Business Plan and Multi-Year Tariff Order for Fifth Control Period (FY25-FY29)

&

Determination of Tariff for FY25

&

True-up of FY23 of 4th MYT Control Period

for

Himachal Pradesh State Electricity Board Limited (HPSEBL)

March 15, 2024

Himachal Pradesh Electricity Regulatory Commission

BEFORE THE HIMACHAL PRADESH ELECTRICITY REGULATORY COMMISSION AT SHIMLA

PETITION NO: 14/2024 and PETITION NO: 15/2024

CORAM

Sh. DEVENDRA KUMAR SHARMA

Sh. YASHWANT SINGH CHOGAL

Sh. SHASHI KANT JOSHI

IN THE MATTER OF:

TRUE UP OF UNCONTOLLABLE PARAMETERS FOR FY 2022-23, ARR & DETERMINATION OF TARIFF FOR FY 2024-25 FOR HIMACHAL PRADESH STATE ELECTRICITY BOARD LIMITED

And

BUSINESS PLAN AND MULTI-YEAR ANNUAL REVENUE REQUIREMENT FOR THE FIFTH CONTROL PERIOD (FY 2024-25 TO FY 2028-29) FOR DISTRIBUTION BUSINESS OF HIMACHAL PRADESH STATE ELECTRICITY BOARD LIMITED

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 two number Petitions namely Petition no. 14/2024 for "True up of uncontrollable parameters for FY2022-23, ARR & Determination of tariff for FY2024-25 for distribution business of HPSEBL" and Petition no. 15/2024 for "Approval of Business Plan and Multi-Year Annual Revenue Requirement for the Fifth Control Period (FY2024-25 to FY2028-29) 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 (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'). Since the records in both the Petitions are interlinked and interconnected and considering the interrelated aspect, the Commission has clubbed the two Petitions for disposal and has issued a common Order.

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

The Commission has determined the Multi-Year ARR for the distribution business of HPSEBL under fifth Control Period (FY2024-25 to FY2028-29) and approved the Wheeling and Retail Supply Tariff for FY2024-25 in accordance with the guidelines laid down in Section 61 of the Electricity Act, 2003, the National Electricity Policy, the Tariff Policy and the MYT Regulations, 2023 framed by the Commission that stipulate that the Wheeling and Retail Supply Tariff shall be decided every year taking into account adjustments on account of allowed variations in uncontrollable parameters.

The Commission, in exercise of the powers vested in it under Section 62 of the Electricity Act, 2003, orders that the approved Tariffs together with "Schedule of General and Service Charges" shall come into force w.e.f. 1st April, 2024.

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, 2025. 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, 2024, the tariff determined by the Commission shall cease to operate after March 31, 2025, 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 31st March, 2024 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 15th April 2024. 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) **Member**	**(YASHWANT SINGH CHOGAL)** **Member Law**	**(DEVENDRA KUMAR SHARMA)** **Chairman**

Shimla

Dated: March 15, 2024

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

1.1.3 In accordance with provisions of the Electricity Act, 2003 (Act for Short), the functions, assets, properties, rights, liabilities, obligations, proceedings and personnel of Himachal Pradesh State Electricity Board (HPSEB) were vested with the Government of Himachal Pradesh vide Notification No. MPP-A(3)-1/2001-IV dated 15th June, 2009. These functions, assets, properties, rights etc. earlier vested with the Government of Himachal Pradesh were re-vested into corporate entities namely Himachal Pradesh State Electricity Board Limited (HPSEBL) and Himachal Pradesh Power Transmission Corporation Limited (HPPTCL) vide the 'Himachal Pradesh Power Sector Reforms Transfer Scheme' in accordance with the provisions of the Act and were notified vide 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 Himachal Pradesh State Electricity Board Limited (hereinafter referred to as 'HPSEBL' or 'Licensee' or 'Distribution Licensee' or 'the Petitioner') