Less: Rebate received on timely payment of Power purchase bill | R | 3.64 |
| **Total Non-Tariff Income** | **S=Q-R** | **60.37** |

## 9.18 Miscellaneous Written off

9.18.1 The Petitioner has claimed Rs. 80.64 Cr. as Miscellaneous Written-off during FY 2022-23. The Commission vide multiple data gaps asked the Petitioner to provide detailed working and reasons to claim Miscellaneous Written-off along with reconciliation with audited accounts of FY 2022-23. In response to the data gaps, the Petitioner has submitted the following details with rationale to claim these expenses in the ARR of FY 2022-23:

**Table 182: Miscellaneous Write off for FY23 (Rs. Cr.)**

| Particular | Amount | Justification submitted by the Petitioner |
|---|---|---|
| AO Pension | 30.93 | The amount represents provision created on account of prolonged pending leave salary and pension contribution not received till 31st March 2023 amounting to Rs. 30.93 Cr. The said contribution has already been reduced from the Employee cost of the Distribution Business in previous years. However, the said provision has been reversed during the FY 2023-24 and efforts are being made to recover the same from the concerned units. |
| SE (IT) | 4.16 | The provision made as per the actual expenditure incurred. |
| Price Differentiation of Stock | 0.19 | Price difference on booking/invoicing of material due to Moving Average Rate policy of stock. |
| Revaluation of Stock | (0.48) | Price difference on correction of item rate usually due to variation in item rate during Initial upload. |
| Loss and Gain on Transfer Position of Stock | (1.59) | Profit/ Loss during transfer of stock from O&M to Capital and during SRW i.e. returning of excess stock from work to stock head. |
| Bad Debts Written off – Others | 0.02 | Rs. 70,163/- represents the amount written off on account of theft of tower material.<br><br>Rs. 1,19,975/- Booked on account of unserviceable material. |

| Particular | Amount | Justification submitted by the Petitioner |
|---|---|---|
| Bad and Doubtful Debt | (12.83) | Rs. 12.83 Cr. was on account of amount realized from permanent defaulter of various category of consumers during the FY 2022-23, which was kept as Bad and Doubtful Debt provision and on recovery same have been reversed. |
| Stock shortage on physical verification | 1.38 | Stock shortages on physical verification. |
| Loss on sale of scrap | 0.16 | • Rs. 1,41,151/- on account of unserviceable material (Lines and cable) and Rs. 12,22,586/-on account of unserviceable material at Chief Engineer (ES).<br>• Rs. 6,961/- the balance was wrongly uploaded at the time of initial upload on 31st March 2016. Accordingly, provision has been made as per the Statutory Auditor observation.<br>• Rs. 2,65,164/- on account of Aluminium and Iron scrap material already sold at the time of initial upload (booked as Income) but cost of the material could not be booked as expense earlier. |
| Provision for contingencies | 2.07 | Rs. 2,07,32,288/- deposited with Hon'ble High Court, Shimla on account of Arbitration award decided in favour of M/s. Hi-Tech Power on 26th June, 2024. The Petitioner has requested to allow the same as Legal Charges. |
| Provision for other expenses | 51.41 | Office wise and item wise details has been submitted in Ms. Excel file. |
| Loss on sale of fixed asset | 1.21 | The Commission has already passed through the benefit of the sale proceeds as Non-Tariff Income. Therefore, the corresponding debit on account of sale of scrap or written off assets which includes the book value of the asset sold so that the actual profit or loss on sale of scrap can be treated accordingly in the tariff as it is not justifiable that entire sale proceeds of the scrap is passed through to the consumers and book value of these assets sold is not being adjusted thereof. |
| Compensation for injuries, death and damages | 1.59 | Amount paid on account of compensation paid because of injuries, death and damages. |
| Loss of materials by pilferage, etc. | 0.02 | No justification provided. |
| Infructuous capital expenditure written off | 1.97 | No justification provided. |
| Gain/Loss on Round Payment | 0.01 | No justification provided. |
| Loss on obsolescence of stores etc. In stock | 0.18 | No justification provided. |
| Write off to scrap a/c | 0.25 | No justification provided. |
| **Total** | **80.64** | |

9.18.2 The Commission has discussed the above claims as follows:

9.18.3 **AO Pension:** It is observed from the submissions of the Petitioner and discussion during the Technical Validation Session that the Petitioner had created the said provision in lieu of the recovery of pension contribution from various departments/offices where HPSEBL employees have been deputed. The Petitioner is obligated to receive such pension amounts from such departments/offices. The Petitioner has submitted that since this amount was not recovered as of 31st March, 2023, the said provision was written-off in FY 2022-23. However, the same provision has been written back in FY 2023-24 and the efforts are being made to recover the same from the concerned units. **The**

**Petitioner is directed to collect such pension claims from respective departments/offices as such provisions cannot be allowed to be passed on to the Consumers.** In view of the above, the said claim of the Petitioner is not being allowed.

9.18.4 **SE (IT):** It is observed from the submissions that the Petitioner had created this provision on account of various heads such as Invoice for recovering Liquidated Damages and Penalties against various parties, Tender Cost against various bids, Tender fee for network connectivity, Inter Unit Transfer for Tata Consultancy Services, Payment towards GIS, GIS subscription etc. The Petitioner has not provided detailed justification explaining why these expenses were incurred, on account of which penalty, LD, tender etc. for which the Petitioner had to create provision. Further, there are many entries for which no details have been submitted. The Commission based on the prudence check is of the view that such provisions created on account of failing to recover penalties, liquidated damages, materializing tenders etc. shows inefficiencies of the Petitioner and such expenses should not be passed on to the consumers. In view of the above, the said claim of the Petitioner is not being allowed.

9.18.5 **Price Differentiation of Stock, Revaluation of Stock and Loss & Gain on Transfer Position of Stock**: It is observed that the Petitioner had created these provisions on account of variation in the stock (material) prices during the inventory management cycle. The price of the stock varied from acquisition date to capitalisation date on account of variation in booking/invoicing of material due to Moving Average Rate policy of stock. However, it is observed from the submissions that such variation had both positive and negative impact on the prices. The value of some stocks increased from as on acquisition date to as on capitalisation date and for some, the prices decreased. However, there was no impact on the actual cost as on date of acquisition. Based on the prudence check the Commission is of the view that such impact due to variation in cost of a stock should not be passed on the Consumers and the Petitioner should follow prudent inventory management practices to avoid creation of such provisions. Accordingly, the said claim of the Petitioner is not being allowed.

9.18.6 **Bad Debts written off –Others**: The Petitioner has claimed Rs. 70,163/- on account of expenditure written off due to theft of tower material and Rs. 1,19,975/- on account of material becoming unserviceable. Any expenditure incurred on account of theft due to negligence of the Petitioner cannot be passed on to the Consumers. It is observed that the Petitioner is being allowed adequate R&M expenses and working capital to ensure the safety and security of its material and keep them in a serviceable state. The Petitioner should follow prudent inventory management practice to ensure that none of the material becomes unserviceable. Further, there is no provision in the HPERC MYT Regulations, 2011 to allow such Bad Debt written offs. Accordingly, the said claim of the Petitioner is not being allowed.

9.18.7 **Bad and Doubtful Debt:** It is observed that the Petitioner has realized Rs. 12.83 Cr. from permanent defaulter of various category of Consumers during the FY 2022-23, which was kept as Bad and Doubtful Debt and on recovery of the amount, the same have been reversed. It is observed that the Commission vide 3rd Amendment to HPERC MYT Regulations, 2011 dated 22nd November, 2018 has inserted Regulation 34-A w.r.t provision for Bad and Doubtful Debts. The relevant extract of the Regulation reads is as under:

*"The Commission may allow a provision for bad and doubtful debts upto one percent (1%) of the estimated annual revenue of the distribution licensee, subject to actual writing off of bad debts by it in the previous years:*

*Provided further that where the total amount of such provisioning allowed in previous years for bad and doubtful debts exceed five (5) per cent of the receivables at the beginning of the year, no such appropriation shall be allowed which would have the effect of increasing the provisioning beyond the said maximum."*

The Commission further observed that the Petitioner had neither claimed such provision in the ARR, nor has the Commission approved such provision for Bad Debt to the Petitioner. Accordingly, recovery on account of such provision created for bad and doubtful debts are allowed to be retained by the Petitioner and no impact has been considered in the ARR.

9.18.8 **Stock shortage on physical verification, Loss of materials by pilferage, etc., Loss on obsolescence of stores etc. In stock**: The Petitioner has claimed Rs. 1.58 Cr. on account of shortage of stock. It is observed that any negligence on account of Petitioner should not be passed on to the Consumers. The Petitioner should ensure that the material/stock acquired should be properly accounted in the SAP/ERP throughout its life cycle. Accordingly, the said claim of the Petitioner is not being allowed.

9.18.9 **Loss on sale of scrap**: The Petitioner has claimed Rs. 16,35,862/- on account of loss incurred on sale of material which either became unserviceable or the cost of material was wrongly booked/missed. It is stated that any material which has been put to use gets decapitalized on account of obsoletion/replacement etc. and proper accounting treatment is done in the GFA of the Petitioner. Any negligence on account of the Petitioner cannot be passed to the Consumers. Further, there is no provision in the HPERC MYT Regulations, 2011 to recognize such losses on sale of scarp. Accordingly, the said claim of the Petitioner is not being allowed.

9.18.10 **Provision for contingencies**: The Petitioner had deposited Rs. 2,07,32,288/- with Hon'ble High Court, Shimla on account of Arbitration award decided in favor of M/s. Hi-Tech Power on 26th June, 2024. From the judgment dated 26th June, 2024 in Arbitration Case No. 98 of 2022, it is observed that the Hon'ble High Court in Para 4 has observed that Rs. 24,37,397/- + Rs. 2,50,000/- should be released to the claimant/respondent and any interest accrued may be refunded to the Petitioner/HPSEBL. Similarly, the Hon'ble High Court in judgment dated 26th June, 2024 in Arbitration Case No. 97 of 2022 in Para 4 has held that Rs. 1,76,94,891/- + Rs. 3,50,000/- should be released to the claimant/respondent and any interest accrued may be refunded to the Petitioner/HPSEBL. The Petitioner during discussion has clarified that the interest has not been refunded to HPSEBL in FY 2022-23 and shall be accrued in FY 2024-25. Further, any expenditure incurred on account of arbitration is accounted in the A&G expenses. Being a legitimate expenditure, the Commission allows these expenditures as Legal charges over above A&G expenses. **The Petitioner is directed to**

**submit details of the interest accrued as per above orders separately in the True up of FY 2024-25.**

9.18.11 **Provision for other expenses**: It is observed that the Petitioner has written - off certain provisions created as per direction of Statutory Auditor w.r.t scrap of material, PLA and Asset not in use of vehicles etc. Such provision also includes provision created for penalty amount, pending Amount (EMD of M/s Larsen & Toubro Ltd.), material lying short, price variation etc. The Commission observes that the Petitioner had created such provision which does not align with the Regulatory Framework. Further, the methodology and rationale behind creation of these provisions have not been adequately substantiated. Accordingly, such provisions cannot be passed on to the Consumers and accordingly this amount is disallowed.

9.18.12 **Loss on sale of fixed assets**: The Petitioner has claimed expenditure written off on account of loss incurred on sale of fixed assets. The Petitioner was directed to submit details of the fixed assets along with their date of acquisition, Acquisition Value as on Date of Capitalization, Cost recovered from sale of Asset, Loss incurred on sale of such Asset, Depreciation rate, Depreciation recovered as on the date of completion of its life, etc. From the details submitted by the Petitioner, it is observed that the Petitioner has submitted details for assets such as cars, miscellaneous scrap, civil work of trench wear at intake site of Rongtong Powerhouse and theft of material etc. For some assets, it is observed that the Petitioner has even recovered the full depreciation and for some assets the Petitioner has not shown the value of depreciation recovered. It is also observed from the submission that the Petitioner has not recovered any cost from sale of assets which cannot be the case. It is stated that any material which has been put to use gets decapitalized on account of obsoletion/replacement etc. and for the same proper accounting treatment is done in the GFA of the Petitioner. Any negligence of not recovering the cost on account of theft cannot be passed on to the Consumers. Further, there is no provision in the HPERC MYT Regulations, 2011 to recognize such losses on sale of fixed assets. Accordingly, the said claim of the Petitioner is not being allowed.

9.18.13 **Compensation for injuries, death and damages**: It is observed that the Petitioner has paid a compensation amount of Rs. 1.59 Cr. due to injuries, death and damages which also includes penalty and interest payment of Rs. 0.03 Cr. As such expenditure on account of compensation paid due to injuries, death and damages are recorded in A&G expenses. Being a prudent case of expenditure, the Commission allows this expenditure as compensation charges over and above A&G expenses after netting of interest received by the Petitioner.

9.18.14 **Infructuous capital expenditure written off**: The Petitioner has claimed Rs. 1.97 Cr on account of infructuous capital expenditure written off. The Petitioner has not furnished any details regarding the same. Further, there is no provision in the HPERC MYT Regulations, 2011 to recognize any amount being written off on account of Infructuous capital expenditure. Accordingly, the said claim of the Petitioner is not being allowed.

9.18.15 **Write off to Scrap a/c**: The Petitioner has claimed Rs. 0.25 Cr on account of Write off to Scrap a/c. The Petitioner has not furnished any details regarding the same. Further, there is no provision in the HPERC MYT Regulations, 2011 to recognize any amount being written off on account of Scarp a/c. Accordingly, the said claim of the Petitioner is not being allowed.

9.18.16 **Gain/Loss on Round Payment**: The Petitioner has claimed Rs. 0.01 Cr on account of Gain/Loss on Round Payment. The Petitioner has not furnished any details regarding the same. Further, there is no provision in the HPERC MYT Regulations, 2011 to recognize such amount being written off on account of Gain/Loss on Round Payment. Accordingly, the said claim of the Petitioner is not being allowed.

9.18.17 The Commission further observes that HPERC MYT Regulations, 2011 do not have provisions for allowing the amount claimed under Miscellaneous written off except Bad and Doubtful Debt. However, based on the submissions of the Petitioner and prudence check, the Commission allows cost incurred towards "Provision for contingencies" and "Compensation for injuries, death and damages" only as a one-time expense. This should not become a precedence for future.

## 9.19 Aggregate Revenue Requirement

9.19.1 The ARR approved by the Commission in the provisional True up Order, as submitted by the Petitioner in final True up Petition and now approved by the Commission for FY 2022-23 are shown in the table below:

**Table 183: Summary of Trued up ARR for FY23 (Rs. Cr.)**

| Particulars | Provisional True up | Petition | Final Trued up |
|---|---|---|---|
| Power Purchase Expenses* | 4,649.76 | 4,661.51 | 4,650.58 |
| **Operation & Maintenance Costs** | **2,578.55** | **2,597.50** | **2,579.08** |
| *Employee Cost* | *2,374.04* | *2,395.14* | *2,374.04* |
| *R&M Cost* | *129.01* | *126.24* | *126.18* |
| *A&G Cost* | *75.50* | *76.12* | *78.86* |
| Interest & Financing Charges | 210.34 | 210.64 | 210.62 |
| Depreciation | 167.33 | 167.33 | 167.33 |
| Return on Equity | 62.74 | 62.74 | 62.74 |
| Miscellaneous written off | 0.00 | 80.64 | 0.00 |
| Less: Non-Tariff & Other Income | -68.07 | -64.78 | -60.37 |
| **Aggregate Revenue Requirement** | **7,600.65** | **7,715.60** | **7,609.97** |

**Disallowance on account of under-achievement in T&D loss and approval of REC certificate expense under Power purchase expense instead of A&G expenses*

## 9.20 Adjustments to ARR

9.20.1 The Commission has continued with the adjustments against True up of FY 21 and impact of True up against controllable parameters of 3rd MYT Control Period. Further, provisioning towards CGS Orders and impact of 6th Pay Commission revision are already factored under the respective expense head and are, therefore, not required to be allowed separately.

9.20.2 The Commission, vide MYT Order dated 15th March, 2024, had adjusted Rs. 5.22 Cr. towards rebates provided to Tourism Sector during FY 21 in the Tariff Order dated 31st March, 2023 and had directed the Petitioner to provide an auditor certificate regarding the same. Based on the information submitted by the Petitioner, the Commission had allowed the amount of Rs. 5.22 Cr. However, in the final True up Petition, the Petitioner has submitted that they have received this amount from GoHP.

9.20.3 Based on the above adjustments, the revised ARR for FY 2022-23 approved by the Commission is shown in the table below:

**Table 184: Revised ARR with Adjustments Approved for FY23 (Rs. Cr.)**

| Particulars | Provisional True up | Petition | Final Trued up |
|---|---|---|---|
| **Aggregate Revenue Requirement (ARR)** | **7,600.64** | **7,715.60** | **7,609.97** |
| **Add: Adjustments** | | | |
| *True up for FY21* | -526.98 | -526.98 | -526.98 |
| *Impact of True up of 3rd Control Period Controllable parameters FY 15 to 19* | -473.68 | -473.68 | -473.68 |
| *Provisioning towards CGS Orders* | - | - | - |
| *Provision towards impact of 6$^{th}$ pay Commission revision* | - | - | - |
| *Add Past Adjustment* | 5.22 | - | - |
| **Net ARR including adjustment** | **6,605.20** | **6,714.94** | **6,609.31** |

## 9.21 Revenue Surplus/ (Gap)

9.21.1 The Revenue Surplus / (Gap) for FY 2022-23 based on the approved Trued up costs and revenues of HPSEBL is as determined below:

**Table 185: Approved Revenue Gap for FY23 (Rs. Cr.)**

| Particulars | Provisional True up | Petition | Final Trued up Surplus/(Gap) |
|---|---|---|---|
| **Total ARR including adjustments** | **6,605.20** | **6,714.94** | **6,609.31** |
| **Revenue** | | | |
| Revenue from sale of Power within state | 6,346.23 | 6,346.23 | 6,346.23 |
| Revenue from sale of Power outside state | 398.61 | 399.52 | 399.52 |
| **Total Revenue** | **6,744.84** | **6,745.74** | **6,745.74** |
| **Revenue Surplus/(Gap)** | **139.63** | **30.81** | **136.44** |

9.21.2 Based on the final Truing up of ARR for FY 2022-23, the Commission approves a revenue surplus of Rs. 136.44 Cr.

## 9.22 Revenue (Gap)/Surplus and Carrying Cost

9.22.1 Accordingly, the Commission has determined carrying cost based on the opening and closing amount of revenue Surplus/ (Gap). The computation of carrying cost and cumulative revenue Surplus/ (Gap) is summarized in table below:

**Table 186: Approved Carrying Cost for Revenue Surplus/ (Gap) (Rs. Cr.)**

| Particulars | FY23 | FY24 | FY25 |
|---|---|---|---|
| Opening Gap | - | 143.80 | 160.44 |
| Surplus/ (Gap) on account of Truing up of uncontrollable parameters for FY23 | 136.44 | - | - |
| Adjustment of surplus passed in FY25 (based | - | - | 164.20 |

| Particulars | FY23 | FY24 | FY25 |
|---|---|---|---|
| on provisional True up) | | | |
| Closing | 136.44 | 143.80 | (3.76) |
| Interest Rate for Carrying Cost | 10.80% | 11.57% | 11.84% |
| Carrying Cost | 7.37 | 16.64 | (0.45) |
| **Total (Gap)/Surplus** | **143.80** | **160.44** | **(4.21)** |

9.22.2 Further, in the provisional True up, the Commission had approved a revenue surplus of Rs. 164.20 Cr. with carrying cost, which was passed on to the Consumers in the Tariff approved by the Commission for FY 2024-25. Now, in the final True up, the Commission has adjusted Rs. 164.20 Cr. while computing carrying cost and cumulative revenue gap based on final True up for FY 2022-23. The net cumulative revenue gap determined by the Commission, in the above table, shall be adjusted in the ARR of FY 2025-26 in the **Chapter 12.**

# 10 True up of Uncontrollable parameters for FY 2023-24 under the 4th MYT Control Period

## 10.1 Background

10.1.1 The HPSEBL has submitted a Petition for True up of uncontrollable parameters for FY 2023-24 on the basis of variation in actual expenses and revenue in FY 2023-24 vis-à-vis the expenses and revenue approved in the Mid-Term Performance Review (MTPR) Order for 4th MYT Control Period dated 29th March, 2022 and subsequently reviewed in the 4th APR Order dated 31st March, 2023 for FY 2023-24 along with the Annual Accounts for the period 1st April, 2023 to 31st March, 2024 to support the actual expense and revenue for the period.

10.1.2 It is observed that the Petitioner has not submitted the CAG approved audited accounts for FY 2023-24. In response to the query, the Petitioner has informed that the CAG audit for FY 2023-24 is undergoing and the report of the same after approval from CAG-New Delhi is expected to be completed in due course of time. In the absence of the CAG approved audited accounts, the Commission is undertaking a provisional True up for FY 2023-24. The Commission shall review the provisional True up carried out in this Order in the next year Tariff filings based on CAG approved audited accounts along with certain claims which have remained unexplained or were submitted in response to the deficiency letters for which adequate prudence check could not be undertaken. The Commission shall review the pending and additional claims at the time of final True up based on CAG approved audited accounts.

10.1.3 The Commission has reviewed the operational and financial performance of HPSEBL for FY 2023-24 based on the accounts made available and has undertaken a True up in line with the HPERC MYT Regulations, 2011, as amended from time to time, taking into account all the information, data submissions and necessary clarifications submitted by the Petitioner as well as views expressed by the Stakeholders.

10.1.4 The relevant extract stated in the amended Regulation 11 of the HPERC MYT Regulations, 2011 (Second Amendment Regulations, 2013) deals with the True up as under:-

*"**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. True 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 explain the methodology adopted by the Commission for provisional True up of uncontrollable parameters for FY 2023-24 based on the annual accounts submitted by HPSEBL for FY 2023-24.

## 10.2 Energy Sales

10.2.1 The HPSEBL in its True up Petition for FY 2023-24 has submitted the actual sales of 11,345 MUs as compared with the approved sales of 11,306 MUs in the 4th APR Order dated 31st March, 2023 for FY 2023-24, which is higher by 39 MUs from the approved sales. Accordingly, the Commission approves the actual sales as submitted by the Petitioner for True up of FY 2023-24.

10.2.2 The following table shows the actual sales submitted by the HPSEBL vis-à-vis the approved sales by the Commission for FY 2023-24 in the 4th APR Order dated 31st March, 2023:

**Table 187: Category-wise Trued up Sales for FY24 (MU)**

| Category | Approved in MTPR | Actual |
|---|---|---|
| Domestic Supply | 2,724 | 2,724 |
| Non-Domestic Non-Commercial | 157 | 186 |
| Commercial Supply | 695 | 738 |
| Small Power Supply | 93 | 104 |
| Medium Power Supply | 106 | 105 |
| Large Power Supply | 6,515 | 6,407 |
| Public Lighting | 12 | 13 |
| Govt. Irrigation & Water pumping | 698 | 739 |
| Irrigation and Agriculture | 85 | 79 |
| Bulk Supply | 158 | 193 |
| Temporary | 63 | 55 |
| EV Charging Stations | 1 | 1 |
| **TOTAL** | **11,306** | **11,345** |

## 10.3 Revenue from Sale of Power

10.3.1 The Commission has considered revenue of Rs. 6,785.71 Cr. for FY 2023-24, 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 2023-24:

**Table 188: Category-wise Trued up Revenue from Sale of Power for FY24 (Rs. Cr.)**

| Particulars | APR Order | Petition | Provisionally Trued up |
|---|---|---|---|
| Domestic | 1,456 | 1,454.45 | 1,454.45 |
| Non-Domestic Non-Commercial | 101 | 138.28 | 138.28 |
| Commercial | 446.22 | 496.69 | 496.69 |
| Small Power | 60 | 70.17 | 70.17 |
| Medium Power | 65 | 74.56 | 74.56 |
| Large supply | 3,806 | 3,715.65 | 3,715.65 |
| Public Lighting | 7 | 7.27 | 7.27 |
| Govt. Irrigation & Water Pumping | 479 | 597.82 | 597.82 |
| IPH | | 36.77 | 36.77 |
| Bulk and Grid supply | 100 | 136.94 | 136.94 |
| Temporary Metered Supply | 55 | 56.23 | 56.23 |
| EV Charging Stations | 1 | 0.85 | 0.85 |
| **Total** | **6,577** | **6,785.71** | **6,785.71** |

10.3.3 The Commission has also reviewed the submissions of the Petitioner for revenue from sale of Power outside the State and has considered the actual revenue of Rs. 264.51 Cr. as per audited accounts.

## 10.4 Transmission and Distribution (T&D) Loss

10.4.1 The Commission had approved T&D loss level at 9.50% for FY 2023-24 in the MYT Order dated 29th June, 2019 for the 4th MYT Control Period and retained the same loss in the MTPR Order dated 29th March, 2022 and 4th APR Order dated 31st March, 2023.

10.4.2 The Petitioner has mentioned that the T&D loss trajectory approved vide MYT Order dated 29th June, 2019 is stringent and is resulting in imposition of penalty. Further, the Petitioner has submitted that as per the methodology adopted by the Commission for calculations of T&D losses, the losses from the State periphery to the Discom periphery has been to the account of DISCOM. However, the Power is being made available through various Interstate lines, which are under the control of the HPPTCL. The HPPTCL has the mandate for evacuation of Power from various IPPs of the State, but the evacuation has been provided by the HPSEBL and entire losses are being charged to HPSEBL resulting in penalty for the losses attributable to the HPPTCL.

10.4.3 Further, the Petitioner has submitted that during FY 2023-24, in the Kullu Circle, HPSEBL has procured total 364.44 MUs from various IPPs at 11 kV & 33 kV voltage level. Out of total 364.44 MUs, 196.87 MUs have been consumed and remaining 167.57 MUs have been wheeled out of the circle. The month-wise energy generation and consumption from IPPs in the Kullu Circle is shown in the table below:

**Table 189: Loss on account of IPPs energy wheeled under Kullu Circle for FY24**

| Month | Generation (in MU) | Energy Consumed (in MU) | Energy Wheeled (in MU) | T&D Losses Claimed (@6%) |
|---|---|---|---|---|
| April | 38.43 | 20.79 | 17.64 | 1.058 |
| May | 56.38 | 26.23 | 30.15 | 1.809 |
| June | 60.65 | 25.34 | 35.31 | 2.119 |
| July | 28.46 | 13.72 | 14.74 | 0.884 |
| August | 32.57 | 14.73 | 17.84 | 1.070 |
| September | 36.19 | 16.49 | 19.7 | 1.182 |
| October | 28.1 | 16.3 | 11.8 | 0.708 |
| November | 19.88 | 13.58 | 6.3 | 0.378 |
| December | 15.6 | 12.57 | 3.03 | 0.182 |
| January | 12.12 | 10.22 | 1.9 | 0.114 |
| February | 11.61 | 9.62 | 1.99 | 0.119 |
| Match | 24.45 | 17.28 | 7.17 | 0.430 |
| **Total** | **364.44** | **196.87** | **167.57** | **10.05** |

10.4.4 The Petitioner has submitted that it is evident from the data presented in the above table that in FY 2022-23, the Kullu Circle wheeled the energy out of the Circle which resulted into additional losses. The Commission observes that the energy flow in the Kullu circle is not new or something which was not known earlier. The Commission at the time of fixation of T&D loss trajectory of the Petitioner had already considered the likely impact of hydro power connected to the Petitioner's system. It can be otherwise also, wherein some of the IPPs connected to the intra-state transmission/distribution network might have helped the Petitioner to reduce the T&D losses. So, these factors as highlighted by the Petitioner now, cannot be considered at this stage. Therefore, while computing the actual T&D losses and penalty thereon, in this Order, the Commission has not agreed to the request of the Petitioner.

10.4.5 Thus, the Commission has computed T&D loss based approved energy from Interstate Generating Stations, State Generating Stations, Free Power and IPPs. The detailed analysis on Power purchase and Interstate Transmission loss is in the Power purchase Section.

10.4.6 Based on the approved Power purchase quantum and approach of the Commission adopted in the previous True up(s), T&D loss for FY 2023-24 has been computed, as shown in the table below:

**Table 190: T&D Loss for FY24 in MUs (APR Approved, Proposed by the Petitioner and Trued up by the Commission)**

| Sl. | Name of the Plant | APR Order | HPSEBL's Submission | Provisionally Trued up |
|---|---|---|---|---|
| A | Units Procured from Interstate-Generating Stations (including free Power stations connected to ISTS) | | 7,920.58 | 7,920.58 |
| B | Banking Purchase at ISTS | | 2,350.61 | 2,350.61 |
| C | Interstate Transmission Loss (%) | | 3.66% | 3.65% |
| D | Transmission Loss (MUs) | | 375.00 | 375.00 |
| **E** | **Net Energy Available at State Periphery** | | **9,896.19** | **9,896.19** |
| **F** | **Power Available within the state (i+ii+iii)** | | **4,184.84** | **4,184.84** |
| | (i) State Generating Stations | | 1,603.95 | 1,603.95 |
| | (ii) GoHP Power (own generation & IPPs) | | 294.46 | 294.46 |
| | (iii) IPPs | | 2,286.43 | 2,286.43 |
| **G** | **Power from Other Sources (i+ii)** | | **1,105.50** | **1,105.50** |
| | (i) UI Power | | 119.18 | 119.18 |
| | (ii) IEX/PXIL | | 986.32 | 986.32 |
| | (iii) short term Power | | | - |
| **H** | **Total Energy Available at State Periphery (E+F+G)** | | **15,186.53** | **15,186.53** |
| | | | | |
| **I** | **Energy Sales within the state** | | **11,344.70** | **11,344.70** |
| **J** | **Interstate Sale of Power (i+ii+iii)** | | **2,540.44** | **2,540.44** |
| | (i) Sale of Power (including UI, Bilateral & IEX/PXIL) | | 531.83 | 531.83 |
| | (ii) Banking | | 2,008.61 | 2,008.61 |
| | (iii) RE sale | | - | - |
| **K** | **Total Energy Available for sale within the state (I+J)** | | **13,885.14** | **13,885.14** |
| L | T&D loss (in MUs) (H-K) | | 1,301.39 | 1,301.39 |
| **M** | **Total Energy Available for sale within the state @ HP Periphery (H-J)** | | **12,646.09** | **12,646.09** |
| **N** | **T&D loss (%) = (L/M X 100)** | **9.50%** | **10.29%** | **10.29%** |

10.4.7 The T&D loss achieved by the HPSEBL has resulted in an under-achievement of 0.79% which is eligible for penalty as per Regulation 15 of HPERC MYT Regulations, 2011 (Second Amendment Regulations, 2013).

### 10.5 Power Purchase

10.5.1 For the True up of FY 2023-24, the Petitioner has submitted Power purchase from the following Generating Stations:

(a) HPSEBL's own Generating Stations
(b) Purchase from Generating Stations of Himachal Pradesh Power Corporation Ltd (HPPCL)
(c) Purchase from Central Generating Stations of NTPC, NHPC, SJVNL, NPCIL and THDC
(d) Purchase from BBMB and shared stations
(e) Purchase from Baspa, private HEPs above 25 MW, private SHPs up to 25 MW and under APPC mechanism for REC
(f) Purchase of Free and Equity Power from the GoHP
(g) Purchase from Renewable Source
(h) Purchase from exchange and Purchase under DSM/UI

10.5.2 The HPSEBL has submitted total Power purchase cost (including Transmission and other charges) of Rs. 4,648.91 Cr. for FY 2023-24 as per accounts for True up. Notional cost booked in the audited 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 Stations has been considered by the Petitioner in the total Power purchase cost of FY 2023-24. The Commission's analysis with respect to Power purchase quantum and cost from different sources has been discussed in the paragraph below:

***Power Purchases Excluding Own Generating Stations:***

10.5.3 The Petitioner has submitted SLDC Certificate in support of Power purchase quantum claimed for True up of FY 2023-24 which has been considered by the Commission for the Truing up.

10.5.4 With respect to cost of Power purchase excluding the cost of purchase from Own Generating Stations, the Commission has considered Power purchase cost as per audited accounts of FY 2023-24 and deducted the provisions made towards LADF payment and payment to Sainj Station. The Commission directed the Petitioner to provide clarification for provisions made for payment to Sainj Station. In response, HPSEBL has submitted that an amount of Rs. 3.09 Cr. is provisioned on account of Power purchase share of HPESEBL from Sainj HEP which has been sold by HPPCL in the open market which is still disputed. Accordingly, HPSEBL has made provision of HPSEBL share Power quantum from Sainj HEP to avoid audit observation. Therefore, Rs. 3.09 Cr. has been excluded from Power purchase cost due to non-acceptance of the credit note of sale proceeds by the Sainj HEP.

10.5.5 The reconciliation of Power purchase cost with audited accounts is shown in the table below:

**Table 191: Reconciliation of Power purchase cost for FY24 (Rs. Cr.)**

| Particulars | Formula | Audited Accounts |
|---|---|---|
| Total Power Purchase Cost | A | 4,420.82 |
| Less: LADF Provision | B | 1.11 |
| Less: Provision made for Sainj HEP | D | 3.09 |
| **Power purchase cost net of provisions** | **F = C-D** | **4,416.62** |

10.5.6 It is observed that the total Power purchase cost incurred by the Petitioner is Rs. 4416.62 Cr, which also includes:

- CTUIL charges of Rs. 176.82 Cr.
- HPPTCL charges of Rs. 66.63 Cr.
- STOA charges of Rs. 53.67 Cr.
- Other charges of Rs. 15.87 Cr.
- SLDC charges of Rs. 3.61 Cr.

10.5.7 The Petitioner has submitted that it has paid CTUIL charges of Rs. 176.82 Cr. The Commission asked the Petitioner to submit justification for significantly lower CTUIL charges incurred in comparison to previous years. In response, the Petitioner has submitted that actual CTUIL charges for FY 2023-24 were Rs. 446.61 Cr. and HPSEBL has received reimbursement of arrears of Rs. 269.79 Cr., which has been discussed in detail under Para 10.6.1 of this order. The Petitioner further submitted that it has claimed CTUIL charges after excluding reimbursement of Rs. 269.79 Cr. (Rs. 446.61 Cr. - Rs. 269.79 Cr.= Rs. 176.82 Cr.) The details bifurcation of CTUIL charges submitted by the Petitioner is shown in the table below:

**Table 192: Details of CTUIL charges for FY24 (Rs. Cr.)**

| Sl. | Transmission Charges | Amount |
|---|---|---|
| I | Inter-State transmission charges | 261.34 |
| II | PKATL Asset | 14.36 |
| III | Charges for Hamirpur line | 0.71 |
| IV | ULDC/PGCIL Charges | 17.13 |
| V | **Total CTUIL(i+ii+iii+iv)** | **293.54** |
| VI | Less: GOHP free power recovery | 116.73 |
| | **Net CTUIL (v-vi)** | **176.81** |

10.5.8 Further, the Petitioner has paid total HPPTCL charges of Rs. 66.63 Cr., the details regarding the same has been discussed in the Para 10.6.1 under Section "Transmission and Other Charges" of this Chapter.

10.5.9 The Petitioner has also paid STOA charges Rs. 53.67 Cr. as per audited accounts.

10.5.10 The Commission has observed that the Petitioner has also claimed Rs. 15,87 Cr. towards trading margin-Banking Transaction, UPPTCL Charges, Bhudil Hydro Transmission Charges, cost towards Kanchanjunga Power Company, Power Grid Charges. In response to the query raised by the Commission, the Petitioner has submitted the clarification as under:

(a) **UPPTCL Charges:** In response to the query raised by the Commission, the Petitioner has submitted that Tanda-II TPS of NTPC is an embedded

Generator in the Intra State Transmission network of UPPTCL and Inter State Transmission network. UPPTCL Transmission charges are payable to beneficiary UPPTCL for wheeling of energy from Tanda-II TPS through UPPTCL network.

(b) **Trading Margin:** With regard to Rs. 9.35 Cr. trading margin, Rs. 0.17 Cr. Baragaon wheeling charges and Rs. 0.48 Cr. Malana wheeling charges paid, the Petitioner has submitted that it had Banked its summer surplus Power through traders (i.e. Manikaran Power Limited and APPCPL) on firm basis and received it back in winter and also did the advance Banking with APPCPL and Statkraft in April, 2023. For carrying out the Banking transactions, traders were paid the trading margin as per the provision of CERC Regulations "Grant of Trading License and Other Related Matters 2020". The HPSEBL received 2345.58 MU under Firm Banking and paid a trading margin of Rs. 0.04 per unit except Rs. 0.0245 per unit statkraft, total amounting to Rs. 9.35 Cr.

(c) Payment to Baragaon has been made for GoHP free Power wheeled through the Phozal Sub-Station. Baragaon use to pay Transmission charges of Phozal Sub-Station for 24 MW and HPSEBL reimburses the amount corresponding to GoHP free Power i.e. 3.6 MW, utilized by it to Baragaon.

(d) Wheeling charges are paid to Malana against usage of Malana HEP line for evacuation of IPPs Power in the region.

10.5.11 Other Power purchase cost claimed by the Petitioner is summarised in the table below:

**Table 193: Other Power Purchase Cost for FY24 (Rs. Cr.)**

| Particulars | Amount |
|---|---:|
| Trading Margin-Banking | 9.35 |
| UPPTCL Charges | 5.87 |
| Baragoan | 0.17 |
| Malana Wheeling charges paid | 0.48 |
| **Total Others** | **15.87** |

10.5.12 Based on the clarifications of the Petitioner, the expenses were observed to be related to Power purchase cost and were also reconciled with the Power purchase cost as mentioned in the audited accounts for FY 2023-24. Therefore, the Commission has considered the same for True up. However, the Commission for computation of Power purchase cost excluding Transmission and Other Charges has deducted the above amount of Rs. 15.87 Cr. from total Power Purchase Cost of Rs. 4416.62 Cr and has allowed the same separately.

10.5.13 With regards to reconciliation of SLDC charges of Rs. 3.81 Cr. with audited accounts, the Petitioner has submitted that the SLDC charges are not reflected separately in the profit & loss statement of FY 2023-24 and have been combined under various other charges paid to the SLDC including Deviation Settlement Account (DSA), reactive energy charges as shown in the table below:

**Table 194: SLDC and other charges submitted by HPSEBL for FY24 (Rs. Cr.)**

| Sl. | Particulars | Amount |
|---|---|---|
| I. | DSA Charges | 130.54 |
| II. | Reactive Charges (Net) | 3.23 |
| III. | SLDC Charges | 3.61 |
| | **Total** | **137.38** |

10.5.14 For FY 2023-24, the Commission has reconciled source-wise Power purchase cost for True up. The Commission has further considered the final amount of Power purchase recorded in the audited accounts of the Petitioner and has adjusted the same for CTUIL charges, Transmission charges and other Power purchase related costs. A summary of the Power purchase cost excluding CTUIL charges, SLDC and Other related Power purchase costs considered as per audited accounts has been provided in the table below:

**Table 195: Power Purchase Cost (excluding PGCIL, SLDC and Other related Power purchase costs) for FY24 (Rs. Cr.)**

| S. No. | Particulars | Provisionally Trued up |
|---|---|---|
| A | Total Power Purchase Cost as per Accounts | 4,420.82 |
| B | LADF (DOE) | 1.11 |
| C | Purchase from Sainj | 3.09 |
| **D** | **Total Power Purchase allowed (A-B-C)** | **4,416.62** |
| | **Less:** | |
| E | PGCIL | 176.82 |
| F | HPPTCL | 66.63 |
| G | SLDC Charges | 3.61 |
| H | STOA charges | 53.67 |
| I | Other Charges | 15.87 |
| **J** | **Power Purchase Cost (excluding Transmission and other Charges) A-(B+C+D+E+F+G+H** | **4,100.02** |

10.5.15 With respect to reconciliation of GoHP free power with audited accounts, the Petitioner has submitted reconciliation of cost of free Power with annual account, as shown in the table below:

**Table 196: Cost of free Power submitted by HPSEBL for FY24 (Rs. Cr.)**

| Sl. | Description | Amount |
|---|---|---|
| 1 | Tata Power Trading Company Ltd. | 132.93 |
| 2 | Less: Amount paid TPTCL against Sainj HEP energy sale in open access | 0.93 |
| **3** | **Net Amount paid to TPTCL** | **132.00** |
| 4 | Add: Amount paid through SJVNL to DoE for free Power | 1.96 |
| 5 | **Total free Power towards GoHP** | **133.96** |

10.5.16 With respect to Power purchase cost for CGS Stations, it is observed that the actual cost paid by the Petitioner for the Power procured from various CGS stations has been higher than the approved Power purchase cost due to the increase in Tariff by the Central Electricity Regulatory Commission (CERC) for the respective plants for the period FY 2019-24. Also, an amount of Rs. 124.48 Cr. was paid towards arrears for these plants during FY 2022-23. Further, in response to queries raised by the Commission, the Petitioner has submitted that the HPSEBL has availed Un-requisitioned Surplus Power (URS) share from NPTC thermal stations to meet winter demand, availed share from unallocated pool of CGS in November 2023, February 2024, and March 2024 resulting in increased cost of Power procurement for these Stations.

10.5.17 The Commission observed that the Petitioner has purchased 986.32 MUs from Power exchanges with the cost of Rs. 598.66 Cr. translating into Rs. 6.07/kWh during FY 2023-24. Further, the Commission asked the Petitioner to submit justification for purchasing such high-rate Power. In response, the Petitioner has submitted that the rate of power purchased was higher during FY 2023-24 due to the purchase of Power to meet the deficit of winter month through long duration contracts. It was further informed by the Petitioner that it made all its efforts to mitigate the winter deficits. The measures include floating power purchase tenders at DEEP e-portal, request for diversion of free Power share of GoHP etc. However, the rates discovered in DEEP e-portal were on higher side and the same were brought in the knowledge of the Commission. The HPSEBL then resorted last option to purchase Power in long duration contract at Power Exchange with prior approval of the Commission. It is also submitted that the rates of purchase are calculated after considering the Transmission losses and charges, whereas no Transmission losses and charges are applicable on sale of Power.

10.5.18 The Commission has observed that the Petitioner has also paid Rs. 133.77 Cr. against UI/DSM purchase with total Power purchase quantum from UI/DSM as 119.18 MUs. In response to the Commission’s query, the Petitioner clarified that the total amount of Rs. 133.77 Cr. comprises of Rs. 130.13 Cr. for UI/DSM and Rs. 3.22 Cr. towards reactive charges payable. Further, the Commission asked the Petitioner to provide reconciliation of UI/DSM charges claimed in the Petition and shown in the audited accounts of FY 2022-23. he reconciliation of DSM charges provided by the Petitioner is shown in the table below:

**Table 197: Reconciliation of DSM charges with Audited Accounts for FY24 (Rs. Cr.)**

| Particulars | Amount |
|---|---|
| UI/DSM charges as per audited accounts | 137.38 |
| Less: SLDC charges | 3.61 |
| DSM Charges | 133.77 |

10.5.19 After scrutiny of the submissions of the Petitioner, the Commission has observed that amount claimed towards UI/DSM charges also has past arrears, reactive energy charges, additional DSM charges, sustained DSM charges and adjustment amount. In response to queries raised by the Commission as well as during the TVS, the Petitioner has submitted the following with respect to Additional DSM charges, Sustained Deviation amount and adjustment charges:

(a) **Additional DSM charges**: In addition to charges for Deviation as defined under Regulation 7 of HPERC (Deviation Settlement Mechanism and Related Matters) Regulations, 2018 (herein referred as “HPERC DSM Regulations, 2018), as amended from time to time, additional charges for deviation are applicable for incremental over-drawl as well as under-injection of electricity for each slab in respect of each time block in excess of the volume limit specified in Regulation 8 of HPERC DSM Regulations, 2018 and its amendment from time to time.

(b) **Additional Charges for Sustained Deviation:** In addition to the DSM charges and additional DSM charges as per Regulations 7, 8 and 9 HPERC DSM Regulations, 2018 and its amendment from time to time, State Entities are also liable to pay the additional charges for not meeting the requirements for change in sign of Deviation.

(c) **Adjustment amount**: Adjustment amount is applicable in respect of the difference between the provisions of HPERC DSM Regulations, 2018 and CERC DSM Regulations.

10.5.20 The Commission understands the concern with respect to scheduling and drawl of energy. However, the Petitioner is required to undertake adequate planning to avoid such situations where the Power drawn under UI is at such higher rates (Rs. 10.92/kWh). Based on the information submitted by the Petitioner, it is observed that apart from normal deviation charges, the Petitioner has paid an amount of Rs. 22.44 Cr. towards additional deviation charges and Rs. 25.18 Cr. pertaining to additional charges for sustained deviation out of Rs. 133.77 Cr., which is a significant amount. These charges are additional burden on the ARR and indicates the poor planning of Power procurement by the Petitioner. In the MYT Order dated 15th March, 2024, the Petitioner was directed to do proper planning for Short-Term Power purchase and undertake steps for reducing the high burden of DSM charges with load forecasting tools. The relevant extract of the Order is as under:

> ***"7.5.11...........The Commission expresses serious concern over the continued procurement of unscheduled power and the resultant high amount of additional deviation charges and directs the Petitioner to undertake steps for reducing the high burden of DSM charges on the Petitioner."***

10.5.21 However, the Petitioner has failed to comply with the directive of the Commission. Therefore, the Commission is of the view that entire amount of DSM should not be passed on in the tariff. Accordingly, the Commission feels it appropriate to disallow 50% of additional charges towards Sustained Deviation (Rs. 25.18 Cr.) in the True up for FY 2023-24 as the same was due to poor Power purchase planning by the Petitioner. **The Commission expresses serious concern over the continued procurement of unscheduled Power and the resultant high amount of additional deviation charges and directs the Petitioner to undertake steps for reducing the high burden of DSM charges on the Petitioner**.

***Power Purchases from Own Generating Stations:***

10.5.22 With respect to the actual energy generated from the Petitioner's own Generating Stations. In response to the Commission's query, the Petitioner has submitted revised station wise Power purchase MUs and cost. To substantiate Power purchase MUs, the Petitioner has submitted SLDC certificate. The Commission observed that, SLDC has certified Ex-Bus Generation for the stations other than Killar, Sach, Purthi, and Sural. Accordingly, the Commission has considered Power purchase quantum from Own Generating Stations (other than Killar, Sach, Purthi, and Sural) based on the SLDC certificate and for Killar, Sach, Purthi, and Sural, MUs have been considered as submitted by the Petitioner. However, any variation in MUs and their corresponding cost will be dealt in the True up Order of Generation Business.

10.5.23 Further, the Commission has computed the cost of Power from Own Generating Stations based on the units, as discussed in the above Section and the Tariff approved for the respective Generating Stations for FY 2023-24 as per the MYT Order for Generation Business dated 11th November, 2021. For own Generating Stations with capacity lower than 25 MW, the Petitioner has requested to consider PPA rate for Ligthi, Billing, Sach, Sural and Purthi. Accordingly, the Commission has considered PPA rate for Truing up of the cost of Power purchase from these stations. For Killar, the Commission has considered the generic Tariff of Rs 2.25/kWh as approved in the Order dated 15th January, 2014, against Petition No. 54/2013. However, in case of Ghanvi II HEP, the Commission has considered the Tariff of Rs. 3.16/kWh as approved in the Project Specific Levelized Tariff for Ghanvi II HEP vide Order dated 28th September, 2022.

10.5.24 The Commission observed that the Petitioner has claimed cost of Power purchase from Larji Station as approved by the Commission in the APR Order dated 31st March, 2023. In response to the Commission's query, the Petitioner has submitted that due to unprecedented flood in July 2023, Larji Powerhouse got submerged and its restoration is under process. As per the provisions of Clause 21a of Regulation 3 of HPERC (Terms and Conditions for Determination of Hydro Generation Tariff) Regulations, 2011, this event will qualify under Force Majeure and accordingly HPSEBL is eligible for claiming full fixed cost. In this regard, the Commission is of the considered view that the event will qualify under force majeure as per the provisions of Clause 21a of Regulation 3 of HPERC (Terms and Conditions for Determination of Hydro Generation Tariff) Regulations, 2011, will be decided at the time of True-Up of 4th Control Period (FY20-FY24) for Generation Business. However, for the time being the Commission has provisionally allowed fixed cost (as per the MYT Order for Generation Business dated 11th November, 2021) and energy charges corresponding to actual generation. Any variation will be addressed in the True up Order of 4th Control Period for Generation Business and final True up of FY 2023-24.

10.5.25 Based on the above considerations and in line with the provisions of the HPERC MYT Regulations, 2011, as amended from time to time, the Commission has reassessed the energy units and cost for own Generating Stations as summarised below:

**Table 198: Power Purchase computed by the Commission from Own Generating Stations for FY24**

| Name of Station | Net Generation (MUs) | Amount (Rs. Cr.) |
|---|---|---|
| Bhaba | 535.32 | 46.84 |
| Bassi | 299.92 | 19.85 |
| Giri | 232.12 | 35.94 |
| Andhra | 66.67 | 11.14 |
| Ghanvi | 75.58 | 17.01 |
| Ghanvi II | 31.02 | 9.80 |
| Baner | 35.66 | 10.26 |
| Gaj | 31.00 | 9.83 |
| Larji | 190.07 | 44.59 |
| Khauli | 40.40 | 9.09 |

| Name of Station | Net Generation (MUs) | Amount (Rs. Cr.) |
|---|---|---|
| Binwa | 32.02 | 7.53 |
| Thirot | 11.30 | 2.54 |
| Gumma | 6.05 | 1.36 |
| Holi | 0.60 | 0.13 |
| Bhaba Aug | 4.37 | 0.98 |
| Nogli | 2.64 | 2.29 |
| Rongtong | 0.52 | 1.58 |
| Sal-II | - | - |
| Chaba | 1.54 | 1.54 |
| Rukti | 2.00 | 0.38 |
| Chamba | 1.53 | 0.53 |
| Killar | 0.40 | 0.09 |
| Ligthi | 0.13 | 0.03 |
| Billing | 1.31 | 0.32 |
| Sach | 1.34 | 0.39 |
| Sural | 0.28 | 0.08 |
| Purthi | 0.15 | 0.04 |
| **Total** | **1,603.94** | **234.18** |

### 10.6 Transmission and Other Charges

10.6.1 While considering the PGCIL Transmission charges, it is observed that an amount of Rs. 176.82 Cr. has been claimed by the Petitioner after excluding the amount recoverable from GoHP sale of free Power. However, the Petitioner has included an amount of Rs. 14.36 Cr. towards PowerGrid Kala Amb Transmission Limited assets (PKATL assets) and Rs. 0.71 Cr. towards Hamirpur assets as Non-PoC charges. The Commission observed that the claimed PGCIL charges are significantly lower in comparison of the PGCIL charges claimed in the True up of previous years. In response to the queries raised by the Commission, the Petitioner has submitted that actual CTUIL charges for FY 2023-24 are Rs. 446.61 Cr. and HPSEBL has received net arrear of Rs. 269.79 Cr. in FY 2023-24. CTUIL has reimbursed the charges paid by HPSEBL for period from July 2017 to June 2023 against Power Grid Kala Amb Substation (PKATL), along with the second bill for 1$^{st}$ Quarter and 2$^{nd}$ Quarter, in FY 2023-24. Total reimbursement received against PKATL from CTUIL is Rs. 345.31 Cr., out of which Rs. 9.58 Cr. was already reimbursed by PGCIL in line with Hon'ble CERC Order dated September 18, 2018. Further, Rs. 11.15 Cr. was adjusted against HPSEBL share of charges for usage of PKATL asset. In addition, HPSEBL received CTUIL second bill amounting to Rs. 26.25 Cr. (for 4$^{th}$ quarter of FY 2022-23) in August 2023, which was treated as arrear for previous period. Further, third bill amounting to Rs. 44.57 Cr. from November 2020 onwards was received in September 2023, the detailed working is shown in the table below:

**Table 199: Details of reimbursement from PGCIL (Rs. Cr.)**

| Particulars | Amount |
|---|---|
| Amount Received along with Second bill of Q4 of 2022-23 | 330.95 |
| Amount Received along with Second bill of Q1 of 2023-24 | 14.36 |

| Particulars | Amount |
|---|---|
| **Total Amount Received** | **345.31** |
| HPSEBL share payable with respect to PKATL | 11.15 |
| Amount Adjusted against already reimbursed amount in line with Order dt.18.09.2018 | 9.58 |
| Second bill received for Q4 of FY2022-23 | 26.26 |
| Arrear for previous period | 28.53 |
| **Net Amount** | **269.79** |

10.6.2 With regard to the charges pertaining to PKATL asset, the Commission in the Tariff Order dated 31st March, 2023 had provisionally considered the actual amount paid to PGCIL for FY 2021-22 towards PKATL assets to avoid any financial hardships to the HPSEBL and stated that the matter shall be reviewed in the subsequent Tariff Order based on the outcome of the appeal filed by the Petitioner for review of the CERC judgement. The relevant extract of the Order is as under:

*"6.6.3 In view of the submissions of the Petitioner and taking in view that a revised Order is awaited from CERC in the matter, the Commission has provisionally considered the actual amount paid to PGCIL for FY 2021-22 towards PKATL Assets to avoid any financial hardships to HPSEBL. The Commission shall review the matter in subsequent Tariff Orders. Also, in case of Hamirpur assets, the Commission has considered the actual payment of Rs. 0.74 Cr. during FY 2021-22 as per accounts."*

10.6.3 With respect to PGCIL charges, the Commission is of the considered view that approach of the Petitioner is correct, reimbursement received from PGCIL charges against PKATL asset should be adjusted against Interstate Transmission charges of FY 2023-24. Accordingly, net PGCIL charges comes out to be Rs. 176.82 Cr. The Commission has also verified claimed amount from audited accounts for FY 2023-24.

10.6.4 With regard to the HPPTCL charges, the total HPPTCL charges claimed are Rs. 66.63 Cr. The asset wise details submitted by the Petitioner are as under:

**Table 200: Asset wise HPPTCL Charges for FY24 (Rs. Cr.)**

| Particulars | Approved in APR Order | Actual |
|---|---|---|
| STU Charges | 34.48 | 34.38 |
| Bhoktoo Sub-Station ARR | 5.80 | 5.80 |
| Kashang-Bhaba Transmission Line (Prorate Share of 13% for GoHP Free Power) | 0.33 | - |
| Phojal 220 kV Sub-Station and associated line | 1.30 | 1.30 |
| ADHPL 220 kV Transmission line up to Nalagarh CTU Point | 3.17 | - |
| Chambi GIS Sub-Station and associated line | 12.89 | 13.12 |
| Pandoh GIS Sub-Station & Associated line | 8.65 | 11.93 |
| Utilisation of 132 kV Malana- Najaura Line of Malala Power | 0.34 | - |
| **Total** | **66.95** | **66.63** |

10.6.5 The Commission has verified HPPTCL charges claimed by the Petitioner with the audited accounts of FY 2023-24. Therefore, the Commission has approved actual HPPTCL charges for FY 2023-24, as booked in the audited accounts.

10.6.6 Other charges associated with Power procurement and supply including System/Marketing, reactive Power, UI (Malana), Trading Margin and National Load Dispatch Center amounting to Rs. 3.61 Cr. have been considered as per the claim of the Petitioner and details available in the accounts.

10.6.7 Subsequently, vide additional submission, the Petitioner has requested to allow to retain 50% of rebate received on timely payment of Power purchase bill. The Commission directed the Petitioner to submit treatment of rebate received against timely payment of Power purchase bill. In response, the Petitioner has submitted that rebate received on account of timely payment of Power purchase bill booked under head 'Other Income' by contra debit to the liability against purchase of Power in the audited accounts. Further, it was also clarified that rebate received on this account is not adjusted against Power purchase cost.

10.6.8 The provision of Regulation 14 of HPERC MYT Regulations, 2011 (Third Amendment Regulations, 2018) provides for 50% of the maximum normative rebate available on timely payment of Power purchase bill to be retained by the licensee and the remaining 50% to be adjusted in Power purchase cost. The relevant extract the regulation is under:

***"14. Cost of Power Procurement***

*……*

*"The licensee shall avail maximum rebate available from each source for early payment of Power purchase bills such as through letter of credit: Provided that, 50% of the maximum normative rebate available to the licensee shall be allowed to be retained by him and the remaining 50% of the maximum normative available rebate shall be adjusted in the Power Procurement Cost:*

*……"*

10.6.9 Accordingly, in accordance with the provision of the above Regulation, the Commission has adjusted 50% of rebate in the Power purchase cost.

10.6.10 Based on the above discussion, the total Power purchase cost for FY 2023-24 after incorporating all the responses of the Petitioner has been summarized below:

**Table 201: Total Power Purchase Cost approved for FY24 (Rs. Cr.)**

| Sl. | Description | Petition | Provisionally Trued up |
|---|---|---|---|
| A. | Power Purchase Cost (exc. PGCIL Charges and Other Costs) | 4100.03 | 4100.02 |
| B. | Own Generation | 254.29 | 234.18 |
| C. | Interstate Charges | 176.81 | 176.82 |
| D. | Open Access Charges | 53.67 | 53.67 |
| E | HPPTCL Charges | 66.63 | 66.63 |
| F. | SLDC Charges | 3.61 | 3.61 |
| G. | Other Charges | 15.87 | 15.87 |
| H. | Disallowance of additional charges towards sustained deviation (50% of Rs. 25.18 Cr.) | 0.00 | -12.59 |
| I | Less: Rebate on timely payment of Power purchase bill (50% of Rs. 5.22 Cr.) | | -2.61 |
| | **Total Power Purchase Cost (inc. Own Gen.)** | **4,670.91** | **4,635.60** |

10.6.11 Accordingly, the Commission has considered total Power purchase cost (including cost from Own Generation) as Rs. 4,635.60 Cr. as against the Petitioner's submissions of Rs. 4,670.91 Cr. for True up of Power purchase cost for FY 2023-24.

## 10.7 Disincentive 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 10.29% for FY 2023-24 as against the approved T&D loss of 9.50% in the MTPR Tariff Order dated 29th March, 2022. Regulation 15 of HPERC MYT Regulations, 2011 (Second Amendment Regulations, 2013), 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 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;"*

10.7.2 As discussed in the Para 10.4.6, the actual losses Trued up by the Commission for FY 2023-24 are 10.29% as against the approved T&D loss of 9.50%. The loss resulting from the under-achievement of T&D loss for FY 2023-24 is as below:

**Table 202: Disincentive on account of Under-achievement of T&D loss for FY24**

| Sl. | Particulars | Provisionally Trued up |
|---|---|---|
| A | Energy Sales within state (MU) | 11,344.70 |
| B | T&D Losses (%) | 9.50% |
| **C** | **Power Purchased to meet the state requirement (MU)** | **12,535.58** |
| | | |
| **D** | **Inter – State Sale (MU) (i+ii+iii)** | **2,540.44** |
| (i) | For Sale of Power (including UI, Bilateral & IEX/PXIL) (MU) | 2,008.61 |
| (ii) | For Banking arrangements (MU) | 531.83 |
| (iii) | For RE sale (MU) | |
| **E** | **Total Power Purchase Quantum Approved at State Periphery (MU) (C+D)** | **15,076.02** |
| F | Actual Power Purchase Quantum at State Periphery (MU) | 15,186.53 |
| **G** | **No. of units (MU) (E-F)** | **-110.51** |

10.7.3 Based on the higher quantum of Power purchased vis-à-vis the approved one, as per the above table, the Commission has computed the disincentive for under-achievement of T&D loss as detailed in table below:

**Table 203: Disincentive for under-achievement of T&D Loss for FY24**

| Sl. | Particulars | Unit | Amount |
|---|---|---|---|
| **A** | **No. of units** | **MU** | **-110.51** |
| | | | |
| **B** | **Cost of Power for over-achievement** | | |
| (i) | Cost of Power Purchased from Other than own sources | Rs. Cr. | 3,942.3 |
| (ii) | Quantum of Power purchased from other than own sources | MU | 11,607.0 |
| (iii) | Less: PGCIL Losses (3.23%) | MU | 375.0 |
| (iv) | **Net Power Purchase (ii-iii)** | **MU** | **11,232.0** |
| **C** | **Cost of Power Purchase from Other than own sources (i*10 / iv)** | **Rs. /kWh** | **3.5** |
| | | | |
| **D** | **Disincentive on account of under-achievement in T&D loss (A X C X 60%/10)** | **Rs. Cr.** | **-23.27** |

**Cost of Power purchase has been adjusted for arrears for past years*

10.7.4 The share of Petitioner's penalty is Rs. 23.27 Cr. as computed above on account of under achievement of T&D losses as per Regulation 15(1) of the HPERC MYT Regulations, 2011 as amended from time to time.

## 10.8 Renewable Power Purchase Obligation (RPPO)

10.8.1 The Commission vide Regulation 4 of the HPERC (Renewable Power Purchase Obligation and its Compliance) Regulations, 2023 has specified the minimum ceiling of Wind, Hydro and Other Renewable RPPO for the Distribution Licensee over a time span of eight years from FY 2022-23 to FY 2029-30. The target laid down by the Commission for FY 2023-24 is given in the table below:

**Table 204: Minimum quantum of purchase from Renewable Sources**

| Financial Year | Minimum Quantum of Purchase in percentage from renewable sources of total consumption | | | |
|---|---|---|---|---|
| | Total | Wind | HPO | Other RPO |
| FY 2023-24 | 27.08% | 1.60% | 0.66% | 24.82% |

10.8.2 The Petitioner has further submitted that it has fulfilled RPO compliance, which has been recorded by the Commission in the Order dated 19$^{th}$ June, 2024. The relevant extract of the Order is as under:

> *"In view of the above, the Petition succeeds and allowed. It is held that the HPSEBL is compliant for Wind RPO (after adjustment of HPO energy), HPO, and Other RPOs as per the trajectory specified by the Commission for FY 2023-24. The HPSEBL has procured RE Power in excess of the obligations in the relevant year 2023-24 and, therefore, the HPSEBL is entitled for the recommendation for issuance of RECs for excess energy procured by the HPSEBL as per the quantum as mentioned above. The requisite recommendation for issuance of RECs, on Format 3.5, devised under Procedure for Implementation of REC Mechanism by the Central Agency is Ordered to be issued accordingly."*

10.8.3 Since, the Petitioner has purchased renewable energy in excess of obligation therefore, the Petitioner is entitled for issuance of RECs for excess energy procured. Income realised from the sale of RECs by the Petitioner will be adjusted in its True up for retail business. The relevant extract of the Order is as under:

*"It is made clear that the income realised from the sale of RECs by the Petitioner will be adjusted in its True up for retail business. The Petitioner is directed to file quarterly status report of RPPO compliance to the State Agency (the DoE) for expeditious monitoring and facilitating requisite action by the State Agency in a time bound manner."*

10.8.4 Further, the Petitioner has clarified that on the basis of Commission's Order dated 19th June, 2024, HPSEBL is RPPO compliant. Accordingly, the income earned from the sale of RECs has been considered under Non-Tariff Income.

## 10.9 Total Power Purchase Cost

10.9.1 The total Trued up Power purchase cost in comparison with the approved Power purchase cost in the APR Order dated 31st March, 2023, and the HPSEBL's submission in the Petition for the True up of FY 2023-24 are summarized in table below:

**Table 205: Trued up Total Power Purchase Cost for FY24 (Rs. Cr.)**

| Particulars | APR Order | Petition | Provisionally Trued up |
|---|---|---|---|
| **Total Power Purchase Cost (inc. Own Gen.)** | **4,141.36** | **4,670.91** | **4,635.60** |
| Less: Adjustment in PP cost on account of underachievement/overachievement | 0.00 | -22.00 | -23.27 |
| **Net Power Purchase Expense** | **4,141.36** | **4,648.91** | **4,612.33** |

## 10.10 Operation and Maintenance (O&M) Expenses

10.10.1 The Commission in the MYT Order for the 4th MYT Control Period of HPSEBL dated 29th June, 2019, had approved the O&M expenses for each year based on the submissions of the Petitioner and the provisions of HPERC MYT Regulations, 2011, as amended from time to time.

10.10.2 In the MTPR Order dated 29th March, 2022, the Commission had continued with projection of Employee cost and R&M expenses approved for FY 2023-24 in the MYT Order dated 29th June, 2019. Subsequently, 4th APR for the Control Period was conducted. With respect to A&G expense, the Commission had excluded the provision of Rs. 5 Cr. made towards one time A&G expenses (Public Interaction Program) and had provisionally allowed Rs. 14.02 Cr. towards meter rental charges under smart metering initiative. Based on the above, the Commission had approved A&G expense of Rs. 61.68 Cr. in the MTPR Order against Rs. 52.65 Cr. in the MYT Order dated 29th June, 2019.

10.10.3 As per HPERC MYT Regulations, 2011, as amended from time to time, O&M expenses are 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.

10.10.4 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.

10.10.5 The Commission directed the Petitioner to submit business segment wise audited accounts or allocation statement depicting the expenses and revenue of the company into different business wing i.e. Distribution, ES, Generation, Project and S&I approved by the Board of Directors or Statutory Auditor. In response, the Petitioner has submitted that no separate accounts are prepared for individual business wing and allocation statement is under the consideration of management and the same will be shared once approved by the management. However, the Petitioner has not submitted allocation statement as directed by the Commission. In the previous Orders also, the Commission has been directing the Petitioner to have such division-wise break-up of audited accounts signed by Statutory Auditor. **The Petitioner is required and directed to get the business wing wise accounts break-up audited by the Statutory Auditor for the next True up year failing which the Commission shall consider its prudence for allocation of high cost towards such business wing.**

10.10.6 In the absence of allocation statement, the Commission has relied on the break-up of O&M expenses across Generation, Distribution, S&I and Project Divisions submitted by the Petitioner along with the Petition (in MS-Excel format), which has been prepared internally by the finance team of HPSEBL. Further, it was observed that O&M expenses claimed by the Petitioner are including O&M expenses associated with project and S&I wing. Also, the Commission had excluded an amount of Rs. 5.22 Cr. towards pension contribution towards Beas Valley Power Corporation Limited (BVPCL), Projects and S&I Employees while approving the Employee cost for Distribution Business in the MYT Order dated 29th June, 2019. However, the Petitioner has submitted that no amount is being paid under this head. In line with the approach followed in previous True up(s), the Commission is of the considered view that the expenses towards S&I and Projects Divisions cannot be charged to the Distribution Business. Also, the expenses towards Generation Business are already being approved by the Commission as part of the Tariff for various Generating Stations. Therefore, the Commission has considered the expenses booked towards distribution (including EHV) business only for the purpose of True up of FY 2023-24.

10.10.7 For True up of FY 2023-24, the Commission has reviewed the various components of O&M expenses in line with the provisions of HPERC MYT Regulations, 2011, as amended from time to time, and has undertaken prudence check of each element as detailed in subsequent Sections:

### 10.11 Employee Expenses

10.11.1 The HPSEBL has submitted actual net Employee cost of Rs. 2,331.15 Cr. towards Distribution Business as against the approved Employee cost of Rs. 2,185.86 Cr. for FY 2023-24 in the APR Order dated 31st March, 2023. The business wing wise break-up of the Employee expense for FY 2023-24 as submitted by the Petitioner along with the Petition (in MS-Excel format) is shown in the table below:

**Table 206: Division-wise Employee Expenses submitted by Petitioner for FY24 (Rs. Cr.)**

| Particulars | Generation | Distribution | EHV | S&I & Projects | Total |
|---|---|---|---|---|---|
| Salaries | 94.03 | 695.34 | 81.57 | 13.54 | **884.48** |
| Other Staff Cost | 14.61 | 125.76 | 17.90 | 1.38 | **159.65** |
| Terminal Benefits | 14.92 | 1,373.90 | 13.75 | 1.87 | **1,404.44** |
| Less: Employee Capitalization | 2.44 | 32.85 | 6.15 | 0.03 | **41.47** |
| **Employee Cost as per Accounts** | **121.12** | **2,162.15** | **107.07** | **16.76** | **2,407.10** |

10.11.2 The Commission has considered the Employee expenses pertaining only to Distribution Business (including EHV). It is observed that the Commission has already allowed an amount of Rs. 13.61 Cr. towards terminal benefits of employees of the Generation Wing for FY 2023-24 to be recovered from the generation Tariff as per the Tariff Order for MYT for Generation Business of HPSEBL for the $4^{th}$ MYT Control Period. Accordingly, the Commission has excluded an amount of Rs 13.61 Cr. towards terminal benefits of employees of the Generation Wing from Employee expenses.

10.11.3 Further, it is also observed that the Commission, in the absence of specific information with respect to the pension contribution of Employees deployed in BVPCL, Projects and S&I departments, had excluded an amount of Rs. 5.22 Cr. towards pension contribution towards BVPCL, Projects and S&I employees while approving the Employee cost for Distribution Business in the MYT Order dated $29^{th}$ June, 2019. However, the Petitioner has excluded this amount stating that no amount is being paid under this head. Since, the Commission had deducted this amount towards pension contribution towards BVPCL, Projects and S&I employees in the MYT Order dated $29^{th}$ June, 2019 on account of absence of specific information, the same amount remains disallowed in the True up period also.

10.11.4 Further, the Commission has considered the adjustment of RoE of Rs. 47.50 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.

10.11.5 Also, the provisional amount of Rs. 63.50 Cr. towards Actuarial Evaluation towards Gratuity and Rs. 27.86 Cr. towards Actuarial Evaluation towards leave encashment booked under the Employee cost have also been excluded as per the submissions of the Petitioner as the same has also not been paid during the year.

10.11.6 Based on the above, the Trued up Employee cost is shown in the table below:

**Table 207: Comparison of Employee Cost for FY24 after Adjustments (Rs. Cr.)**

| Sl. | Particulars | APR Order | Petition | Provisionally Trued up |
|---|---|---|---|---|
| A | **Salary & Other Costs** | **1,207.13** | **935.49** | **920.57*** |
| B | **Pension and Terminal benefits** | **1,098.46** | **1,404.44** | **1,404.44*** |
| | *Less:* | | | |

| Sl. | Particulars | APR Order | Petition | Provisionally Trued up |
|---|---|---|---|---|
| C | Annual Share of State Government (Return on GoHP Equity approved for Generation and Distribution) | 47.50 | 47.50 | 47.50 |
| D | Pension contribution of generation Employees | 13.61 | 13.61 | 13.61 |
| E | Pension contribution of BVPCL, Projects and S&I Employees | 5.22 | 0.00 | 5.22 |
| **F** | **Gross Employee Cost (A+B-C-D-E)** | **2,239.26** | **2,278.82** | **2,258.68** |
| G | Less: Capitalization | 53.4 | 39.03 | 39.00 |
| H | Less: Prov. Actuarial Evaluation Gratuity | | -63.50 | -63.50 |
| I | Less: Prov. Actuarial Evaluation leave encashment | | -27.86 | -27.86 |
| **J** | **Net Employee Cost (F-G-H+I)** | **2,185.86** | **2,331.15** | **2,311.04** |

**Including amount of provision of Rs. 63.50 Cr. for FY 2023-24*
*#Including amount of provision of Rs. 27.86 Cr. for FY 2023-24*

### 10.12 Repairs and Maintenance Expenses (R&M)

10.12.1 The Petitioner has submitted actual R&M expenses of Rs. 155.89 Cr. towards Distribution Business as against the approved R&M expense of Rs. 118.78 Cr. for FY 2023-24 in the APR Order for FY 2023-24 which includes an additional amount of Rs. 20 Cr. towards IT related expenditure. The business wing wise break-up of the R&M expense for FY 2023-24 submitted by the Petitioner along with the Petition (in MS-Excel format) is shown in the table below:

**208: Business wing wise R&M expenses submitted by Petitioner for FY24 (Rs. Cr.)**

| Particulars | Generation | Distribution | EHV | S&I & Projects | Total |
|---|---|---|---|---|---|
| R&M Expenses (Excluding IT related expenses) | 27.62 | 104.45 | 5.24 | 0.02 | 137.33 |
| IT Related expenses | - | 46.18 | - | - | 46.18 |
| **Total R&M expenses** | **27.62** | **150.63** | **5.24** | **0.02** | **183.51** |

10.12.2 Based on the Petitioner's submissions, the claim towards R&M expense is higher by an amount of Rs. 37.11 Cr. In response to the Commission's query, the Petitioner has submitted that the actual R&M expenses excluding IT are Rs. 110.03 Cr. and by taking the actual GFA and K –Factor approved in the MYT Order, the expenditure is within the range of approval. It is further submitted that due to unprecedented flash floods during FY 2023-24, the additional expenditure had to be incurred under R&M resulting in increase in the cost of R&M. It is intimated that an amount of Rs. 26.21 Cr. has also been received from Government under SDRF/NDRF which has been considered as Non-Tariff income.

10.12.3 In response to the queries, the Petitioner has submitted component wise R&M expenses related with IT Cell, which are shown in the table below:

**Table 209: R&M expenses for IT works for FY24 submitted by the Petitioner (Rs. Cr.)**

| Particulars | FY24 |
|---|---|
| Annual Maintenance Cost (AMC) | 9.08 |
| Facility Management Support (FMS) | 13.27 |
| Annual Technical Support (ATS) | 13.06 |
| Others or Miscellaneous Services | 0.01 |
| **Grand Total** | **35.42** |

10.12.4 Further, it was observed that R&M expenses related to IT expenses submitted by the Petitioner in response to the query raised by the Commission does not match with the R&M expenses related to IT cell as shown in the annual accounts. Thus, in the provisional True up of FY 2023-24, the Commission has considered IT related R&M expenses as per annual accounts. However, at the time of final True up, the Commission may allow IT related R&M expenses based on the prudence check. The Petitioner is directed to provide details regarding IT related R&M expenses duly reconciled with the annual accounts of FY 2023-24.

10.12.5 In the MYT Order, the Commission had approved a provisional amount of Rs. 20 Cr. towards additional IT related expenses in view of the limited expenditure during the past years. Also, the Commission has been reviewing these expenses in previous True up based on actuals which have been higher as compared with the provision allowed by the Commission. Considering the significant amount of IT related expenditure, annual impact of which has been incurred during FY 2023-24 under the R&M expenses, the Commission approves the R&M expenses for FY 2023-24 as shown in the table below:

**Table 210: R&M Approved for FY24 (Rs. Cr.)**

| Particulars | APR Order | Petition | Provisionally Trued up |
|---|---|---|---|
| R&M Expenses (Excluding IT related expenses) | 98.78 | 109.71 | 109.65 |
| IT Related Expenses for FY24 | 20.00 | 46.18 | 46.22 |
| **Total** | **118.78** | **155.89** | **155.87** |

## 10.13 Administrative and General Expenses

10.13.1 As against Rs. 61.68 Cr. approved towards A&G expenses in APR Order for FY 2023-24 dated 31st March, 2023, the Petitioner has claimed actual A&G expenses of Rs. 71.83 Cr. in the True up of FY 2023-24. The business wing wise break-up of the A&G expense for FY 2023-24 submitted by the Petitioner along with the Petition (in MS-Excel format) is shown in the table below:

**211: Business wing wise A&G Expenses submitted by Petitioner for FY24 (Rs. Cr.)**

| Particulars | Generation | Distribution | EHV | S&I & Projects | Total |
|---|---|---|---|---|---|
| Gross A&G expenses | 2.46 | 67.54 | 3.94 | 0.35 | **74.29** |

10.13.2 The claimed A&G expenses are higher than A&G expenses approved by the Commission in APR Order dated 31st March, 2023. In response to the queries raised by the Commission, the Petitioner provided following reasons for the increase of actual A&G expenses during FY 2023-24:

(a) Actual cost towards Meter Rent Charges for Smart Meters in Shimla and Dharamshala is Rs. 16.34 Cr. against the provision of Rs. 14.02 Cr.

(b) Under Rent, Rates & Taxes, an amount of Rs. 6.99 Cr. has been incurred which includes the rent of Rs. 3.49 Cr. on account of lease rent for land of sub-station and other electrical infrastructure to Municipal Corporation, Shimla.

(c) A sum of Rs. 4.21 Cr. has been paid to NLDC on account of fee for issuance of RE Certificates of FY 2022-23.

10.13.3 Further, the Petitioner was directed to submit reasons to book Rs. 4.21 Cr. paid to NLDC for issuance of REC certificate of FY 2022-23 in the account of FY 2023-24. In response, the Petitioner submitted that an amount of Rs. 4.21 Cr. was paid to NLDC towards fee for issuance of 77,39,150 No. RECs (3,97,332 No. HPO REC+67,41,818 No. 'Other RPO' REC) to HPSEBL as certified by the Commission on 24$^{th}$ June, 2023. These RECs were issued against surplus renewable energy procured by HPSEBL beyond its RPPO in FY 2022-23. Since, the aforesaid surplus was certified in the subsequent Financial Year i.e. FY 2023-24 as per the procedure defined under CERC REC Regulations, 2022, the said payment was made in FY 2023-24 to NLDC. Accordingly, this expense has been booked in the annual accounts of FY 2023-24.

10.13.4 The Commission observed that the Petitioner has claimed A&G expenses of Rs. 71.83 Cr. including the A&G expenses associated with S&I and Projects. The expenses related with S&I and Project divisions cannot be considered here in the Distribution Business and therefore, the Commission has not considered A&G expenses associated with S&I and Projects. Based on the above discussion, the Commission has approved the expenditure towards A&G expense as against the claim of the Petitioner as reflected in the table below:

**Table 212: A&G Expenses Approved for FY24 (Rs. Cr.)**

| Particulars | APR Order | Petition | Provisionally Trued up |
|---|---|---|---|
| A&G Expenses towards Distribution Business | 47.66 | 47.78 | 47.43 |
| Rental charges against smart metering project | 14.02 | 16.34 | 16.34 |
| Lease rent for land | - | 3.49 | 3.49 |
| REC Related Expenses | - | 4.21 | 4.21 |
| **Total A&G Expenses** | **61.68** | **71.83** | **71.48** |

## 10.14 Total O&M Charges

10.14.1 Based on the above discussions, the Commission approves the total O&M expense for FY 2023-24 as shown in the table below:

**Table 213: Total O&M Expenses Approved for FY24 (Rs. Cr.)**

| Particulars | APR Order | Petition | Provisionally Trued up |
|---|---|---|---|
| Net Employee Cost | 2185.86 | 2331.15 | 2311.04 |
| R&M Expenses | 118.78 | 155.89 | 155.87 |
| Net A&G Expense | 61.68 | 71.85 | 71.48 |

| Particulars | APR Order | Petition | Provisionally Trued up |
|---|---|---|---|
| **Total O&M Expenses** | **2,366.32** | **2,558.89** | **2,538.39** |

### 10.15 Interest and Finance Charges

10.15.1 The Commission has reviewed and revised the Interest and Finance charges to the extent of change in Interest on Working Capital and Consumer Security Deposit as per the audited accounts of FY 2023-24. It is observed that the True up of interest on capital loans has been claimed by the Petitioner under True up of controllable parameters for 4$^{th}$ MYT Control Period (2020-24) and same has been dealt in relevant Sections accordingly.

10.15.2 The working capital requirements and interest on working capital has been revised and approved as follows:

**Table 214: Trued up Interest on Working Capital for FY24 (Rs. Cr.)**

| Particulars | APR Order | Petition | Provisionally Trued up |
|---|---|---|---|
| O&M Expenses for one month | 197.19 | 213.24 | 211.53 |
| Receivables equivalent to 2 months | 1,055.4 | 1,130.95 | 1,130.95 |
| Maintenance Spares 15% of the O&M expense for one month | 29.58 | 14.05 | 14.21 |
| Less: Consumer Security Deposit | 526.65 | 511.00 | 511.00 |
| Less: One Month Power Purchase | 345.11 | 389.01 | 384.36 |
| **Working Capital Requirement** | **410.41** | **458.23** | **461.34** |
| Rate of Interest | 11.50% | 11.50% | 11.50% |
| **Interest on Working Capital** | **47.20** | **52.70** | **53.05** |

10.15.3 Further, the Interest on Consumer Security Deposit has been considered as per the audited accounts of FY 2023-24 and is approved as below:

**Table 215: Trued up Interest on Consumer Security Deposit for FY24 (Rs. Cr.)**

| Particulars | Provisionally Trued up |
|---|---|
| Opening | 464.05 |
| Additions | 46.95 |
| Closing | 511.00 |
| **Interest on Consumer security deposit** | **30.14** |

10.15.4 Additionally, the Petitioner has claimed LC charges and other Bank charges as Rs. 3.00 Cr. and Rs. 0.02 Cr. respectively, however, such heads are not reflecting in the accounts. In response to the Commission's query, the Petitioner has submitted reconciliation of LC Charges and other Bank charges, as shown in the table below:

**Table 216: LC charges submitted by the Petitioner for FY24 (Rs. Cr.)**

| Particulars | Amount |
|---|---|
| SBI. | 1.06 |
| PNB | 0.12 |
| UCO | 0.01 |
| Guarantee fees to State Government on LC opened with banks | 1.80 |

| | |
|---|---|
| **Total** | **3.00** |

10.15.5 Other than LC Charges, the Petitioner has also claimed Rs. 0.02 Cr. towards Bank charges between board offices and bank commission for collection from consumers. Based on the approach adopted by the Commission in the True up of previous years, LC Charges and other Bank charges have been considered for Truing up.

10.15.6 Based on the revision in Interest on Working Capital and Consumer Security Deposit, the total Interest and Finance charges approved for True up for FY 2023-24 are shown in the table below:

**Table 217: Trued up Interest and Finance charges for FY24 (Rs. Cr.)**

| Particulars | APR Order | Petition | Provisionally Trued up |
|---|---|---|---|
| Interest on Long term loans | 157.68 | 157.68 | 157.68 |
| Interest on Working Capital | 47.20 | 52.70 | 53.05 |
| Interest on Consumer security deposit | 22.08 | 30.14 | 30.14 |
| LC Charges | 9.90 | 3.02 | 3.02 |
| **Total Interest & Finance Charges** | **236.85** | **243.53** | **243.84** |

## 10.16 Other Controllable Parameters

10.16.1 The Petitioner has submitted details of actual capital expenditure and capitalisation in respect of all Schemes for FY 2023-24 in the Petition. Details of capex and capitalisation approved under Mid-term Performance Review (MPR) Order dated 29$^{th}$ March, 2022, and now submitted by the Petitioner are summarised below:

**Table 218: Capital Expenditure and Capitalization submission for FY24 (Rs. Cr.)**

| Particulars | MPR Order | Actual |
|---|---|---|
| Capital Expenditure – Distribution Business | 388.12 | 483.71 |
| Capitalisation – Distribution Business | 675.38 | 560.36 |

10.16.2 As per the HPERC MYT Regulations, 2011, any variation in actual capital expenditure and subsequent variations in Depreciation, Interest cost and RoE with respect to the figures approved in the MYT/ MPR Orders shall be considered during the end of the MYT Control Period based on audited accounts. It is observed that the True up of Depreciation and RoE has been claimed by the Petitioner under True up of controllable parameters for 4$^{th}$ MYT Control Period (2020-24) and has been dealt in relevant Sections accordingly.

10.16.3 With respect to True up of uncontrollable parameter for FY 2023-24, the Commission has retained the Depreciation and RoE amount at the same level as approved in the MYT Order dated 29$^{th}$ June, 2019 for FY 2023-24.

**Table 219: Depreciation and Return on Equity approved for FY24 (Rs. Cr.)**

| Particulars | MYT Order | Petition | Provisionally Trued up |
|---|---|---|---|
| Depreciation | 178.73 | 178.73 | 178.73 |
| Return on Equity | 68.39 | 68.39 | 68.39 |

## 10.17 Non-Tariff Income

10.17.1 The Non-Tariff income is required to be deducted from the ARR of the Petitioner. The Petitioner has claimed Non-Tariff income of Rs. 224.56 Cr. towards Distribution Business for True up of FY 2023-24, 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.

10.17.2 The Petitioner has submitted that it has not been claiming expenses on capitalization of works carried out through consumer contribution, deposit works, grants and capital subsidy and has, therefore excluded the adjusted amortization of Government Grants from the Non-Tariff income. Additionally, the amount towards delayed payment surcharge has also been excluded as per the HPERC Tariff Regulations 2011, as amended.

10.17.3 As per HPERC MYT Regulations, 2011, as amended from time to time, the amount of Delayed Payment Surcharge (DPS) recovered shall not be considered as part of Non-Tariff income for Tariff determination. Accordingly, the Commission has excluded the amount of DPS recovered by the Petitioner from the Non-Tariff income as per the audited accounts.

10.17.4 With regard to reduction of value of amortization of the Government Grants, the Petitioner has clarified that the amount relates to the depreciation of assets created from the Government Grants and consumer's contribution. The Commission has not been approving depreciation created from the Government Grants and consumer's contribution in line with the provisions of the HPERC MYT Regulations 2011. Therefore, amortization recognized as Non-Tariff income against these assets has been excluded from the Non-Tariff income.

10.17.5 As per annual account, an amount of Rs. 43.62 Cr. has been booked under "Income from advance/loan from BVPCL". Therefore, in line with the approach followed in previous True up, the Commission has not considered the interest amount towards Income from advance/loan from BVPCL. However, any interest realized by the Petitioner against the same shall be required to be disclosed in the subsequent years and appropriate adjustment would be considered by the Commission based on prudence check.

10.17.6 On the scrutiny in this regard, it was found that an amount Rs. 11.52 Cr. is reflecting under head 'Income from Trading' (GL 62.3). Thus, the Petitioner was directed to provide bifurcation of 'Income from Trading'. In response, the Petitioner has submitted item wise details of amount booked under this head of audited accounts, which is shown in the table below:

**Table 220: Bifurcation of income from trading submitted by the Petitioner for FY24 (Rs. Cr.)**

| Description | Distribution Wing | Generation Wing | Total |
|---|---|---|---|
| Hire charges for laying signal from Reliance Jio | 4.04 | - | 4.04 |
| Sale of scrap -Sale of proceeds | 6.93 | 0.54 | 7.47 |
| Other miscellaneous receipts | - | - | - |

| Description | Distribution Wing | Generation Wing | Total |
|---|---|---|---|
| **Total** | **10.97** | **0.54** | **11.52** |

10.17.7 In addition to above, vide additional submission, the Petitioner has submitted that it has received Rs. 4.04 Cr. from Reliance Jio on account of the account usage of electricity poles. Further, the Petitioner has requested to adjust 80% of amount received from Reliance Jio in the Non-Tariff income as per the provisions of Regulation.

10.17.8 With respect to income received from Reliance Jio, Regulation 5(4) of the HPERC (Treatment of Income of Other Businesses of Transmission Licensees and Distribution Licensees) Regulations 2005 (First Amendment Regulations, 2023) provides for allow 80% of the annual rental income telecommunication Company in the Non-Tariff income. The relevant extract of the Regulation is as under:

> ***"5. Financial Implications***
>
> *……*
>
> *Provided that in cases where Transmission or Distribution assets as the case may be, are given on rent to a telecommunication Company as per the special provisions under regulation 4(A) of the Regulation, 80% of the annual rental income, excluding the taxes if any payable by the licensee, shall be included as non-Tariff income while finalising the ARR in the relevant Tariff Order."*

10.17.9 As regards, adjustment of rental income from Reliance Jio, the Commission has deliberated in detail under the Non-Tariff Income of FY 2022-23 (in the previous Chapter). Based on the approach adopted by the Commission in the True up of FY 2022-23, the Commission has excluded Rs. 4.05 Cr. from the Non-Tariff Income of FY 2023-24 also. However, the Petitioner is directed to submit a detailed justification with all the supporting documents certified by Chartered Accountant in the True up of FY 2023-24.

10.17.10 Further, as discussed in the Power purchase Section of this Order, the Petitioner has requested to retain 50% of the rebate received on the timely payment of Power purchase bill as per the provisions of HPERC MYT Regulations, 2011, as amended from time to time, which has been booked under 'Other Income' of the audited accounts. Accordingly, the Commission has adjusted rebate received on timely payment Power purchase bill in the Power purchase cost and the same amount has been deducted from total 'Other Income' while computing Non-Tariff income for FY 2023-24.

10.17.11 Based on the above, the Commission approves the Non-Tariff income for FY 2023-24 as summarised below:

**Table 221: Trued up Non-Tariff Income for FY24 (Rs. Cr.)**

| Particulars | Formula | Provisionally Trued up |
|---|---|---|
| Other Income as per accounts | A | **480.90** |
| Less: Excess Provision | B | 29.60 |
| **Other income net of provision** | C= B-A | **451.30** |
| Less: Amortization of Govt. Grants | D | 129.69 |
| Less: Delayed Payment Surcharge | E | 50.48 |
| Less: Income from Loan to BVPCL | F | 43.62 |
| **Other Income excluding amortization, DPSC & int. from BVPCL** | **G=C-D-E-F** | **227.50** |

| Particulars | Formula | Provisionally Trued up |
|---|---|---|
| **Add:** | | |
| O&M- G | H | 0.15 |
| O&M- T | I | 1.24 |
| O&M- D | J | 1.08 |
| Miscellaneous Charges | K | 4.37 |
| Meter Rent | L | 0.12 |
| Recoveries from Theft | M | 0.82 |
| Wheeling Charges recoveries | N | 13.40 |
| **Sub-total** | O = H+I+J+K+L+M+N | **21.18** |
| Less: Rental Income (from Reliance Jio) | P | 4.05 |
| Less: Rebate received on timely payment of Power purchase bill | Q | 5.22 |
| **Total Non-Tariff Income** | R=G+O-P-Q | **239.41** |

## 10.18 Aggregate Revenue Requirement

10.18.1 The ARR approved by the Commission in the APR Order, as submitted by the Petitioner in its True up Petition and now approved by the Commission for FY 2023-24 is shown in the table below:

**Table 222: Summary of Trued up ARR for FY24 (Rs. Cr.)**

| Particulars | APR Order | Petition | Provisionally Trued up |
|---|---|---|---|
| Power Purchase Expenses | 4,141.36 | 4,648.91 | 4,612.33 |
| **Operation & Maintenance Costs** | **2,366.32** | **2,558.89** | **2,538.39** |
| *Employee Cost* | *2185.86* | *2331.15* | *2311.04* |
| *R&M Cost* | *118.78* | *155.89* | *155.87* |
| *A&G Cost* | *61.68* | *71.85* | *71.48* |
| Interest & Financing Charges | 236.85 | 243.53 | 243.89 |
| Depreciation | 178.73 | 178.73 | 178.73 |
| Return on Equity | 68.39 | 68.39 | 68.39 |
| Less: Non-Tariff & Other Income | -131.24 | -224.56 | -239.41 |
| **Aggregate Revenue Requirement** | **6,860.41** | **7,473.89** | **7,402.31** |

**Disallowance on account of under-achievement in T&D loss and*

## 10.19 Adjustments to ARR

10.19.1 The Commission has continued with the adjustments against True up of FY22. The impact of 6$^{th}$ Pay Commission revision has already been factored under the respective expense head, therefore, not required to be allowed separately.

10.19.2 Based on the above adjustments, the revised ARR for FY 2023-24 approved by the Commission is shown in the table below:

**Table 223: Revised ARR with Adjustments Approved for FY24 (Rs. Cr.)**

| Particulars | APR Order | Petition | Provisionally Trued up |
|---|---|---|---|
| **Aggregate Revenue Requirement (ARR)** | **6,860.41** | **7,473.89** | **7,402.31** |

| Particulars | APR Order | Petition | Provisionally Trued up |
|---|---|---|---|
| **Add: Adjustments** | | | |
| *True up for FY22* | *-497.22* | *-524.82* | *-524.82* |
| *Add: Provision towards impact of 6th Pay Commission revision* | *250* | *-* | *-* |
| *Add: Provision towards impact of Uttarakhand Water Cess* | *9.88* | *-* | *-* |
| **Net ARR including adjustment** | **6,623.07** | **6,949.07** | **6,877.50** |

### 10.20 Revenue Surplus/ (Gap)

10.20.1 The Revenue Surplus / (Gap) for FY 2023-24 based on the approved Trued up costs and revenues of HPSEBL is as determined below:

**Table 224: Approved Revenue Gap for FY24 (Rs. Cr.)**

| Particulars | Petition | Provisionally Trued up Surplus/(Gap) |
|---|---|---|
| **Total ARR including adjustments** | **6,949.07** | **6,877.50** |
| **Revenue** | | |
| Revenue from sale of Power within state | 6,785.71 | 6,785.71 |
| Revenue from sale of Power outside state | 264.51 | 264.51 |
| **Total Revenue** | **7,050.22** | **7,050.22** |
| **Revenue Surplus/(Gap)** | **101.14** | **172.72** |

10.20.2 Based on the True up of ARR for FY 2023-24, the Commission approves a revenue surplus of Rs. 172.72 Cr. which has been carried forward for adjustment in ARR for FY 2024-25.

### 10.21 Revenue (Gap)/Surplus and Carrying Cost

10.21.1 Accordingly, the Commission has determined carrying cost based on the opening and closing amount of revenue surplus/ (gap). The computation of carrying cost and cumulative revenue surplus/ (gap) is summarized in table below:

**Table 225: Approved Carrying Cost for Revenue Surplus/ (Gap) (Rs. Cr.)**

| Particulars | FY 24 | FY 25 |
|---|---|---|
| Opening Gap | - | 182.71 |
| Surplus/ (Gap) on account of True up of uncontrollable parameters for FY24 | 172.72 | |
| **Closing** | 172.72 | 182.71 |
| Interest Rate for Carrying Cost | 11.57% | 11.84% |
| Carrying Cost | 9.99 | 21.63 |
| **Total (Gap)/Surplus** | **182.71** | **204.34** |

10.21.2 The cumulative revenue surplus based on True up for FY 2023-24 shall be adjusted in the ARR for FY 2025-26 in the **Chapter 12**.

# 11 True-up of Controllable parameters for the 4th MYT Control Period

11.1.1 The Petitioner has submitted True-up of controllable parameters for the 4th MYT Control Period which includes capitalisation and capital expenditure, depreciation, interest and finance charges and return on equity for each year from FY 2020-24 as per MYT Regulations, 2011, as amended from time to time.

11.1.2 As per the claim, the Petitioner has submitted the following actual capitalization towards distribution business for each year of the 4th Control Period.

**Table 226: Actual Capitalization vis-à-vis approved for 4th MYT Control Period (Rs. Cr.)**

| Name of Units | FY 2019-20 | FY 2020-21 | FY 2021-22 | FY 2022-23 | FY 2023-24 | Total |
|---|---|---|---|---|---|---|
| Capitalisation in MYT Order dated 29.06.2019 | 568.63 | 564.00 | 560.70 | 491.67 | 450.25 | 2,635.26 |
| Actual Capitalisation | 602.86 | 357.00 | 945.38 | 792.46 | 548.90 | 3,246.60 |
| **Difference** | **34.23** | **(207.00)** | **384.68** | **300.79** | **98.65** | **611.34** |

11.1.3 Summary of the proposed revenue gap on account of Truing up of controllable parameters as claimed by the Petitioner is summarized below:

**Table 227: HPSEBL Submission - Revenue Gap on account of True up for 4th MYT Control Period (Rs. Cr.)**

| Particular | FY20 | FY21 | FY22 | FY23 | FY24 | Total |
|---|---|---|---|---|---|---|
| **Approved in MYT Order dated 29.06.2019 and MTR dated 29.03.2022** | | | | | | |
| Depreciation | 127.29 | 140.99 | 154.60 | 167.33 | 178.73 | **768.94** |
| Interest on Loan | 131.26 | 154.75 | 174.93 | 148.24 | 157.68 | **766.86** |
| Return on Equity | 42.88 | 49.68 | 56.43 | 62.74 | 68.39 | **280.12** |
| **Total Approved** | **301.43** | **345.42** | **385.96** | **378.31** | **404.80** | **1,815.92** |
| **Actual True up** | | | | | | |
| Depreciation | 141.61 | 155.60 | 171.68 | 188.33 | 205.24 | **862.46** |
| Interest and Finance Charges | 162.31 | 183.37 | 195.81 | 186.37 | 215.69 | **943.54** |
| Return on Equity | 61.63 | 67.93 | 76.63 | 89.08 | 98.96 | **394.23** |
| **Total Actual** | **365.55** | **406.90** | **444.12** | **463.78** | **519.89** | **2,200.23** |
| **Total Surplus/ (Gap)** | **(64.12)** | **(61.48)** | **(58.15)** | **(85.47)** | **(115.09)** | **(384.31)** |

11.1.4 As per the MYT Regulations 2011, as amended from time to time, Truing up of depreciation, interest, and financing cost, return on equity has to be undertaken at the end of Control Period based on audited accounts. It is observed that while the CAG audited accounts for four years are available i.e. FY 2020-23, the accounts for FY 2024 are still under audit. In the absence of CAG audited accounts for FY 2024, even if the review is conducted, the Commission shall be required to revisit the entire True up post availability of audited accounts for FY 2024. Therefore, the Commission feels it appropriate to undertake the process of Truing up of controllable parameters for 4$^{th}$ MYT Control Period once audited accounts for each year are available.

11.1.5 Also, during scrutiny of the Petitioner's submission with regard to Truing up of controllable parameters for 4$^{th}$ MYT 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 2024:

a) Certification of commissioning from Electrical Inspector towards transmission works (EHT and HT) capitalized during each year of the Control Period.

b) Physical and financial completion certificate for works completed during 4th Control Period.

c) FAR submitted is not reconciled with the audited balance sheet. Also, the same is neither approved by BOD nor signed by the statutory auditor. The Petitioner is directed to:

   a. Reconcile the FAR with the Audited Accounts.

   b. Provide board approved and auditor certified FAR along with excel.

   c. Submit GFA details in the below format:

| Gross Fixed Asset | As on 31$^{st}$ March of 2001 | As on 31$^{st}$ March of 2002 | … | … | As on 31$^{st}$ March of 2023 | As on 31$^{st}$ March of 2024 | As on 31$^{st}$ March of 2025 |
|---|---|---|---|---|---|---|---|
| As per FAR | | | | | | | |
| As per Audited Accounts | | | | | | | |
| As approved by the Commission in its order | | | | | | | |

   d. Confirmation that the opening GFA arrived by the Petitioner does not includes assets disallowed by the Commission in its previous tariff order.

d) Reconcile additional capitalisation and decapitalisation during the year with the audited accounts for each financial year.

e) Submit year wise details of IDC utilized during 4$^{th}$ MYT Control Period.

f) Depreciation computed in line with the depreciation rates prescribed in the Regulations.
g) Claim towards interest and finance charges is not in line with the provisions of the MYT Regulations 2011. Also, loan outstanding to be reconciled with the closing balances of 3rd Control Period.
h) Details with respect to loans undertaken and cost of loans during the 4th MYT Control Period to be provided.
i) Details of the loans refinanced during the 4th MYT Control Period.
j) Details of loans for which moratorium period is availed.
k) Variation is observed in the funding pattern in each submission of the Petitioner. The funding pattern considered by the Petitioner is not in accordance with the funding pattern approved in the scheme document. The Petitioner is directed to reconcile the funding pattern as per the funding pattern approved in the scheme and claim loan, equity and grant accordingly.
l) Any variation in the actual funding pattern and that approved in the scheme document shall properly be justified in the Petition and same shall be subjected to prudence check by the Commission.
m) The Petitioner has not submitted approval letters for various schemes such as KfW, IPDS scheme etc. Submit approval letters for all the schemes capitalised.
n) Justify reasons for not availing full grants as offered by GoI under various schemes.
o) Provide status of approvals of the schemes capitalized during 4th MYT Control Period, along with list of works executed without prior approval of the Commission. Non-adherence shall be subjected to Commission's prudence check.
p) The chronological details including zero date, scheduled date of capitalization, actual date of capitalization w.r.t each scheme capitalized during the 4th MYT Control Period.
q) Reasons for time over-run and cost over-run vis-à-vis the SCOD and actual COD.
r) Specify the effective time over-run against each delay with reason and a number of overlapping delay days along specifying Scheduled timeline and the Actual timeline.
s) Details of Interest during construction (IDC) incurred in each stage of the commissioning of the scheme along with the computation details of IDC.
t) Details of agency sub-contracted for completing the work, if any. Details of Liquidated damages recovered from the said defaulting agency, if any.
u) Reasons for not claiming works recognized by the Commission under Para No. 13.4.3 and 13.4.7 of Mid Term Performance Review of 4th Control Period in the True up for capitalisation.
v) Reasons for variation in Capital Cost as per Statutory Auditor Certificate and the DPR Cost.
w) The supporting documents with respect to equity and loans have to be summarized along with key supporting documents to ensure proper validation.
x) With regards to claim amount of RoE, the opening balance of equity for 4th Control Period does not reconcile with the approved closing balance of previous year. Further, the Petitioner is directed to reconcile the claim

towards RoE with the closing balance of 3rd MYT control period and audited accounts.

11.1.6 The Petitioner is also directed to ensure the replies to all the data gaps pertaining to True up of controllable parameters as sought by the Commission as a part of the present True up Petition are provided along with the final True up Petition.

11.1.7 In view of the above highlighted issues, the Commission is of the view that the claimed amount of the Petitioner towards Truing up of controllable parameters for 4th MYT Control Period is considerably high especially in view of the fact that the actual amount of capitalization during the 4th MYT Control Period is approximately Rs. 611 Cr. more than the approved amount.

11.1.8 The Commission will undertake a detailed Truing up post availability of the audited accounts for each of the year and any deficit/surplus on account of True up of controllable parameter of 4th MYT Control Period shall be adjusted in the Tariff for FY 2026-27.

# 12 Analysis of Aggregate Revenue Requirement (ARR) for FY 2025-26

## 12.1 Background

12.1.1 The Commission has analysed the revised ARR for FY 2025-26 based on the submissions of the Petitioner for the past years and actual data for the current year.

12.1.2 The Commission held Technical Validation Session (TVS) with HPSEBL to validate the data submitted in the Petition and sought clarifications on various issues. The Commission has considered all the information provided by the Petitioner subsequent to filing of Tariff Petition including responses to the queries raised by the Commission, responses during TVS, additional submissions, etc. as part of the Tariff Petition.

12.1.3 This Chapter contains detailed analysis of the Petitioner's claim and the Commission's analysis on ARR of various parameters for determination of revised ARR for the Distribution Business of HPSEBL for FY 2025-26.

## 12.2 ARR approved by the Commission for 5th MYT Control Period

12.2.1 The Commission had approved ARR for 5th MYT Control Period (FY 2025-29) vide MYT Order dated 15th March, 2024, as summarized in the table below:

**Table 228: Aggregate Revenue Requirement approved by the Commission for 5th MYT Control Period (Rs. Cr.)**

| Particulars | FY25 | FY26 | FY27 | FY28 | FY29 |
|---|---|---|---|---|---|
| **Power Purchase Expenses for Supply in the State** | 4,720.20 | 4,884.71 | 5,485.10 | 6,097.09 | 6,409.36 |
| Cost of electricity purchase including own generation | 3,946.90 | 4,076.44 | 4,636.79 | 5,208.42 | 5,475.92 |
| *Inter-State Charges* | | | | | |
| Power Grid Charges | 525.49 | 551.77 | 579.36 | 608.32 | 638.74 |
| Open Access Charges | 37.89 | 39.02 | 40.19 | 41.40 | 42.64 |
| *Intra-State Charges* | | | | | |
| HPPTCL Charges | 200.87 | 210.83 | 221.28 | 232.27 | 243.80 |

| Particulars | FY25 | FY26 | FY27 | FY28 | FY29 |
|---|---|---|---|---|---|
| SLDC Charges | 9.05 | 6.65 | 7.48 | 6.68 | 8.26 |
| **Operation & Maintenance Costs** | 2,794.73 | 3,472.53 | 3,633.30 | 3,790.26 | 3,888.27 |
| Employee Cost | 2,516.29 | 3,022.69 | 3,145.30 | 3,283.09 | 3,364.51 |
| R&M Cost | 144.43 | 156.14 | 173.61 | 187.17 | 197.70 |
| A&G Cost | 134.01 | 293.70 | 314.39 | 320.00 | 326.05 |
| Interest & Financing Charges | 254.14 | 299.56 | 373.87 | 392.93 | 398.06 |
| Depreciation | 237.96 | 258.87 | 281.11 | 298.37 | 311.85 |
| Return on Equity | 85.81 | 96.49 | 107.85 | 116.66 | 123.55 |
| Less: Non-Tariff & Other Income | -158.56 | -158.38 | -158.44 | -156.79 | -157.44 |
| **Aggregate Revenue Requirement** | **7,934.28** | **8,853.79** | **9,722.79** | **10,538.52** | **10,973.64** |

### 12.3 Approach for approval of ARR and Tariff under 5th MYT Control Period

12.3.1 Regulation 14 of HPERC MYT Regulations, 2023 provide for filing of Petition for Annual Performance Review. The relevant extract of the Regulation 14 is as under:

***"14. Procedures relating to making an application for determination of Tariff-***

*……*

*(2) An application for determination of Tariff and Performance Review shall be made by 30th November every year, in such form and in such manner as specified in this Regulation, and accompanied by such fees as may be specified by the Commission. Besides, Annual Performance Review, the Commission shall also conduct the Mid-Term Performance Review in the year after the mid year of the control period especially to analyse the performance of the licensee on account of Controllable Parameters for the Control Period. Proceedings to be held by the Commission for determination of Tariff shall be in accordance with the HPERC (Conduct of Business) Regulations, 2005, as amended from time to time.*

*(3) The Petition for determination of Tariff shall be accompanied by information for the previous year, current year and the ensuing year for the entire control period capturing the expected revenue from the Tariff and charges including miscellaneous charges alongwith detailed assumptions and parameters required in annual True up exercise, etc:*

*……"*

12.3.2 In accordance with the above provisions of HPERC MYT Regulations, 2023, the HPSEBL has filed the ARR/Tariff for FY 2025-26.

12.3.3 The Commission, in the MYT Order for 5th MYT Control Period (FY 2025 to FY 2029) dated 15th March, 2024, has fixed the targets for controllable parameters i.e., O&M expenses, Depreciation, Return on Equity, Distribution loss, etc. Any variation on these controllable parameters shall be considered at the time of 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 APR exercise after prudence check by the Commission.

12.3.4 HPSEBL has filed the Petition for review of uncontrollable parameters of the ARR for FY 2025-26 and requested for corresponding revision in Tariff for FY 2025-26 for meeting the Revenue Gap based on the revised ARR and estimated revenue based on the existing Tariff. However, vide additional submission, the Petitioner submitted revised ARR and a Revenue Surplus of Rs. 2.59 Cr.

12.3.5 In this chapter, the Commission has reviewed the ARR for FY 2025-26 on account of changes in the uncontrollable parameters as per the provisions of HPERC MYT Regulations, 2023. Other controllable components of ARR 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 5th MYT Control Period dated 15th March, 2024.

## 12.4 Energy Sales

12.4.1 In the Petition, the Petitioner had submitted projected numbers for sales, Consumers and connected load for FY 2025-26 without highlighting its approach considered for the projections. In response to the Commission's query, the Petitioner has submitted the rationale considered for the projected numbers. The Petitioner has submitted that revised sales, number of Consumers and connected load for FY 2024-25 has been estimated by considering actual category wise energy sales, number of Consumers and connected load for the month from April 2024 to September 2024 (H1). For the remaining six months i.e. October 2024 to March 2025 (H2), energy sales, number of Consumers and connected load has been projected considering the Compound Annual Growth Rate (CAGR) for the previous 5 years and actual figures of H1. Further, the Petitioner has projected the figures for FY 2025-26 based on the estimated figures of FY 2024-25 by applying category wise CAGR of previous 5 years.

12.4.2 For projection of energy sales, number of Consumers and connected load for FY 2025-26, the Commission has considered base value of respective parameters for FY 2023-24 and estimated value for FY 2024-25 by applying appropriate CAGR.

12.4.3 Based on the approach detailed above, the Commission approves total sales of 12,431.24 MUs for FY 2025-26. The Category-wise sales approved for FY 2025-26 is detailed in subsequent Sections:

***Domestic Sales***

12.4.4 The Domestic Consumer category has exhibited steady growth, with CAGR figures ranging from 3.99% (1-year) to 5.29% (5-year), showing a consistent upward trajectory. It is observed that the y-o-y growth in sales recorded under this category has been in the range of 4.00% to 7.40% during last five years. The Commission has considered a growth rate of 5.00%, aligning closely with long-term trends while accounting for demographic expansion and increasing urbanization. With rising electrification in rural areas, installation of smart meters and improved affordability of electrical appliances, domestic energy consumption is expected to grow steadily. In view of the recent trends, the Commission has adopted a moderate growth rate of 5.00% for sales projections in Domestic Consumer Category for FY 2025-26.

***Non-Domestic Non-Commercial Supply (NDNCS)***

12.4.5 The CAGR for this category has shown fluctuations, with higher short-term growth (11.69% over two years) but a long-term stabilization at 3.16% i.e. CAGR of 5 years. The Commission has chosen a conservative growth rate to reflect the stabilization of demand. The Commission has adopted 5-year CAGR of 3.16% as the growth rate for projections of energy sales of NDNCS for FY 2025-26. This rate of 3.16% ensures a reliable forecast that does not over-project demand.

***Commercial Supply***

12.4.6 The energy consumption in the category has shown a fluctuating yet positive growth pattern, with a 5-year CAGR of 3.72%, reflecting long-term stability. Short-term variations, such as 8.91% (2-year) and 12.84% (3-year), suggest intermittent demand spikes, likely due to rapid business expansion post-pandemic. However, considering market maturity and the shift towards energy-efficient infrastructure, the Commission has adopted a moderate growth rate of 3.72%. This accounts for ongoing commercial expansion, new shopping complexes, office spaces, and digital business growth, while also factoring in potential demand moderation due to increased adoption of LED lighting, energy-efficient HVAC systems, and distributed renewable generation. In view of the above, the Commission has adopted 5-year CAGR of 3.72% as the growth rate for projections of energy sales of Commercial supply for FY 2025-26.

***Industrial Power Supply***

12.4.7 Based on the actual sales data for the last five years from FY 2019-20 to FY 2023-24 and growth on y-o-y basis during last 5 years, the Commission has projected the sales to the industrial categories as below:

***Small and Medium Industrial Power Supply***

12.4.8 Based on Y-O-Y analysis, there is an unusual trend in the sales under Small and Medium Industrial Supply over the past five years. Even when excluding the COVID years, there is a significant variation in the growth pattern. For instance, in FY20 and FY21, Y-O-Y growth rate for Small Industrial Supply is negative whereas for FY24, Y-O-Y growth rate is 17.85%. Similarly, under the medium industrial supply, Y-O-Y growth rate for FY23 is 6.87% and for FY24, Y-O-Y growth is negative. Therefore, the Commission has found it suitable to consider CAGR growth rate rather than Y-O-Y growth to avoid Short-term variations while projecting the sales for FY 2025-26. The Commission has considered a growth rate of 6.88%, aligning with long-term trends while recognizing the sector's continued expansion. Government incentives for MSMEs (Micro, Small, and Medium Enterprises), increasing automation, and industrial modernization drive have seen a surge in this sector’s energy demand. Additionally, initiatives supporting "Make in India" and the establishment of industrial parks contribute to sustainable growth. However, advancements in energy-efficient manufacturing processes and increased adoption of renewable energy sources have been factored in to ensure a balanced forecast. Accordingly, for the projection of sales for FY 2025-26, 3-year CAGR (6.88%) has been considered for Small Industrial Supply and 2-year CAGR (2.70%) has been considered for Medium Industrial Supply.

***Large Industrial Power Supply***

12.4.9 The Commission has observed that the growth in year-on-year sales recorded under Large Industrial Supply has been in the range of -10.60% to 26.26% during last five years. The Commission has found that, Y-O-Y sales growth under this category is not following any pattern. Even when excluding the COVID years, there is a significant variation in the growth pattern. For FY23, Y-O-Y growth rate for Large Industrial Supply is 6.57%, whereas in FY24, the recorded growth rate is 3.55%. Even the CAGR of Large industrial Power supply consumption has shown mixed trends, with a 1-year CAGR of 3.35% but a more moderate 5-year CAGR of 4.56%. The Commission has opted for a pragmatic growth rate aligned with long-term trends. While industrial expansion continues to be a key driver of electricity demand, the investments in automation and energy conservation measures are expected to optimize energy use, balancing overall demand growth.

12.4.10 Thus, the Commission is of the view that for projection of sales for FY 2025-26 for this category, a moderate growth rate should be considered. Accordingly, the Commission has considered a growth rate of 4.56% (5-year CAGR) for sales projection for Large Industrial Supply.

***Irrigation and Drinking Water Pumping Supply (IDWPS)***

12.4.11 Based on Y-O-Y growth trend, it is observed the growth in sales under this category does not follow specific trend in the last five years. In the past five years, maximum recorded percentage rate based on yearly growth is 11.02%, whereas, based on CAGR growth, maximum recorded growth rate is 7.16%. However, the CAGR for this category has shown a steady increase, with a long-term (5-year) rate of 5.49%. The Commission has adopted this growth rate to reflect the continued expansion of water supply and irrigation infrastructure. The push for improved water management, smart city projects, and the electrification of rural irrigation systems are key contributors to sustained growth in this segment. Additionally, the government's commitment to providing uninterrupted Power for essential services further reinforces this projection.

12.4.12 Accordingly, the Commission has projected sales for FY 2025-26 by applying a moderate growth rate of 5.49% (5-year CAGR).

***Public Lighting***

12.4.13 Based on Y-O-Y analysis, the Commission has observed that the sales growth recorded under Public Lighting category has been in the range of -2.48% to 14.79% during last five years. There is a typical trend under this category, for instance, a sales growth is 3.67%, 0.07% and 14.79% in FY20, FY23 and

FY24 respectively. However, the public lighting consumption has experienced moderate and stable growth, with a 5-year CAGR of 4.58%.

12.4.14 The Commission is of the view that continued urbanization, road network expansion, and smart city initiatives will increase the energy demand in this category. While the increase in public infrastructure projects will drive demand, the large-scale adoption of LED streetlights and automated lighting control systems will limit excessive growth. Therefore, to avoid yearly unusual variation, the Commission has considered a moderate growth rate of 4.58% (5-year CAGR) for sales projection for Public Lighting.

***Agricultural Supply***

12.4.15 Likewise, Irrigation and Water supply, an unusual trend is observed for the Agriculture Supply. The Agricultural sector has shown consistent energy demand growth, with a 5-year CAGR of 4.74%. The Commission has chosen this growth rate aligned with historical trends, recognizing the importance of electricity in agriculture and mechanized farming. Any variation in projected sales and actual sales will be taken care at the time of True up, based on the prudence check by the Commission.

***Bulk Supply***

12.4.16 Likewise other category, as discussed above, this category also does not demonstrate usual growth trend over the past five years. The Commission in order to accommodate the potential expansion of large Consumers such as industrial zones, Special Economic Zones (SEZs), large commercial establishments, rise in logistics hubs, and manufacturing clusters supports has considered a moderate sales growth of 5.06% (5-years CAGR) for sales projection for FY 2025-26 for this category.

***Temporary Supply***

12.4.17 No specific trend is observed in the year-on-year growth of sales in the Temporary supply. However, given the post-pandemic resurgence in construction projects, infrastructure expansion, and increased event-based electricity usage, the Commission has chosen a growth rate aligned with the 5-year CAGR. This ensures that any past disruptions do not overly distort future demand projections while accommodating anticipated urban expansion.

12.4.18 Accordingly, the Commission has considered a moderate sales growth of 7.82% (5-years CAGR) for projection of sales for FY 2025-26. However, any variation in projection and actual sales shall be taken care at the time of True up, based on the prudence check by the Commission.

***Electric Vehicle Charging Station (EVCS)***

12.4.19 In the MYT Order, based on the submission of the Petitioner, the Commission had considered a growth rate of 15% for projection of sales for Electric Vehicle Charging Station. Anticipating increased adoption of electric vehicles (EVs), expansion of charging infrastructure, and government incentives for sustainable mobility the Commission has considered growth rate as adopted in MYT Order.

***Total Sales Projection for FY 2025-26***

12.4.20 As discussed in the above Section, the Commission has projected sales for FY 2025-26 based on the past years trend. However, any variation in the sales will be addressed at the time of True up based on actuals. The sales approved in MYT Order, proposed by the Petitioner and now approved by the Commission for FY 2025-26 are as under:

**Table 229: Revised Approved Sales for FY26 (MU)**

| Sl. | Consumer Category | MYT Order | Petition | Now Approved |
|---|---|---|---|---|
| 1 | Domestic | 2,974 | 3,091 | 3,004 |
| 2 | NDNC | 200 | 200 | 198 |
| 3 | Commercial | 813 | 799 | 794 |
| 4 | Temporary | 58 | 67 | 64 |
| 5 | Small Power | 93 | 147 | 119 |
| 6 | Medium Power | 124 | 106 | 111 |
| 7 | Large Power | 7,125 | 7,021 | 7,005 |
| 8 | Govt. Irrigation & Water Pumping | 833 | 854 | 822 |
| 9 | Public Lighting | 12 | 13 | 14 |
| 10 | Irrigation & Agriculture | 99 | 97 | 87 |
| 11 | Bulk Supply | 177 | 206 | 213 |
| 12 | EV Charging Stations | 13 | 3 | 2 |
| | **Total Sales** | **12,520** | **12,604** | **12,431** |

## 12.5 Energy Requirement

12.5.1 The Commission's estimates of energy requirement at HP State periphery for FY 2025-26 is based on the revised energy sales as approved above and T&D loss target approved by the Commission in the MYT Order dated 15th March, 2024. The Commission's estimate for Power requirement is tabulated as below:

**Table 230: Approved Energy Required FY26 (MU)**

| Particulars | MYT Order | Petition | Revised Approved |
|---|---|---|---|
| Sales (MU) | 12,520.00 | 12,603.62 | 12,431.24 |
| Approved Loss (%) | 10.00% | 9.50% | 10.00% |
| Energy Requirement at Discom Periphery for own consumption (MU) | - | 13,926.66 | 13,812.49 |
| STU Loss (%) | - | 0.50% | - |
| **Energy Requirement at State Periphery for own consumption (MU)** | **13,911.11** | **13,996.64** | **13,812.49** |

## 12.6 Power Purchase

12.6.1 As per the HPERC MYT Regulations, 2023, Power purchase is an uncontrollable parameter and needs to be reviewed each year as part of the APR based on actual Power purchase cost from various sources for past year(s).

12.6.2 For projecting Power purchase cost of FY 2025-26, 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 2022-23, FY 2023-24, and six months of FY 2024-25. Further, any changes in allocation of the capacity from the various Generating Stations have also been considered while projecting the availability of Power to the Petitioner.

12.6.3 The following Power Generating Stations have been considered for the purpose of estimation of Power availability for FY 2025-26:

- HPSEBL's Own Generating Stations;
- Purchase from Generating Stations of HPPCL;
- Purchase from Central Generating Stations of NTPC, NHPC, SJVNL, NPCIL and THDC;
- Purchase from BBMB and shared stations;
- Purchase from Baspa, private HEPs above 25 MW, private SHPs up to 25 MW and under APPC mechanism for REC;
- Purchase of Free and Equity Power from the GoHP;
- Purchase from Solar Projects of Himurja and other sources on competitive bidding basis;
- New Plants expected to be Commissioned during FY 2024-25 and FY 2025-26;
- Purchase through bilateral Short-term arrangements;
- Purchase from solar PV projects below 5 MW capacity at generic levelized tariff determined by the Commission.

12.6.4 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***

12.6.5 Based on the existing arrangements between the HPSEBL and the GoHP, the Commission has considered 100% allocation from the HPSEBL's Own Generating Stations. Further, for the generating stations where the free power is applicable, the Commission has considered power projection after excluding share of free power. The Commission has considered energy availability from the HPSEBL's own Generating Stations based on the design energy considered in MYT Order for the 5$^{th}$ MYT Control Period for the Generation Business (FY25-FY29) dated 19$^{th}$ March, 2025.

12.6.6 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 Hydro Stations above 25 MW for FY 2025-26 whereas the generation from Power projects below 25 MW has been considered under Renewable Power (Non-Solar).

**Table 231: Allocation and Energy Availability from Own Generating Stations for FY26***

| Name of Generating Station | Capacity (MW) | Generation (MUs) | HPSEBL Share (%) | Auxiliary Consumption (%) | Annual Energy available to HPSEBL (MUs) |
|---|---|---|---|---|---|
| Bhaba | 120.00 | 464.70 | 100% | 1.20% | 459.12 |
| Bassi | 60.00 | 346.83 | 100% | 0.70% | 344.40 |
| Giri | 60.00 | 289.55 | 100% | 0.70% | 287.52 |
| Larji | 126.00 | 586.82 | 88% | 1.20% | 540.06** |
| Uhl III | 100.00 | 398.19 | 87% | 1.00% | 342.96 |
| **Total Energy Available** | | | | | **1,974.07** |

**Excluding own Generating Stations with capacity of less than 25MW.*
***Same as projected by the Petitioner.*

***Allocation and Energy Availability from firm Share in Central Generating Stations (CGS)***

12.6.7 The State of Himachal Pradesh has firm allocated share from CGS of National Thermal Power Corporation (NTPC), National Hydroelectric Power Corporation (NHPC), Tehri Hydro Power (THDC) and Nuclear Power Corporation of India Limited (NPCIL).

12.6.8 The Commission has, therefore, considered allocation of firm and unallocated Power from CGS in accordance with latest allocations issued by the Northern Regional Power Committee vide Revision No. 02/2024-25.

12.6.9 The Petitioner has projected Power purchase quantum from the Central Generating Stations based on the historical data.

12.6.10 The Commission, in MYT Order dated 15th March, 2024, had approved Power purchase quantum from NTPC Stations, Koldam SoR, NPCIL, NHPC and SJVNL plants based on the average annual generation achieved by respective Generating Stations during the last two years (FY22 to FY23) along with the existing share of the Petitioner in the respective plants. For FY 2025-26, the Commission has considered power purchase quantum from NTPC Generating Stations including Koldam SOR based on the Petitioner's projection as the projections are based on past years historical trend.

12.6.11 With regards power purchase from NHPC Stations, the Commission has projected Power purchase quantum based on the average annual generation achieved by respective Generating Stations during the previous years along with the existing share of the Petitioner in the respective plants.

12.6.12 In case of New Generating Station Parbati II of NHPC, the Commission, in the absence of reliable date, has considered Power purchase quantum for FY 2025-26 as proposed by the Petitioner. However, any variation in the projection and actual purchase will be addressed at the time of True up of FY 2025-26, based on the actuals and prudence check by the Commission.

12.6.13 With respect to projection of energy availability from THDC plants i.e. Tehri and Koteshwar, the Commission has considered energy availability from these stations as proposed by the Petitioner.

12.6.14 With respect to NPCIL plants, Power Purchase Agreement of NAPP and RAPP Nuclear Power plants has been extended for another 15 years w.e.f. 12.11.2023 and HPSEBL has started taking Power from RAP-VII. The Commission has considered the energy availability from NAPP and RAPP based on the average annual generation achieved by respective Generating Stations during the last two years (FY23 to FY24) along with the existing share of the Petitioner in the respective plants. In case of RAPP-VII, the Commission has considered energy projection for FY 2025-26 as proposed by the Petitioner. However, any variation in the Power purchase quantum shall be addressed at the time of True up of FY 2025-26 based on the actuals. Further, the HPSEBL is directed to consult NPCIL immediately for installation and commissioning of two to three units of Small Modular Reactors of 350 MW each either in HP or anywhere else exclusively for use by DISCOM in order to meet its future base load requirements as well as to absorb intermittent renewable energy in the system. In this situation, Hydro Electric projects having weekly or diurnal storage can be used for meeting peak requirements as well as meeting emergency grid requirement due to sudden requirements of intermittent renewable energy from the system.

12.6.15 In addition, the Commission has also considered the submissions of the Petitioner with respect to the stations of Chamera-III and Parvati-III, where the Petitioner had surrendered its share from the Generating Stations and the share to the State has returned from FY 2024-25. Projections with regard to these stations except Parbati-III has been undertaken in line with the actual generation in the past year or design energy, as per availability. In case of Parbati-III, the energy availability for FY 2025-26 has been considered as per the submission of the Petitioner. However, any variation in the Power purchase quantum will be addressed at the time of True up of FY 2025-26 based on the actuals.

12.6.16 The Power availability projected by the Commission from various sources for FY 2025-26 is summarized in table below:

**Table 232: Energy Availability from CGS for FY26**

| Name of the Plant | Installed Capacity | HPSEBL Share | Approved Energy availability to HPSEBL |
|---|---|---|---|
| | MW | % | (MU) |
| **NTPC** | | | |
| Unchahar-I | 420.00 | 0.06% | 1.89 |
| Unchahar-II | 420.00 | 3.06% | 90.12 |
| Unchahar-III | 210.00 | 4.01% | 58.99 |
| Rihand-1 STPS | 1,000.00 | 3.67% | 285.65 |
| Rihand-2 STPS | 1,000.00 | 3.48% | 271.20 |
| Singrauli STPS | 2,000.00 | 0.17% | 25.79 |
| Kahalgaon - II | 1,500.00 | 1.53% | 152.95 |
| Rihand-3 Units-1,2 | 1,000.00 | 3.57% | 278.30 |
| Dadri-II TPS | 980.00 | 0.18% | 10.64 |
| Koldam SOR | 800.00 | 3.36% | 105.67 |

| Name of the Plant | Installed Capacity | HPSEBL Share | Approved Energy availability to HPSEBL |
|---|---|---|---|
| | MW | % | (MU) |
| Kol dam HEP | 800.00 | 15.00% | 469.41 |
| Tanda II | 660.00 | 0.13% | 12.03 |
| Unchahar IV | 500.00 | 0.22% | 7.07 |
| **Sub-Total NTPC** | | | **1,769.73** |
| | | | |
| **NPCIL** | | | |
| NAPP | 440.00 | 3.18% | 86.45 |
| RAPP (V & VI) | 440.00 | 3.40% | 112.32 |
| RAPP (VII) | 700.00 | 1.90% | 93.21 |
| **Sub-Total NPCIL** | | | **291.98** |
| | | | |
| **NHPC** | | | |
| Salal | 690.00 | 0.99% | 31.46 |
| Tanakpur | 94.20 | 3.84% | 17.13 |
| Chamera-I | 540.00 | 2.90% | 57.09 |
| Chamera-II | 300.00 | 3.67% | 45.73 |
| Chamera-III | 231.00 | 3.36% | 30.75 |
| Uri | 480.00 | 2.71% | 67.63 |
| Dhauliganga | 280.00 | 3.57% | 39.48 |
| Parbati-II | 800.00 | 3.36% | 31.08 |
| Parbati-III | 520.00 | 13.00% | 19.68 |
| **Sub-Total NHPC** | | | **340.03** |
| | | | |
| **THDC** | | | |
| Tehri SOR | 1,000.00 | 0.53% | 92.20 |
| Koteshwar SOR | 400.00 | 0.49% | 31.08 |
| **Sub-Total (THDC)** | | | **123.28** |
| **Grant Total** | | | **2,525.02** |

***Allocation and Energy Availability from Equity Share in Generating Plants of SJVN***

12.6.17 The GoHP has equity share of 22% and 26.10% in the Nathpa Jhakri and Rampur HEP respectively of the SJVN. The Commission has considered the average energy generated during the previous years for estimating availability from these stations. The table below summarizes the equity share of energy available from SJVN projects for FY 2025-26.

**Table 233: Energy Availability from Equity Share in Generating Stations of the SJVN for FY26**

| Stations | Installed Capacity (MW) | HPSEBL's share (%) | Energy Availability (MU) |
|---|---|---|---|
| Nathpa Jhakri Equity | 1,500.00 | 22.00% | 1,474.12 |
| Rampur Equity | 412.00 | 26.10% | 479.85 |
| **Total** | **1,912.00** | | **1,953.97** |

### *Energy Availability from Shared Generating Stations*

12.6.18 The State of Himachal Pradesh has fixed allocation from Shanan and Shanan (Extension) at 1 MW at 60% PLF and 45 MU respectively. Other than these stations, HPSEBL has also share from Yamuna and Khara. The Commission has considered energy availability from these Generating Stations based on the actual average quantum purchased in last 3 years (FY22 to FY24).

**Table 234: Energy Availability from Shared Generating Stations for FY26**

| Stations | Installed Capacity (MW) | HPSEBL's share | Energy Availability (MU) |
|---|---|---|---|
| Shanan | 60.00 | Fixed at 1MW | 5.26 |
| Shanan (Extension) | 50.00 | Fixed 45MU | 45.00 |
| Yamuna | 474.70 | 24.68% | 415.79 |
| Khara | 72.00 | 20% | 59.28 |
| **Total Energy Availability from Shared Stations** | | | **525.34** |

### *Energy Availability from HPPCL Stations*

12.6.19 The Petitioner has submitted energy projections as 164.02 MU, 262.12 MU and 164.40 MU from Kashang, Sawra Kuddu and Sainj respectively. The Commission observed that energy projections from HPPCL stations are not in line with the Orders of the Commission issued on 5th June, 2024 (Order on approval of Capital Cost and Tariff for FY2023-24). Further, in response to the query raised by the Commission, the Petitioner has submitted that the energy projections have been done based on the average energy purchased in the past years.

12.6.20 With respect to energy projection from HPPCL stations, the Commission is of the considered view that the energy projection from Kashang, Sawra Kuddu and Sainj should be as per the design energy approved by the Commission for the respective stations vide Order dated 5th June, 2024.

**Table 235: Energy Availability from HPPCL Stations for FY26**

| Stations | Installed Capacity (MW) | HPSEBL's share | Energy Availability (MU) |
|---|---|---|---|
| Kashang | 130.00 | 87% | 211.28 |
| Sawra Kuddu | 111.00 | 87% | 331.60 |
| Sainj (87%) @ 50% | 100.00 | 87% | 138.49 |
| **Total Energy Availability** | **436.00** | | **681.37** |

### *Allocation and Energy Availability from IPPs*

12.6.21 The total energy available from Baspa-II HEP has been considered based on the design energy as approved by the Commission in the MYT Order for Baspa-II HEP (FY25-29) dated 12th June, 2024. In addition, secondary energy available from Baspa-II has also been considered based on the average secondary energy generated during the last three years from the plant. The table below summarizes the energy availability for HPSEBL from Baspa-II:

**Table 236: Energy Availability from BASPA-II for FY26**

| Stations | Installed Capacity (MW) | HPSEBL's share | Energy Availability (MU) |
|---|---|---|---|
| Baspa II | 300.00 | 88.00% | 1,050.00 |
| Baspa II Secondary Energy | | | 98.31 |
| **Total Energy Availability** | | | **1,148.31** |

***Allocation and Energy Availability from Free Power***

12.6.22 The GoHP has free Power entitlement from various Generating Stations of NTPC, NHPC, SJVNL, PSPCL, HPSEBL and IPPs in lieu of project site used by these Generating Stations. This Power has been available to HPSEBL during the previous control periods for meeting its Power requirement as per mutually agreed terms between HPSEBL and GoHP at a price which has been fixed by the Commission from time to time.

12.6.23 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 13% free Power share in the HPPCL plants of Sainj, Kashang, Swara Kuddu. Also, the GoHP has free Power share of 12% in NHPC plants (i.e. Bairasiul, Chamera-I, Chamera-II), Shanan, Baspa II, Nathpa Jhakri. Also, 13% free Power share is available to GoHP in Chamera-III (NHPC), 20% in Malana HEP, 4.6% in Ranjeet Sagar Dam and 16.23% in Chanju HEP.

12.6.24 The Commission observed that, the Petitioner has projected free Power for FY 2025-26, only from some of the Generating Stations mentioned above. In response to the query raised by the Commission in this regard, the Petitioner has submitted that HPSEBL is receiving free Power only from the Generating Stations connected to intra-State transmission network. Further, the Petitioner submitted that they are pursuing with the GoHP for giving free Power to HPSEBL instead of selling in open market. However, there is no communication from GoHP in this regard. Therefore, free Power from all the entitled stations has not been projected.

12.6.25 The Commission is of the view that the quantum of free Power which was being made available by GoHP to the Petitioner at the Commission determined rate is being funded by the Consumers by way of higher prices against the respective plants. The Tariff framework for hydro stations provides for exclusion of free Power which is loaded on the balance units excluding the free Power entitlement of GoHP. Therefore, the GoHP has an obligation to take care of any shortfall in the State and provide such free Power for the utilization of the Consumers of the State at the rate determined by the Commission instead of considering it for financial profits. GoHP is requested to review its decision in the interest of the Consumers of the State and provide required quantum of free Power from all hydro stations in line with the earlier approach.

12.6.26 In view of the uncertainty with respect to availability of free Power from the GoHP, the Commission has projected free Power from the Generating Stations as submitted by the Petitioner by considering last 3 years average generation based on availability.

**Table 237: Energy Availability from Free Power for FY26**

| Stations | Petition (MU) | Approved for FY26 (MU) |
|---|---|---|
| **From Own Generating Stations** | | |
| Free Power from Own Generating Station (A) | 142.00 | 140.51 |
| **From other than Own Generating Stations** | | |
| Shanan Share | 2.63 | 2.63 |
| Ranjeet Sagar Dam Share | 72.81 | 69.85 |
| Malana | 54.51 | 58.87 |
| Baspa - II | 155.17 | 151.79 |
| Kashang | 24.39 | 23.26 |
| Chanju | 20.18 | 22.63 |
| from IPPs and Small HEP/ Private Micro | 204.00 | 186.80 |
| **Sub-total from other than Own Generating Station (B)** | **533.69** | **515.83** |
| **Total Free Power (C=A+B)** | **675.69** | **656.33** |

***Allocation and Energy Availability from BBMB***

12.6.27 In case of Generating Stations of BBMB as well as Dehar and Pong, the average energy has been considered based on the actual energy received by the Petitioner during the last three years. The table below summarizes the allocation as well as energy available from BBMB stations during the 5th MYT Control Period.

**Table 238: Energy Availability from BBMB for FY26**

| Stations | Installed Capacity | HPSEBL's share | Energy Available to HPSEBL (MU) |
|---|---|---|---|
| BBMB Old | Fixed 1.2LU/day | | 43.84 |
| BBMB New | 1,514.73 | 7.19% | 333.88 |
| Dehar | 990.00 | 5.75% | 166.84 |
| Pong | 396.00 | 2.98% | 42.83 |
| **Total availability from BBMB** | | | **587.38** |

***Energy availability from HPSEBL owned Hydro plants with capacity below 25 MW***

12.6.28 The Petitioner has Own Generating Hydro Power plants having capacity lower than 25 MW. The Commission has considered availability from these plants based on the availability considered in the Generation Business of HPSEBL's MYT Order dated 11th November, 2021 for the 4th MYT Control Period. In case of Ligthi and Billing HEPs, the Commission has considered the units as projected by the Petitioner in the Petition. 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 25 MW capacity) for FY 2025-26:

**Table 239: Availability from Own Generating Stations (below 25 MW)**

| Name of Generating Station | Gross Generation (MU) | HPSEBL Share (%) | Auxiliary Consumption (MU) | Annual Energy available to HPSEBL (MU) |
|---|---|---|---|---|
| Andhra | 87.30 | 100% | 1.00% | 86.43 |

| Name of Generating Station | Gross Generation (MU) | HPSEBL Share (%) | Auxiliary Consumption (MU) | Annual Energy available to HPSEBL (MU) |
|---|---|---|---|---|
| Ghanvi | 93.34 | 88% | 1.20% | 81.15 |
| Baner | 60.67 | 88% | 1.00% | 52.86 |
| Gaj | 38.31 | 88% | 1.00% | 33.38 |
| Khauli | 49.95 | 88% | 0.70% | 43.65 |
| Binwa | 29.25 | 100% | 0.70% | 29.05 |
| Thirot | 23.44 | 100% | 0.90% | 23.23 |
| Gumma | 18.11 | 100% | 1.00% | 17.93 |
| Holi | 17.52 | 100% | 1.00% | 17.34 |
| Bhaba Aug | 12.11 | 100% | 0.90% | 12.00 |
| Nogli | 9.85 | 100% | 1.00% | 9.75 |
| Rongtong | 7.64 | 100% | 1.00% | 7.56 |
| Chaba | 7.67 | 100% | 1.00% | 7.59 |
| Rukti | 6.54 | 100% | 1.00% | 6.47 |
| Chamba | 1.77 | 100% | 1.00% | 1.75 |
| Ghanvi II | 56.30 | 87% | 1.00% | 48.49 |
| Ligthi | 0.21 | 100% | | 0.21 |
| Billing | 1.17 | 100% | | 1.17 |
| Killar | 0.47 | 100% | | 0.47 |
| Sach | 1.69 | 100% | | 1.69 |
| Sural | 0.28 | 100% | | 0.28 |
| Purthi | 0.14 | 100% | | 0.14 |
| **Total** | **523.73** | | | **482.60** |

12.6.29 In addition, the Petitioner has PPAs with various SHPs/ IPPs/ private micro hydel projects. Power from these projects is also considered towards meeting the renewable Power purchase obligation of the Petitioner.

12.6.30 The availability from Small HEP/ Private Micro HEP has been computed based on the average actual generation of past three years with an increase of 3%.

***Energy Availability from Renewable Power (Solar)***

12.6.31 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 FY15 onwards. The bundling ratio of solar & conventional Thermal would be 1:1 in MW terms. Further, the Petitioner has also submitted that it is procuring Power from SECI under different schemes. With respect to purchase of solar energy from SECI, the Commission has also considered 600 MW (963.60 MUs) from ISTS connected projects, which has been approved by the Commission vide order dated 10$^{th}$ February, 2025. Any variation in projection and actual Power purchase will be addressed at the time of True up based on the prudence check. In addition, the Petitioner is also procuring solar Power from rooftop solar, Himurja, HPPCL and IPPs.

12.6.32 In response to the Commission's query, the Petitioner has submitted that total installed capacity for solar is expected to increase from 52.51 MW (as of FY 2023-24) to 223.934 MW (excluding purchase from bundled Power and SECI) by FY 2025-26, leading to a significant rise in solar Power generation.

**Table 240: Energy Availability from Solar Power (MU)**

| Name of Source | Energy Availability |
|---|---|
| Singrauli Solar | 21.57 |
| SECI Solar | 42.24 |
| SECI Solar (approved vide Order dated February 10, 2025) | 963.60 |
| Solar Power (IPP) | 107.00 |
| Additional Solar - HPPCL | 48.00 |
| Additional Solar - Himurja | 69.94 |
| Rooftop Solar | 10.60 |
| **Total Energy Availability from Solar** | **1,262.96** |

## 12.7 Assessment of Surplus/(Deficit) for Power Purchase Power Requirement

12.7.1 Based on the analysis undertaken by the Commission in the above sections, it is observed that the Petitioner shall be in power deficit during FY 2025-26, which is shown in the table below:

**Table 241: Assessment of Surplus / Deficit for Energy Availability (MU) for FY26**

| Particular | FY26 |
|---|---|
| **Sales (MU)** | 12,431.24 |
| T&D Loss (%) | 10.00% |
| Power Purchase requirement (MU) at State Periphery | 13,812.49 |
| Availability from Inter-state Generating Stations (MU) Ex Bus | 8,310.49 |
| **Inter-state Losses (MU)** | **294.43** |
| Availability from Inter-state Generating Stations (MU) at State Periphery | 8,016.05 |
| Availability from Intra-state Generating Stations (MU) at State Periphery | 5,523.68 |
| **Total Availability (MU) at State Periphery** | **13,539.73** |
| (Deficit)/Surplus Power (MU) at State Periphery | (272.76) |
| **(Deficit)/Surplus Power (MU) Ex Bus** | **(282.78)** |

12.7.2 Further, assessment of monthly demand and supply has also been done by the Commission, which is shown in the table below:

**Table 242: Monthly Demand Supply Position – FY26**

| Particular | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Sales (MU)** | 976 | 1,005 | 1,040 | 1,064 | 1,013 | 1,059 | 1,045 | 1,015 | 985 | 1,073 | 1,108 | 1,048 |
| T&D Loss (%) | 10% | 10% | 10% | 10% | 10% | 10% | 10% | 10% | 10% | 10% | 10% | 10% |
| Monthly Demand (MU) at State Periphery | 1,085 | 1,117 | 1,156 | 1,183 | 1,126 | 1,177 | 1,161 | 1,127 | 1,094 | 1,192 | 1,231 | 1,164 |
| Monthly Availability from Inter-state Generating Stations (MU) Ex Bus | 485 | 690 | 973 | 1,165 | 1,203 | 1,002 | 638 | 470 | 419 | 370 | 380 | 515 |
| **Inter-state Losses** | **17** | **24** | **34** | **41** | **43** | **36** | **23** | **17** | **15** | **13** | **13** | **18** |
| Monthly Availability from Inter-state Generating Stations (MU) at State Periphery | 468 | 666 | 939 | 1,123 | 1,160 | 967 | 615 | 454 | 404 | 357 | 366 | 497 |
| Monthly Availability from Intra-state Generating Stations (MU) at State Periphery | 400 | 616 | 710 | 747 | 791 | 673 | 441 | 259 | 190 | 182 | 197 | 319 |
| **Total Monthly Availability (MU) at State Periphery** | **868** | **1,282** | **1,649** | **1,870** | **1,951** | **1,639** | **1,056** | **713** | **595** | **538** | **563** | **816** |
| (Deficit)/Surplus Power (MU) at State Periphery | (216) | 165 | 493 | 687 | 825 | 463 | (105) | (415) | (500) | (653) | (668) | (349) |
| **(Deficit)/Surplus Power (MU) Ex Bus** | **(224)** | **171** | **511** | **713** | **855** | **480** | **(109)** | **(430)** | **(518)** | **(677)** | **(692)** | **(361)** |

12.7.3 In order to meet short fall in Power supply, the Commission has also approved short term Power purchase of 282.78 MUs from market. However, any variation in Power purchased from open market will be addressed at time of True up of FY 2025-26 based on the actuals and prudence check by the Commission. Further, the Petitioner is required to take prior approval of the Commission for any such short-term Power purchases from sources other than approved in this Order. However, in case of exigency, the Petitioner may opt for Short-term Power procurement through the DEEP portal of GoI and/or at the platform of Power Exchanges with intimation to the Commission. Also, the Petitioner shall take the post facto approval of the Commission justifying its action. In absence of such approval, Power purchased from sources other than approved in this Order shall be disallowed and not passed through in the ARR.

## 12.8 Power Purchase Cost

***Generation Cost of HPSEBL Own Generating Stations***

12.8.1 The Tariff for HPSEBL's Own Generating Stations for the 5th MYT Control Period has been issued by the Commission vide Order dated 19th March, 2025. The Commission has projected cost of Power from Own Generating Stations by considering Tariff of respective Generation Stations approved in the said Order dated 19th March, 2025. In case of Uhl-III, the Commission has considered a provisional Tariff of Rs. 5.00 per unit in the 5th MYT Control Period.

12.8.2 For Own Generating Stations such as Ligthi, Billing, Sach, Sural and Purthi Stations, the Commission has considered rates as per Order dated 19th March, 2025 discussed above.

12.8.3 For Killar, the Commission has considered the Generic Tariff of Rs. 2.25/kWh as approved in the Order dated 15th January, 2014 in Petition No. 54/2013. However, in case of Ghanvi II HEP, the Commission has considered the Project Specific Levelized Tariff of Rs. 3.16/kWh as approved vide Order dated 28th September, 2022.

***Cost of GoHP Free Power***

12.8.4 As per Commission's Order dated 24th March, 2025, the purchase rate of free Power available to HPSEBL from GoHP has been fixed at Rs. 2.70 per unit for FY26. Accordingly, the Commission has considered rate of free Power as Rs. 2.70 per unit for FY 2025-26.

***Cost of Power from NTPC Stations***

12.8.5 In case of NTPC Generating Stations, the Hon'ble CERC has issued Tariff Orders for some of the Generating Stations for the period of FY 2019-24. However, for the period FY 2024-25 onwards, the Hon'ble CERC has not issued Tariff for the CGS including NTPC Stations. Therefore, in the absence of Tariff Order for some of the NTPC Stations, the Commission, based on the approach adopted in the MYT Order dated 15th March, 2024, has considered the Fixed Cost for FY 2024 as approved by the Hon'ble CERC for such stations and projected the fixed charges for the ensuing years by considering an escalation of 5% y-o-y. In case of energy charges, the Commission has considered the charges equivalent to FY 2023-24 with 5% y-o-y escalation for the ensuing years.

12.8.6 Further, in the absence of Tariff Orders of the respective years for some Central Generating Stations, the Commission has considered fixed and energy charges equivalent to FY 2023-24 with 5% y-o-y escalation on fixed and variable charges respectively for ensuing years.

12.8.7 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 FY24, as submitted by HPSEBL. An escalation of 5% has been applied for coal and gas-based plants to arrive at the variable cost for subsequent years.

12.8.8 The Commission's decision to approve a 5% escalation in power purchase cost exclusively for Thermal plants is based on multiple economic and operational factors that directly impact the cost of Thermal power generation. The coal and gas are the primary fuels for Thermal power generation, and their prices have seen consistent upward pressure due to global market fluctuations, increased mining costs, and supply chain disruptions. Imported coal prices have surged due to geopolitical tensions, higher freight costs, and global energy demand fluctuations, impacting the landed cost of fuel for Thermal plants. Additionally, domestic coal prices have also risen due to increasing production costs, logistics constraints, and revisions in coal pricing policies. Further, the Thermal power generation is highly dependent on coal transportation via railways and road networks, and these costs have been escalating due to increased fuel prices and operational inefficiencies. Rail freight charges for coal transportation have been rising, contributing to higher input costs for Thermal power plants. This escalation also accounts for potential disruptions in coal supply chains, which could necessitate costlier alternatives like imported coal. It is also recognised that stringent environmental regulations have mandated the installation of pollution control equipment such FGDs, retrofitting of older Thermal plants, and adherence to stricter emission norms, leading to a substantial increase in capital expenditure and operational costs for Thermal generators. The cost of compliance with new emission standards for $SO_2$, $NO_x$, and particulate matter, as well as the cost of acquiring carbon credits where applicable, adds financial burden to Thermal power producers. A historical analysis of Thermal power purchase costs shows a consistent trend of increasing expenses due to fuel price hikes, regulatory changes, and infrastructure upgrades. The 5% escalation is a moderate yet necessary adjustment that aligns with past trends and future cost projections.

12.8.9 In case of NPCIL, NHPC and SJVNL plants, the Commission has considered the projections based on the average annual generation achieved by respective Generating Stations during the last two years (FY23 to FY24), as per details submitted by the Petitioner along with the Petition.

***Cost of Power from NHPC Stations***

12.8.10 As reasoned earlier, the Hon'ble CERC has issued Tariff Order for some of the Generating Stations for the period of FY 2019-24 for NHPC stations. The Commission has considered the Fixed Cost as approved by the Hon'ble CERC for Salal, Tanakpur, Chamera-III, Dhauliganga, Dulhasti and Sewa.

12.8.11 Further, in the absence of Tariff Orders of the respective years for some CGS, the Commission has considered fixed and energy charges equivalent to FY 2023-24 with 3% y-o-y escalation on fixed and variable charges respectively.

12.8.12 In case of new stations, the Commission has considered a provisional Tariff of Rs. 5.00 per unit for NHPC stations based on the approach adopted at the time MYT Order dated 15$^{th}$ March, 2024. The same shall be Trued up as per actual and prudence check by the Commission.

***Cost of Power from NPCIL Stations***

12.8.13 The Commission has considered energy charges for the various NPCIL stations for FY 2023-24 with an escalation of 3% p.a. on the energy charges for the ensuing years.

12.8.14 In case of RAPP VII plants, the Commission has considered Tariff of Rs. 5.15 per unit, as proposed by the Petitioner, for the ensuing years. The variation in projection and actual cost will be addressed at the time of True up based on the prudence check by the Commission.

***Cost of Power from BBMB and Other Shared Stations***

12.8.15 The cost of Power from BBMB, Dehar, Pong and Shanan have been considered based on the actual Power purchase cost during FY 2023-24 submitted by the Petitioner. For subsequent years, the Commission has considered an escalation of 3% on the variable charges.

12.8.16 For Yamuna stations, the cost of Power purchase for FY 2024-25 has been considered based on the charges approved by the Uttarakhand Electricity Regulatory Commission (UERC) in the 'Tariff Order on True up for FY 2022-23, Annual Performance Review of FY 2023-24 and Annual Fixed Charges for FY 2024-25 for UJVN Limited' dated 28th March, 2024. For FY 2025-26, the Commission has escalated the charges approved by the UERC by 3%.

12.8.17 In case of Khara HEP, the actual Power purchase cost during FY 2023-24 submitted by the Petitioner is considered. Further, for subsequent years, the Commission has considered an escalation of 3% on the variable charges.

***Cost of Power from SJVNL Stations***

12.8.18 The Hon'ble CERC has issued Tariff Orders for the Generating Stations of SJVNL stations for the period FY 2019-24. Considering the same, the Commission has considered the Fixed Cost as approved by the Hon'ble CERC.

12.8.19 Further, the Commission has considered an annual escalation rate of 3% each year for projecting the fixed and energy charge from these stations. The other charges have been considered based on actual for FY 2023-24 as submitted by the Petitioner.

***Cost of Power from THDC Stations***

12.8.20 The Hon'ble CERC has issued Tariff Order for the Generating Stations of THDC for the period FY 2019-24. Considering the same, the Commission has considered the fixed cost and variable charge as approved by the Hon'ble CERC.

12.8.21 Further, the Commission has considered an annual escalation rate of 3% each year for projecting the fixed and energy charge from these Stations. The other charges have been considered based on actual for FY 2023-24 as submitted by the Petitioner.

***Cost of Power from HPPCL Stations***

12.8.22 The Commission, vide Order dated 5$^{th}$ June, 2024, has approved the capital cost and Tariff from COD to FY 2023-24 for Kashang, Sainj and Swara Kuddu. The Commission has approved the Power purchase cost for these stations by considering the fixed and variable cost approved in the Orders dated 5th June, 2024, along with escalation factor of 3%. Any variation in the Power purchase cost will be addressed by the Commission based on the Tariff Order issued by the Commission for Kashang, Sainj and Swara Kuddu and a prudence check at the time of Truing up.

***Cost of Power from IPPs and Private SHPs***

12.8.23 The Commission has considered the Tariff for Baspa-II Plant for FY 2025-26 as per the MYT Order for Baspa-II dated 12$^{th}$ June, 2024. Further, the Commission has also considered cost towards secondary energy based on the PPA provisions. Additional cost towards higher availability from Baspa-II plant has also been considered.

12.8.24 For projecting the Power purchase cost from private SHPs, average rate of Power from private SHP during FY 2024 has been considered along with existing quantum of Power being available from various private SHPs during the 5$^{th}$ MYT Control Period. An escalation of 3% p.a. has been considered on the average rate of SHPs.

***Cost of Power from Solar Plants***

12.8.25 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/kWh has been considered as per the actual rate in FY 2023-24. Similarly, as per the claim of the Petitioner, Power from SECI has been considered at a rate of Rs. 5.50/kWh for FY 2025-26.

12.8.26 Further, the Petitioner has also tied with SECI for procurement of 600 MW from ISTS connected projects, which has been approved by the Commission vide order dated 10th February, 2025. The Tariff discovered for these projects are Rs.3.04/kWh (250 MW -Renew Solar), Rs. 3.05 /kWh (300 MW-ACME

Solar) and Rs. 3.10/kWh (50 MW- Adani Renewable). Other than the discovered Tariff, HPSEBL has to pay a trading margin of Rs. 0.07/kWh, which is subject to adoption by CERC. Any variation in projection and actual Power purchase cost will be considered at the time of True up based on the prudence check.

12.8.27 In addition to the solar Power being procured by HPSEBL from Singrauli solar Powerplant and SECI, additional quantum has been considered from HPPCL, rooftop solar and additional solar capacity from Himurja which are considered at Rs. 3.00/kWh, Rs. 3.50/kWh and Rs. 3.65/kWh respectively based on the proposal of the Petitioner. Any variation in projection and actual Power purchase cost will be considered at the time of True up based on the prudence check.

***Cost of Power purchase from Open Market***

12.8.28 As discussed above under the Para 12.7.3, the Commission has considered purchase from market as 282.78 MUs for FY 2025-26. With respect to the rate of purchase, Average Market Clearing Price (MCP) of FY 2024-25 of Day Ahead Market on IEX has been considered. Accordingly, cost of power purchase from short-term comes out of Rs. 126.40 Cr. Any variation in the projection and actual cost of power purchase from open market will be addressed at the time of True up based on the prudence check by the Commission.

***Price for purchase of Power by Discom without green attributes under REC mechanism***

12.8.29 The Hon'ble CERC had notified the CERC (Terms and Conditions for Renewable Energy Certificated for Renewable Energy Generation) Regulations, 2010 (CERC REC Regulations, 2010) on 14th January, 2010, for the development of market in Power from Non-Conventional Energy Sources by issuance of transferable and saleable credit certificates named as Renewable Energy Certificates (RECs).

12.8.30 The aforesaid Regulations provides that a generating company engaged in generation of electricity from Renewable Energy sources shall be eligible to apply for registration for issuance of Certificates if it sells the electricity generated either:

i. to the Distribution licensee of the area in which the eligible entity is located, at the pooled cost of Power purchase of such Distribution licensee as determined by the Appropriate Commission, or

ii. to any other licensee or to an open access Consumer at a mutually agreed price, or through Power exchange at market determined price. For the purpose of the said Regulations 'Pooled Cost of Purchase' means the weighted average pooled price at which the Distribution licensee has purchased the electricity including cost of self-generation, if any, in the previous year from all the energy suppliers long-term and short-term, but excluding those based on Renewable Energy sources, as the case may be.

12.8.31 Accordingly, the Commission notified the Himachal Pradesh Electricity Regulatory Commission (Renewable Power Purchase Obligation and its Compliance) Regulations, 2010 (HPERC REC Regulations, 2010), dated 29th May, 2010, subsequently amended from time to time.

12.8.32 However, on 9th May, 2022, the Hon'ble CERC has notified CERC (Terms and Conditions for Renewable Energy Certificates for Renewable Energy Generation) Regulations, 2022 (CERC REC Regulations, 2022) repealing the CERC REC Regulations, 2010.

12.8.33 As per the CERC REC Regulations, 2022, a Renewable Energy Generating Station shall be eligible for issuance of Certificates, if it meets the following conditions:

a. the Tariff of such renewable energy Generating Station, for part or full capacity, has not been either determined or adopted under Section 62 or Section 63 of the Electricity Act, 2003 respectively, or the electricity generated is not sold directly or through an electricity trader or in the Power Exchange, for RPO compliance by an obligated entity:

b. Such Renewable Energy Generating Station has not avail any (i) waiver of or concessional Transmission Charges or (ii) waiver of or concessional wheeling charges.

12.8.34 Accordingly, the Commission has also notified the Himachal Pradesh Electricity Regulatory Commission (Renewable Power Purchase Obligation and its Compliance) Regulations, 2023 on 24th February, 2023 repealing the HPERC REC Regulations, 2010. The HPERC REC Regulations 2023 provide as under:

*"10. Purchase of Electricity under REC Mechanism.- (1) The term, 'Energy Purchased under REC Mechanism', shall mean the energy purchased by an Obligated Entity from RE Sources, under the Power Purchase Agreement(s) or any other arrangement signed by it on or after, 18th January, 2010 with specific provisions that such purchase shall not entitle the Obligated Entity to deal with the green attributes for the quantum of energy so purchased.*

*(2) The Commission may, fix the rate and other associated conditions, by duly taking into account the Average Cost of Power Purchase by the Distribution Licensee, at such interval as it may consider appropriate, for purchase of electricity by the Distribution Licensee, under REC mechanism:*

*Provided that the rate fixed by the Commission for Average Pooled Purchase Cost (APPC) under REC mechanism vide its Order dated 03.01.2022 in Suo-Moto Petition No. 28/2021 shall be considered as the rate fixed under this Regulations for the period upto 31.03.2023."*

12.8.35 In view of above, the Commission fixes the rate of APPC under REC mechanism as a weighted average rate of all the Power estimated by the Commission to be procured by the Distribution Licensee for FY 2024-25 from Renewable Energy Sources for which the rates have already been determined/ fixed.

12.8.36 Accordingly, this rate comes out to be Rs. 2.72/kWh for purchase of electricity by the Distribution Licensee, under REC mechanism during FY 2025-26. The detailed computation is shown in the table below:

**Table 243: Approved APPC under REC Mechanism for FY26**

| Particulars | Formula | APPC for REC |
|---|---|---|
| Total power purchase cost of RE (Rs. Cr.) | A | 3,067.57 |
| Total power purchase quantum from RE (MU) | B | 11,281.71 |
| **APPC (Rs. per unit)** | **C=A/B*10** | **2.72** |

### *Source-wise Power Purchase Cost*

12.8.37 Based on the principles discussed above, the table below summarizes Power purchase cost of each plant approved for FY 2025-26.

**Table 244: Summary of Power Purchase approved for FY26**

| Name of the Plant | Units (MU) | Cost (Rs. Cr.) | Rate (Rs. /kWh) |
|---|---|---|---|
| **Own generation** | | | |
| Bhaba | 459.12 | 43.99 | 0.96 |
| Bassi | 344.40 | 24.17 | 0.70 |
| Giri | 287.52 | 28.88 | 1.00 |
| Andhra | 86.43 | 13.00 | 1.50 |
| Ghanvi | 81.15 | 18.26 | 2.25 |
| Baner | 52.86 | 11.11 | 2.10 |
| Gaj | 33.38 | 9.68 | 2.90 |
| Larji | 540.06 | 93.55 | 1.73 |
| Khauli | 43.65 | 9.82 | 2.25 |
| Binwa | 29.05 | 6.33 | 2.18 |
| Thirot | 23.23 | 5.23 | 2.25 |
| Gumma | 17.93 | 4.03 | 2.25 |
| Holi | 17.34 | 3.90 | 2.25 |
| Bhaba Aug | 12.00 | 2.70 | 2.25 |
| Nogli | 9.75 | 3.80 | 3.90 |
| Rongtong | 7.56 | 1.36 | 1.80 |
| Chaba | 7.59 | 3.00 | 3.96 |
| Rukti | 6.47 | 0.86 | 1.33 |
| Chamba | 1.75 | 1.02 | 5.80 |
| Ghanvi II | 48.49 | 15.32 | 3.16 |
| Ligthi | 0.21 | 0.05 | 2.50 |
| Billing | 1.17 | 0.29 | 2.49 |
| Killar | 0.47 | 0.11 | 2.25 |
| Sach | 1.69 | 0.50 | 2.95 |
| Sural | 0.28 | 0.08 | 2.95 |
| Purthi | 0.14 | 0.04 | 2.95 |
| Uhl-III | 342.96 | 171.48 | 5.00 |
| **Sub-Total Own Generation** | **2,456.66** | **472.57** | **1.92** |
| | | | |
| HPPCL | | | |
| Kashang | 211.28 | 67.75 | 3.21 |
| Sawra Kuddu | 331.60 | 177.31 | 5.35 |
| Sainj (87%) @ 50% | 138.49 | 46.37 | 3.35 |
| **Sub-Total HPPCL** | **681.37** | **291.43** | **4.28** |
| | | | |
| **Free Power** | | | |
| Shanan Share | 2.63 | 0.71 | 2.70 |

| Name of the Plant | Units (MU) | Cost (Rs. Cr.) | Rate (Rs. /kWh) |
|---|---|---|---|
| Ranjeet Sagar Dam Share | 69.85 | 18.86 | 2.70 |
| Malana | 58.87 | 15.90 | 2.70 |
| Baspa - II | 151.79 | 40.98 | 2.70 |
| Gaj | 4.54 | 1.23 | 2.70 |
| Larji | 71.55 | 19.32 | 2.70 |
| Khauli | 5.92 | 1.60 | 2.70 |
| Uhl-III | 51.25 | 13.84 | 2.70 |
| Ghanvi II | 7.25 | 1.96 | 2.70 |
| Kashang | 23.26 | 6.28 | 2.70 |
| Chanju | 22.63 | 6.11 | 2.70 |
| Small HEP/ Private Micro - Free | 186.80 | 50.44 | 2.70 |
| **Sub-Total Free Power** | **656.33** | **177.21** | **2.70** |
| | | | |
| NTPC - Thermal | | | |
| Unchahar-I | 1.89 | 1.15 | 6.10 |
| Unchahar-II | 90.12 | 47.36 | 5.26 |
| Unchahar-III | 58.99 | 36.39 | 6.17 |
| Rihand-1 STPS | 285.65 | 73.33 | 2.57 |
| Rihand-2 STPS | 271.20 | 68.48 | 2.53 |
| Singrauli STPS | 25.79 | 6.43 | 2.49 |
| Kahalgaon - II | 152.95 | 66.21 | 4.33 |
| Rihand-3 Units-1,2 | 278.30 | 88.81 | 3.19 |
| Dadri-II TPS | 10.64 | 7.35 | 6.90 |
| Koldam SOR | 105.67 | 66.67 | 6.31 |
| Kol dam HEP | 469.41 | 297.10 | 6.33 |
| Tanda II | 12.03 | 6.68 | 5.55 |
| Unchahar IV | 7.07 | 4.71 | 6.66 |
| **Sub-Total NTPC** | **1,769.73** | **770.69** | **4.35** |
| | | | |
| NPCIL | | | |
| NAPP | 86.45 | 27.49 | 3.18 |
| RAPP (V & VI) | 112.32 | 46.67 | 4.16 |
| RAPP (VII) | 93.21 | 48.00 | 5.15 |
| **Sub-Total NPCIL** | **291.98** | **122.16** | **4.18** |
| | | | |
| NHPC | | | |
| Salal | 31.46 | 5.72 | 1.82 |
| Tanakpur | 17.13 | 10.17 | 5.93 |
| Chamera-I | 57.09 | 14.16 | 2.48 |
| Chamera-II | 45.73 | 13.73 | 3.00 |
| Chamera-III | 30.75 | 18.06 | 5.87 |
| Uri | 67.63 | 13.93 | 2.06 |
| Dhauliganga | 39.48 | 12.19 | 3.09 |
| Parbati-II | 31.08 | 15.54 | 5.00 |
| Parbati-III | 19.68 | 9.84 | 5.00 |
| **Sub-Total NHPC** | **340.03** | **113.34** | **3.33** |
| | | | |
| THDC | | | |
| Tehri SOR | 92.20 | 24.02 | 2.61 |
| Koteshwar SOR | 31.08 | 10.70 | 3.44 |
| **Sub-Total (THDC)** | **123.28** | **34.72** | **2.82** |
| | | | |
| Other CG and shared stations | | | |
| BBMB Old | 43.84 | 4.48 | 1.02 |
| BBMB New | 333.88 | 29.17 | 0.87 |
| Dehar | 166.84 | 22.35 | 1.34 |
| Pong | 42.83 | 2.89 | 0.67 |
| Shanan (available to HPSEB) | 5.26 | 0.74 | 1.40 |

| Name of the Plant | Units (MU) | Cost (Rs. Cr.) | Rate (Rs. /kWh) |
|---|---|---|---|
| Shanan Ext (available to HPSEB) | 45.00 | 3.44 | 0.76 |
| Yamuna | 415.79 | 48.50 | 1.17 |
| Khara | 59.28 | 6.06 | 1.02 |
| **Sub-Total (BBMB & Other Shared Stations)** | **1,112.72** | **117.62** | **1.06** |
| | | | |
| SJVNL | | | |
| Nathpa Jhakri SOR | 159.69 | 41.21 | 2.58 |
| Nathpa Jhakri Equity | 1,474.12 | 373.63 | 2.53 |
| Rampur SOR | 45.83 | 21.65 | 4.72 |
| Rampur Equity | 479.85 | 213.09 | 4.44 |
| **Sub-Total (SJVNL)** | **2,159.49** | **649.58** | **3.01** |
| | | | |
| Others | | | |
| Small HEP/ Private Micro<5MW | 1,259.13 | 387.39 | 3.08 |
| Small HEP/ Private Micro>5MW | 446.77 | 159.26 | 3.56 |
| Small HEP/ Private Micro - REC | 71.00 | 19.34 | 2.72 |
| Baspa - II * | 1,050.00 | 160.65 | 1.53 |
| Baspa - II Secondary Energy | 98.31 | 43.39 | 4.41 |
| Capacity addition for IPPs upto 25 MW | 54.39 | 17.40 | 3.20 |
| **Sub-Total (Others)** | **2,979.60** | **787.42** | **2.64** |
| | | | |
| Solar | | | |
| Singrauli Solar | 21.57 | 16.98 | 7.87 |
| SECI Solar | 42.24 | 23.23 | 5.50 |
| SECI Solar (New) | 963.60 | 300.64 | 3.12 |
| Solar Power (IPP) | 107.00 | 40.13 | 3.75 |
| Solar - HPPCL | 48.00 | 14.40 | 3.00 |
| Additional Solar - Himurja | 69.94 | 24.48 | 3.50 |
| Rooftop Solar | 10.60 | 3.87 | 3.65 |
| **Sub-Total (Solar)** | **1,262.96** | **423.73** | **3.36** |
| Short-Term Purchase | | | |
| Market Purchase | 282.78 | 126.40 | 4.47 |
| **Sub-Total (Market Purchase)** | **282.78** | **126.40** | **4.47** |
| **Grand Total** | **14,116.94** | **4,086.84** | **2.89** |

**The rate considered is provisional and is subjected to True up.*

## 12.9 PGCIL Charges

12.9.1 The Petitioner has submitted that, after the implementation of General Network Access (GNA) regime by Hon'ble CERC, the Central Transmission Charges are now based on net drawl of DICs. Currently based on previous drawl data of HPSEBL, HP has been allocated GNA of 1,130 MW. The charges considered for FY 2025-26 are based on the provisional data available from October 2023 onwards (after GNA Regime).

12.9.2 The Commission has approved PGCIL Charges for FY 2025-26, based on the proposal of the Petitioner. Any variation in projected charges and actual charges will be addressed at the time of True up after prudence check.

**Table 245: Approved PGCIL Charges for FY26 (Rs. Cr.)**

| Particulars | Petition | Approved |
|---|---|---|
| PGCIL charges for FY 2025-26 | 560.00 | 560.00 |

## 12.10 HPPTCL Charges

12.10.1 The Petitioner has projected HPPTCL charges of Rs. 210.83 Cr. based on the HPPTCL charges approved by the Commission in the MYT Order dated 15th March, 2024. Although the Commission has issued MYT Order for HPPTCL on 22nd January, 2025 on the consolidated basis for all the assets. However, for some of the assets, the Commission has observed that these assets are pertaining to Interstate Network. Thus, the Commission has not determined ARR/Tariff for those assets and directed the Petitioner to approach Hon'ble CERC for including these assets under POC mechanism for recovery of the transmission charges.

12.10.2 After approval of ARR and Tariff for these assets by the Hon'ble CERC, there might be significant impact on the Transmission Charges of the Petitioner. Therefore, in order to avoid unprecedented variation in Transmission Charges, the Commission, has approved HPPTCL charges of Rs. 210.83 Cr. as proposed by the Petitioner. However, any variation in the projection and actual charges will be taken care at the time of True up, based on the prudence check by the Commission.

## 12.11 SLDC Charges

12.11.1 The Petitioner has submitted SLDC charges based on the contracted capacity in MW from all sources of Power procurement and rate per MW/month for SLDC charges for the long-term beneficiaries as approved in the HPSLDC MYT Order dated 15th March, 2024.

12.11.2 The Commission has considered SLDC charges for FY 2025-26 as Rs. 7.50 Cr. as proposed by the Petitioner. However, any variation in SLDC charges approved in this Order and actual SLDC charges incurred will be taken care at the time of True up of FY 2025-26, based on the prudence check by the Commission.

### 12.12 Other Power Purchase Related Charges

12.12.1 The Short-Term Open Access charges (STOA) have been approved based on the average actual open access charges of past three years by applying an escalation factor based on three-year CAGR. The same would be Trued up along with other Power purchase cost, based on actual amount paid.

12.12.2 As discussed in the True up Chapter of this Order, the Petitioner is also paying UPPTCL charges over and above the Transmission Charges of CTUIL and STU for wheeling energy from Tanda-II TPS. The Petitioner has claimed Rs. 0.32 Cr towards UPPTCL charges. The Commission has considered UPPTCL charges for FY 2025-26 as proposed by the Petitioner.

12.12.3 Further, during the TVS, HPSEBL apprised to consider Rs. 0.52 Cr. in the ARR for FY 2025-26. The Petitioner explained that during the approval of ARR of HPSLDC, the Commission has not considered ULDC charges on the account of BBMB Portion, which was discovered after the reconciliation of audited account of HPSLDC and HPSEBL. Accordingly, the Commission has considered ULDC charges of Rs.0.52 Cr. in the ARR of HPSEBL for FY 2025-26, however, the same will be review at the time of True up. The summary of SLDC charges along with open access charges and UPPTCL charges are provided in table below:

**Table 246: Open Access charges and UPPTCL Charges for FY26 (Rs. Cr.)**

| Particulars | Petition | Approved |
|---|---:|---:|
| Open Access Charges | 50.00 | 49.79 |
| UPPTCL Charges | 0.32 | 0.32 |
| ULDC Charges (BBMB Portion) | | 0.52 |
| **Total** | **50.32** | **50.63** |

### 12.13 Total Power Purchase Cost for FY26

12.13.1 Based on the above discussions, the summary of total Power Purchase cost proposed by the Petitioner and approved by the Commission is shown below:

**Table 247: Summary of Approved Power Purchase Cost for FY26 (Rs. Cr.)**

| Particular | Petition | Approved |
|---|---:|---:|
| Cost of Own Generation | 503.10 | 472.57 |
| Cost of electricity purchase from HPPCL | 248.35 | 291.43 |
| Cost of electricity purchase from outside State | 2,827.66 | 3,196.44 |
| Cost of Power from Short-term sources | 647.997 | 126.40 |
| **Inter-State Charges** | | |
| PGCIL Charges | 560.00 | 560.00 |
| Open Access Charges | 50.00 | 49.79 |
| UPPTCL Charges | 0.32 | 0.32 |
| ULDC Charges (BBMB Portion) | - | 0.52 |
| **Intra-State Charges** | | |
| HPPTCL Charges | 210.83 | 210.83 |
| SLDC Charges | 7.50 | 7.50 |
| **Total** | **5,055.75** | **4,915.79** |

### 12.14 Operation and Maintenance (O&M) Expenses

12.14.1 As per the HPERC MYT Regulations, 2023, the 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 generally not subject to Truing up in the APR. However, the Commission has revised the O&M cost in this Order due to revision in certain costs.

12.14.2 The Petitioner has projected Employee expenses, R&M expenses and A&G expenses lower than that of approved by the Commission in the MYT Order dated 15th March, 2024, which has been discussed in the below section of this order.

### 12.15 Employee Cost

12.15.1 The Petitioner, vide additional submission, has submitted that the Employee expenses approved by the Commission were inclusive of Rs. 380 Cr. towards the provision of arrears for pensioners during each year of Control period w.e.f. FY 2025-26 onwards. Now HPSEBL has done fixation of most of the pensioners and accordingly has submitted revised computation, as shown in the table below:

**Table 248: Revised computation of pension arrears submitted by the Petitioner (Rs. Cr.)**

<table>
<tr><th rowspan="2">Particulars</th><th rowspan="2">Pension Arrear estimate (Rs. Cr.)</th><th colspan="3">Paid /to be paid up to FY 2024-25 (Rs Cr.)</th><th rowspan="2">Balance to be paid (Rs Cr.)</th><th rowspan="2">To be paid per year (Rs. Cr.)</th></tr>
<tr><th>Already Paid</th><th>To be paid</th><th>Total</th></tr>
<tr><td>Arrear of Gratuity</td><td>254.23</td><td>17.00</td><td>0.00</td><td>17.00</td><td>237.23</td><td rowspan="4">259.73</td></tr>
<tr><td>Arrear of pension Commutation</td><td>460.4</td><td>0.00</td><td>0.00</td><td>0.00</td><td>460.40</td></tr>
<tr><td>Arrear of Pension</td><td>697.96</td><td>202.68</td><td>154.00</td><td>356.68</td><td>341.28</td></tr>
<tr><td>Total</td><td>1,412.59</td><td>219.68</td><td>154.00</td><td>373.68</td><td>1,038.91</td></tr>
</table>

12.15.2 The Commission observed that there is significant difference in the amount considered at in the MYT Order dated 15th March, 2024 and revised computation submitted by the Petitioner. Therefore, the Commission is of the considered view that Employee expenses of FY 2025-26 should be revised to the extent revision in the arrears payable to pensioners. Accordingly, the Employee expenses approved in the MYT Order, proposed by the Petitioner and now approved for FY 2025-26 are shown in the table below:

**Table 249: Employee expenses approved for FY26 (Rs. Cr.)**

| Particulars | Approved in MYT Order | Petition | Now Approved |
|---|---|---|---|
| Salary, allowance and other cost (A) | 1,012.68 | 1,012.68 | 1,012.68 |
| Total Terminal Benefits for Distribution Business inclusive of Pension Arrear (B=B1+B2) | 2,069.36 | 1,949.09 | 1,949.09 |

| Particulars | Approved in MYT Order | Petition | Now Approved |
|---|---|---|---|
| *Terminal Benefits (B1)* | *1,689.36* | *1,689.36* | *1,689.36* |
| *Pension- Arrear 6th Pay Commission (B2)* | *380.00* | *259.73* | *259.73* |
| **Gross Employee expenses (A+B)** | **3,082.04** | **2,961.77** | **2,961.77** |
| Less: Employee expense capitalised | 59.35 | 59.35 | 59.35 |
| **Net Employee expenses** | **3,022.69** | **2,902.42** | **2,902.42** |

### 12.16 Repairs and Maintenance (R&M) Expense

12.16.1 In the MYT Order, the Commission had approved R&M expenses of Rs. 156.14 Cr. for FY 2025-26, which included IT related R&M expenses of Rs. 44.86 Cr. In the present Tariff Petition, the Petitioner has proposed R&M expenses of Rs. 153.47 Cr., which include IT related R&M expenses of Rs. 42.20 Cr. In the additional submission, the Petitioner has submitted that variation in the IT related R&M expense is based on the current AMC contract.

12.16.2 Based on the submission of the Petitioner, the Commission has approved revised R&M expenses to the extent revision in IT related R&M expenses. The R&M expenses approved in the MYT Order, proposed by the Petitioner and now approved for FY 2025-26 are shown in the table below:

**Table 250: R&M Expenses approved by the Commission for FY26 (Rs. Cr.)**

| Approved | Approved in MYT Order | Petition | Now Approved |
|---|---|---|---|
| Gross R&M Expense | 111.27 | 111.27 | 111.27 |
| Add: IT related R&M expenses | 44.86 | 42.20 | 42.20 |
| **Total R&M Expenses** | **156.14** | **153.47** | **153.47** |

### 12.17 Administrative and General (A&G) Expense

12.17.1 In the MYT Order, the Commission had approved A&G expenses of Rs. 293.70 Cr. for FY 2025-26, which included Rs. 16.54 Cr. towards 'Monthly Rental against Smart Metering -IPDS Shimla / Dharamshala', Rs. 201.34 Cr. towards 'Rental charges against smart metering under RDSS' and Rs. 10.00 Cr. towards 'additional IT expenses'. In the present Tariff Petition, the Petitioner has proposed A&G expenses of Rs. 204.87 Cr., which include rental charges for smart meters and additional IT related A&G expenses. In the additional submission, the Petitioner has submitted that revision in the IT related A&G expenses is based on the current AMC contract.

12.17.2 Based on the submission of the Petitioner, the Commission has approved revised A&G expenses to the extent of revision in RDSS smart meter rental charges and revision in additional IT related A&G expenses. The A&G expenses approved in the MYT Order, proposed by the Petitioner and now approved for FY 2025-26 are shown in the table below:

**Table 251: Revised A&G Expense approved for FY26 (Rs. Cr.)**

| Particulars | Approved in MYT Order | Petition | Now Approved |
|---|---|---|---|
| A&G Expense | 65.82 | 65.82 | 65.82 |
| **IT Related Expenses** | | | |
| Monthly Rental against Smart Metering -IPDS Shimla / Dharamshala | 16.54 | 16.54 | 16.54 |
| Rental charges against smart metering under RDSS | 201.34 | 115.01 | 115.01 |
| Additional IT expenses | 10.00 | 7.50 | 7.50 |
| **Total IT related A&G expenses** | **227.88** | **139.05** | **139.05** |
| **Total A&G Expense** | **293.70** | **204.87** | **204.87** |

12.17.3 The Commission has observed that the Petitioner has paid huge amount of compensation on account of death, injury and damages. The Petitioner is being allowed adequate O&M and Working Capital for its operations. The Commission directs the Petitioner to make efficient use of the resources available to it and increase safety and security of the living beings and it's assets. Each accident case be thoroughly investigated and responsibility fixed for any lapse on account of safety. The Petitioner is directed to conduct regular safety training and awareness programs for all employees, focusing on electrical hazards, fire safety, and emergency response. It should ensure the mandatory use of personal protective equipment (PPE) such as insulated gloves, helmets, and safety boots. The Petitioner is directed to implement strict adherence to lockout/tagout (LOTO) procedures before conducting maintenance or repair work on electrical installations. The Petitioner is also directed to upgrade aging infrastructure with modern, safer technologies to reduce the risk of electrical faults and accidents.

## 12.18 Depreciation

12.18.1 The Commission had approved depreciation for each year of the 5$^{th}$ MYT Control Period in the MYT Order dated 15$^{th}$ March, 2024. Being a controllable parameter dependent on capitalization, depreciation will be reviewed at the time of Truing up for FY 2025-26. Accordingly, the Commission approves the depreciation of Rs. 258.87 Cr. for FY 2025-26 as approved in the MYT Order.

## 12.19 Interest and Financing Charges

### *Interest on Capital Loan*

12.19.1 The Commission had approved interest on capital loan for each year of the 5$^{th}$ MYT Control Period in the MYT Order dated 15$^{th}$ March, 2024. Being a controllable parameter, interest on capital loan shall be reviewed at the time of Truing up for FY 2025-26. Accordingly, the Commission approves the interest on capital loan of Rs. 165.96 for FY 2025-26 as approved in the MYT Order.

### *Interest on Working Capital*

12.19.2 Due to change in Power purchase cost, revenue for FY 2025-26 and Security Deposit, the working capital requirement for FY 2025-26 shall also be revised.

12.19.3 With regard to interest on working capital, Regulation 34 of the HPERC MYT Regulations, 2023 states as:

*"34. Interest on Working Capital -*

*…….*

*Provided that the interest on working capital shall be on normative basis and rate of interest shall be equal to the weighted average of one year Marginal Cost of Funds based Lending Rate (MCLR) as declared by the State Bank of India from time to time for the financial year in which the application for the determination of Tariff is made plus 350 basis points:*

*……."*

12.19.4 Accordingly, the Commission has arrived rate of interest applicable for working capital as 12.33% (one-year MCLR: 8.84% and 350 basis points), detailed computation is shown in the table below:

**Table 252: Working Capital Requirement approved by the Commission for FY26 (Rs. Cr.)**

| Particulars | Petition | Now Approved |
|---|---|---|
| O&M Expenses for one month | 543.46 | 271.73 |
| Revenue from sale of electricity equivalent to 2 months average billing | 1,425.48 | 1,401.05 |
| Maintenance Spares 40% of the R&M expense for one month netted off for provisions and terminal benefits | 61.39 | 5.21 |
| Less: Consumer Security Deposit | 574.22 | 612.05 |
| **Working Capital Requirement** | **1,456.11** | **1,065.85** |
| Rate of Interest on Working Capital | 12.38% | 12.34% |
| **Interest on Working Capital** | **180.27** | **131.51** |

### *Interest on Consumer Security Deposit*

12.19.5 The Commission observed that Security Deposit amount proposed for FY 2024-25 (base year for FY 2025-26) is lower than actual Consumer Security Deposit of FY 2023-24. In response to the query raised by the Commission, the Petitioner has submitted that Consumer Security Deposit for FY 2024-25 and FY 2025-26 has been worked by considering the impact of prepaid smart meter being implemented under RDSS scheme.

12.19.6 With regard to impact of prepaid smart meter on the Consumer Security Deposit, the Commission found that there is limited progress on installation of smart meters under RDSS. Therefore, at this stage it is difficult to assess the impact of prepaid smart meter on Consumer Security Deposit.

12.19.7 The Commission has adopted following approach for computation of Consumer Security Deposit for FY 2025-26:

(a) Considered opening value of Security Deposit for FY 2024-25 equal to closing value of Security Deposit of FY 2023-24 as approved in the True up of FY 2023-24.

(b) Addition of Security Deposit during FY 2024-25 is computed based on the last three-year average of Security Deposit addition during the year, wherein mid-year (FY 2023-24) value is arrived based on the average of last 3 years Trued up values i.e. FY 2021-22 to FY 2023-24. The mid-year value of Security Deposit was then escalated with 15% (as proposed by the Petitioner).

12.19.8 Accordingly, the Commission has computed Security Deposit for FY 2025-26 as Rs. 54.05 Cr. However, the appropriate treatment of the same will be done at the time of True up based on audited accounts.

12.19.9 Further Regulation 34 of the HPERC MYT Regulation, 2023, provides for consideration of rate on interest on Security Deposit, which is as under:

***"34. Interest on Working Capital.-***

**.......**

Provided further that interest shall be allowed on Consumer Security Deposits and Security Deposits from Distribution System users at the Bank Rate as on the date on which the Petition for determination of Tariff is accepted by the Commission."

12.19.10 Accordingly, the Commission has considered rate of interest as Bank Rate notified by the Reserve Bank of India (RBI).

12.19.11 Based on the above, the Commission has approved interest on Consumer Security Deposit, as shown in the table below:

**Table 253: Interest on Consumer Security Deposit approved by the Commission for FY26 (Rs. Cr.)**

| Particulars | Approved in MYT | Petition | Now Approved |
|---|---|---|---|
| Opening Consumer Security Deposit | 625.41 | 540.40 | 558.00 |
| Addition during the year | 54.34 | 33.82 | 54.05 |
| Closing Consumer Security Deposit | 679.75 | 574.22 | 612.05 |
| Interest Rate | 6.75% | 6.75% | 6.75% |
| **Interest to be paid on Security Deposit** | **44.05** | **38.76** | **39.49** |

12.19.12 In the MYT Order dated 15th March, 2024, the Commission had approved LC Charges of Rs. 6.30 Cr. for FY 2025-26. In the present Tariff Petition, the Petitioner has also proposed LC charges of Rs. 6.30 Cr. as approved by the Commission in the MYT Order. Now, the Commission has considered LC charges as approved in the MYT Order. However, at the time of True up of FY 2025-26, LC charges will be allowed as per actual subject to prudence check by the Commission.

12.19.13 Based on above discussions, total interest and finance charges approved by the Commission for FY26 is shown in the table below:

**Table 254: Summary of interest and finance charges approved by the Commission for FY26 (Rs. Cr.)**

| Particulars | Approved in MYT | Petition | Now Approved |
|---|---|---|---|
| Interest on Long term loan | 165.96 | 165.96 | 165.96 |
| Interest on Working Capital | 83.25 | 180.27 | 131.51 |
| Interest on Consumer Security Deposit | 44.05 | 38.76 | 39.49 |
| LC charges | 6.30 | 6.30 | 6.30 |
| **Interest & Financing Charges** | **299.56** | **391.29** | **343.26** |

### 12.20 Return on Equity

12.20.1 In the MYT Order dated 15th March, 2024, the Commission had approved Return on Equity (RoE) of Rs. 96.49 Cr. for FY 2025-26. The Petitioner has also claimed the RoE as approved in the MYT Order dated 15th March, 2024. Considering the controllable parameter, the Commission has considered the approved RoE of Rs. 96.49 Cr. for FY 2025-26.

### 12.21 Non-Tariff Income

12.21.1 The Petitioner has submitted the detail of Non-Tariff income of HPSEBL viz. delayed payment charges, interest on staff loans and advances, income from trading, O&M Charges Recovery from HPPTCL, income from wheeling charges, Miscellaneous Receipts, PLC receipts etc. The Commission observes that the Petitioner has proposed Non-Tariff income based on the Non-Tariff income claimed for FY 2023-24.

12.21.2 Regulation 37 of the HPERC MYT Regulations, 2023 with regard to Non-Tariff Income states as under:

***"37. Non-Tariff Income.***

*(a) All incomes being incidental to electricity Business and derived by the Licensee from sources, including but not limited to profit derived from disposal of assets, income from rent of land and buildings, delayed payment surcharge, meter rent (if any), income from investments other than contingency reserves, interest income on advance to suppliers and contractors, income from rent from staff quarters, income from rent from contractors, income from hire charges from contactors and others, supervision charges for capital works, income from Consumer charges levied in accordance with Schedule of Charges approved by the Commission, income from recovery against theft and/or pilferage of electricity, income from advertisements, income from sale of tender documents, miscellaneous receipts from the Consumers and income to Licensed Business from the Other Business of the Distribution Licensee shall constitute Non-Tariff Income of the Licensee;*

*(b) Interest on Security Deposits, in excess of the rate specified by the Commission shall be considered as Non-Tariff income of the Licensees;*

*(c) The amount received by the Licensee on account of Non-Tariff Income shall be deducted from the aggregate revenue requirement in calculating the net revenue requirement of such Licensee."*

12.21.3 For FY 2025-26, the Commission has considered Non-Tariff income same as proposed by the Petitioner. However, the appropriate treatment of the same will be done at the time of True up based on the audited accounts and prudence check by the Commission.

12.21.4 The approved Non-Tariff income for FY 2025-26 is shown in the table below:

**Table 255: Approved Non-Tariff Income for FY26 (Rs. Cr.)**

| Particulars | MYT Order | Petition | Now Approved |
|---|---|---|---|
| Non-Tariff Income | 158.38 | 116.33 | 116.33 |

## 12.22 Aggregate Revenue Requirement

12.22.1 Based on the above discussion, the Commission has approved Aggregate Revenue Requirement for Distribution Business as shown in table below:

**Table 256: ARR approved by the Commission for FY26 (Rs. Cr.)**

| Particulars | MYT Order | Petition | Now Approved |
|---|---|---|---|
| **Power Purchase Expenses for Supply in the State** | **4,884.71** | **5,055.75** | **4,915.79** |
| Cost of electricity purchase including own generation | 4,076.44 | 4,227.42 | 4,086.84 |
| *Inter-State Charges* | | | |
| Power Grid Charges | 551.77 | 560.00 | 560.00 |
| Open Access Charges and Other Charges | 39.02 | 50.00 | 50.63 |
| *Intra-State Charges* | | | |
| HPPTCL Charges | 210.83 | 210.83 | 210.83 |
| SLDC Charges | 6.65 | 7.50 | 7.50 |
| **Operation & Maintenance Costs** | **3,472.53** | **3,260.76** | **3,260.76** |
| Employee Cost | 3,022.69 | 2,902.42 | 2,902.42 |
| R&M Cost | 156.14 | 153.47 | 153.47 |
| A&G Cost | 293.70 | 204.87 | 204.87 |
| Interest & Financing Charges | 299.56 | 391.29 | 343.26 |
| Depreciation | 258.87 | 258.87 | 258.87 |
| Return on Equity | 96.49 | 96.49 | 96.49 |
| Less: Non-Tariff & Other Income | -158.38 | -116.33 | -116.33 |
| **Aggregate Revenue Requirement** | **8,853.79** | **8,946.82** | **8,758.85** |

12.22.2 In addition to Distribution ARR of Rs. 8,758.85 Cr. approved for FY 2025-26, the Commission has considered the following adjustment in ARR for FY 2025-26:

**(a) Impact of final True up on account of uncontrollable parameters for FY 2022-23 along with carrying cost**

12.22.3 As discussed in the True-Up Chapter, the Commission has approved a revenue gap of Rs. 4.21 Cr. (along with carrying cost) on final True up of FY 2022-23, which has been carried forward and adjusted in ARR of FY 2025-26.

**(b) Impact of True up on account of uncontrollable parameters for FY 2023-24 along with carrying cost**

12.22.4 As discussed in the True-Up Chapter, the Commission has approved a Revenue Surplus of Rs. 204.34 Cr. (along with carrying cost) towards provisional Truing up of uncontrollable parameters for FY 2023-24, which has been carried forward and adjusted in ARR of FY 2025-26.

**(c) Impact of Revenue Surplus of Generation Business**

12.22.5 The Commission in the MTPR Order dated 26th February, 2024, (Mid Term Performance Review Order For 4th MYT Control Period (FY20-FY24) & True up of 3rd MYT Control Period (FY 2014- 15 to FY 2018-19) for Generation Business, has stated that Revenue Surplus of Generation Business of HPSEBL shall be adjusted in the Distribution order of HPSEBL. The relevant extract the Order is as under:

*"5.16.8. A surplus amount of Rs. 35.25 Cr. is computed based on the Truing up for the third Control Period for the generation Business of HPSEBL. The surplus amount shall be adjusted along with the HPSEBL Distribution ARR for FY 2024-25 as part of the MYT Order.*

*5.16.9. Further, the Commission had approved closing surplus of Rs. 49.30 Cr. in FY 2013-14 in Tariff Order dated 11.11.2021. As the amount is pending for adjustment in Distribution Order, the Commission shall also adjust the amount in the subsequent Order of the Distribution Business."*

12.22.6 The Commission, taking into consideration carrying cost on surplus amount, has computed total Revenue Surplus of Rs. 205.45 Cr. to be adjusted in the ARR of FY 2025-26.

**Table 257: Computation of Revenue Surplus of Generation Business (2nd Control Period) (Rs. Cr.) (Part-1)**

| Particular | FY15 | FY16 | FY17 | FY18 | FY19 | FY20 |
|---|---|---|---|---|---|---|
| Opening | 49.30 | 56.57 | 64.92 | 72.84 | 80.85 | 89.86 |
| Addition | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Closing | 49.30 | 56.57 | 64.92 | 72.84 | 80.85 | 89.86 |
| Interest Rate for Carrying Cost | 14.75% | 14.75% | 12.20% | 11.00% | 11.15% | 11.55% |
| Carrying Cost | 7.27 | 8.34 | 7.92 | 8.01 | 9.01 | 10.38 |
| **Closing Surplus/ (Gap) with carrying cost** | 56.57 | 64.92 | 72.84 | 80.85 | 89.86 | 100.24 |

**Table 258: Computation of Revenue Surplus of Generation Business (2nd Control Period) (Rs. Cr.) (Part-2)**

| Particular | FY21 | FY22 | FY23 | FY24 | FY25 |
|---|---|---|---|---|---|
| Opening | 100.24 | 111.02 | 122.12 | 135.31 | 150.96 |
| Addition | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Closing | 100.24 | 111.02 | 122.12 | 135.31 | 150.96 |

| Particular | FY21 | FY22 | FY23 | FY24 | FY25 |
|---|---|---|---|---|---|
| Interest Rate for Carrying Cost | 10.75% | 10.00% | 10.80% | 11.57% | 10.34% |
| Carrying Cost | 10.78 | 11.10 | 13.19 | 15.65 | 15.61 |
| **Closing Surplus/ (Gap) with carrying cost** | 111.02 | 122.12 | 135.31 | 150.96 | 166.57 |

**Table 259: Computation of Revenue Surplus of Generation Business (3rd Control Period) (Rs. Cr.)**

| Particulars | Surplus for FY26 |
|---|---|
| Opening Surplus (Closing of FY24) | 35.25 |
| Addition | 0.00 |
| Closing | 35.25 |
| Interest Rate for Carrying Cost | 10.34% |
| Carrying Cost | 3.644 |
| **Closing Surplus/ (Gap) with carrying cost** | **38.894** |

**(d) Provision of arrears towards Central Generating Stations**

12.22.7 The Commission has made provisions towards arrear bills of Central Generating Stations as Rs. 50 Cr. pending issuance of Central Generating Stations Tariff Orders by CERC for the period FY 2019-24.

## 12.23 Net Aggregate Revenue Requirement with Adjustments

12.23.1 Considering the above adjustments and approved ARR for FY 2025-26, the revenue requirement for FY 2025-26 is summarized in the table below:

**Table 260: ARR including adjustment approved by the Commission for FY26 (Rs. Cr.)**

| Particulars | Approved ARR |
|---|---|
| **Annual Revenue Requirement for FY 2025-26** | **8,758.85** |
| **Add: Adjustments** | |
| *Adjustment of True up Gap of FY 2022-23* | *4.21* |
| *Adjustment of True up surplus of FY 2023-24* | *-204.34* |
| *Impact of True of 2nd Control Period of Generation Business* | *-166.57* |
| *Impact of True up of 3rd Control Period of Generation Business* | *-38.89* |
| *Provision of arrears towards Central Generating Stations* | *50.00* |
| **Total Revenue Requirement for FY 2025-26** | **8,403.25** |

## 12.24 Allocation of Distribution ARR into Wheeling and Retail Supply

12.24.1 The Petitioner has submitted that total ARR has been divided into wheeling ARR and retail supply based on the approach adopted by the Commission in the MYT Order dated 15th March, 2024. The allocation ratio considered by the Petitioner is shown in the table below:

**Table 261: HPSEBL - Allocation metric considered for FY26**

| Allocation of ARR of Distribution Business | Wheeling allocation | Retail Supply allocation |
|---|---|---|
| Power Purchase Expenses | 0% | 100% |
| PGCIL Charges | 0% | 100% |
| HPPTCL Charges | 0% | 100% |
| SLDC Charges | 0% | 100% |
| Open Access Charges | 0% | 100% |
| Employee expenses | 72% | 28% |
| R&M Expenses | 71% | 29% |
| A&G Expenses | 35% | 65% |
| Interest and Financing Charges | 56% | 44% |
| Depreciation | 94% | 6% |
| Return on Equity | 100% | 0% |
| Non-Tariff Income | 0% | 100% |
| Wheeling Charges | 100% | 0% |

12.24.2 As per the Regulation 6 of HPERC MYT Regulations, 2023, the Petitioner is required to segregate the accounts of the Distribution Business into wheeling Business and retail supply Business. The relevant extract of the Regulation is as under:

***"6. Segregation of ARR of Wheeling and Retail Supply Business.-*** *(1) The Distribution Licensee shall segregate the accounts of the Distribution Business into wheeling Business and retail supply Business. The accounts of the Distribution Business shall also be maintained voltage-wise by the Distribution Licensee. The ARR for wheeling Business shall be used to determine Wheeling Charges and the ARR for retail supply Business to determine Retail Supply Tariffs.*

*(2) Until accounts are segregated, the Distribution Licensee shall prepare an Allocation Statement to apportion costs and revenues to Wheeling and Retail Supply Businesses:*

*Provided that the Distribution Business accounts shall necessarily be segregated into Wheeling and Retail Supply Business from 1st April, 2024.*

*(3) The Allocation Statement, certified by the Statutory Auditor/Cost Auditor and approved by the Board of Directors of the Distribution Licensee, shall be accompanied with an explanation of the methodology."*

12.24.3 Further, Regulation 39 of HPERC MYT Regulations, 2023, provides that computation of Tariff for Wheeling Business and Retail Supply Business of a Distribution Licensee shall be determined by the Commission on the basis of segregated accounts. The relevant extract of the Regulations is as under:

***"39. Segregation of Wheeling Business and Retail Supply Business.-*** *(1) The Distribution Licensee shall maintain separate books of accounts for Wheeling Business and Retail Supply Business.*

*(2) The Tariff for Wheeling Business and Retail Supply Business of a Distribution Licensee shall be determined by the Commission on the basis of segregated accounts of Wheeling Business and Retail Supply Business."*

12.24.4 The Commission observes that the Petitioner has not submitted segregation of ARR between wheeling Business and Retail Supply as per the provisions of above Regulations. In the response to the query raised by the Commission, the Petitioner has submitted an allocation statement for segregation of ARR into Wheeling and Retail Business and has clarified that the allocation is same as submitted in last year MYT Petition based on methodology approved by WTD of the Petitioner. Further, the Petitioner has clarified that as per Regulation 5,6 and 38 of the HPERC MYT Regulations, 2023, a high-level committee has been constituted for Segregation of ARR of Generation and Distribution Business, allocation of Common Cost and Revenue across all the Segments of the Company. However, rationalization process of the employees in HPSEBL is underway, the employee mix of the company is likely to change which will also impact the allocation of the employee cost across Business wing. After finalization of the same and allocation of the employee cost into generation wing, the further segregation of ARR into wheeling and retail will be recalculated and will be submitted accordingly.

12.24.5 Since, the segregation of ARR into Wheeling and Retail Business is yet to be completed by the Petitioner. Therefore, the Commission has considered the allocation ratio for segregation ARR for FY 2025-26 as considered in the MYT Order dated 15$^{th}$ March, 2024. However, from next year i.e. FY 2026-27 onwards, the Petitioner should submit allocation statement as per the provisions of the Regulations. **The Petitioner, therefore, is directed to provide allocation statement for segregation of ARR of HPSEBL into Wheeling Business and Retail Supply as per the Regulation 6 of the HPERC MYT Regulations, 2023 from next year onwards.**

12.24.6 The allocation statement considered by the Commission for FY 2025-26 is as under:

**Table 262: 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 | 72% | 28% |
| R&M Expense | 71% | 29% |
| A&G Expense | 35% | 65% |
| Interest and Financing Charges | 56% | 44% |
| Depreciation | 94% | 6% |
| Return on Equity | 100% | 0% |
| Non-Tariff Income | 0% | 100% |
| Wheeling Charges | 100% | 0% |

12.24.7 The summary of Wheeling and Retail Supply ARR for the Control Period is shown as follows:

**Table 263: Approved ARR of Wheeling Business for FY26 (Rs. Cr.)**

| Particulars | Amount |
|---|---|
| Operation & Maintenance Costs | 2,270.41 |
| Interest & Financing Charges | 192.23 |
| Depreciation | 243.34 |
| Return on Equity | 96.49 |
| Less: Wheeling charges recovered from short-term OA Consumers | - |
| **Aggregate Revenue Requirement** | **2,802.47** |

**Table 264: Approved ARR of Retail Supply Business for FY26 (Rs. Cr.)**

| Particulars | Amount |
|---|---|
| Power Purchase Expenses for Supply in the State | 4,915.79 |
| Operation & Maintenance Costs | 990.35 |
| Interest & Financing Charges | 151.04 |
| Depreciation | 15.53 |
| Less: Non-Tariff & Other Income | (116.33) |
| **Aggregate Revenue Requirement** | **5,956.38** |

Tariff Philosophy and Design

**12.25 Tariff Principles**

12.25.1 The philosophy of Tariff determination is primarily guided by the principles enshrined in Section 61 of the Electricity Act, 2003, HPERC MYT Regulations, 2023, National Tariff Policy and the National Electricity Policy.

12.25.2 The Commission has notified the HPERC MYT Regulations, 2023 on November 29, 2023 wherein the Commission has specified the following:

*"(2) Tariff Design*

*(a) The Commission may categorize Consumers on the basis of their Load Factor, Power Factor, Voltage, total consumption of electricity during any specified period, or the time at which the supply is required or the geographical position of any area, the nature of supply and the purpose for which the supply is required;*

*(b) The Commission shall be guided by the provisions of National Electricity Policy and National Tariff policy while determining Tariff and level of cross subsidy applicable to different categories of Consumers:*

*Provided that the Commission shall progressively and gradually reduce the existing cross subsidies;*

*(c) The Tariff Policy, 2016 prescribes that for achieving the objective that the Tariff progressively reflects the cost of supply of electricity, the appropriate Commission would notify a roadmap such that Tariffs are brought down within ±20% of the average cost of supply. In Himachal Pradesh, this target of ±20% of the average cost of supply has already been achieved, barring lifeline Consumers who consume below a specified level;"*

12.25.3 For the Tariff design, the Commission, for retaining the Tariff across all categories within +/-20% in the MYT Orders had also derived the strength from the principles stated in the Tariff Policy, 2016. For the FY 2025-26, the Commission has endeavored to further rationalize the Tariff in order to reduce any further cross-subsidy. In doing so, the Commission has tried to balance the interest of both Consumers as well long-term sustainability of the Petitioner.

12.25.4 Further, the Commission has continued with the approach as per HPERC (Multi Year Wheeling Tariff & Retail Supply Tariff) Regulations, 2023, National Tariff Policy and National Electricity Policy while approving Tariff for the FY 2025-26.

12.25.5 However, the Regulation 41(2)(e) of the HPERC (Multi Year Wheeling Tariff & Retail Supply Tariff) Regulations, 2023 states that during the interim periods, the Commission with an objective of broadly assessing, the trends and levels of category wise cost of supply for indicative purposes shall 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 are as follows:

**Assumptions:**

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 to serve computation.

Category-wise sales have been allocated to different voltages proportionately based on the information made available by the Petitioner for FY 2023-24.

As the Petitioner has failed to submit authentic information on losses at different voltage levels, the Commission has considered reasonable loss for respective voltage level upon the sales.

In the absence of actual voltage-wise costs , segregation of cost has been done based on reasonable estimates as detailed in the subsequent Sections.

**Methodology:**

12.25.6 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 level by adopting merit order concept.

12.25.7 Losses in the distribution system have been allocated based on the voltage level, ranging from 2.5% for EHV level, 6% for HT level and 15% for LT level.

12.25.8 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 only been considered for the sales at 66 kV on account of expenses related to metering and billing related infrastructure / manpower cost.

12.25.9 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 only been considered for the sales at HT on account of expenses related to metering and billing related infrastructure/ manpower cost. It also proportionally includes the cost incurred during the wheeling of power at 66 kV and above -network.

12.25.10 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 11 kV till 220 kV).

## 12.26 Sales at Various Voltage Level

12.26.1 Based on the voltage-wise sales data provided by the Petitioner for FY 2023-24, the Commission has apportioned the voltage level sales for FY 2025-26 as provided in the table as follows:

**Table 265: Estimated Sales at different Voltage Levels for FY26 (MU)**

| Category | Total | 220 kV | 132 kV | 66 kV | HT (33kV) | HT (>=11 kV &<33kV) | LT (<11 kV) |
|---|---|---|---|---|---|---|---|
| Sales apportioned at different voltage levels | 100% | 4.52% | 11.86% | 7.91% | 12.80% | 27.41% | 35.50% |
| **Total (within State)** | **12,431.24** | **561.68** | **1,474.41** | **982.94** | **1,591.52** | **3,407.98** | **4,412.72** |

12.26.2 The cost to serve at different voltage level as calculated on this basis is indicated in the following table:

**Table 266: Cost to Serve for FY26**

| Particulars | Generation bus bar | >=66 kV | >=11 kV | < 11 kV | Total |
|---|---|---|---|---|---|
| Energy Input (MU) | 12,431.24 | 12,431.24 | 9,412.22 | 4,412.72 | |
| Loss (MU) | | - | - | - | - |
| Sales at respective level (MU) | | 3,019.03 | 4,999.50 | 4,412.72 | 12,431.24 |
| Cost at respective level (Rs. Cr.) | 4,915.8 | 1,288.21 | 1,397.06 | 1,157.78 | 8,758.8 |
| | | | | | |
| Cost Allocation (Rs. per unit) | | | | | |
| Power Purchase Cost | | 3.49 | 3.18 | 2.09 | |
| Cost of Losses | | 0.18 | 0.27 | 0.43 | |
| Transmission & Open Access Charges | | 0.66 | 0.66 | 0.66 | |
| Distribution Cost (>=66kV) | | 1.10 | 1.04 | 1.04 | |
| Distribution Cost (>=11 kV to <= 33KV) | | | 1.56 | 1.48 | |
| Distribution Cost (< 11 kV) | | | | 2.62 | |
| **Cost of Serve Model** | | **5.43** | **6.71** | **8.33** | **7.05** |

** Rs. 7.05 per unit is the average cost of supply without considering past gap and carrying cost.*

12.26.3 The above cost does not include the impact of the expenses pertaining to the past periods which have been approved as Rs. 4.21 Cr of revenue gap on account of final Truing up of uncontrollable parameters of FY 2022-23 along with carrying cost, Rs. 204.34 Cr. of surplus amount on account of provisional Truing up of uncontrollable parameters of FY 2023-24 along with carrying cost, Rs. 166.57 Cr. of surplus amount on account of Truing up True of 2nd Control Period of Generation Business along with carrying cost and Rs. 38.89 Cr. of surplus amount on account of Truing up of 3rd Control Period of Generation Business along with carrying cost and a provisioning of Rs.50.00 Cr towards arrears of Central Generating Stations.

12.26.4 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.

12.26.5 In view of the provisions of the HPERC MYT Regulations, 2023 and also in the 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 HPERC MYT Regulations, 2023, for the purpose of fixation of Tariff for various categories of Consumers for FY 2025-26 of the 5th Control Period.

12.26.6 The average cost of supply computed for FY 2025-26 is provided in the table below:

**Table 267: Average Cost of Supply for FY26 based on approved ARR.**

| Particulars | FY26 |
|---|---|
| **Approved Aggregate Revenue Requirement (Rs. Cr.)** | **8,758.85** |
| Less: Sale of Surplus Power (Rs. Cr.) | 0.00 |
| **Net Aggregate Revenue Requirement (Rs. Cr.)** | **8,758.85** |
| Projected Sales (MUs) | 12,431.24 |
| **Average Cost of Supply (Rs. /unit)** | **7.05** |

12.26.7 As stated above, the average cost of supply for FY 2025-26 works out to be Rs. 7.05/kWh which does not include the prior period and other adjustments. Considering the adjustments, the average cost of supply comes out to be Rs. 6.76/kWh.

### 12.27 Revenue from Existing Tariff

12.27.1 The Commission has computed the revenue from various categories as per the sales approved for FY 2025-26 and the existing applicable Tariff in the respective categories. The summary of the estimated revenue for the FY 2025-26 is summarized in table below:

**Table 268: Revenue for FY26 based on Existing Tariff**

| Consumer Category | Sales (MUs) | Revenue (Rs. Cr.) |
|---|---|---|
| Domestic Supply | 3,003.57 | 1,961.96 |
| Non-Domestic Non-Commercial | 197.94 | 147.25 |
| Commercial Supply | 793.56 | 602.63 |
| Small Industrial Supply | 118.58 | 82.84 |
| Medium Industrial Supply | 111.12 | 77.04 |
| Large Industrial Supply | 7,004.87 | 4,792.26 |
| Irrigation and Drinking Water | 909.36 | 654.62 |
| Bulk Supply | 212.85 | 151.86 |
| Street Lighting Supply | 14.18 | 9.30 |
| Temporary Metered Supply | 63.54 | 67.94 |
| EV Charging Stations | 1.68 | 1.14 |
| **Total** | **12,431.24** | **8,548.85** |

### 12.28 Revenue from Sale of Power Outside State

12.28.1 Based on the energy balance projected for FY 2025-26, the Commission observes that there would be no surplus power available from the long-term sources. Therefore, no revenue from sale of surplus power is envisaged for FY 2025-26.

12.28.2 The Commission expects that the Petitioner is required to plan its power procurement and sale in a manner that optimizes the overall power purchase cost and directs the Petitioner to optimize sale of surplus power (if any during the year) at competitive rate in order to reduce the burden on the Consumers. Any variation in the rate and quantum of surplus power will be considered at the time of final Truing up based on actual and prudence check.

## 12.29 Revenue Surplus/ (Gap) at Existing Tariff for FY26

12.29.1 Taking into account the revenue from sale within State at existing Tariffs, revenue estimated from sale of power outside State for FY 2025-26 is as follows:

**Table 269: Revenue Surplus/ (Gap) for FY26 based on Existing Tariff (Rs. Cr.)**

| Parameters | Amount |
|---|---|
| Approved Aggregate Revenue Requirement | **8,758.85** |
| Add: | |
| Impact of final True up of Un-Controllable parameters FY23 | 4.21 |
| Impact of provisional True up of Un-Controllable parameters FY24 | -204.34 |
| Impact of True of 2nd Control Period of Generation Business | -166.57 |
| Impact of True up of 3rd Control Period of Generation Business | -38.89 |
| Provision of arrears towards Central Generating Stations | 50.00 |
| **Total Revenue Requirement for FY26** | **8,403.25** |
| Revenue from Sale of Power outside the State | 0.0 |
| Revenue from Sale of Power within the State at Existing Tariff | 8,548.85 |
| **Total Revenue** | **8,548.85** |
| **Revenue Surplus/ (Gap)** | **145.60** |

12.29.2 Considering the revenue from Existing Tariff, a revenue surplus of Rs. 145.60 Cr. is observed for FY 2025-26. This revenue surplus also takes into account the adjustments on account of Truing up of uncontrollable parameters for FY 2022-23 (final) and FY 2023-24 (provisional) along with carrying cost, impact of surplus of True up of 2$^{nd}$ Control Period and 3$^{rd}$ Control Period of Generation Business and provisional impact of revision of Tariff for Central Generating Stations.

12.29.3 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 Surplus, the Commission is reviewing the Tariff for various categories in this Order as detailed below:

## 12.30 Changes in Tariff Structure

12.30.1 In view of the submissions 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:

***Revision in Energy Charges***

12.30.2 In view of the significant Surplus, the Commission has decreased energy charges by an average rate of approximately 12 paise /kWh after rationalising it among different categories of Consumers.

***Rationalization of Domestic Supply Tariff – Other Consumers (excluding Lifeline, BPL)***

12.30.3 In order to simplify Tariff structure, ensure fairness and to promote consumption in higher slabs, the Commission has merged the existing higher two slabs i.e., 126-300 units and above 300 units into a single slab structure for Domestic Consumers. The Commission is of the view that with the growing energy needs uniform Tariff rate amongst the higher energy consuming domestic removes the uncertainty of slab-wise variations.

12.30.4 The slab-based system often led to tariff increases when a Consumer crossed a particular slab threshold. The new system promotes equity by ensuring that all Consumers pay a fair and uniform rate, preventing penalization for small increases in consumption.

12.30.5 One of the unintended consequences of the previous slab-based system was that it discouraged energy usage beyond a certain limit, sometimes leading to artificial energy-saving behaviors. Consumers would try to keep their consumption within a specific slab to avoid highest slab Tariffs, sometimes at the cost of compromising their daily comfort and productivity. The new single-slab system eliminates this barrier, allowing Consumers to use electricity based on their genuine needs without worrying about abrupt Tariff jumps. The new rate slab will ensure that Lower income and Middle-income families are not unfairly penalized for slightly higher electricity usage.

12.30.6 Under the previous structure, a significant portion of Consumers strategically restricted their consumption to not reach the consumption as per highest slab leading to revenue fluctuations and financial instability for the HPSEBL. The simplification will ensure a more stable revenue stream for HPSEBL. However, Consumers are still encouraged to adopt energy-efficient practices, as their total bill will always be proportional to their actual consumption.

***Night-Time Concession***

12.30.7 The Petitioner has submitted that due to increase in rates in the market during night hours, the Night-time concessions provided in the previous Tariff Order needs to be rationalized. The Petitioner has submitted details of the Consumers availing Night-time concession. The Petitioner has submitted that rebate is being availed by all the Industrial Consumers for industrial as well as lighting load during night hours resulting in lower Tariff than other category of Consumers. It has been submitted that from FY 2022-23 onwards, the Power is costly during night hours as compared to normal hours. The Petitioner has informed that earlier the Power used to be cheaper during night hours and demand was also less. Therefore, to encourage the growth in industrial consumption during Night-time, the concession was provided but the scenario has changed in last few years. Further, the Petitioner has also submitted month-wise Short-term market rates per unit in Rs. / kWh for the last three years as shown in the Table below:

| Year | Rate per unit (Normal Hours) | Rate per unit (Night Hours) |
|---|---|---|
| 2023-24 | 5.08 | 5.30 |
| 2022-23 | 5.95 | 6.58 |
| 2021-22 | 4.13 | 3.16 |

12.30.8 Also, the Night-Time Concession (NTC) was introduced by the Commission during night hours when the Petitioner used to be Surplus in Power and also the Night-time Power prices in the Short-term market/ Power exchanges used to be lower vis-à-vis other hours of the day. However, the latest market data reveals that the Night-time Power rates have exceeded the average market rates significantly, making the concession financially unviable. The Commission has allowed a Night-time Concession of Rs. 1.10/kWh for the months of June, July and August and Rs. 0.70/kWh for the remaining months on the applicable Tariff during FY 2024-25 for certain category of the Consumers including the Industrial Consumers. The Commission noted that the Petitioner is facing deficit in availability of Power during night hours as majority of the power availability to the Petitioner are from the hydro based sources. Recently, the Petitioner has also tied up significant Power through Solar Power as well, but this shall also be available during daytime. The Commission also observes that Short-Term night prices are exceeding the monthly average prices at the platform of Power Exchanges. Therefore, providing concession/rebate during these hours may result in revenue losses to the Petitioner and also does not make any economic sense to do so.

12.30.9 The Commission has analysed the monthly data of Night-time prices vis-à-vis the average prices for the period March, 2024 to February, 2025 of the Indian Energy Exchange (IEX). The comparison of average Night-time monthly charges vis-à-vis the average monthly charges compiled based on IEX hourly data by the Commission are as under:

**Table 270: Variation in Monthly and Night-time Short-term Power rate (Rs. /kWh)**

| | Mar-24 | Apr-24 | May-24 | Jun-24 | Jul-24 | Aug-24 | Sep-24 | Oct-24 | Nov-24 | Dec-24 | Jan-25 | Feb-25 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Average Night-Time Short-Term Power Prices | 3.88 | 6.94 | 7.27 | 7.79 | 6.98 | 5.51 | 4.99 | 4.30 | 2.81 | 2.52 | 2.67 | 3.20 |
| Average Monthly Short-Term Power Prices | 3.91 | 5.11 | 5.27 | 5.40 | 4.98 | 4.29 | 4.19 | 3.92 | 3.29 | 3.89 | 4.43 | 4.38 |
| Variation in Prices | 0.03 | -1.83 | -2.00 | -2.39 | -2.00 | -1.22 | -0.80 | -0.38 | 0.48 | 1.37 | 1.76 | 1.18 |

12.30.10 It can be seen from the above table that there have been significant negative variations in the Night-time Short-term Power prices vis-a-vis monthly average Short-term Power prices from April 2024 to October 2024. Moreover, this is the only period when the Petitioner has some surplus of Power during Night-time especially monsoon months. But the price differences are very high meaning thereby the Petitioner has to incur higher cost and at the same time earning less revenue out of it. However, it is also observed that the Night-time average prices are significantly lower during winter months in comparison to the average prices of the day. But the Petitioner is not having any Surplus Power available during night hours as the Hydro Generation is very low during winter period as water availability dips significantly. Therefore, the Petitioner has to bear heavy cost to sell the power during night hours at discounted rates.

12.30.11 This discrepancy results in financial losses for the Petitioner, as it effectively subsidizes Consumers at rates below procurement costs. Maintaining the concession could lead to increased cross-subsidization, affecting Tariff stability for other Consumers. Further, the Power deficits in several months in current financial year has led the Petitioner to buy additional Power at premium rates from the Short-term market. Offering a concession under such conditions shall further increases the financial burden of the Petitioner. Given the higher Night-time Power procurement costs, the continued provision of Night-time concessions is economically unsustainable. Therefore, withdrawing Night-time concession shall align the Tariffs with market conditions, ensure cost recovery, and promote financial stability for the HPSEBL. In view of the above, the Commission is of considerate view to abolish Night-Time concession and, thus, the Night-Time concession is abolished.

***Rebate on Prepaid Metering***

12.30.12 The Commission in order to balance the interest of both the Consumers and HPSEBL had approved a rebate of 1.5% in the energy charges for the Pre-paid Consumers. The Commission is of the view that the prepaid mode of operation of the energy meter is in the interest of both the Consumers and the Utility as well. In order to promote the same, it is very much essential to have some incentive so that the Consumers opt to the prepaid meters. Keeping the same in view, the Commission feels that rebate provided under prepaid meters shall be continued for the time being and the same shall be reviewed subsequently when the Petitioner completes the installation of the Smart meters in the State.

***Rebate in Energy Charges in Retail Supply to Industrial Consumers.***

12.30.13 The Petitioner has submitted that the rebate of 10%-15% which is being allowed to Industrial Consumers has resulted in cross subsidized Tariff to the Industrial Consumers with burden to other categories of Consumers of the State. The same is not in line with the Tariff Policy/Regulations which envisage reduction of cross subsidy amongst various categories of Consumers with aim to reduce it to zero.

12.30.14 The Petitioner has further informed that as per the past trends, only a few Consumers are availing such benefits and therefore it needs to be reviewed by the Commission. Further, due to provision of this rebate for a period of three years at a time, has resulted in various disputes. Therefore, it has been prayed that either this rebate should be discontinued or may be provided for the period of the Tariff order only.

12.30.15 The Commission believes that the role of the industries in overall growth of the State has been immense. Keeping this in mind, the Commission had given rebate on energy charges to the new Industries and those Industries doing substantial expansion in the past years. The Commission feels that it has helped in the growth of the Energy Sales of the Petitioner as well as economy of the State. But allowing the rebate this year may not be sustainable as the Petitioner's winter deficit of power has increased over the years and the Petitioner had to procure substantial power at the platform of Power Exchanges during current FY 2024-25 at very high cost. This resulted in manifold increase in power purchase cost which will have to be compensated by all the category of the Consumers.

12.30.16 In view of the above, the Commission has decided to discontinue this rebate given to the industrial Consumers. However, the rebate already given in the previous Tariff Orders to the eligible industrial Consumers will continue for the period as promised in the respective Tariff Orders.

***Amendment of Clause (1)(b) – Domestic Category Part-II: Schedule of Tariff***

12.30.17 The Petitioner has requested that the religious places such as Crematorium and Graveyard etc. with connected load up to 5 kW may be included under Domestic Supply Category of Tariff. At present, religious places with a connected load of up to 5 kW are categorized under the domestic Tariff category. However, cremation grounds and graveyards, which serve an equally essential societal function, are not included in this classification. These places provide a crucial public service to the society at large. Further, they are operated and maintained by local bodies, communities, panchayats, religious organizations, municipal bodies, or trusts, and often with limited financial resources, relying primarily on public donations or government fundings.

12.30.18 These places typically use electricity only for basic lighting, water pumps, and in some cases, minimal equipment for cremation processes. Their consumption pattern is comparable to that of religious places that are already covered under the domestic category. Accordingly, the Commission decides to include the cremation grounds and graveyards with a connected load up to 5 kW under Religious places in the Domestic Category of Tariff.

12.30.19 Further, the Commission noticed that all the monasteries and nunneries are included under domestic category of the Consumers, at present, irrespective of the connected load. The Commission is of the view that the monasteries and nunneries are places of spiritual practice and residence for monks and nuns, similar to temples, churches, gurudwaras and mosques which are already classified as religious places. They also do not engage in commercial activities but serve as community centers for meditation, education, and religious discourse. Accordingly, to have parity with other religious institutions, the Commission decides that the monasteries and nunneries with a connected load up to 5 kW only shall be considered under Religious places in the Domestic Category of Tariff. And, for the monasteries and nunneries having connected load more than 5 kW, the category shall be Non-Domestic Non-Commercial (NDNC) similar to other religious institutions.

***Classification of all cold storage Consumers under SIPs/MIPs and LIPs***

12.30.20 HPSEBL has requested for a broader classification, proposing that all cold storage Consumers should be categorized under the industrial Tariff, regardless of Industry Department approval. The Commission is of the view that decision regarding applicability of Tariff to a Consumer should align with its regulatory approach, ensuring that only projects recognized as industrial units by the competent authority receive industrial Tariff benefits. Such distinction maintains consistency in Tariff classification and prevents misuse of industrial Tariff benefits by entities that do not qualify as per government norms. Therefore, only those cold storage Consumers whose projects have been approved by the Industry Department will be eligible for the industrial Tariff. Accordingly, there shall be no change in the existing categorization of the category.

***Amendment in Clause 1 "Applicability" of Street Light Supply Part-II: Schedule of Tariff***

12.30.21 HPSEBL has requested the Commission to include words "Flyovers, Bridges & Tunnels connected with Highways/roads" in Clause 1 "Applicability" of Street Lighting Supply. The Commission opines that traditionally, the Street Light Tariff has been applicable to municipal street lighting systems, covering roads, public pathways, and other urban lighting infrastructure. However, with the rapid expansion of transportation infrastructure, new lighting requirements have emerged, particularly on flyovers, bridges, and tunnel-connected highways/roads. These structures require dedicated illumination to ensure the safety of commuters and improve visibility, especially in hilly and high-altitude regions. Proper illumination on flyovers, bridges, and tunnel-connected highways is critical for reducing accidents and ensuring smooth traffic flow, especially in foggy and low-visibility conditions. At present, the electricity Tariff for such lighting installations may vary, leading to inconsistencies in billing, higher costs for authorities, and operational challenges in maintaining these essential public lighting systems. Recognizing this gap, the Commission decides to include these installations under the Street Light Tariff category, ensuring cost efficiency, fair pricing, and ease of implementation. Applying a single Tariff policy for all public lighting systems, including flyovers, bridges, and tunnel highways, will eliminate discrepancies in billing and reduce administrative complexities.

***Private/Public Sign Board/Hoardings/Billboards***

12.30.22 The Commission observes that at present the Tariff applicable for sign boards/ hoardings and billboards has not been exclusively specified. These include illuminated advertisements, hoardings, and signage boards installed at public/commercial/private locations. Digital or LED-based displays used for advertisements, promotions, and public awareness campaigns, Electric-powered banners installed in commercial areas, highways, or business establishments. These infrastructures have higher load requirement and consume significant Power continuously at night. The electricity consumed by these infrastructures does not serve domestic household purposes but is instead used for business, public displays, or advertising.

12.30.23 Most states follow a uniform approach in electricity classification, ensuring that similar types of electricity consumption fall under comparable Tariff structures nationwide. Several States have considered Hoardings/independent advertisement boards/billboards under the Commercial Category because these structures serve as platforms for advertising products, services, or brands, which is a business activity. Electricity Tariff structures are designed to balance costs across different Consumer categories. If these infrastructures are classified under a different Tariff category, it could lead to unjustified subsidies, increasing the burden on subsidized categories. By keeping them under the Commercial category, the Commission ensures fair pricing and cost recovery from high-consumption commercial entities. This prevents discrepancies and ensures standardized electricity pricing across the advertising industry. The classification aligns with the nature of their usage, as they generate revenue. In the changed energy scenario, advertisers and businesses may opt for energy-saving technologies, such as solar-powered billboards or low-power LED lighting, to reduce electricity costs. Accordingly, the Commission decides to include Private/Public Sign Board/Hoardings/Billboards etc. under Commercial category of the Consumers.

***Rate of Green Power for FY 2025-26***

12.30.24 In the ARR for FY 25, premium rate of Rs. 0.39 per unit over and above the Tariff applicable, was fixed for Consumers availing green energy from the HPSEBL.

12.30.25 The Petitioner has submitted that the GoHP has decided to be Green State by FY 2026 for which the power procurement shall be done from Renewable Energy sources resulting in increase in power procurement cost. The Consumers who seek Green Power from the DISCOM will have advantage of their product to be sold in the market at premium rates in comparison to those products manufactured through Non-Green Sources. Since the margin is very high, therefore, these Consumers can afford to pay higher rates towards green energy procurement, and which will ultimately be a pass through to the other Consumers of the state. Therefore, keeping in view the cost benefit to the Consumers, the Tariff may be approved accordingly.

12.30.26 The Petitioner has also submitted that the Tariff for green energy requirement by any Consumers who are not embedded Consumers of DISCOM may also be notified since the existing Consumer may opt for Medium and Long-term Open Access or new Consumer may come with Medium or Long-term Open Access power requirement while other charges shall be as per regulation but the basic Tariff to be charged may be notified in the Tariff Order. However, the Petitioner has not proposed any revised rate for Green Tariff. The Commission would like to clarify that it determines the tariff for the Consumers of the DISCOM only and not for anyone who are not their embedded Consumers.

12.30.27 Ministry of Power, Government of India vide Notification dated 6th June, 2022 has framed the Rules namely Electricity (Promoting Renewable Energy Through Green Energy Open Access) Rules, 2022. The said Rules of the GoI prescribe procuring of Green energy from the DISCOM as one of the options to the Consumers. Accordingly, the Commission had determined the rate of this Green Energy for FY 2024-25 in the MYT Order dated 15th March, 2024. Thereafter, the Commission has notified the Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Green Energy Open Access and Banking) Regulations, 2024.

12.30.28 For determining the rate of Green Energy in this Order, the Commission has adopted the same approach of last year for determination of the rate of Green Power for FY 2025-26. The Commission has considered the difference of approved weighted average rate of power purchase cost from RE sources and conventional sources to determine the rate of Green energy.

12.30.29 The total power purchase cost of the Petitioner from RE sources, as estimated by the Commission for FY 2025-26, which translates into average power purchase rate of Rs. 2.72 /kWh. The cost of power purchase from thermal sources estimated for FY 2025-26 is Rs. 3.49 /kWh. The Commission feels that the DISCOM must also share 50% of this cost as the fulfilling of Renewable Power Purchase Obligation (RPPO) by the Consumer automatically results in compliance of RPPO of the DISCOM. Also, any additional green energy procurement beyond the obligation of the Consumer shall be counted towards Renewable Purchase Obligation compliance of the DISCOM. Therefore, this is a win-win situation for both the Consumer as well as the DISCOM. In view of the above, the Commission hereby fixes a rate of 39 paise /kWh (thirty-nine paisa per unit only), over and above the relevant retail Tariff applicable as fixed by the Commission, in this Order for the relevant category of the Consumers.

12.30.30 Further, the requisition of the green power by the Consumers and issuance of the Green Energy Certificates has to be as per the provisions of the HPERC (Terms and Condition for Green Energy open excess and Banking) Regulations, 2024. However, there should not be any problem in issuance of a certificate by the Petitioner to a Consumer, stating the approximate percentage quantum of renewable power in total power sale of the Petitioner to such Consumer, if any request is received by the Petitioner for the same. The Petitioner shall charge a nominal fee of rupees 1 Lakh per Consumer as administrative cost for issuing such certificate.

## 12.31 Approved Tariff

12.31.1 In view of the significant Surplus, the Commission has decreased energy charges by an average rate of approximately 12 paise /kWh after rationalising it among different categories of Consumers. The changes in Tariff have been reflected as covered in subsequent Paras as below:

### DS: Domestic Supply

12.31.2 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; b) Religious places such as Temples, Gurudwaras, Mosques, Churches including Monasteries, Nunneries, Crematorium and Graveyard etc. with connected load up to 5 kW; 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 Gow Sewa Ayog with connected load up to 10 kW; 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 Military establishments. However, in case of M.E.S, 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) For Residential Societies, which wish to take a single point supply, this would be permitted, and the Energy Charges shall be applicable as approved by the Commission for Domestic Tariff.*

12.31.3 The Commission has reduced the existing Tariff for Domestic Category as under:

**Table 271: Existing and Approved Tariff for Domestic Category**

| Description<br>Units/month | Existing | | Tariff after Rationalisation | | Approved | |
|---|---|---|---|---|---|---|
| | Energy Charges (Rs/kWh) | Fixed Charges (Rs. /con/month) | Energy Charges (Rs/kWh) | Fixed Charges (Rs. /con/month) | Energy Charges (Rs/kWh) | Fixed Charges (Rs. /con/month) |
| 0-60 (Lifeline Consumers including BPL) | 4.72 | 55.00* | 4.72 | 55.00* | 4.72 | 55.00* |
| 0-125 | 5.60 | 85.00 | 5.60 | 85.00 | 5.45 | 85.00 |
| 126-300 | 6.00 | 85.00 | 6.10 | 85.00 | 5.90 | 85.00 |
| 301 & above | 6.25 | 85.00 | 6.10 | 85.00 | 5.90 | 85.00 |

**Fixed Charge for tribal and difficult areas 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 with Energy Charges for such Consumers to be levied at the*

*domestic tariff for energy consumption between 0 to 125 units. Further, for energy consumption above 125 units, the energy charges shall be 8% higher than the net Energy Charges payable (net off subsidy, if any).*

*@In case of MES and other military establishments, if they are able to segregate the domestic 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.*

*$ 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.*

*## Domestic Consumers without having NOC/ approval from TCP/ Municipalities/ government authorized agencies/ statutory authorities, shall be required to bear 10% rate more than the highest slab under domestic category for the complete consumption in any billing cycle. These Consumers shall also not be eligible for availing the GoHP subsidy as well.*

12.31.4 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, and very poor and marginalized Consumers, in line with the principles laid out in Electricity Act, 2003, National Electricity Policy and National Tariff Policy.

12.31.5 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**

12.31.6 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, 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 including Monasteries, Nunneries , Crematorium and Graveyard 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; Tunnel Lighting and Ventilation, 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'*

12.31.7 The Commission has reduced the existing Tariff for NDNCS category as shown in the table below:

**Table 272: 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 | 6.42 | 145.00 | 6.38 | 145.00 |

**Table 273: 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 | 6.16 | - | 140 | 6.12 | - | 140 |

12.31.8 The applicable rebates and surcharges for this category have been detailed in Part II of Annexure I of this Order.

### CS: Commercial Supply

12.31.9 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.

12.31.10 The Commission has reduced the existing Tariff for the Commercial Supply category as shown in the tables below:

**Table 274: 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 | 6.52 | 145.00 | 6.40 | 145.00 |

**Table 275: 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 | 6.31 | - | 110 | 6.31 | - | 110 |
| Above 100kVA | 6.21 | - | 170 | 6.21 | - | 170 |

***Note:***

a. *Resale of electricity to tenants, adjoining houses and to other parties is strictly prohibited.*
b. *Private/Public Sign Board/Hoardings/Billboards installed in the public places (separately from the Hotels/Commercial complexes) shall pay 10% additional energy charge over the rate defined for this category.*

12.31.11 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**

12.31.12 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.

12.31.13 The Commission has reduced the existing Tariff for the SIP category as shown in the table below:

**Table 276: 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 | 5.92 (Rs. /kWh) | 155 | - | 5.72 (Rs. /kWh) | 155 | - |
| Above 20kVA - 50kVA | 5.81 (Rs/kVAh) | - | 100 | 5.61 (Rs/kVAh) | - | 100 |

12.31.14 For new industries which have been set up after 31.03.2022 up to 31.3.2025, 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.

12.31.15 For existing industries which have undergone expansion after 31.03.2022 up to 31.3.2025, 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.

12.31.16 The Tariff applicable for the seasonal industries during off season period for 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 spelled out in Clause-P of General Conditions of Tariff.

12.31.17 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**

12.31.18 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.

12.31.19 The Commission has reduced the existing Tariff for the MIP category as shown in the table below:

**Table 277: 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 | 5.81 | - | 120 | 5.61 | - | 120 |

12.31.20 For new industries which have been set up after 31.03.2022 up to 31.3.2025, 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.

12.31.21 For existing industries which have undergone expansion after 31.03.2022 up to 31.3.2025, 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.

12.31.22 The Tariff applicable for the seasonal industries during off season period for 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 spelled out in Clause-P of General Conditions of Tariff.

12.31.23 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**

12.31.24 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".

12.31.25 The Commission has reduced the existing Tariff for the Large Industrial Power Supply category as shown in the table below:

**Table 278: 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 | 5.66 | | 425.00 | 5.46 | | 425.00 |
| 132 kV | 5.71 | | 425.00 | 5.51 | | 425.00 |
| 66 kV | 5.76 | | 425.00 | 5.56 | | 425.00 |
| HT-1 (up to 1 MVA) | 6.06 | - | 250.00 | 5.86 | - | 250.00 |
| HT-2 (More than 1 MVA) | 5.81 | - | 400.00 | 5.61 | - | 400.00 |

12.31.26 For new industries which have been set up after 31.03.2022 up to 31.3.2025, 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.

12.31.27 For existing industries which have undergone expansion after 31.03.2022 up to 31.3.2025, 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.

12.31.28 The Tariff applicable for the seasonal industries during off season period for 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 spelled out in Clause-P of General Conditions of Tariff.

12.31.29 The applicable rebates and surcharges for this category have been detailed in Part II of Annexure I of this Order.

**BS: Bulk Supply**

12.31.30 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 bonafide use and not for resale to other Consumers with or without profit.

12.31.31 The Commission has reduced the existing Tariff for the Bulk Supply category as shown in the table below:

**Table 279: 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 | 6.26 | - | 250.00 | 6.18 | - | 250.00 |
| HT | 5.76 | - | 350.00 | 5.68 | - | 350.00 |
| EHT | 5.56 | - | 350.00 | 5.48 | - | 350.00 |

12.31.32 The applicable rebates and surcharges for this category have been detailed in Part II of Annexure I of this Order.

**SLS: Street Lighting Supply**

12.31.33 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, Flyovers, Bridges & Tunnels connected with Highways/roads.

12.31.34 The Commission has kept Tariff at existing level for Street Lighting category as shown in the table below.

**Table 280: 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) |
| 6.37 | 145.00 | 6.37 | 145.00 |

12.31.35 The applicable rebates and surcharges for this category have been detailed in Part II of Annexure I of this Order.

**TS: Temporary Metered Supply**

12.31.36 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.

12.31.37 The Commission has reduced the existing Tariff for Temporary Supply category as shown in the table below:

**Table 281: 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 | 8.42 | 200.00 | 8.30 | 200.00 |

**Table 282: 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 | 7.76 | - | 400.00 | 7.68 | - | 400.00 |

12.31.38 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.

12.31.39 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**

12.31.40 The existing Schedule is applicable to Government connections for water and irrigation pumping and also covers all consumption for bonafide 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, pisciculture, 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 plants.

12.31.41 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 Gaushalas registered with Gow Sewa Ayog.

12.31.42 The Commission has reduced the existing Tariff for this category as shown in the tables below:

**Table 283: 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 | 5.12 | 105.00 | 5.04 | 105.00 |

12.31.43 The two-part Tariff applicable for IDWPS for connected load above 20 kVA shall be as shown in the table as follows:

**Table 284: 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 | 6.46 | - | 100.00 | 6.42 | - | 100.00 |
| HT | 6.06 | - | 300.00 | 6.02 | - | 300.00 |
| EHT | 5.66 | - | 400.00 | 5.62 | - | 400.00 |

12.31.44 The applicable rebates and surcharges for this category have been detailed in Part II of Annexure I of this Order.

### RT: Railway Traction

12.31.45 The Commission has kept the Tariff at existing level for Railway Traction as shown in the table below:

**Table 285: 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) |
| 6.16 | - | 400.00 | 6.30 | - | 400.00 |

12.31.46 The applicable rebates and surcharges for this category have been detailed in Part II of Annexure I of this Order.

### EV: Electric Vehicle Charging Stations

12.31.47 This Schedule applies to Public Electric Vehicle Charging Stations set up for providing Electric Vehicle Charging facilities on commercial basis. No change has been made in the existing Tariff as under:

**Table 286: 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) |
| 6.79 | - | 6.79 | - |

## 12.32 Average Revenue Realisation

12.32.1 The average revenue realization as percentage of average cost based on the Tariff approved for FY 2025-26 is provided below:

**Table 287: Average realization as % of Average CoS for FY26**

| Consumer Category | FY26 (Approved Tariff) |
|---|---|
| Industrial Power Supply | 99% |
| Domestic | 94% |
| Irrigation and Drinking Water | 107% |
| Commercial | 111% |
| Non-Domestic Non-Commercial | 109% |
| Bulk Supply | 104% |

## 12.33 Overall Revenue-Expenditure Position of HPSEBL at Approved Tariff

12.33.1 The Commission has computed the revenue surplus/ gap for FY 2025-26 based on the approved ARR and approved Tariff which is given in the table below:

**Table 288: Projected Revenue at Approved Tariff and Revenue Surplus/ (Gap) for FY26**

| Parameters | Amount (Rs. Cr.) |
|---|---|
| Domestic Supply | 1,912.49 |
| Non-Domestic Non-Commercial | 145.88 |
| Commercial Supply | 596.37 |
| Small Industrial Supply | 78.42 |
| Medium Industrial Supply | 73.11 |
| Large Industrial Supply | 4,712.17 |
| Irrigation and Drinking Water | 660.02 |
| Bulk Supply | 150.13 |
| Street Lighting Supply | 9.30 |
| Temporary Metered Supply | 67.27 |
| EV Charging Stations | 1.14 |
| **Projected Revenue at Approved Tariff for FY26** | **8,406.30** |
| | |
| **Total Approved ARR (including prior period adjustments)** | **8,403.25** |
| Revenue from Sale of Power within the State at Approved Tariff | 8,406.30 |
| Revenue from Sale of Surplus Power outside the State | 0.00 |
| **Total Revenue** | **8,406.30** |
| **Revenue Surplus / (Gap)** | **3.04** |

12.33.2 Based on the above table, it is observed that the Petitioner would be able to meet the approved ARR and the actual surplus will be determined at the time of Truing up for FY 2025-26 and adjusted in subsequent Tariff Order. Further, any amount received by HPSEBL during FY 2025-26 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.

**12.34 Subsidy by Government of Himachal Pradesh**

12.34.1 The Commission, in the absence of any communication regarding subsidy to the Consumers of the State by GoHP, has determined Tariff without considering subsidy in this Tariff Order and same shall be applicable to all the Consumers. In case, the GoHP commits any subsidy for the Consumers of the State after issuance of this Order, the same shall be applicable and implemented in accordance with provisions of Section 65 of the Electricity Act, 2003.

12.34.2 The Commission Orders that subsidy amount, if any, 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. 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 categories shall stand reverted back to the original Tariff, as approved by the Commission in this Tariff Order and shall be applied accordingly by the HPSEBL.

# 13 Open Access and Renewable Power Purchase Obligation

## 13.1 Introduction

13.1.1 The Commission has permitted Open Access to all the Generators irrespective of installed capacity and to all the Consumers having Contracted Demand or Connected load of above 100 KW. The Commission has also made enabling provisions for availing the Open Access in the HPERC MYT Regulations, 2023 by segregation of the ARR of the Distribution Licensee into the 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.

13.1.2 Based on the Wheeling ARR approved under Para 12.24.7 of the ARR chapter, the average Wheeling charges for FY 2025-26 are as below:

**Table 289: Wheeling Charges for FY26**

| Particulars | Amount |
|---|---|
| Total ARR for Wheeling Business approved for FY26 (Rs. Cr.) | 2,802.47 |
| Approved Energy Sales (MU) | 12,431.24 |
| **Average Wheeling Charge (paisa per unit)** | **225** |

13.1.3 The above computed average Wheeling charge of 225 paisa per unit is for the total distribution network of HPSEBL. Most of the Open Access Consumers are connected at higher voltage level of the network and, therefore, levying the average Wheeling charge, as determined above, uniformly for all the Consumers 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 charges applicable for Open Access Consumers at various voltage level.

13.1.4 As per the Regulation 6 of HPERC MYT Regulations, 2023, the Petitioner is required to segregate the accounts of the Distribution Business into Wheeling Business and Retail Supply Business. The relevant extract of the Regulation is as under:

> *"6.Segregation of ARR of Wheeling and Retail Supply Business.- (1) The Distribution Licensee shall segregate the accounts of the Distribution Business into Wheeling Business and Retail Supply Business. The accounts of the Distribution Business shall also be maintained voltage-wise by the Distribution Licensee. The ARR for Wheeling Business shall be used to determine Wheeling Charges and the ARR for Retail Supply Business to determine Retail Supply Tariffs.*

*(2) Until accounts are segregated, the Distribution Licensee shall prepare an Allocation Statement to apportion costs and revenues to Wheeling and Retail Supply Businesses:*

*Provided that the Distribution Business accounts shall necessarily be segregated into Wheeling and Retail Supply Business from 1st April, 2024.*

*(3) The Allocation Statement, certified by the Statutory Auditor/Cost Auditor and approved by the Board of Directors of the Distribution Licensee, shall be accompanied with an explanation of the methodology."*

13.1.5 Further, Regulation 39 of HPERC MYT Regulations, 2023, provides for computation of tariff for Wheeling Business and Retail Supply Business of a Distribution Licensee that it shall be determined by the Commission on the basis of segregated accounts. The relevant extract of the Regulations is as under:

*"39. Segregation of Wheeling Business and Retail Supply Business.- (1) The Distribution Licensee shall maintain separate books of accounts for Wheeling Business and Retail Supply Business.*

*(2) The tariff for Wheeling Business and Retail Supply Business of a Distribution Licensee shall be determined by the Commission on the basis of segregated accounts of Wheeling Business and Retail Supply Business"*

13.1.6 The Petitioner was asked to submit segregation of ARR into Wheeling Business and Retail Supply in line with the provisions of HPERC MYT Regulations, 2023. In response, the Petitioner has submitted an allocation statement for segregation of ARR into Wheeling and Retail Business and has clarified that the allocation is same as submitted in last year MYT Petition based on methodology approved by Whole Time Directors (WTD) of the Petitioner. Further, the Petitioner has clarified that as per Regulation 5,6 and 38 of the HPERC MYT Regulations, 2023, a high-level committee has been constituted for Segregation of ARR of Generation and Distribution Business, Allocation of Common Cost and Revenue across all the Segments of the Company. However, rationalization process of the employees in HPSEBL is underway, the employee mix of the company is likely to change which will also impact the allocation of the employee cost across Business wing. After finalization of the same and allocation of the employee cost into Generation wing, the further segregation of ARR into Wheeling and retail will be recalculated and will be submitted accordingly.

13.1.7 Since, the segregation of ARR into Wheeling and Retail Business is yet to be completed by the Petitioner. Therefore, the Commission has considered the allocation ratio for segregation ARR for FY 2025-26 as considered in the MYT Order dated 15$^{th}$ March, 2024. However, from next year i.e. FY 2026-27 onwards, the Petitioner should submit allocation statement as per the provisions of the Regulations. **The Petitioner is directed to provide allocation statement for segregation of ARR of HPSEBL into Wheeling Business and Retail Supply Business as per the Regulation 6 of the HPERC MYT Regulations, 2023 from next year onwards.**

13.1.8 The various charges payable by the Consumers availing Open Access have been determined in this chapter.

## 13.2 Wheeling Charges

13.2.1 The wheeling ARR at higher voltage levels has been further apportioned to lower voltage levels, since the higher voltage-level system is also being used for supply at lower voltage level.

13.2.2 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 long/ medium term Open Access for these Consumers is required to be computed based on capacity basis (per MW) and also on per unit basis for the short-term Open Access. For FY 2025-26, the Commission 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.

13.2.3 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 the Wheeling Charges.

13.2.4 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 (220 kV, 132 kV and 66 kV), 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

13.2.5 The Petitioner in its Petition has submitted that the sales of FY 2025-26 at EHT, HT and LT voltage-levels are to be apportioned as per the following table:

**Table 290: Estimated Voltage-wise sales as submitted by the Petitioner for FY26 (MU)**

| Category | 220 kV | 132 kV | 66 kV | HT (33kV) | HT (>=11 kV &<33kV) | LT (<11 kV) |
|---|---|---|---|---|---|---|
| Sales | 561.70 | 1,474.46 | 982.97 | 1,592.71 | 3,417.24 | 4,574.54 |
| Voltage-wise sales (%) | 4.46% | 11.70% | 7.80% | 12.64% | 27.11% | 36.30% |

13.2.6 Based on the information of actual sales available for FY 2023-24 at various voltage levels, the Commission has worked out and apportioned the estimated sales for FY 2025-26 at different voltage-levels as presented in the table below:

**Table 291: Estimated Sales at different Voltage Levels for FY26 (MU)**

| Category | Total | 220 kV | 132 kV | 66 kV | HT (33kV) | HT (>=11 kV &<33kV) | LT (<11 kV) |
|---|---|---|---|---|---|---|---|
| Sales apportioned at different voltage levels | 100% | 4.52% | 11.86% | 7.91% | 12.80% | 27.41% | 35.50% |
| **Total (within State)** | 12,431.24 | 561.68 | 1,474.41 | 982.94 | 1,591.52 | 3,407.98 | 4,412.72 |

13.2.7 Further, the estimated energy generated by the various Generators connected at different voltage level has been considered additionally.

**Cost Segregation and Methodology**

13.2.8 For allocation of costs at different voltage level, the Petitioner has considered the allocation ratio approved by the Commission in the previous Tariff Order dated 15th March, 2024 for allocating Wheeling ARR in absence of voltage-wise cost of assets.

13.2.9 In the previous Orders, the Petitioner was directed to conduct a study on voltage-wise/category-wise cost of supply and submitted the report on the same. The report submitted by the Petitioner had several shortcomings and lacuna. On the further communication, it was found that engagement period of consultant hired by HPSEBL for this study has ended. Therefore, the Petitioner has not been able to submit the revised study report on voltage-wise/category-wise cost of supply.

13.2.10 Thus, the Commission, in the absence of any adequate details related to voltage-wise assets, has continued with allocation ratio considered in the MYT Order dated March 15, 2024 to allocate wheeling cost among different voltage levels.

13.2.11 To arrive at the cost of wheeling at the various voltage levels, the total wheeling ARR has been apportioned to different voltage levels (i.e., EHT, HT and LT) in the following ratio:

**Table 292: Allocation of Wheeling cost across voltage levels**

| Particulars | EHT (220 kV) | EHT (132 kV) | EHT (66 kV) | HT (33 kV) | HT (>=11 kV &<33kV) | LT (<11 kV) |
|---|---|---|---|---|---|---|
| Allocation Ratio | 4% | 9% | 4% | 21% | 29% | 33% |

13.2.12 The wheeling ARR at higher voltage levels has been further apportioned to lower voltage levels, since the higher voltage-level system is also being used for supply at lower voltage level.

13.2.13 The power handled at each voltage level has been estimated taking into account the demand of HPSEBL and connected generation capacity. The Petitioner has submitted the details of capacity of generators at different voltage levels as represented below:

**Table 293: Details of capacity of Generators at different voltage levels in MW**

| Particulars | 220 kV | 132 kV | 66 kV | 33 kV | 22 kV | 11 kV |
|---|---|---|---|---|---|---|
| Hydro IPPs | 0.00 | 0.00 | 62.60 | 378.45 | 50.10 | 0.40 |
| Open Access Generators | 0.00 | 122.00 | 51.50 | 39.80 | 0.00 | 0.00 |
| Own Generation | 120.00 | 252.00 | 49.45 | 50.00 | 15.25 | 1.55 |
| Solar IPPs | 0.00 | 0.00 | 0.00 | 15.00 | 1.70 | 21.40 |
| **Total** | **120.00** | **374.00** | **163.55** | **483.25** | **67.05** | **23.35** |

13.2.14 In addition to the above demand, energy flow at each voltage level has been estimated based upon the approved sales of HPSEBL and share of sales and actual Generation at each voltage level as submitted by the Petitioner.

**Table 294: Allocation of estimated power handled and energy flow across different voltage levels**

| Particulars | EHT (220 kV) | EHT (132 kV) | EHT (66 kV) | HT (33 kV) | HT (>=11 kV &<33kV) | LT (<11 kV) |
|---|---|---|---|---|---|---|
| **Estimated Power handled (MW)** | **226.86** | **654.52** | **350.56** | **786.05** | **715.45** | **862.91** |
| *Consumer Demand* | *106.86* | *280.52* | *187.01* | *302.80* | *648.40* | *839.56* |
| *Generator Injection* | *120.00* | *374.00* | *163.55* | *483.25* | *67.05* | *23.35* |
| **Estimated Energy Flow (Mus)** | **1,139.84** | **3,276.34** | **1,770.92** | **3,919.82** | **3,731.02** | **4,525.22** |
| *Consumer Energy Flow* | *561.68* | *1,474.41* | *982.94* | *1,591.52* | *3,407.98* | *4,412.72* |
| *Generator Energy Flow* | *578.16* | *1,801.93* | *787.98* | *2,328.30* | *323.05* | *112.50* |

*Note: Load factor of 60% and 55% has been considered for Consumer and Generator respectively*

13.2.15 The approved Wheeling charges as determined by the Commission are tabulated as follows:

**Table 295: Approved Wheeling Charges for Open Access Consumers for FY26- Short Term Customers**

| S.No. | Description | | EHT (220 kV) | EHT (132 kV) | EHT (66 kV) | HT (33 kV) | HT (>=11 kV &<33kV) | LT (<11 kV) |
|---|---|---|---|---|---|---|---|---|
| A | Total Wheeling ARR (Rs. Cr.) | | 2,802.47 | | | | | |
| B | Cost apportioned (%) | | 4% | 9% | 4% | 21% | 29% | 33% |
| C | Cost apportioned (Rs. Cr.) | A*B | 112.10 | 252.22 | 112.10 | 588.52 | 812.72 | 924.81 |
| D | Cost allocation brought forward from the next higher voltage block) (Rs. Cr.) | (E-(F x H/1000)) | | 105.26 | 288.68 | 349.42 | 636.11 | 795.90 |
| E | Total Allocation (Rs. Cr.) | C+D | 112.10 | 357.48 | 400.78 | 937.94 | 1,448.83 | 1,720.71 |
| F | Estimated Energy (MUs) | | 1,139.84 | 3,276.34 | 1,770.92 | 3,919.82 | 3,731.02 | 4,525.22 |
| G | Total Energy Flow (MUs) | | 18,363.16 | 17,223.33 | 13,946.98 | 12,176.06 | 8,256.24 | 4,525.22 |
| H | Wheeling Charges (Paisa per unit) | H= E*1000/G | **6.00** | **21.00** | **29.00** | **77.00** | **175.00** | **380.00** |

**Table 296: Approved Wheeling Charges for Open Access Consumers for FY26- Long Term and Medium-Term Customers**

| S.No. | Description | | EHT (220 kV) | EHT (132 kV) | EHT (66 kV) | HT (33 kV) | HT (>=11 kV &<33kV) | LT (<11 kV) |
|---|---|---|---|---|---|---|---|---|
| A | Total Wheeling ARR (Rs. Cr.) | | 2,802.47 | | | | | |
| B | Cost apportioned (%) | | 4% | 9% | 4% | 21% | 29% | 33% |
| C | Cost apportioned (Rs. Cr.) | A*B | 112.10 | 252.22 | 112.10 | 588.52 | 812.72 | 924.81 |
| D | Cost allocation brought forward from the next higher voltage block) (Rs. Cr.) | As per previous table | | 105.26 | 288.68 | 349.42 | 636.11 | 795.90 |

| S.No. | Description | | EHT (220 kV) | EHT (132 kV) | EHT (66 kV) | HT (33 kV) | HT (>=11 kV &<33kV ) | LT (<11 kV) |
|---|---|---|---|---|---|---|---|---|
| E | Total Allocation (Rs. Cr.) | C+D | 112.10 | 357.48 | 400.78 | 937.94 | 1,448.83 | 1,720.71 |
| F | Estimated Load (MW) | | 226.86 | 654.52 | 350.56 | 786.05 | 715.45 | 862.91 |
| G | Total Demand Flow (MW) | | 3,596.35 | 3,369.49 | 2,714.97 | 2,364.41 | 1,578.36 | 862.91 |
| H | Wheeling Charges (Rs. Per MW per month) | H= (E*10^7)/G/12 | **25,975** | **88,411** | **1,23,015** | **3,30,576** | **7,64,946** | **16,61,738** |

13.2.16 The Long-term and Medium-term Open Access entails firm allocation of Wheeling capacity by HPSEBL to the Consumers 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.

13.2.17 In case of Generators, Wheeling Charges shall be levied on the contracted power at the connection point in the Distribution system. Also, in case of sale of GoHP free power to the entities other than HPSEBL, the Wheeling charges shall be payable on the contracted power at the connection point in the Distribution system as per the Wheeling charges determined in this Order. Further, the scheduling of GoHP free power shall be as per the provisions of the HPERC Open Access Regulations and Grid Code.

13.2.18 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.

13.2.19 In case where power is injected at HT level into an EHT sub-station of the licensee, the Wheeling Charges shall be worked out by allowing increase of 5% on the Wheeling Charges applicable for EHT system.

13.2.20 The Wheeling Charges being determined above shall be applicable prospectively from 1$^{st}$ April, 2025 till the determination of the fresh rate.

## 13.3 Wheeling Charges for Renewable Generator

13.3.1 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. In Order to promote Generation from the Renewable Energy Generators up to an installed capacity of 25 MW located within the State of Himachal Pradesh, the Commission decides that the Wheeling Charges payable by these Generators shall be comparable to the Wheeling Charges for the EHT (66 kV) category of Open Access Consumers for FY 2025-26. However, in case, where a Renewable Energy Project is connected directly to a Sub-station with higher voltage level (i.e. 132 kV and 220 kV), the Wheeling Charges for such higher voltage (132 kV or 220 kV) as the case may be, shall be applicable. 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.

13.3.2 It is observed that as per amended Hydro Power Policy of Government of Himachal Pradesh dated 15th May, 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. 15th May, 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.

### 13.4 Additional Surcharge

13.4.1 The Commission had determined the Additional Surcharge of 60 paisa for the Consumers availing short-term Open Access vide Tariff Order dated 15th March, 2024.

13.4.2 The Petitioner along with the present Tariff Petition, has made an application for determination of Additional Surcharge of 71 paisa per unit for FY 2025-26. The summary of the Petitioner's submissions has already been covered in Summary Chapter.

13.4.3 Ministry of Power, Government of India vide notification dated 10th January, 2024 has framed the Rules namely Electricity (Amendment) Rules, 2024. The said Rules of the GoI prescribe for computation of Additional Surcharge levied on any Open Access Consumer. In accordance with the Rules, the Commission has computed additional surcharges to be levied on Open Access consumers as under:

**Table 297: Additional Surcharge Approved by the Commission for FY26 (Paisa/Unit)**

| Particulars | Power Purchase Units (MU) |
|---|---|
| Power Purchase Units (MU) (A) | 14,116.94 |
| Fixed Cost towards Power Purchase Cost (Rs. Cr.) (B) | 945.42 |
| Additional Surcharge for (Paisa /Unit) (C=B/A*1000) | 67 |

13.4.4 The additional surcharge being determined above shall be applicable prospectively from 1st April, 2025 till the determination of the fresh rate.

### 13.5 Cross Subsidy Surcharge

13.5.1 Sub-regulation 2 of Regulation 3 of Himachal Pradesh Electricity Regulatory Commission (Cross Subsidy Surcharge, Additional Surcharge and Phasing of Cross Subsidy) Regulations, 2006 and amendment thereof, 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.

13.5.2 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*

13.5.3 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**

13.5.4 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, and amendment thereof, 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 2025-26 is tabulated below:

**Table 298: Approved Cross Subsidy Surcharge for Long-Term & Medium-term Open Access Consumers**

| 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) |
| **Commercial Supply (CS)** | | | | |
| *Above 100 kVA* | 3.15 | 0.63 | 1.48 | **0.63** |
| **Large Industrial Supply (MIP)** | | | | |
| **EHT** | 2.81 | 0.56 | 1.31 | **0.56** |
| **HT1 (>100 KVA and upto 1 MVA)** | 2.90 | 0.58 | 1.43 | **0.58** |
| **HT2 (Above 1 MVA)** | 2.40 | 0.48 | 1.33 | **0.48** |

| 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) |
|---|---|---|---|---|
| **Irrigation and Drinking Water Pumping Supply (IDWPS)** | | | | |
| *HT* | 2.29 | 0.46 | 1.51 | **0.46** |
| *EHT* | 3.39 | 0.68 | 1.43 | **0.68** |
| **Bulk Supply (BS)** | | | | |
| *HT* | 1.78 | 0.36 | 1.40 | **0.36** |
| *EHT* | 3.07 | 0.61 | 1.36 | **0.61** |

13.5.5 In case of short-term Open Access by the Consumers, 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.

13.5.6 As per the present Tariff structure, the Tariff during peak hours is 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 HPERC (Cross Subsidy Surcharge, Additional Surcharge and Phasing of Cross Subsidy) Regulations, 2006 and amendment thereof.

**Table 299: Cross Subsidy Surcharge for Short-Term Open Access Consumers during Time of the Day**

| Description of Consumers | Non-Peak Hours (Rs./unit) | Peak Hours (Rs./unit) |
|---|---|---|
| **Large Industrial Supply (MIP)** | | |
| **EHT** | | |
| *220kV and above* | 0.56 | 0.72 |
| *HT1 (>100 KVA and upto 1 MVA)* | 0.58 | 0.61 |
| *HT2 (Above 1 MVA)* | 0.48 | 0.65 |
| **Irrigation and Drinking Water Pumping Supply (IDWPS)** | | |
| *HT* | 0.46 | 0.46 |
| *EHT* | 0.68 | 0.75 |
| **Bulk Supply (BS)** | | |
| HT | 0.36 | 0.36 |
| EHT | 0.61 | 0.61 |

*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*

13.5.7 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 Consumers 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) which is met through Open Access during such periods.

13.5.8 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 at the beginning of the 5th MYT Control Period (i.e. FY 2024-29), has almost approved Tariff for Consumer categories, other than lifeline Consumers, within (-)10% and (+)10% 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.

### 13.6 Infrastructure Development Charges

13.6.1 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 23rd May 2012.

13.6.2 HPSEBL has proposed an increase of 1.33% in Infrastructure Development Charges (IDC) to the Commission. The Commission vide Order dated 5th June 2024 in Petition No. 22/2024 has enhance the IDC from 5th June 2024, on the request of the Petitioner. The HPSEBL has not provided any justification or supporting data to substantiate the present request for enhancement.

13.6.3 Thus, in the absence of a clear rationale, the Commission finds no reason to approve the proposed hike of 1.33%. It is important to ensure fair and transparent tariff structures that balance the interests of both consumers and utilities. Without adequate justification, increasing IDC may lead to an undue financial burden on consumers without demonstrating any corresponding benefits or necessity for the hike.

13.6.4 The Commission, therefore, intends to retain the existing Infrastructure Development Charges at their current levels. Further, the Petitioner is directed to submit proposal in future accompanied with detailed justification, including cost analysis, infrastructure development plans, and a clear demonstration of necessity.

### 13.7 Distribution Losses

13.7.1 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 300: 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% |

13.7.2 The losses at LT are for indicative purposes only as no Open Access may actually be availed on LT.

13.7.3 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 and amendments thereof.

## 13.8 Renewable Power Purchase Obligation (RPPO)

13.8.1 The Commission vide Regulation 4 of the HPERC (Renewable Power Purchase Obligation and its Compliance) Regulations, 2023 has specified the minimum ceiling of Wind, Hydro and Other Renewable RPPO for the Distribution Licensee over a time span of eight years from FY 2022-23 to FY 2029-30. The target laid down by the Commission for FY 2025-26 is given in the table below:

**Table 301: Minimum quantum of purchase from Renewable Sources**

| Financial Year | Total RPO %age | Minimum Wind RPO %age of the total purchase | Minimum Hydro PO (HPO) %age of the total purchase | Minimum Other RPO %age of the total purchase |
|---|---|---|---|---|
| FY 2025-26 | 33.01% | 3.36% | 1.48% | 28.17% |

13.8.2 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.

# 14 DIRECTIONS AND ADVISORIES

## 14.1 Background

14.1.1 As part of the Petition for "Final True up of uncontrollable parameters for FY 2022-23, Provisional True up of uncontrollable parameters for FY 2023-24, True up of controllable parameters of 4th MYT Control Period i.e. FY 2020 – FY 2024 and 1st APR of 5th MYT Control Period & Determination of Tariff for FY 2025-26, the Petitioner has submitted a directive compliance report. During the processing of the Petition, the Commission raised several queries. In response to the queries, the Petitioner has submitted partial details.

14.1.2 The following table summarizes the compliance status of directives given by the Commission in Business Plan and MYT Order for 5th Control Period dated 15th March, 2024 against which the Petitioner is mandated to submit timely compliance status:

<table>
<tr><th>No.</th><th>Directives issued in the Business Plan and MYT Order for 5th Control Period dated 15th March, 2024</th><th>Status of Compliance submitted by the Petitioner</th><th>Commission's Remark</th></tr>
<tr><td>1.</td><td>Outstanding Dues:<br><br>The Commission directed the Petitioner to provide updated status regarding the detailed action plan to recover such outstanding dues towards the various Consumers of the period, greater than 1 year within three months of issuance of this Order. Action be initiated against the defaulters as per provisions of the Electricity Act, 2003 and the relevant Regulations.</td><td>Based on the monthly data extracted from SAP ISU Billing, the circle wise outstanding amount ending October 2024 is as under:<br><br>
<table>
<tr><th>Sr. No.</th><th>Circle</th><th>Total Outstanding Amount in Rs. Cr.</th></tr>
<tr><td>1</td><td>BILASPUR</td><td>47.56</td></tr>
<tr><td>2</td><td>DALHOUSIE</td><td>60.28</td></tr>
<tr><td>3</td><td>HAMIRPUR</td><td>12.69</td></tr>
<tr><td>4</td><td>KANGRA</td><td>21.86</td></tr>
<tr><td>5</td><td>KULLU</td><td>7.65</td></tr>
<tr><td>6</td><td>MANDI</td><td>11.95</td></tr>
<tr><td>7</td><td>NAHAN</td><td>83.75</td></tr>
<tr><td>8</td><td>RAMPUR</td><td>6.09</td></tr>
<tr><td>9</td><td>ROHRU</td><td>4.62</td></tr>
<tr><td>10</td><td>SHIMLA</td><td>17.25</td></tr>
<tr><td>11</td><td>SOLAN</td><td>105.46</td></tr>
<tr><td>12</td><td>UNA</td><td>26.60</td></tr>
<tr><td>Grand Total</td><td></td><td>405.76</td></tr>
</table>
<br>SE(Comm.) has been appointed as nodal officer for monitoring of outstanding dues towards various Consumers and the offices with higher outstanding amount are being directed to reduce the same and to continuously monitor it on monthly basis.</td><td>It is observed that the Petitioner in its reply to the Commission's directives issued in the 4th APR order dated 31st March, 2023 had informed that the amount outstanding greater than one year ending October 2023 was Rs 56.52 Crore and litigation/dispute amount was Rs. 47.11 Cr. only.<br><br>From the details submitted by the Petitioner in compliance to the directive issued in the last Tariff Order dated 15th March, 2024, the outstanding dues have increased to Rs. 405.76 Cr. instead of decreasing.<br><br>The Petitioner is directed to submit stringent action plan to recover the outstanding dues along with the updated status regarding the same within one months of issuance of this Order. The Petitioner is also directed to submit details of the actions initiated against the defaulters as per provisions of the Electricity Act, 2003 and the relevant Regulations.<br><br>The directive is being continued.</td></tr>
<tr><td>2.</td><td>Record keeping of pension and terminal liabilities:<br><br>The Petitioner was directed to take up the 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</td><td>The HPSEBL is in the process of rationalizing the pension contributions from various units and the same is likely to be completed by March 2025.</td><td>The Petitioner is directed to make detailed submission in this regard within one month of issuance of this Order.</td></tr>
</table>

| No. | Directives issued in the Business Plan and MYT Order for 5th Control Period dated 15th March, 2024 | Status of Compliance submitted by the Petitioner | Commission's Remark |
|---|---|---|---|
| | of the same shall be reported within six months from the issuance of this Order. | | |
| 3. | **Detail of Capital Works & Capitalization:**<br><br>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. | The detail of capitalization is being filed with this Petition in the True up of Controllable Parameters for 4th MYT Control Period. | The Commission vide various data gaps had directed the Petitioner to submit details w.r.t capitalization during the respective True up years. Since, the Petitioner was unable to furnish satisfactory details, the Commission could not conduct the True up of controllable parameters of 4th MYT Control Period. The Petitioner is directed to furnish all the requisite details along with the True up Petition in the next tariff filling.<br>The directive is continued. |
| 4. | **Separate Account Heads for different Business Units:**<br><br>The Petitioner was 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 was 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. The HPERC (Multi Year Wheeling Tariff & Retail Supply Tariff) Regulations, 2023 mandate the Petitioner to maintain separate accounts from 01.04.2024. The Petitioner is directed to expedite the process and complete it by 31.03.2024. Otherwise, the Commission shall be constrained to initiate strict action as per the provisions of the Electricity Act, 2003. | In this regard, the Petitioner has submitted that the HPSEB Ltd., is maintaining separate accounts for each Business unit and is also preparing the segment wise Balance Sheet and P&L Account from 2011-12 onwards. The company is preparing its books of accounts in the SAP (ERP) so there is no requirement of maintaining a separate account head for each business unit as the transactions of each business unit can be easily identified in the SAP with the help of individual Profit Centre/Cost Centre. Further, the HPSEBL is regularly submitting the detailed bifurcation of each expenses parameter into Distribution, Generation, Electrical System and PCA Wing.<br>Allocation of Common Cost and Revenue across all the segment of the Company is being reconciled. | It is observed that the bifurcation details submitted by the Petitioner are neither approved by the Petitioner nor approved by the Statutory Auditor. Moreover, maintaining the separate accounts from 01.04.2024 onwards is mandatory under the HPERC (Multi Year Wheeling Tariff & Retail Supply Tariff) Regulations, 2023, and any deviation shall be construed as non-compliance of these Regulations. The Petitioner is directed to submit detailed audited accounts for each business unit by maintaining separate account heads for each business unit and allocation of common costs across each business unit in the next Tariff Filling.<br>The directive is continued. |

| No. | Directives issued in the Business Plan and MYT Order for 5th Control Period dated 15th March, 2024 | Status of Compliance submitted by the Petitioner | Commission's Remark |
|---|---|---|---|
| | | | |
| 5. | **Segregation of Wheeling and Retail Business:**<br><br>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.<br><br>Regulation 6 of the HPERC MYT Regulations, 2023 mandates the Petitioner to submit allocation statement approved by the Board of Directors. The relevant extract of the Regulations is as under:<br>***"6. Segregation of ARR of Wheeling and Retail Supply Business.***<br>*…….*<br>*(3) The Allocation Statement, certified by the Statutory Auditor/Cost Auditor and approved by the Board of Directors of the Distribution Licensee, shall be accompanied with an explanation of the methodology."*<br><br>The Petitioner is required to submit allocation as per the Regulations.<br><br>Further, from 1st April, 2024 onwards the Petitioner is necessarily required to be segregated as per the provisions of the HPERC Regulations. | Segregation is being done. However, there is issue in the allocation of common cost between Wheeling and Retail Supply Business. | The Petitioner is directed to segregate the accounts of the licensed business into wheeling business and retail supply business, in the next Tariff Filling.<br>The directive is continued also for FY 2025-26 |
| 6. | **SAIFI & SAIDI:**<br><br>The Commission directs the Petitioner to | The online monitoring will be done on installation of Smart Meters for which the work | The Petitioner shall be able to monitor the indices like SAIFI, SAIDI, MAIFI etc. even |

| No. | Directives issued in the Business Plan and MYT Order for 5th Control Period dated 15th March, 2024 | Status of Compliance submitted by the Petitioner | Commission's Remark |
|---|---|---|---|
| | 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. Along with this, online monitoring of these parameters has to be ensured. | is under progress. | without smart metering. The Smart Metering will only assist the Petitioner in monitoring these indices more accurately. Further, it is observed from the submission of the Petitioner that Smart Metering work is being taken up at very slow pace. The Petitioner is directed to speed up the work and submit the reports on parameters such as SAIDI, SAIFI, wheeling and supply availability, etc. within 3 months of the issuance of this Order.<br>The directive is continued. |
| 7. | **Fixed Asset Register (FAR):**<br><br>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 by 30th April, 2024. | FAR has been prepared and submitted by the Petitioner. | It is observed that the FAR submitted by Petitioner is neither approved by the Board of Directors nor signed by the Statutory Auditor. The Petitioner is directed to submit auditor certified FAR within three months of issuance of this order.<br>The directive is continued. |
| 8. | **Curtailment of Reactive load charges:**<br><br>The Petitioner is directed to ensure that the Field Units undertake strict vigilant action for curtailing of Reactive Load Charges. The complete 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. | Reactive load factor charges remain on receivable side however for further improvement, the HPSEBL has submitted a scheme for revival of defective capacitor bank for funding through State PSDF. In addition to increase in receivable amount of reactive charges the HPSEBL will also be able to reduce line loading of the system, improve voltage profile, reduce system losses and improve power factor by reviving the defective capacitor banks as proposed under this scheme.<br>Also, the Petitioner submitted that in future | The Petitioner is directed to submit complete status report in this regard within three months of issuance of this Order.<br>The directive is continued. |

| No. | Directives issued in the Business Plan and MYT Order for 5th Control Period dated 15th March, 2024 | Status of Compliance submitted by the Petitioner | Commission's Remark |
|---|---|---|---|
| | | the report shall be submitted in time. | |
| 9. | **Additional Surcharge:**<br><br>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 provides 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. | The Petitioner has submitted that Deviation in terms of over-drawl or under-drawl from the given schedule in 15 minutes time block in the real time system operation which is ongoing process and as far as possible, entities shall regulate their generation & load so as to maintain their actual drawl from the regional grid. The HPSEBL has control over its loads, however have to depend on generation schedule of the Central Generating Stations. In the real time operation, the Generators are allowed to revise their schedule under the Regulations as many times which affect the actual drawl schedule of the beneficiaries. In such a situation, either power cuts can be imposed to match with revised schedule or power over drawl/under drawl from the grid can be opted to meet the demand in real time system operations.<br><br>The Indian Electricity Grid Code Regulations 2010 & subsequent amendments thereof, under Chapter 6 provides for Scheduling & Despatch Code and Para 6.4(6) thereof stipulates that:<br>*"The system of each regional entity shall be treated and operated as a notional control area. The algebraic summation of scheduled drawl from ISGS and from contracts through a long – term access, medium -term and short –term open access arrangements shall provide the drawl schedule of each regional entity, and this shall be determined in advance on day-ahead basis. The regional entities shall regulate their generation and/or Consumers' load so as to maintain their actual drawl from the* | It is observed that the UI purchase of power by the Petitioner has increased over the year. In FY 22-23, the Petitioner has not only borne additional deviation charges but also paid sustained deviation charges. The Commission as disciplinary measure to inculcate grid discipline has imposed a penalty of 50% on the sustained deviation charges. With proper tools for scheduling along with load-forecasting of short term, medium term and long-term power, the high variance and additional surcharge could be controlled. But the incurrence of sustained deviation charges cannot be justified and allowed by the Commission at all. However, the Commission taking a lenient view in this Order has disallowed only 50% of the sustained deviation charges. But, from FY 2025-26 onwards, the Commission shall not be allowing any cost on this account. The HPSEBL is instructed to do proper load forecasting and implement better scheduling tools to avoid excessive UI purchases and minimize costs. In case continuous bearing of the deviation charges, the Commission may even disallow the additional deviation charges from the FY 2025-26 onwards.<br>The directive is continued. |

| No. | Directives issued in the Business Plan and MYT Order for 5th Control Period dated 15th March, 2024 | Status of Compliance submitted by the Petitioner | Commission's Remark |
|---|---|---|---|
| | | *regional grid close to the above schedule. If regional entities deviate from the drawl schedule, within the limit specified by the CERC in UI Regulations as long as such deviations do not cause system parameters to deteriorate beyond permissible limits and/or do not lead to unacceptable line loading, However, such deviations from net drawl schedule shall be priced through the Unscheduled Interchange (UI) mechanism."*<br><br>Therefore, over drawl or under drawl 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. | |
| 10. | **Employee Cost:**<br><br>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 restructuring of the HPSEBL is a continuous process and the management is committed to bring down the high employee cost and the concrete steps in this regard are being taken in a phased manner. The details of reduction of Employee cost are as under: -<br><br>1) Disbanded the 2 No Design Circles and One Construction Circle including Divisions/ Subdivisions wherein 286 posts of various categories have been abolished on 30.08.2023.<br>2) 51 No posts of various categories have been abolished on 16.10.2024<br>3) Surplus 81 No drivers working outsource basis have been disengaged on 18.10.2024 by serving notice on MD, HP. State Electronics Development Corporation.<br>4) In third phase, the proposal for closing offices naming PLCC, M&T and P&T etc. stands submitted to competent authority. | As also advised in the meeting with the Management of the Petitioner, the HPSEBL is advised to go for a comprehensive workforce optimization plan that balances operational efficiency with financial prudence. The outcome of the employee rationalisation/restructuring exercise should result in significant reduction of the overall employee cost of the Petitioner. Further, the Petitioner is directed to continue its effort in reducing the employee cost, it is still one of the highest in the Country. Action for closing, fully or partially, offices like PLCC, M&T and P&T be taken immediately. In addition, offices of two Electrical Design units at Sundernagar and Electrical System office Hamirpur are not having commensurate work load and action to close or club these offices together into one be taken immediately. |

| No. | Directives issued in the Business Plan and MYT Order for 5th Control Period dated 15th March, 2024 | Status of Compliance submitted by the Petitioner | Commission's Remark |
|---|---|---|---|
| | The Petitioner, however, has not taken any action in this regard. | 5) Outsourcing the powerhouse up to 5 MW is under process for which tenders have already been invited.<br>6) The impact of per unit cost in respect of Electrical System Wing is being studied and the rationalization of cadres of employees in various organization (HPSEBL, HPPTCL, HPPCL) is being examined. | The Petitioner must showcase the achievement on this front during next year tariff filing. Also, the directive of the Commission with regard to no new recruitment without the prior approval of the Commission is continued. Further, the HPSEBL in the exigency, is directed to outsource the activities/works only instead of hiring workforce on outsource basis in future.<br>Rationalisation of cadres of employees in various organisations, viz, HPSEBL, HPPTCL and HPPCL be carried out in order to avoid under utilisation of staff and also duplication of works in these organisations<br><br>The directive is continued. |
| 11. | **Employee Cost:**<br><br>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. The 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 emergency 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 | The restructuring of the HPSEBL is a continuous process and the management is committed to bring down the high employee cost and the concrete steps in this regard are being taken in a phased manner. The details of reduction of Employee cost have been received from ED(Personnel). The details are as under: -<br><br>1) Disbanded the 2 No Design Circles and One Construction Circle including Divisions/ Subdivisions wherein 286 posts of various categories have been abolished on 30.08.2023.<br>2) 51 No posts of various categories have been abolished on 16.10.2024<br>3) Surplus 81 No drivers working outsource basis has been disengaged on 18.10.2024 by | The directive is merged with No. 10. |

| No. | Directives issued in the Business Plan and MYT Order for 5th Control Period dated 15th March, 2024 | Status of Compliance submitted by the Petitioner | Commission's Remark |
|---|---|---|---|
| | employee cost of the Petitioner in the next Tariff Order.<br><br>Further, the Commission noted that in the garb of allowing the technical manpower requirement in the past, the Petitioner is manipulating different employees' categories as of the technical nature. Therefore, the Commission in this tariff order has addressed the issue of new recruitment separately and has decided that there should not be any fresh recruitment without the prior approval of the Commission. | serving notice on MD, HP. State Electronics Development Corporation.<br>4) In third phase the proposal for closing offices naming PLCC, M&T and P&T etc. stands submitted to competent authority.<br>5) Outsourcing the power house up to 5 MW is under process for which tenders have already been invited.<br>6) The impact of per unit cost in respect of Electrical System Wing is being studied and the rationalization of cadres of employees in various organization (HPSEBL, HPPTCL, HPPCL) is being examined. | |
| 12. | **Consumer Awareness:**<br><br>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 programmes be carried out at least 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. | The compliance has already been submitted to the Commission vide letter No. HPSEBL/CE-(COMM)/SERC-11/2023-24-1039 dated 01.05.2023 and HPSEBL/CE-(COMM)/SERC-22/2023-24-5841 dated 21.09.2023. | The Petitioner is directed to increase Consumer awareness in the State and conduct public interaction programs at district, tehsil, sub-tehsil and village levels as well.<br><br>The directive is continued. |
| 13. | **Delay in Commissioning of UHL-III HEP:**<br><br>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 | First Unit is scheduled to be Commissioned in December 2024 and all units are scheduled to be commissioned before 31st March, 2025. | The compliance is noted. Further, during the process determination of tariff for the Generation Business for 5th MYT Control Period, it has been submitted by the Petitioner that the Uhl-III has been synchronized with the grid on 29.01.2025 and has started power generation. Therefore, the Commission directs the |

<table>
<tr><th>No.</th><th>Directives issued in the Business Plan and MYT Order for 5th Control Period dated 15th March, 2024</th><th>Status of Compliance submitted by the Petitioner</th><th>Commission's Remark</th></tr>
<tr><td></td><td>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.<br><br>Further, the Discom is directed to submit status of activities as per the schedule submitted by them.</td><td></td><td>Petitioner to file the Petition for the determination of project specific tariff for Uhl-III, based on the actual audited accounts within the FY 2025-26.</td></tr>
<tr><td>14.</td><td>Circle wise T&D Losses:<br><br>It is observed that the T&D losses of the Petitioner during the third Control Period have been range bound. 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 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. 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.<br><br>Further, the Commission directs the Petitioner to submit the detailed energy audit report highlighting the reasons for the losses and corrective actions required to be taken with regard to those Circles having losses</td><td>
<table>
<tr><td colspan="2">Circle wise T&D Losses for FY 2024-25 (upto Sept.-2024) Without Transmission Factor (Tentative)</td></tr>
<tr><th>Name of Op. Circle</th><th>% T&D Losses</th></tr>
<tr><td>Shimla</td><td>3.48</td></tr>
<tr><td>Rampur</td><td>10.27</td></tr>
<tr><td>Rohru</td><td>24.42</td></tr>
<tr><td>Solan</td><td>5.49</td></tr>
<tr><td>Nahan</td><td>8.13</td></tr>
<tr><td>Hamirpur</td><td>11.23</td></tr>
<tr><td>Bilaspur</td><td>9.13</td></tr>
<tr><td>Mandi</td><td>10.7</td></tr>
<tr><td>Kullu</td><td>12.5</td></tr>
<tr><td>Una</td><td>8.24</td></tr>
<tr><td>Kangra</td><td>12.61</td></tr>
<tr><td>Dalhousie</td><td>18.88</td></tr>
</table>
</td><td>The data submitted by the Petitioner appears to be inaccurate. However, it is observed that there are still many circles where the T&D losses are very high. With the implementation of the Smart Meters in the State, these losses should go down as the monitoring of the system shall become easier. The transparency in the system will also increase. Therefore, the Petitioner is directed to increase the pace of installation of smart meters in the State. Further, the Petitioner is directed to prepare a concrete plan to reduce the circle-wise T&D losses and submit a status report in this regard within three months of issuance of this order.<br>The directive is continued.</td></tr>
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<tr><th>No.</th><th>Directives issued in the Business Plan and MYT Order for 5th Control Period dated 15th March, 2024</th><th>Status of Compliance submitted by the Petitioner</th><th>Commission's Remark</th></tr>
<tr><td></td><td>more than 20%, within 3 months of issuance of this tariff order positively.<br><br>The Commission observes that the Petitioner shall be undertaking the Loss reduction capital works under RDSS in the next two years. Therefore, the Commission expects that after completion of these works the losses in all Circles will come down significantly and will not be more than 15%.</td><td><table><tr><td>Total with in circles</td><td>8.43</td></tr></table><br><table><tr><td colspan="2">Circle wise T&D Losses for FY 2024-25 (upto Sept.-2024) With Transmission Factor (Tentative)</td></tr><tr><td>Name of Op.Circle</td><td>% T&D Losses</td></tr><tr><td>Shimla</td><td>5.59</td></tr><tr><td>Rampur</td><td>12.23</td></tr><tr><td>Rohru</td><td>26.08</td></tr><tr><td>Solan</td><td>7.56</td></tr><tr><td>Nahan</td><td>10.14</td></tr><tr><td>Hamirpur</td><td>13.17</td></tr><tr><td>Bilaspur</td><td>11.12</td></tr><tr><td>Mandi</td><td>12.65</td></tr><tr><td>Kullu</td><td>14.41</td></tr><tr><td>Una</td><td>10.25</td></tr><tr><td>Kangra</td><td>14.52</td></tr><tr><td>Dalhousie</td><td>20.65</td></tr><tr><td>Total with in circles</td><td>10.43</td></tr></table></td><td></td></tr>
<tr><td>15.</td><td>Accounting for Transmission and Distribution Loss:<br><br>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</td><td>As per Regulation 47 of Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2023, following provision exists for Transmission Losses:</td><td>It is observed that there is much delay in the compliance of the directive. Merely constitution of a committee will not full fil the purpose. The Petitioner is required to submit study and segregate the losses for</td></tr>
</table>

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|---|---|---|---|
| | also required to account for the HPPTCL network and own network losses separately.<br><br>The Petitioner is directed to complete the study and segregate the losses for the HPPTCL network within three months of issuance of this order positively. | "The energy losses in the transmission system of the Transmission Licensee, as determined by the State Load Despatch Centre and approved by the Commission, shall be borne by the Transmission System Users pro-rata to their usage of the intra-state transmission system:"<br>However, as per the directive, a committee has been constituted under Chairmanship of MD HPPTCL with Director (Tech.) and Director (Op) as members of the Committee. | the HPPTCL within six months of issuance of this order.<br>The directive is continued. |
| 16. | **Inventory of Meters and allied equipment:**<br><br>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.<br><br>Furthermore, the submission of the Petitioner is quite contradictory. The Petitioner on one side is admitting that they are not purchasing new meters in view of the provision of the smart meters under RDSS and at the same time also saying that no | New meters are not being purchased by the HPSEBL in view of provision of smart meter under RDSS. No Consumers are being forced to purchase energy meter and its allied equipment's from market.<br><br>The spare meters on installation /replacement of existing meters with Smart meters is being utilized by the other operation units for release of new connections. | The pace of installation of the Smart Meters are very slow. It has been observed that the new electricity connections are being released after substantial delays as there is acute shortages of the Meters. Also, the Petitioner is incurring revenue loss due to non-replacement of the defective/ burnt meters. The Petitioner is directed to increase its pace of implementation of the Smart Metering work. A detailed report in this regard must be submitted to the Commission within three months of issuance of this Order.<br>The directive is continued. |

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| | Consumers are being forced to purchase energy meters from the market. The procurement of the smart meters has also been delayed due to which the applications of new electricity connection are pending for long time.<br><br>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. | | |
| 17. | **Procurement of new vehicles:**<br><br>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. | It is submitted that the HPSEBL vide norms dated 22.10.1993 and 18.03.2011 for providing of attached vehicles to the officers as well as trucks/Mtc. Van have been formed by the Board. As per norms the officers of the rank of Sr. Executive Engineer and above are entitled for attached vehicle. Similarly, as per norms truck/ utility van/ maintenance vehicles are also admissible for Division/ Sub-Divisions in the field.<br><br>The HPSEBL itself has decided outsourcing for the management of vehicles required in the field units. Therefore, most, of the Sr. Executive Engineers have been provided private taxies/ Bolero jeep as attached vehicles instead of Board's own vehicles/ Replacement of all maintenance vehicles is being made on out-source basis by hiring of private vehicles to comply with the directives of the Commission in this regard. | The Petitioner is directed to submit details of the vehicles hired and purchased during FY 2024-25 within three months of issuance of this order. Considering financial conditions of the DISCOM, the Petitioner should outsource the requirement of new vehicle instead of buying any vehicle directly by the Company.<br><br>The directive is continued. |
| 18. | **Management of Surplus Energy:** | | |

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| | 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. | In order to meet the winter power deficits & to tackle the power market prices volatility across the Country especially in winter months, the HPSEBL has been undertaking the energy banking arrangements with other utilities for the summer energy surpluses & receiving back the banked energy with premium from other utilities. | The Petitioner has not submitted any report in the matter as directed. The Petitioner is directed to submit the report in the matter within 3 months of issuance of this order positively. The directive is continued. |
| 19. | **Energy Audit:**<br>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 report on this matter. Along with this the Commission directs the Petitioner to submit the energy audit report for the respective true-up in its subsequent tariff filing. | Energy Audit report is being done as per BEE Guidelines from third party. | The Petitioner is directed to submit the Energy Audit Report, as already directed, as per the BEE Guidelines for FY 2022-23, FY 2023-24 and FY 2024-25 within 3 months from the issuance of this order. The directive is continued. |
| 20. | **Timely submission of Reports and Compliance of directives:** | | |

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| | 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. | The directive is being adhered. | It is observed that the Petitioner is not fully complying with the directive in its true spirit. Some directives have only been partially complied with. The Petitioner is directed to comply the directives in time bound manner and show the status of compliance by 30th June 2025 and by 30th September 2025 The directive is continued. |
| 21. | **Model Sub-division:**<br><br>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. | From FY 2025-26, the reports shall be submitted regularly on quarterly basis after installation of Smart Meters. | The Petitioner is directed to submit quarterly report from 1st April 2025 onwards. The directive is continued. |
| 22. | **Double (multiple) feeder supply of electricity:**<br><br>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. | The Petitioner has submitted that the provision for supplying quality and reliable supply has been made in the various schemes. At present neither such demand for double supply has been received nor there is a provision in the Supply Code for double supply to the Consumers. | The Petitioner was directed to submit a detailed report on the directive within a month of issuance of last order. The Petitioner has neither submitted the report nor complied with the directive. Further, from the justification submitted by the Petitioner, it appears that the Petitioner is not serious about the directives given by the Commission. The Petitioner should have approached the Commission in case of any difficulty in the compliance of the directive. The Petitioner is directed to comply with directive given by the Commission within two months from |

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| | | | issuance of this Order.<br><br>The directive is continued. |
| 23. | **Free Power Purchase:**<br><br>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, the HPSEBL and the Consumers of the State. By selling some quantum of free power to the 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 the STU/HPSEBL system as the HPSEBL has not come up with any proposal for additional GoHP power tied up. However, the HPSEBL must strive hard for adding more GoHP power in its portfolio on long term basis.<br><br>Moreover, the Commission observes that the conflict of interest at the Top management level is very much evident and seems to be at the core of the issue regarding utilization of GoHP free power by the HPSEBL. The cost of free power is already paid for by the Consumers of the State as the tariff calculation by the Commission to a hydro generator is after excluding the free power component so that the generator is not adversely affected. The Commission opined that it fails to understand as to why the | The HPSEBL has taken up the matter with HP Govt. However, it is the mandate of HP Govt. for disposal of the power. | The directive is continued. |

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| | Consumers of the State are being debarred from this power inspite of the fact that they are paying for it twice. The Commission directed the HPSEBL to take up this issue with the GoHP afresh. | | |
| 24. | **Principal and Interest payment towards UDAY Bonds:**<br><br>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. | Matter is being continuously followed. | The directive is continued. |
| 25. | **Voltage Wise Cost of Supply:**<br><br>With respect to the directive to undertake and submit a Voltage-wise Cost of Supply, the 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 three months of issue of this Tariff Order and its recommendations be included in the Tariff Petition for the next financial | The report stands submitted to the Hon'ble Commission. | The compliance is noted. However, the Commission has observed many discrepancies in the report as already conveyed to the Petitioner. Updated repor be submitted within two months of issuance of this Order. |

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| | year. | | |
| 26. | **Load factor Study:**<br><br>Regarding issue raised by some of the Stakeholders for giving rebate in the electricity Tariff linked with the load factor, the same is already build in the Tariff for the Consumers having load/ demand more than 20 kVA. The Tariff determined by the Commission for such Consumers has two components i.e., 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, the energy consumption is also high and the 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.<br><br>The Petitioner is directed to conduct a Load factor study of the DISCOM and submit the same by 30th June 2024, based on the analysis of the said study report, the Commission may take a call on Load factor Rebate during processing of the MYT Order for the next Control Period. | Load factor study stands already submitted to the Commission. | The compliance is noted. |
| 27. | **Steps for reduction of additional surcharge under DSM Regulations:**<br><br>It is observed that apart from normal deviation charges, the Petitioner has paid an amount of Rs. 52.14 Cr. towards additional deviation charges against the total UI purchase cost of Rs. 205.04 Cr., which is a | It is submitted that Deviation in terms of over-drawl or under-drawl from the given schedule in 15 minutes time block in the real time system operation is ongoing process and as for as possible entities shall regulate their | The directive is merged with directive No. 9. |

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| | significant amount. Also, month-wise details submitted by Petitioner indicate that it has drawn power under UI at the rates as high as Rs. 10.96 per unit and Rs. 12.14 per unit during months of August and March of FY 2021-22. This is a significant burden on the ARR and indicates the poor planning of power procurement by the Petitioner. The Commission takes serious concerns over the high amount of additional deviation charges and directs the Petitioner to undertake steps for reducing the high burden of DSM charges on the Petitioner and submit a detailed action plan within three months from the issuance of this Tariff Order.<br><br>Also, the Commission has also taken note of the submissions made by the Petitioner regarding difference in Intra-state DSM Regulations vis-à-vis Inter-state DSM Regulations resulting in additional burden to the Petitioner. It has been given to understand by the Petitioner that the issues with regard to the Intra-state DSM Regulations have now been resolved and the Petitioner has incurred very few DSM charges during FY 2022-23. But, the Commission finds very high incidence of the DSM charges in FY 2022-23 as well and that also at a very high rate. The Commission does not agree to the compliance report submitted by the Petitioner.<br><br>The Commission also directs the Petitioner to do proper planning for short term power purchase with load forecasting tools. Otherwise, the Commission shall be constrained not to allow UI power procured | generation & load so as to maintain their actual drawl from the regional grid. The HPSEBL has control over its loads, however, have to depend on generation schedule of the Central Generating Stations. In the real time operation, the Generators are allowed to revise their schedule under the Regulations as many times which affect the actual drawl schedule of the beneficiaries. In such a situation, either power cuts can be imposed to match with revised schedule or power over drawl/under drawl from the grid can opted to meet the demand in real time system operations.<br>The Indian Electricity Grid Code Regulations 2010 & subsequent amendments thereof, under chapter 6 has provided for Scheduling & Despatch Code and para 6.4(6) thereof stipulates that:<br><br>*"The system of each regional entity shall be treated and operated as a notional control area. The algebraic summation of scheduled drawl from ISGS and from contracts through a long – term access, medium -term and short –term open access arrangements shall provide the drawl schedule of each regional entity, and this shall be determined in advance on day-ahead basis. The regional entities shall regulate their generation and/or Consumers' load so as to maintain their actual drawl from the regional grid close to the above schedule. If regional entities deviate from the drawl schedule, within the limit specified by the CERC in UI Regulations as long as such deviations do not cause system parameters to deteriorate beyond permissible limits and/or do not lead to unacceptable line loading, However, such deviations from net drawl schedule shall be priced through the Unscheduled Interchange (UI) mechanism."* | |

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| | at such high rates in the future. | Therefore, over drawl or under drawl 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.<br><br>Based on the aforementioned reasons, it is submitted that that Power purchased by the HPSEBL during the 4th Quarter (January-March 2024) of FY2023-24 has been more than 5% of the approved power purchase by the Commission in the Order dated 31.03.2023 for the HPSEBL ARR of FY2023-24 and Commission is prayed to consider and approve the power purchased by the HPSEBL in excess to 5% of the approved power purchase of the 4th Quarter (January-March 2024) of FY2023-24. It is also submitted that power purchased energy figures in case of Central Generating Stations is based on the provisional Regional Accounts for the months of January-March 2024.<br><br>In view of aforementioned facts & figures, Commission is prayed to consider and approve the deviations of more than 5% in the power purchased during 4th Quarter (January-March 2024). | |
| 28. | **SLDC certified units from own generating stations:**<br><br>The Commission has considered the actual energy units based on the CE (Generation) for FY 2021-22. However, the Petitioner was directed to provide SLDC certified units from own generating power houses from the next True-up onwards. The Commission is not satisfied with the response of the Petitioner. | <br><br>There are only four No's MHEP i.e. 3x100 KW Killar, 2x450 kW Sach, 2x50 kW Sural,2x50 kW Purthi under PVED Killar under (OP) Circle Dalhousie. The above MHEP's are not Grid connected and provide power to Pangi Valley. Due to connectivity issue, the units cannot be certified through SLDC. The detail of power | <br><br>The Petitioner is directed to provide SLDC certified units purchased including from own generating power houses in every Tariff filling. However, in respect of the off grid HEPs, the Petitioner must submit energy reconciliation statement jointly signed by the Generating Station and the |

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<tr><td></td><td>If there is no mechanism existing at the moment, then the same should be devised. The directive was being continued.</td><td>generation by these Micro hydro projects for the FY 2023-24 is tabulated below:<br><br><table><tr><th>Sr. No.</th><th>Name of generating station</th><th>Targets (in MUs)</th><th>Generation (in MUs)</th></tr><tr><td>1</td><td>3x100 KW Killar</td><td>0.52</td><td>0.41</td></tr><tr><td>2</td><td>2x450 kW Sach</td><td>2.11</td><td>1.34</td></tr><tr><td>3</td><td>2x50 kW Sural</td><td>0.36</td><td>0.28</td></tr><tr><td>4</td><td>2x50 kW Purthi</td><td>0.16</td><td>0.15</td></tr><tr><td colspan="2">Total</td><td>3.15</td><td>2.18</td></tr></table></td><td>Petitioner. The directive is being continued.</td></tr>
<tr><td>29.</td><td>Audited numbers for Division-wise break-up:<br><br>It was observed that the Petitioner has not bifurcated the expenses towards S&I and Project Divisions in the True-up for FY 2021-22. Based on the query, the Petitioner has provided break-up of O&M expenses amongst the various Divisions of the Petitioner i.e., Generation, Distribution, S&I and Project. However, it is observed that the same are not audited and has been prepared internally by the finance team of the HPSEBL. The Petitioner is directed to get the Division-wise accounts break-up audited by the Statutory Auditor for the next True-up year.</td><td>In this context, it is submitted that the HPSEBL has provided the breakup of all the expenses parameters for Head office, Distribution, Generation, ES and projects which forms part of the annual report.</td><td>It is observed that the provided breakup of all the expenses parameters for Head office, Distribution, Generation, ES and projects have not been signed by the auditor or any other competent authority.<br><br>Further, in the tariff order dated 15th March 2024, the Commission had directed Petitioner to provide division wise breakup duly audited by the statutory auditors. The relevant extract of the directive is as under:<br><br>"……The Petitioner is directed to get the Division-wise accounts break-up audited by the Statutory Auditor for the next true-up year failing which the Commission shall consider its prudence for allocation of high cost towards such divisions……"</td></tr>
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| | | | The Petitioner is directed to submit required bifurcation as per the directive duly signed by the Statutory auditors. The directive is. being continued. |
| 30. | **Details with respect to R-APDRP Part A and Part B schemes of Govt. of India:**<br><br>The Petitioner is directed to provide information with respect to year-wise amount of interest capitalized in the two Schemes i.e., R-APDRP Part A and R-APDRP Part B under the GFA and the interest credit allowed by the Central Govt. as grants against the two Schemes. The Petitioner is also directed to provide this information along with the Truing up of controllable parameters for the fourth Control Period based on which the Commission shall review and make necessary adjustments to the GFA. | The True-up of Controllable parameters is being submitted with this Petition. | The Commission observed various data gaps and had directed the Petitioner to submit details w.r.t capitalization during the respective True up years. Since, the Petitioner was unable to furnish satisfactory details, the Commission could not conduct the True up of controllable parameters of 4th MYT Control Period. The Petitioner is directed to furnish all the requisite details along with the True up Petition in the next tariff filling.<br>The directive is continued. |
| 31. | **Effective implementation of the Smart Energy Meters in the State:**<br><br>The Commission has noted that there has been planning failure and implementation lapses in implementation of Smart Energy Meter Scheme in the cities of Shimla and Dharamshala. The Petitioner could not reap the full benefit of the Scheme as all the Energy Meters required to be replaced with Smart Meters could not be executed. And, still the Petitioner is incurring the same operational cost which it was doing earlier, on account of the left out Meters. Further, the Petitioner is required to replace all the existing energy meters with Smart Meters under RDSS. In view of the above, the Petitioner is hereby directed to do proper | The directions imparted by Commission are being taken care while implementation of smart meter under RDSS scheme. However, the operational cost cannot be made neutral to the Consumers in view of TOTEX mode. | The Petitioner was directed to demonstrate the cost savings for putting in smart meters during this year tariff Petition filing. It is observed that the Petitioner has not complied with the directive as the Smart meter's implementation has got delayed significantly. The Petitioner is directed to submit a detailed report demonstrating the cost savings by installing in smart meters within three months of issuance of this Order. The directive is continued. |

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| | analysis and planning so as to implement the Scheme in such a way that operational cost on account of Smart Metering gets reduced and becomes cost neutral to the Consumers.<br><br>The Commission is of the firm view that the purpose of putting the smart meters is not only carrying out the demand side measures but also to reduce the operational cost of the Utility. Therefore, the Petitioner is directed to demonstrate the cost savings for putting in smart meters during the next year tariff Petition filing. | | |
| 32. | **Issue of Long-Term Sustainability of HPSEBL:**<br><br>The Commission in its previous Tariff Orders has raised concerns on various issues facing the Petitioner especially the operational efficiency. The Commission now feels that in view of the changing external environment including the proposed amendments in the Electricity Act, 2003, the long-term sustainability of the HPSEBL is in danger especially because of its huge debt and eroded net worth. The UDAY scheme of the GoI has restructured around 75% of the debt of the HPSEBL by issuance of Bonds of the same value by the GoHP. This debt of the HPSEBL was supposed to be taken over by the GoHP in the shape of grant and equity as per the terms of Tripartite Agreement executed between the HPSEBL, the GoHP and the GoI. But the same has not happened till date. This has adverse impact on the balance sheet of the Company.<br><br>The Commission vide its letter No. HPERC/F | The matter regarding conversion of loan to Grant and Equity is being continuously followed up with the HP Govt. | Action as per the directive is yet to be taken, please ensure compliance and submit report within six months of issuance of this Order.<br>The directive is continued. |

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| | (1)-53/2023-3162-64 dated 15.02.2023 has issued advisory to the GoHP addressing various issues facing the Petitioner so as to cut down its operational cost and make it financially viable and sustainable. The Commission believes that the GoHP will take adequate steps in this direction as suggested by the Commission.<br><br>The Commission has time and again pointed out regarding huge employee cost of the HPSEBL which is eating out the benefit of its overall low power purchase cost when compared to the other States. Besides Distribution Business, the HPSEBL is also having Generation assets, the HV/EHV assets and it also venture into execution of the new power projects. HPSEBL is a Distribution Licensee, therefore, it should focus on this aspect of the business only. The Commission is of the view that the other businesses which HPSEBL is undertaking at the present be shifted to the concerned agencies/ companies. The generating power stations including the under-construction projects be transferred to the HPPCL and similarly, the transmission assets of HV/EHV be transferred to the HPPTCL along with the employees and the associated liabilities. This decision, if taken, would reduce operational and employee cost of HPSEBL significantly.<br>The Petitioner is not expected to give generalized statement rather it must demonstrate quantitatively with the facts and figures about the measures being taken in this regard. The directive is being continued. | | |
| 33. | **Roadmap for reduction of Employee costs:** | | |

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<tr><td></td><td>The Commission in its previous Tariff Orders have identified some of the offices/units of the Petitioner that have become redundant in view of the technological advancements and/or the services of which can be easily outsourced. But, no action in this regard has been taken by the Petitioner. Therefore, the Commission decides that from FY 2023-24 onwards, the part of the cost of the offices/units namely, Design, PLCC, M&T, P&T, S&I, etc. shall not be allowed in the ARR. The Petitioner is directed to record of the cost of these units/offices separately in its Accounts and proper justification for these offices/units be furnished to the Commission. The Commission shall allow the cost after doing proper prudence check in respect of these units/offices from FY 2023-24 onwards. Further, the Commission directs the Petitioner to submit a road map for reduction in employee cost within one month of issuance of this Order i.e., by 30th April, 2023, as agreed by the Petitioner in the meeting held on 27th March, 2023.</td><td>The restructuring of the HPSEBL is a continuous process and the management is committed to bring down the high employee cost and the concrete steps in this regard are being taken in a phased manner. The details of reduction of Employee cost are as under: -<br><br>1) Disbanded the 2 No Design Circles and One Construction Circle including Divisions/ Subdivisions wherein 286 posts of various categories have been abolished on 30.08.2023.<br>2) 51 No posts of various categories have been abolished on 16.10.2024<br>3) Surplus 81 No drivers working outsource basis has been disengaged on 18.10.2024 by serving notice on MD, HP. State Electronics Development Corporation.<br>4) In third phase the proposal for closing offices naming PLCC, M&T and P&T etc. stands submitted to competent authority.<br>5) Outsourcing the power house up to 5 MW is under process for which tenders have already been invited.<br>6) The impact of per unit cost in respect of Electrical System Wing is being studied and the rationalization of cadres of employees in various organization (HPSEBL, HPPTCL, HPPCL) is being examined.</td><td>The directive is merged with directive no. 10.</td></tr>
<tr><td>34.</td><td>High T&D losses:<br><br>The Petitioner informed the Commission that the loss in Solan Circle at present is in the range of 4-5% and the same in Nahan Circle it is around 7%. The Commission directs the Petitioner to ensure that the T&D losses of Solan circle should be around 3% or less.</td><td><table><tr><td colspan="2">Circle wise T&D Losses for FY 2024-25 (upto Sept.-2024) Without Transmission Factor (Tentative)</td></tr><tr><th>Name of Op. Circle</th><th>% T&D Losses</th></tr><tr><td>Shimla</td><td>3.48</td></tr><tr><td>Rampur</td><td>10.27</td></tr></table></td><td>The directive is merged with directive no. 14.</td></tr>
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<tr><td></td><td>Further, the Commission directs the Petitioner upon capping of T&D losses at Circle level at 20% having losses more than 20% from the next control period.</td><td><table>
<tr><td>Rohru</td><td>24.42</td></tr>
<tr><td>Solan</td><td>5.49</td></tr>
<tr><td>Nahan</td><td>8.13</td></tr>
<tr><td>Hamirpur</td><td>11.23</td></tr>
<tr><td>Bilaspur</td><td>9.13</td></tr>
<tr><td>Mandi</td><td>10.7</td></tr>
<tr><td>Kullu</td><td>12.5</td></tr>
<tr><td>Una</td><td>8.24</td></tr>
<tr><td>Kangra</td><td>12.61</td></tr>
<tr><td>Dalhousie</td><td>18.88</td></tr>
<tr><td>Total with in circles</td><td>8.43</td></tr>
</table></td><td></td></tr>
<tr><td>35.</td><td>Subsidy Payments through Direct Benefits Transfer:<br><br>The HPSEBL informed that the GoHP has proposed to provide subsidy to Domestic and Agriculture Sector Consumers only during FY2023-24 and it should not increase from the last year's level. The payment of subsidy shall be made through Direct Benefits Transfer (DBT) mode. For implementation of this facility, AADHAR Number of electricity Consumers needs to be maintained in Data Base of the HPSEBL. It was informed that this process shall require 5-6 months for implementation. Also, the HPSEBL informed that the 20 Paisa per unit subsidy given in FY 2022-23 has been withdrawn by the GoHP and moreover, now the subsidy has to be given to only one connection through DBT. The clarification on subsidies on Fixed Charges was, however, not received from the</td><td>The DBT benefit is in the purview of HP Govt.</td><td>The Petitioner is directed to peruse the matter with GoHP as per the Section 65 of the Electricity Act, 2003, payment of subsidy has to be made by the Government in advance.<br><br>The directive is continued.</td></tr>
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| | GoHP.<br>The Commission directs the Petitioner to take matter with GoHP for further clarification on the aforementioned points and the same should be updated/submitted to the Commission accordingly. | | |
| 36. | **Status of UDAY Scheme with respect to conversion of government loan into grant and equity as per the tripartite agreement:**<br><br>The HPSEBL informed that the matter of the conversion of UDAY loan of Rs. 2890.50 Cr into grant and equity is still under consideration of the State Government and latest communication in this respect has been made on 22nd March, 2023. In this regard, the Petitioner is directed to take up the matter with GoHP strongly as the Commission will not allow anything related to UDAY loans except for the provisions as provided in the tripartite agreement between the GoI, the GoHP and the HPSEBL and submit the progress report by 30th June, 2024 positively. | The matter regarding conversion of loan to Grant and Equity is being continuously followed up with HP Govt. | As also discussed during the Management Meeting, the Petitioner is directed to peruse the matter with GoHP. The directive is continued. |
| 37. | **Utilization of Hamirpur Transmission Bays:**<br><br>Regarding non-utilization of two number of bays by the HPSEBL at Hamirpur Sub-Station of the PGCIL, the Transmission charges for these bays amounting to Rs.68 Lakh/ Annum is being charged from the HPSEBL through bilateral billing till utilisation of these bays by the HPSEBL as per the CERC Orders and thereafter these charges will be recovered through PoC mechanism. It has been conveyed by the HPSEBL that there were 6 | The matter is being taken up with Competent Authority for inclusion of the asset under POC mechanism. | The Petitioner is directed to peruse the matter with Competent Authority. Status report be submitted to the Commission within three months.<br><br>The directive is continued. |

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| | Nos 220 KV bay at 400/220 PGCIL Sub-Station, Chowki- Kankiri at Hamirpur, out of which 4 Nos bays have been utilized for LILO of 220 KV D/C Jalandher-Mattansidh Transmission Line (The 2 Nos bays towards Jalandher and 2 Nos bays towards Mattansidh end). The remaining 2 No bays have been constructed but not utilized in any Sub-Station of the HPSEBL. The HPSEBL has requested the HPPTCL for surrendering these bays. In this regard, the Petitioner is directed to move an application before CERC for early disposal of the matter and submit the progress report in this regard by 30th June, 2024, positively. | | |
| 38. | **Power Procurement Planning:**<br><br>The Petition does not contain any concrete plan for the power procurement. This shows poor management and the lack of planning on the part of the HPSEBL. The Commission has taken a serious note of the lack of seriousness displayed by the Petitioner on this aspect. The Petitioner has projected ~1500 MUs of power to be procured from the short-term sources which would have a significant impact on the ARR, average cost of supply per unit and overall sustainability of the HPSEBL. The Commission, therefore, directs the Petitioner to undertake visible steps and prepare a detail power procurement plan with regard to the demand and source-wise power availability for future years. The source-wise options for meeting the demand-supply gap are required to be taken to bridge the gap of demand and supply to provide affordable power for the Consumers in the State. | The Petitioner has submitted that the power availability anticipations from all the firm sources in terms of PPAs for the ensuing financial year are prepared by the HPSEBL from the November-December onwards of the current year. The power supply demand of the State is anticipated based on the current demand pattern, past experiences & anticipated major loads additions in the ensuing year. The HPSEBL ensures to provide 24x7 basis power supply to the Consumers in the State. There is no power cut imposed on account of power shortages in the State for the last few years. Based on the anticipated power supply position vs anticipated demand of the State, the arrangement for disposal of summer surplus power outside the State are made on merit basis & winter deficits is managed with combination of banking and bilateral purchases. Despite all these arrangements, day ahead scheduling of power by the HPSEBL is subject variations with the | It is observed that despite doing Banking of Power, the Petitioner is relying on huge quantum of Short-Term Power Purchases. Also, the Petitioner is incurred huge cost in DSM. The Petitioner in FY 2022-23 had paid additional deviation charges and sustained deviation charges, along with DSM, as well. This shows poor power purchase planning by the HPSEBL. The Commission has time and again pointed out to use tools and techniques for scheduling and forecasting. The Commission directs the Petitioner to reduce its reliance on short-term power and efficiently sell surplus power and purchase during deficit. The Petitioner is also directed to conduct a power purchase study and submit the report to the Commission within six months of issuance of this Order.<br>The direction is being continued. |

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| | The Power procurement is a major cost in the ARR of the HPSEBL. This year the HPSEBL has procured short term power through Power Exchanges at very high rates. The Commission directs the HPSEBL to plan the power procurement well in advance in a judicious manner on long term basis failing which the Commission shall not pass through any inefficient costs on the Consumers of the State. | day ahead schedule of the generators having PPA with the HPSEBL. The generators are allowed to revise their schedule on number of times in a day without restrictions. These fluctuations in day ahead schedule & intra-day schedule by the generators are balanced out in terms of power procurement to meet deficits from power exchanges or selling surplus power on the power exchanges on day ahead basis or real time basis. The daily power supply availability vs demand schedule is prepared one day in advance in terms of the Grid Code and if any shortfall is anticipated on day ahead basis in the scheduled power supply availability with respect to the scheduled demand of the State, power procurement from the Power Exchanges (IEX/PXIL) on merit order basis is resorted. | |
| 39. | **Procurement of Renewable Power:**<br><br>The Commission vide several communications, has impressed upon the HPSEBL to undertake procurement of Renewable power through competitive bidding from all renewable energy sources (excluding Small Hydro and Waste-to-Energy sources) capacities >5 MW as per Government of India guidelines, however, no visible action has been taken. Any deviation in this regard shall be viewed seriously and shall not be pass through in the tariff. The Commission also directs the Petitioner to manage long term RE power from different sources to take advantage of rebate available for RE power under existing GNA. | The directive is being followed. | The Commission has observed that recently HPSEBL has approached the Commission for approval of Power Purchase Agreements (PPAs) for procurement of power from Solar Power Projects above 5 MW capacity as well, which is in violation with the directions by the Commission as well as the Government of India guidelines.<br>Hence, the directive is being continued. |
| 40. | **Short-term Power procurement:**<br><br>It has been seen that due to poor planning, | **Reasons for short term Procurement: -**<br><br>**a. Significant Increase in Demand of the** | |

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| | the Petitioner has resorted to short-term power procurement resulting in payment of very high-Power Purchase cost. Though in case of exigencies, the Petitioner has to buy the power on short term basis yet but the rate of procurement of such power should not be more than the weighted average rate of power sale of the surplus power by the Petitioner undertaken for the previous year or the weighted average rate of the Day Ahead Market at the platform of Power Exchanges for the last one year whichever is lowest. The Commission therefore directs that in future such procurement shall be made with prior approval of the Commission with atleast ten days intimation to the Commission in advance. | **State:**<br>It is observed that demand of the State has been increasing at faster rate than estimated earlier. Net demand of the State has exceeded the net availability of the State. The HPSEBL floated tenders for short term power purchase as required as per its anticipated power supply position, however the rate received were in range of Rs.6.93/unit to Rs. 11.14/unit. These tenders were cancelled after approval of WTDs. Further demand was met by purchasing power through LDC at IEX portal.<br><br>**b. Lesser Hydro generation:**<br>The Hydro generation in the State / Northern Region dipped in winter months and further outage of Larji HPS also caused heavy Generation loss to the HPSEBL. This has resulted in contingent purchase from the market from Power Exchanges.<br><br>**c. Non-Commissioning of Waste to Energy Plants:**<br>The Municipal Solid Waste to Energy projects have not been commissioned against the anticipations made for power procurement plan. The total of 6.17 MU was planned during 3rd quarter (Oct.2023-Dec.2023) from these projects, however, due to non-commissioning of Waste to Energy plants, the equivalent power from other sources has been procured.<br><br>**d. No Power from Buyback projects:**<br>It was anticipated that SOR share surrendered in five nos. of Hydro projects would be returned back to the HPSEBL, however it was intimated by MoP, GoI that this share can only be returned to HP after completion of 5 years | Short-term power procurement be minimised and should be resorted to only in case of emergent needs. Action be taken to ensure long term power procurement as per the energy requirement of the State. |

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| | | from date of surrender i.e. November, 2024. | |
| 41. | **Non allocation of the GoHP Free Power to the HPSEBL:**<br><br>The Commission observed out that on account of the conflict of interest at the Top management level in the HPSEBL and the DoE, the interest of the HPSEBL has received the least priority which has also not only adversely affected the rights of the Consumers but has greatly impacted the financial health of the HPSEBL. The Commission is of the opinion that cost of free power is already paid for by the Consumers of the State as the tariff calculation by the Commission to a hydro generator is after excluding the free power component so that the generator is not adversely affected. However, despite all this, the Management of the HPSEBL has not been able to persuade the Govt. of HP that the Consumer of the State have the first right on the free power. No provision of allocation of free power to the HPSEBL has been made in the Petition. Infact, the Commission does not find any logic depriving the Consumers of the State from this power inspite of the fact that they are paying for it twice. Thus, the Commission hereby directs the HPSEBL to take up this issue strongly with the GoHP that the HPSEBL/Consumers of the State have the first right on this power since they have already paid for this free power at the time of determination of the tariff by the Commission. | The HPSEBL has taken up the matter with HP Govt. However, it is the mandate of HP Govt. for disposal of the power. | The Petitioner is directed to peruse the matter with GoHP. The directive is continued. |
| 42. | **Manpower Planning, Reorganization and Recruitment of Regular & Outsourced** | **Measures taken for reduction of Employees Cost:** | |

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| | **Employees:**<br><br>Employee cost of the HPSEBL is exorbitantly high and infact one of the highest in the Country. The Commission has been issuing directions to the HPSEBL time and again in this regard to reduce this cost through technological interventions. But no concrete actions have been taken by the Petitioner on this issue. Seeing that the Petitioner has turn a deaf ear to the directives of the Commission given in the past which has resulted in increase in employee cost in absolute term, the Commission hereby directs the Petitioner that any new recruitment and upgradation of posts by the Petitioner shall not be done. Besides, the Commission directs to the Petitioner that there should be no creation of any new Units/ Administrative Establishments. In case of utmost necessity prior approval from the Commission shall be sought by submitting detailed justification with reference to requirement and mitigation of increased cost to the Consumers. This should be strictly adhered to failing which the Commission shall not allow any cost on this account in the ARR of the Petitioner and may initiate suitable action as per the provisions of the Electricity Act, 2003 and /or the relevant Regulations of the Commission. However, the Petitioner can outsource the activities/ functions based upon its requirements to the agencies. There should not be any manpower recruitment on outsource basis and only activity(ies) will be outsourced.<br><br>The Commission directs the Petitioner to | The restructuring of the HPSEBL is a continuous process and the management is committed to bring down the high employee cost and the concrete steps in this regard are being taken in a phased manner. The details of reduction of Employee cost have been received from ED(Pers.). The details are as under:-<br><br>1) Disbanded the 2 No Design Circles and One Construction Circle including Divisions/ Subdivisions wherein 286 posts of various categories have been abolished on 30.08.2023.<br><br>2) 51 No posts of various categories have been abolished on 16.10.2024.<br><br>3) Surplus 81 No drivers working outsource basis has been disengaged on 18.10.2024 by serving notice on MD, HP. State Electronics Development Corporation.<br><br>4) In third phase the proposal for closing offices naming PLCC, M&T and P&T etc. stands submitted to competent authority.<br><br>5) Outsourcing the powerhouse up to 5 MW is under process for which tenders have already been invited.<br><br>6) The impact of per unit cost in respect of Electrical System Wing is being studied and the rationalization of cadres of employees in various organization (HPSEBL, HPPTCL, HPPCL) is being examined. | The directive is merged with directive no. 10. |

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| | undertake a detailed assessment of its manpower requirements in its various departments and limit the workforce in the dying departments so as to better utilize its existing manpower in other areas of necessity. The detailed report in this regard be submitted to the Commission by 30th June, 2024 positively. | | |
| 43. | **Load Forecasting and Network Planning:** The Commission directs the Petitioner to undertake Load flow study of the distribution network and its expansion based on the results. The Petitioner also needs to adopt scientific approach for Load Forecasting in the State. | The reply shall be submitted separately. | The Petitioner is directed to submit the compliance report within three months of issuance of this Order. |
| 44. | **GoHP Subsidy:**<br><br>The Commission Orders that the GoHP tariff subsidy amount as promised shall be paid in advance to the HPSEBL as per the provisions of Section 65 of the Electricity Act, 2003 and Ministry of Power Notification dated 26.07.2023 and the same should be reconciled after every quarter. The HPSEBL is directed to submit the quarterly report regarding the payment of subsidy as well as the outstanding amount, if any, within 30 days from the end date of quarter. Further, in case the State Government fails to pay the subsidy, as per the provisions of Section 65 of the Act and MOP, GoI notification dated 26.07.2023, the subsidized Tariffs shall stand reverted back to the original Tariff, as approved by the Commission in this Tariff Order. The Commission would like to highlight that as the Petitioner have already participated in the RDSS scheme, the Petitioner would have to compulsory raise | Latest status of subsidy as received from HP Govt. has been submitted to the Commission vide letter dated 12.11.2024. | The compliance is noted. The Petitioner is further directed to submit quarterly details of the subsidy as required under the Electricity Act, 2003 and the GoI Rules in this regard. |

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| | the quarterly subsidy bills in advance and the GoHP would have to pay the subsidy amount, so as to pre-qualify for the RDSS scheme. | | |
| 45. | The Petitioner has proposed large amount of CAPEX under EHV/HV schemes for the 5th Control Period. The Commission has already directed the Petitioner not to undertake any new works above 66 kV. However, the Commission has considered some of these works under RDSS so as to avail the benefit of the grant of the GoI. The Commission reiterates its earlier stand and directs the Petitioner that in case of non approval of these worked under RDSS, the same shall be got executed from the HPPTCL. Further, the Commission has allowed the spillover works of the 4th control period to the 5th control period provisionally. The Commission understands that the Petitioner has already taken the required regulatory approvals for the same. The required prudence check and due diligence shall be taken up at the time of the Truing up<br><br>The Commission directs the Petitioner to submit necessary division-wise / circle-wise details (including DPRs, cost estimates, purpose of investment, tentative completion dates, funding, etc.) of the works proposed to be undertaken each year along with APR Petition for the respective year as per the provisions of the HPERC MYT Distribution Regulations, 2023.<br><br>With regard to EHV & HV works, the Commission directs the Petitioner to submit necessary details (DPRs, cost estimates, purpose of investment, approvals, date of | The Petitioner has not submitted any reply. | The Petitioner is directed to submit the compliance report within one month of issuance of this Order. |

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| | award, completion schedule, etc.) of all spillover works and new works by 30th June, 2024, positively. | | |
| 46. | **Modernization works under RDSS:**<br><br>The Petitioner is directed to put in its best efforts for getting the works related to System Improvement, System Augmentation and Renovation & Modernization to be covered under RDSS modernisation works. The effort put in by the Petitioner be demonstrated to the Commission during the next year's tariff filings. In case these works are not approved under RDSS, the works above 66 kV shall be executed by the HPPTCL. | The scheme is under finalisation. | The submission of the Petitioner is not satisfactory. The Petitioner should ensure maximum utilization of available grants. Efficient execution of RDSS works has been critical to the modernization of the distribution network of the HPSEBL. The Commission has made it amply clear that any grant converted to loan due to the HPSEBL's inefficiency shall not be passed through in the tariff. |
| 47. | **Demonstration of savings on account of Smart metering:**<br><br>Further, with regard to the high A&G charges, The Commission is of firm view that the hike in A&G Charges, as projected are on account of installation of Smart Meters as it has operational expenditure component attached to it as per the provisions of the RDSS scheme. The Commission, therefore, is of the view that with the installation of Smart Meters there should be significant savings in the employee cost. Sadly, due to the poor planning by the HPSEBL, benefits of Smart Metering have not been achieved. Benefits on account of installation of the smart meters are supposed to be much higher compared to the per month cost to be paid for their installation. The Commission, therefore, directs the Petitioner that it should demonstrate the notional savings on this account while filing the tariff Petition for the | In respect to HPERC's directives mentioned against Point no. 2 (Demonstration of savings on account of Smart Metering) of the aforementioned letter dated 04.04.2024, it is intimated that the HPSEBL is implementing the smart metering under Revamped Distribution Sector Scheme (RDSS) as per the Ministry of Power, Govt. of India guidelines. However, as desired, it is submitted that post-implementation of Smart Metering infrastructure over the entire 28 lakhs of Consumer base of the HPSEBL (as per the published RFP for the Smart Metering Works), the likely direct and indirect savings are attached at **Annexure-I** and the some of the points are listed as below: -<br>**I. The Direct/Tangible benefits:**<br>i. Saving from the Meter reading and bill distribution works. | The Petitioner was directed to demonstrate the cost savings for putting in smart meters during the tariff Petition filing. It is observed that the Petitioner has not complied with the directive as the smart meters implementation in the State has been delayed significantly. The Petitioner is directed to submit a detailed report demonstrating the cost savings for putting in smart meters during the next tariff filings. The directive is being continued. |

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| | next financial year failing which the Commission shall be constrained to disallow this cost which will not be passed through to the Consumers of the State. Discom has to keep in mind that technological interventions has to have commensurate benefits rather than passing on the burden of the additional cost to the Consumers of the State. The Commission stand on this issue is very clear that no additional burden will be passed through in the tariff. The Commission further directs the Petitioner to roll out smart meter project to fulfill the requirements of MOP, GoI notification dated 14.06.2023. | ii. Saving from bill printing and other stationary expenses.<br>iii. Saving from Revenue Realization expenses.<br>iv. Saving from Disconnection / Reconnection expenses.<br>v. Saving for upfront working capital.<br>vi. Etc.<br><br>**II. The Indirect/Intangible benefits:**<br>i. Effective and accurate account of energy transactions across the distribution system.<br>ii. Simplify consumption analysis and theft detection.<br>iii. Bill related disputes / bill correction requirements expected to be minimized.<br>iv. Transparency in billing which will improve the data accuracy and efficiency.<br>v. Operational Efficiency can be improved.<br>vi. Benefits by using the time-of-use pricing.<br>vii. Better Load and demand forecasting.<br>viii. Etc.<br><br>Further, it is submitted that that to draw the actual benefits of the Smart metering works under RDSS, the process/changes are to be adopted as per report attached **Annexure-II**, some of which points are briefed as below: -<br><br>**A. Preparedness: -**<br>i. Prepaid Business logics finalization.<br>ii. Old Non-Smart Meters handling, | |

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| | | storage and management policy.<br>iii. Feeder wise and DT wise energy auditing and loss reports<br>iv. Incorporation of Changes in the Regulatory frameworks e.g. Supply code and other internal regulatory processes.<br>v. Etc.<br>**B. During Implementation:**<br>i. Consumer awareness towards post-paid to prepaid billing migration and Policy for managing existing arrears during migration from post-paid to prepaid billing, etc.<br>ii. Etc.<br>**C. Post implementation:**<br>i. Field workforce optimization plan including Meter Reading, Bill distribution, Revenue collection centres and fuse call centres etc.<br>ii. Meter Disconnection / Reconnection and Meter sealing policy.<br>iii. Consumer Complaint redressal mechanism.<br>iv. Development of various standard MIS for reporting purpose.<br><br>Therefore, in view of above, it is requested that:<br><br>i. The Hon'ble HPERC may be intimated that the HPSEBL is implementing the smart metering as per the Ministry of Power, Govt. of India guidelines under Revamped Distribution Sector Scheme (RDSS). However, the likely direct and indirect benefits as mentioned at **Annexure-I** may be intimated. | |

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| | | ii. II. Necessary action may be initiated to incorporate necessary changes in the Regulation/ supply code/ HPSEBL's manuals so that these Regulations/ manuals/ Code are in line with the AMI system to draw the benefits. | |
| 48. | **Separate Accounts for different Business Units with proper allocation of the common costs along with segregation of Wheeling and Retail Supply Business:**<br><br>The Petitioner is directed that it should ensure that separate Accounts for each of its Business Units are prepared with effect from 1st April, 2024.The Petitioner is also directed to maintain separate accounts into Wheeling Business and Retail Supply as per the Regulation 6 of the HPERC MYT Regulations, 2023. | In this regard, it is submitted that the HPSEB Ltd., is maintain separate accounts for each Business unit and is also preparing the segment wise Balance Sheet and P&L Account from 2011-12 onwards. The company is preparing its books accounts in the SAP (ERP) so there is no requirement of maintaining a separate account head for each business unit as the transactions of each business unit can be easily identified in the SAP with the help of individual Profit Centre/Cost Centre. Further, the HPSEBL is regularly submitting the detailed bifurcation of each expenses parameter into Distribution, Generation, Electrical System and PCA Wing.<br>The issue of allocation of Common cost is being faced which is being examined | The Petitioner is directed to submit detailed accounts for each business segregate accounts of the licensed business into wheeling business and retail supply business, in the next Tariff Filling. Additionally, the status of steps being taken in this regard be intimated to the Commission by 30th June 2025.<br>The directive is continued. |
| 49. | **Reliability and Quality of Power Supply indices:**<br><br>In view of the non-submission of proper data, the Commission directs the Petitioner to submit the requisite data along with methodology adopted to compute parameters such as SAIDI, SAIDI, CAIFI and CAIDI, wheeling and supply availability etc. | The report up to 2nd Quarter has already been submitted to the Commission. | The compliance is noted. The Petitioner is further directed to submit the report for each quarter starting from 1st April, 2025. |

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| | from next year tariff filing onwards. In case of non-submission of such data, the Commission shall take strict action under the provisions of the Electricity Act, 2003. | | |
| 50. | **Separate Account code for IT related expenses:**<br><br>The Commission directs the Petitioner to create separate account heads for AMC of hardware, FMS and ATS Charges to record expenditure incurred on maintenance of IT cell from FY 2024-25 onwards. Also, the Petitioner is required to submit the name of the contractor, award value, copy of LOA, timelines, classification of expense (i.e. ATS/AMC/FMS/any other) along with the True-Up Petition for each year going forward. | Separate Account code for IT related expenses are being done. | The compliance details submitted by the Petitioner is not satisfactory. The Petitioner is directed to submit the compliance report within 3 months of issuance of this Order. In addition, the Petitioner is also directed to provide cost benefit analysis of the IT related projects implemented by the Petitioner in last 5 years. |
| 51. | **Online tendering process for all works above rupees fifty thousand:**<br><br>The Commission vide letters dated 07.12.2022 and 31.12.2022 respectively issued directions to the HPSEBL for carrying out Engineering, Procurement and Construction works valuing more than fifty thousand rupees (Rs. 50,000/-) through e-tendering process and implement e-reverse bidding for procurement and works valuing more than one crore in order to increase fairness and transparency in the system. In view of the above directions, the HPSEBL effected the amendments in Delegation of Financial Power (DoFP) vide office order dated 30.12.2022 and the Commission was informed of the same vide office letter No. HPSEBL/CE-(Comm.)/ SERC-11/ 2022-23-13934-37 dated 31.12.2022. | The matter is under consideration by Hon'ble APTEL. | The reply of the Petitioner is vague and inadequate. It is observed that the directions of the Commission are not being followed in the true spirit. Further, it has come to the observation of the Commission that even limited tenders are being invited by the Petitioner despite clear directions for open-tendering. The Petitioner is further directed to implement E-reverse bidding for carrying out Engineering, Procurement and Construction works valuing more than Rs. 15 lakh in order to increase fairness and transparency in the system. A culture of cost saving is required to be inculcated in the HPSEBL for e-reverse bidding. The HPSEBL is also required to sensitize it employees regarding E-reverse bidding. |

| No. | Directives issued in the Business Plan and MYT Order for 5th Control Period dated 15th March, 2024 | Status of Compliance submitted by the Petitioner | Commission's Remark |
|---|---|---|---|
| | Subsequently, the Himachal Pradesh State Electricity Board Limited filed an application for revisiting the directions issued by the Commission vide letters dated 07.12.2022 and 31.12.2022 which was registered as Miscellaneous Petition No. 35 of 2023 by the Commission and decided on 11.07.2023 observing that, the directions issued by the Commission do not operate as hardship there was no justification or reasons to revisit the same. However, in order to cater to the exigencies and emergencies, the HPSEBL was allowed to get the emergent work of restoration, Repairs and Maintenance (R&M) Works, Operation and Maintenance (O&M) Works, Work Orders and other Engineering, Procurement & Construction works valuing not more than Rs. 2 lakhs through offline mode, only in emergent conditions like natural disasters due to rains, floods, heavy snowfall and earthquake etc., on reasons to be recorded in writing, with the prior written approval of the Chief Engineer concerned under intimation to the concerned Director of the HPSEBL. It was made clear that the routine exigencies occurring almost every year during rainy/winter seasons shall not be construed as emergent conditions, as mentioned above, and for such exigencies, the HPSEBL shall make planning in advance by identifying the quantum of such works for which e-tenders be floated in advance.<br><br>Thereafter, a Review Petition No. 45/2023 was filed for reviewing order dated 11.07.2023 which was dismissed vide Order dated 16.02.2024 | | The Petitioner is directed furnish quarterly compliance report as directed by the Commission from 1.4.2025. |

| No. | Directives issued in the Business Plan and MYT Order for 5th Control Period dated 15th March, 2024 | Status of Compliance submitted by the Petitioner | Commission's Remark |
|---|---|---|---|
| | Now, it has come to the notice of commission that the HPSEBL in gross violation of directions of the Commission dated 07.12.2022 and 31.12.2022 and Orders dated 11.07.2023 and 16.02.2024 in Miscellaneous Petition No. 35 of 2023 and Review Petition No. 45 of 2023, respectively, has amended the DOFP vide order No HPSEBL/DOP/2024-78833-50 dated 02.03.2024 wherein threshold limit of Rs. 50,000/- has been increased to Rs. 5,00,000/- in line with HPPWD. Commission has already considered this aspect and made it clear in Order dated 11.07.2023 that the threshold limits of 5 lakh fixed by the I&PH and the Public Works departments has no bearing and applicability for the HPSEBL as the HPSEBL is a regulated entity under the Electricity Act, 2003, whereas, the I&PH and PWD are the Government Departments. Certainly, whatever yardsticks are existing in the government system, the same cannot be made ipso facto applicable to the HPSEBL, being a regulated entity.<br><br>Therefore, the HPSEBL is directed that the directions dated 07.12.2022 and 31.12.2022 and order dated 11.07.2023 in Miscellaneous Petition No. 35 of 2023 be adhered to in letter and spirit. It is made clear that in case any such order in violation of the above directions dated 07.12.2022, 31.12.2022 and Order dated 11.07.2023 in Miscellaneous Petition No. 35 of 2023 is issued and work awarded, the amount over and above Rs.50,000/-, shall not be a pass through in ARR and responsibility of the erring official shall be fixed under the provisions of | | |

| No. | Directives issued in the Business Plan and MYT Order for 5th Control Period dated 15th March, 2024 | Status of Compliance submitted by the Petitioner | Commission's Remark |
|---|---|---|---|
| | electricity Act 2003. Further, the HPSEBL shall submit quarterly report to the commission in respect of all such works valuing more than Rs 50,000/- through open tender. | | |
| 52. | **Loading of the Distribution Transformers beyond 75% capacity:**<br><br>The Commission has noticed that the Distribution Transformers (DTRs) as old as 50 years are still being installed especially in the rural areas and that also with the full loading capacity. The Commission directs the Petitioner that it should identify all such DTRs to be replaced under the RDSS scheme. However, in case the provisions cannot be made under RDSS now, the Petitioner should make a separate scheme justifying it with the relevant provisions of the HPERC Regulations. | The scheme for modernisation is being prepared to cater to the overloading of system. | This is serious issue. The Petitioner has failed to take timely action for their replacement. The Petitioner is directed to submit a status compliance report within three months of issuance of this Order. |

## 14.2 New Directives

### General

14.2.1 The Petitioner must upload the Petition filed before the Commission on their website, along with all regulatory filings, relevant information, particulars, and supporting documents. These documents should be digitally signed and available in searchable PDF formats, along with Excel files, in compliance with the Regulations and Commission Orders.

14.2.2 There are multiple emerging opportunities for Licensee to increase the non-tariff revenue, particularly by collaborating with broadband and 5G telecom companies for the installation of their equipment on electric poles and other infrastructure owned by the Licensees. The Licensee is required to develop such mechanism and submit a business plan for Commission approval.

14.2.3 The Petitioner is directed to provide regular updates on the status of all complaints that remain unresolved for more than three months, along with justifications for any delays.

14.2.4 The Commission in the Management Meeting highlighted that the HPSEBL was ranked 60$^{th}$ out of 66 Discoms in Consumer Service Rating of DISCOMs (CSRD) for FY2023-24 by Ministry of Power, GoI. The major deduction in marks as highlighted by the HPSEBL was on account of operational reliability, Metering, Billing and Collection. The Petitioner is directed to take appropriate measures for the improvement of CSRD. The Petitioner is further directed to submit a compliance report of action taken in this regard every quarter starting from 1$^{st}$ April 2025.

14.2.5 The Petitioner is directed to promptly and effectively implement auto-compensation and establish the internal inquiry mechanism separately on its own. The Petitioner is further directed to submit a compliance report within 3 months of issuance of this Order.

14.2.6 The Commission directs the Petitioner to undertake a comprehensive load research study and submit a ToD structure revision proposal to meet the requirement of the provisions of the MoP’s Electricity (Rights of Consumers) Amendment Rules, 2023, along with its next tariff filings.

14.2.7 The Commission directs the Petitioner to assess the feasibility of implementing the OTP based closure of consumer complaints submitted on the Helpline Number and submit an action plan to the Commission within next 3 months.

### Metering at interconnection points with HPPTCL

14.2.8 Metering at interconnection points with HPPTCL is still not in place despite of several directives. Technical losses segregation with the HPPTCL is required for transparency and better accounting. The Petitioner is directed to submit action plan for 100% metering at interconnection points with HPPTCL within 3 months of issuance of this Order.

14.2.9 The HPSEBL is directed to ensure 100% Distribution Transformer metering.

### Fixed Asset Register

14.2.10 If the opening balances in the audited accounts differ from the closing balances of the prior year's audited accounts, it indicates an inconsistency that requires explanation. This mismatch could result from various factors, such as adjustments made due to errors identified post-audit, changes in accounting policies, reclassifications, or the impact of prior-period adjustments. Going forward, documenting the reasons for such discrepancies within the audited accounts ensures transparency, accountability, and compliance with auditing standards. The HPSEBL is directed to record the reasons for these discrepancies as part of the Audited Accounts from now on.

**Accounts Related**

14.2.11 The Petitioner is directed to ensure that billing determinants (such as the number of Consumers, connected load, and sales) and actual revenue collected, categorized by Consumer category/sub-category, are included in the Audited Accounts as an Annexure.

14.2.12 The Petitioner is directed to ensure that records of actual power purchased (MUs), ex-bus energy delivered at the Discom periphery (MUs), and inter- and intra-state power purchases (MUs), including inter- and intra-state losses, are incorporated into the Audited Accounts as an Annexure.

14.2.13 The Petitioner is directed to categorize revenue under different heads, distinguishing revenue from operations (such as the sale of energy to Consumers) from wheeling charges, CSS, and other charges approved by the Commission. These should be reported separately in audited accounts and ARR/Tariff Petitions.

14.2.14 The Petitioner is instructed to present the expenses related to its failure to adhere to the Standard of Performance (SOP) as per the Regulations and the expenses related to implementation of CGRF orders/judgements separately in the Audited Accounts.

14.2.15 The Petitioner is directed to provide detailed monthly records of energy managed through net metering, including energy banked, adjusted, and settled at the end of the financial year. The Petitioner must also report how this is reflected in financial statements and regulatory submissions annually, along with ARR/Tariff filings.

14.2.16 The Petitioner is directed to submit the division wise / category wise details of actual bad debts written off till date within 2 months of the date of Order.

14.2.17 The Petitioner is directed to reconcile the salary of outsourced employees booked under R&M expenses and employee expenses.

**Reliability and Quality of Power Supply indices**

14.2.18 The Petitioner is directed to develop a targeted action plan for improving service reliability in industrial zones and high-consumption corridors.

**Power Factor indication in Consumer bills**

14.2.19 The power factor must be displayed along with other metering details on Consumer bills.

**Smart Metering related**

14.2.20 The Petitioner is directed to ensure that the installed smart meters within their operational area include features such as near real-time monitoring, real-time audits, demand-side management, phase imbalance detection, identification of Consumer load variations, and theft detection. These smart meters must also comply with the specifications and guidelines issued by the Government of India.

14.2.21 With the introduction of Smart Meters, the Petitioner must refund the security deposit to Consumers. Further, there is lack of clarity on the interest of security deposited that has been given to the consumers. Petitioner in its submission should clearly demonstrate how much interest on security deposit was required to be given and how much interest has been actually disbursed. Additionally, the Petitioner is required to submit a detailed plan outlining the process for adjusting the security deposit for Consumers.

**Manpower Planning, Reorganization and Recruitment of Regular & Outsourced Employees**

14.2.22 It is observed that the HPSEBL has recruited IT personnels in the last few financial years. However, most of these IT personnels have been deputed in field offices. As per CEA guidelines for Recognition of Training Institutes in the field of Distribution of Electricity including details of Training Curriculum for Engineers, Supervisors and Technicians, the IT personnel shall not be deputed to field offices. In this regard, the Petitioner is directed to submit a detailed justification for deputation of such recruited IT Personnels in field offices. The Petitioner is further directed to revert back these IT personnel back to their core activities i.e. IT related works.

**Power Procurement Planning**

14.2.23 The Petitioner is directed to provide a list of Open Access Consumers (categorized as Long-Term, Short-Term, and Medium-Term), along with their consumption data and CSS payments, categorized by Consumer type. This information must be included in the ARR/Tariff filing each year.

14.2.24 The Commission directs the Petitioner to submit DSM/UI account details separately from power purchase records, along with each ARR/Tariff filing.

14.2.25 The Commission feels that HPSEBL should prioritize the procurement of renewable energy in alignment with national energy transition policies. Currently, HIMURJA has approved approximately 495 MW of solar power projects. The Petitioner is directed to speed up the process of commissioning solar projects in the State. The HPSEBL is further directed to expedite the work on about 18 MW of solar capacity on its own sites, which is expected to be cost-effective due to lower land expenses and reduced technical losses from proximity to load points.

14.2.26 The Petitioner is directed to obtain prior approval from the Commission before purchasing power from the High Price Day Ahead Market (HPDAM).

14.2.27 The HPSEBL is directed to consult NPCIL immediately for installation and commissioning of two to three units of Small Modular Reactors of 350 MW each either in HP or anywhere else exclusively for use by DISCOM in order to meet its future base load requirements as well as to absorb intermittent renewable energy in the system. In this situation, Hydro Electric projects having weekly or diurnal storage can be used for meeting peak requirements as well as meeting emergency grid requirement due to sudden requirements of intermittent renewable energy from the system.

**CGRF Related**

14.2.28 The Petitioner must submit a quarterly progress report to the Commission on the implementation of the orders/judgements of CGRF as per Regulations.

14.2.29 The Petitioner must submit a quarterly progress report to the Commission on the implementation of SOP (Standards of Performance) as per Regulations.

**E-Tendering Related**

14.2.1 The Petitioner is further directed to implement E-reverse bidding for carrying out Engineering, Procurement and Construction works valuing more than Rupees fifteen lakh in order to increase fairness and transparency in the tendering process. The Petitioner is also directed to inculcate a culture of cost saving and sensitize its employees for implementation of e-reverse bidding.

14.2.2 The Commission vide Tariff Order dated 15th March, 2024 had directed the Petitioner to carry out Engineering, Procurement and Construction works through open tendering process for all works above rupees fifty thousand. It is being noted that the Petitioner has not been complying with the directive in letter and spirit and further resorting to limited tenders and limited quotations for routine works and procurements. This is quite serious and gross violation of "General Financial Rules" and may have serious financial repercussion for the erring officials/officers. The offline tenders oftenly lead to potential delays, increased administrative burden, manipulations and have higher risk of corruption. The Commission, therefore, reiterating the directive and further directs to comply with the directive and award all Engineering, Procurement and Construction works above Fifty Thousand Rupees through open tendering process. Limited tenders and limited quotation may be issued only in emergent cases or where limited manufacturers / suppliers / expertise are available with reason to be recorded in writing and prior written approval of the concerned Director of the Board of the Directors of the company. It is reiterated that the Commission has already permitted carrying out of emergent work of restoration, Repairs and Maintenance (R&M) Works, Operation and Maintenance (O&M) Works, Work Orders and other Engineering, Procurement & Construction works valuing not more than Rs. 2 lakhs through offline mode, only in emergent conditions like natural disasters due to rains, floods, heavy snowfall and earthquake etc., on reasons to be recorded in writing, with the prior written approval of the Chief Engineer concerned under intimation to the concerned Director of the HPSEBL as mentioned in the Order dated 11.07.2023 in the miscellaneous Application No. 35 of 2023.

14.2.3 The Commission has observed that the Petitioner has paid huge amount of compensation on account of death, injury and damages. The Petitioner is being allowed adequate O&M and Working Capital for its operations. The Commission directs the Petitioner to make efficient use of the resources available to it and increase safety and security of the living beings and it's assets. Each accident case be thoroughly investigated and responsibility fixed for any lapse on account of safety. The Petitioner is directed to conduct regular safety training and awareness programs for all employees, focusing on electrical hazards, fire safety, and emergency response. It should ensure the mandatory use of personal protective equipment (PPE) such as insulated gloves, helmets, and safety boots. The Petitioner is directed to implement strict adherence to lockout/tagout (LOTO) procedures before conducting maintenance or repair work on electrical installations. The Petitioner is also directed to upgrade aging infrastructure with modern, safer technologies to reduce the risk of electrical faults and accidents.

14.2.4 It is observed that the Petitioner has implemented Enterprise Resource Planning (ERP) but has not exhaustively utilized the same. The Petitioner is directed to ensure exhaustive utilization of its ERP system. A well-integrated ERP can streamline processes, reduce manual workload, and enhance transparency, ultimately leading to cost savings and improved service delivery. The Petitioner is directed to identify and eliminate redundant processes that can be automated through ERP, reducing manual intervention and human resource dependency. The Petitioner is directed to automate payroll processing, attendance tracking, and leave management to minimize administrative overheads and reduce HR-related costs. The Petitioner should focus on implementing automated workflows for procurement, billing, and vendor management, reducing reliance on manual data entry and approvals.

14.2.5 Weavers represent the rich cultural and economic heritage of Himachal Pradesh. The Commission is of the view that ensuring a steady power supply supports their livelihoods and keeps traditions alive. The Petitioner is directed to establish or upgrade Sub-stations near major weaving areas for better load management and to ensure 24X7 uninterrupted power supply to them. The Petitioner may also set up exclusive electricity feeders for weaving clusters. In case of additional capes requirements, the case be submitted to the Commission.

14.2.6 The Petitioner has submitted that it is not receiving the subsidy amount in advance from the GoHP as per the provisions of the Electricity Act, 2003, rather the amount is being received too late. Accordingly, the Petitioner has to arrange for working capital loan from the Banks/ Financial Institutions due to the delayed receipt of the GoHP subsidy amount. This additional working capital loan raised by the Petitioner attracts interest amount as well. Therefore, with a view to compensate the Petitioner on this account, the Commission decides that the Petitioner must levy interest on the delayed payment of subsidy to the GoHP at the rate of interest on working capital loan subject to True up. The Petitioner must during the truing up exercise submit to the Commission the detail of date wise subsidy amount received from the Govt. of HP and calculation of Interest on the delayed payment of subsidy for FY 2024-25.

14.2.7 In addition to the above instructions, the Petitioner must comply with all other directions mentioned in this Tariff Order.

# 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 2025** and will be applicable throughout the State of Himachal Pradesh.

   Provided further 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 2025** which was in force with effect from 1st April 2024 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 Regulatory Commission (Multi Year Wheeling Tariff & Retail Supply Tariff) Regulations, 2023, the Consumer shall be entitled to proportionate reduction in Demand Charge or any other Fixed Charges, 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 from time to time.

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 from time to time, 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% |
| And discuss66 kV | 33 kV | 2% |
| ≥ 132 kV | 66 kV | 2% |

***EXPLANATION:***

1) *New connections shall be released as per the provisions of Standard Supply Voltage under the* Himachal Pradesh Electricity Supply Code, 2009, as amended from time to time*.*

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, the 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 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 as per the relevant provisions of Himachal Pradesh Electricity Supply Code, 2009, as amended from time to time.*

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. <u>Supply during peak load hours:</u> 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 Water Power 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. The 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 the 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. <u>Demand Charge (DC):</u> The 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 85 % 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. <u>Contract Demand Violation Charge (CDVC):</u> 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 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 equipment (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. Rebate for Prepaid Consumers: A rebate of 1.5% on the Energy Charge shall be applicable for all the Consumers availing prepaid meter facility.

P. 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 area 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.

Q. Power Factor Surcharge (PFS):

i) If at any point of time, the Power factor of Consumers, to whom Power Factor Surcharge is applicable as per Part-II of the 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.

R. Temporary Revision of Contract Demand:

In accordance with Himachal Pradesh Electricity Supply Code, 2009, as amended from time to time.

S. Sanction of Contract Demand:

In accordance with Himachal Pradesh Electricity Supply Code, 2009, as amended from time to time.

T. 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;

U. Wherever specific provisions have been provided in this Tariff Order, the same shall prevail over General Provisions;

V. The Tariffs and charges provided in this Tariff Order are applicable only to the Consumers of the HPSEBL;

W. HPSEBL shall provide suitable meters capable of recording the parameters for billing purposes as per the Tariff structure under respective Schedules.

X. In case any dispute arises regarding interpretation of this Tariff Order and/or applicability of this Tariff, 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 such as Temples, Gurudwaras, Mosques, Churches including Monasteries, Nunneries, Crematorium and Graveyard etc. 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 Gow Sewa Ayog with connected load up to 10kW;

i) Heritage Hotels approved under HP Government's Heritage Tourism Policy, 2017;

j) Residential Paying Guests;

k) Incredible India Bed-and-Breakfast as per GoI, Ministry of Tourism guidelines;

l) "Home Stay Units" in rural areas duly registered with the District Tourism Development Officer;

m) Offices of the Himachal Pradesh Senior Citizen Forum;

n) Personal Garage for parking of personal light motor vehicle;

o) 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); and

p) MES and other military 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) *For Residential Societies, which wish to take a single point supply, this would be permitted, and the Energy Charges shall be applicable as approved by the Commission for 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 Single Part Tariff

#### A) Domestic Supply Consumers

##### a) Fixed Charges (Charges-1)

| Description | Fixed Charge (Rs/Month) |
|---|---|
| Lifeline Consumers and Consumers in Tribal & Difficult Areas | 55.00 |
| Other Consumers | 85.00 |

##### a) Energy Charges

| Description | Slabs (kWh per month) | Energy Charge (Rs/kWh) |
|---|---|---|
| Lifeline Consumers | 0-60 | 4.72 |
| Other Consumers | | |
| | 0-125 | 5.45 |
| | 126 and Above | 5.90 |

**Note:**

1. *In the case of **Lifeline Consumers,** the concessional 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 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 the domestic tariff for energy consumption between 0 to 125 units. Further, for energy consumption above 125 units, the energy charges shall be 8% higher than the net Energy Charges payable (net off subsidy, if any).*

3. *For MES and other Military Establishments, if they are able to segregate the domestic 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.*

4. *Domestic consumers without having NOC/ approval from TCP/ Municipalities/ Government Authorized Agencies/ Statutory Authorities, shall be required to bear 10% rate more than the highest slab under domestic category for the complete consumption in any billing cycle. These Consumers shall also not be eligible for availing the GoHP subsidy as well.*

5. *Fixed Charge for tribal and difficult areas is also fixed at Rs. 55/month irrespective of consumption.*

**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.** ***Power Factor Surcharge (PFS):*** *Not Applicable.*

**8.** ***Disturbing Load Penalty* (DLP):** *Applicable as per the provisions under 'Part-1 General Conditions of Tariff'.*

**9.** ***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 Government Hospital rates, if supply is given at single point;

c) Religious places such as Temples, Gurudwaras, Mosques, Churches including Monasteries, Nunneries, Crematorium and Graveyard etc. with connected load greater than 5kW;

d) Sainik and Government Rest Houses, Government Museums, Anganwari workers training centers, Mahila mandals, village community centers;

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) Tunnel Lighting and Ventilation; and

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. Non-Domestic Non-Commercial Supply Consumers

#### A) Single Part Tariff for Contract Demand ≤ 20 kVA

**a) Fixed Charges (Charges-1)**

| | |
|---|---|
| Fixed Charges (Rs/month) | 145.00 |

**b) Energy Charges (Charges-2)**

| | |
|---|---|
| Energy Charges (Rs/kWh) | 6.38 |

**4. Two Part Tariff for Contract Demand > 20 kVA**

**a) Fixed Charges (Charges-1)**

| | |
|---|---|
| Fixed Charges (Rs/month) | Nil |

**b) Energy Charges (Charges-2)**

| | |
|---|---|
| Energy Charges (Rs/kVAh) | 6.12 |

**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 85% 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. ***Power Factor Surcharge (PFS):*** *Not Applicable.*

10. ***Disturbing Load Penalty (DLP):*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

11. ***Peak Load Charges (PLC):*** *Not Applicable.*

12. ***Rebate for Prepaid Consumers:*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

***SCHEDULE – COMMERCIAL SUPPLY (CS)***

**1 Applicability**

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, 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, multiplexes and Private/Public Sign Board/Hoardings/Billboards.

This Schedule shall also include all other categories which are not covered by any other Tariff Schedule.

***Note:***

a. *Resale of electricity to tenants, adjoining houses and to other parties is strictly prohibited.*
b. *Private/Public Sign Board/Hoardings/Billboards installed in the public places (separately from the Hotels/Commercial complexes) shall pay 10% additional energy charge over the rate defined for this category.*

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 Charges (Charges-1)**

| | |
|---|---|
| Fixed Charges (Rs/month) | 145.00 |

**b) Energy Charges (Charges-2)**

| | |
|---|---|
| Energy Charges (Rs/kWh) | 6.40 |

**5. Two Part Tariff for Contract Demand > 20 kVA**

**a) Fixed Charges (Charges-1)**

| **Fixed Charges (Rs/month)** | |
|---|---|
| 20 – 100 kVA | Nil |
| Above 100 kVA | Nil |

**B) Energy Charges (Charges-2)**

| **Contract Demand** | **Energy Charge (Rs/ kVAh)** |
|---|---|
| >20 kVA ≤ 100 kVA (More than 20 | 6.31 |

| | |
|---|---|
| kVA but up to 100 kVA) | |
| Above 100 kVA | 6.21 |

**C) Demand Charges (Charges-3)**

| Demand Charges (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 85% 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.

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 specified under 'Part-1 General Conditions of Tariff'.*

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'.*

## SCHEDULE - SMALL INDUSTRIAL POWER SUPPLY (SIP)

**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, Tele-communication Towers, 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 Charges (Charges-1)**

| | |
|---|---|
| Fixed Charges (Rs/month) | 155.00 |

**b. Energy Charges (Charges-2)**

| | |
|---|---|
| Energy Charges (Rs/kWh) | 5.72 |

**4 Two Part Tariff for Contract Demand > 20 kVA < 50 kVA**

**a) Fixed Charges (Charges-1)**

| | |
|---|---|
| Fixed Charges (Rs/month) | Nil |

**b) Energy Charges (Charges-2)**

| | |
|---|---|
| Energy Charges (Rs/kVAh) | 5.61 |

**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 Charges (Charges-3)**

| | |
|---|---|
| Demand Charges (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 85% 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 ≤ 20 kVA | 1.35 times of the normal per kWh charges |
| Contract Demand > 20 kVA | Rs 6.91/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** **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.

**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. However, if supplies for colony and/or its residences are taken separately, the same shall be charged as per the relevant Consumer categories of Tariff.

**13** **Rebate for New and Existing Industries:**

a. For new industries which have been set up after 31.03.2022 up to 31.3.2025, 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.

b. For existing industries which have undergone expansion after 31.03.2022 up to 31.3.2025, 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.

c. The Tariff applicable for the seasonal industries during off season period for 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 spelled out in Clause-P of General Conditions of Tariff.

*14* **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, Tele-communication Towers, 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 above-mentioned 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 Charges (Charges-1)**

| | |
|---|---|
| Fixed Charges (Rs/month) | Nil |

**b) Energy Charges (Charges-2)**

| | |
|---|---|
| Energy Charges (Rs/kVAh) | 5.61 |

**Note**:

*In case of sick unit or permanently disconnected units, the Industrial Consumer can avail pre-paid meter with a load up to 20 kW for the purpose of lighting, surveillance and security.*

**c) Demand Charges (Charges-3)**

| | |
|---|---|
| Demand Charges (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 85% 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. 6.71 |

**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: A***pplicable as per provisions under 'Part-1 General Conditions of Tariff'.*

9. **Power Factor Surcharge (PFS):** *Not Applicable.*

10. **Disturbing Load Penalty (DLP):** *Not Applicable.*

11. **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. However, if supplies for colony and/or its residences are taken separately, the same shall be charged as per the relevant Consumer categories of Tariff.

12. **Rebate for New and Expansion Industries:**

    a. For new industries which have been set up after 31.03.2022 up to 31.3.2025, 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.

    b. For existing industries which have undergone expansion after 31.03.2022 up to 31.3.2025, 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.

    c. The Tariff applicable for the seasonal industries during off season period for 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 spelled out in Clause-P of General Conditions of Tariff.

13. ***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 Tele-communication Towers and Information Technology industry (limited only to IT parks recognized by the State/Central Government) 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 Charges (Charges-1)**

| Description | Fixed Charges (Rs/month) |
|---|---|
| EHT | Nil |
| HT-1 (Contract Demand up to and including 1MVA) | Nil |
| HT-2 (Contract Demand above 1 MVA) | Nil |

**b) Energy Charges (Charges-2)**

| Description | Energy Charges (Rs/kVAh) |
|---|---|
| **EHT** | |
| **220 kV and above** | 5.46 |
| **132 kV** | 5.51 |
| **66 kV** | 5.56 |
| **HT-1** (Contract Demand up to and including 1MVA) | 5.86 |
| **HT-2** (Contract Demand above 1 MVA) | 5.61 |

**Note**:

*In case of sick unit or permanently disconnected units, the Industrial Consumer can avail pre-paid meter with a load up to 20 kW for the purpose of lighting, surveillance and security.*

**a) Demand Charges (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 MVA) | 400.00 |

Note: Demand Charges would be levied on the actual maximum recorded demand in a month in any 30-minute interval in a month or 85% 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 | 6.76 |
| HT-1 | 6.96 |
| HT-2 | 6.96 |

**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. Power Factor Surcharge (PFS):** *Not Applicable*.

**10. Disturbing Load Penalty (DLP):** *Not Applicable.*

**11. 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. However, if supplies for colony and/or its residences are taken separately, the same shall be charged as per the relevant Consumer categories of Tariff.

**12. <u>Rebate for New and Expansion Industries:</u>**

a. For new industries which have been set up after 31.03.2022 up to 31.3.2025, 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.

b. For existing industries which have undergone expansion after 31.03.2022 up to 31.3.2025, 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.

c. The Tariff applicable for the seasonal industries during off season period for 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 spelled out in Clause-P of General Conditions of Tariff

**13.** ***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 bonafide 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 Gow 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 Charges (Charges-1)**

| Description | Fixed Charges (Rs/month) |
|---|---|
| All Consumers | 105.00 |

**b) Energy Charges (Charges-2)**

| | |
|---|---|
| Energy Charges (Rs/kWh) | 5.04 |

### 4. Two Part Tariff for Contract Demand > 20 kVA

**a) Fixed Charges (Charges-1)**

| Fixed Charges (Rs/month) | |
|---|---|
| LT | Nil |
| HT | Nil |
| EHT | Nil |

**b) Energy Charges (Charges-2)**

| Description | Energy Charges (Rs/kVAh) |
|---|---|
| LT | 6.42 |
| HT | 6.02 |
| EHT | 5.62 |

**c) Demand Charges (Charges-3)**

| **Maximum Demand Charges (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 85% 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 Charges (Rs/kVAh) |
|---|---|
| LT | 7.32 |
| HT | 7.12 |
| EHT | 6.92 |

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. ***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.

11. ***Disturbing Load Penalty (DLP):*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

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, timekeeper 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. However, if supplies for colony and/or its residences are taken separately, the same shall be charged as per the relevant Consumer categories of Tariff.

13. ***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 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 Government 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 bonafide use and not for resale to other Consumers with or without profit.

**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 Charges (Charges-1)**

| Fixed Charges (Rs/month) | |
|---|---|
| LT | Nil |
| HT | Nil |
| EHT | Nil |

**b) Energy Charges (Charges-2)**

| Description | Energy Charges (Rs/kVAh) |
|---|---|
| LT | 6.18 |
| HT | 5.68 |
| EHT | 5.48 |

**c) Demand Charges (Charges-3)**

| Demand Charges (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 85% 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.** ***Power Factor Surcharge (PFS):*** *Not Applicable.*

**9.** ***Disturbing* Load Penalty (DLP):** *Not Applicable.*

**10.** ***Peak Load* Charges (PLC):** *Not Applicable.*

**11.** ***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, Panchayats and Notified Committee areas, Flyovers, Bridges & Tunnels connected with Highways/roads.

**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 Charges (Charges-1)**

| | |
|---|---|
| Fixed Charges (Rs/month) | 145.00 |

**b) Energy Charges (Charges-2)**

| | |
|---|---|
| Energy Charges (Rs/kWh) | 6.37 |

**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 | 100 |
| SVL up to 150 W | 100 |
| SVL above 150 W | 120 |
| CFL | 100 |
| T-5 Tube light | 50 |
| Metal Halide up to 150 W | 100 |
| Metal Halide above 150 W | 140 |
| LED | 150 |
| High Mast Light | No. of lamps of any of above Category x charges applicable for each point of such Category |

**Note:**

i) *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.*

ii) *When the bulbs/Mercury vapour lamps/tubes and other accessories are provided by the Public Lighting Consumers and only replacement is to be done by* the *HPSEBL, Line Maintenance and Lamp Renewal Charges shall be as follows:*

| **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 |

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. ***Power Factor Surcharge (PFS):*** *Not Applicable.*

9. ***Disturbing Load Penalty (DLP):*** *Not Applicable.*

10. ***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 Charges (Charges-1)**

| | |
|---|---|
| Fixed Charges (Rs/month) | 200.00 |

**b) Energy Charge (Charges-2))**

| | |
|---|---|
| Energy Charges (Rs/kWh) | 8.30 |

**4 Two Part Tariff for Contract Demand > 20 kVA**

**a) Fixed Charges (Charges-1)**

| | |
|---|---|
| Fixed Charges (Rs/month) | Nil |

**b) Energy Charges (Charges-2)**

| | |
|---|---|
| Energy Charges (Rs/kVAh) | 7.68 |

**c) Demand Charges (Charges-3)**

| | |
|---|---|
| Demand Charges (Rs/kVA/month) | 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 85% 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) *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. ***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 – 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 Charges (Charges-1)**

| | |
|---|---|
| Fixed Charges (Rs/month) | Nil |

**b) Energy Charges (Charges-2)**

| | |
|---|---|
| Energy Charges (Rs/kVAh) | 6.30 |

**c) Demand Charges (Charges-3)**

| | |
|---|---|
| Demand Charges (Rs/kVA/month) | 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 85% 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. ***Power Factor Surcharge (PFS)*****:** *Not Applicable.*
9. **Disturbing Load Penalty (DLP):** *Not Applicable.*
10. **Peak Load Charges (PLC):** *Not Applicable*.
11. ***Rebate for Prepaid Consumers:*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

## SCHEDULE – EV Charging Stations

**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 Charges (Charges-1)**

| | |
|---|---|
| Fixed Charges (Rs/month) | Nil |

**b) Energy Charges (Charges-2)**

| | |
|---|---|
| Energy Charges (Rs/kWh) | 6.79 |

**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:** *Not Applicable.*

**8. Power Factor Surcharge (PFS):** *Not Applicable.*

**9. Disturbing Load Penalty (DLP):** *Not Applicable.*

**10. Peak Load Charges (PLC):** *Not Applicable.*

**11. 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 Tri-vector 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.<br>(Note1: In accordance with Regulation 33 of Central Electricity Authority (Measures Relating to Safety and Electricity Supply) Regulations, 2023, 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 Electrical Contractor.<br>Note 2: In accordance with Regulation 302of Central Electricity Authority (Measures Relating to Safety and Electricity Supply) Regulations, 2023, 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 | **Sub stations** | 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. 3500/- 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/- |
| (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. |

| S. No. | Description | Approved by the Commission |
|---|---|---|
| (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. |
| | 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/- |

| S. No. | Description | Approved by the Commission |
|---|---|---|
| (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/ Other Adjudicatory/ Regulatory Bodies.*<br>*Note: These charges shall also be applicable for Consumers requesting disconnection.*<br>*#whenever any direction is received from HPPCB (Himachal Pradesh Pollution Control Board) for the disconnection of an electricity meter, the same shall be carried out without levy of any disconnection charges. HPSEBL shall recover such charges from the defaulting units when any request is made for restoration of the connection.* | |

| Sd/- | Sd/- | Sd/- |
|---|---|---|
| **(SHASHI KANT JOSHI)**<br>**Member** | **(YASHWANT SINGH CHOGAL)**<br>**Member Law** | **(DEVENDRA KUMAR SHARMA)**<br>**Chairman** |

**Shimla**

**Dated: March 28, 2025**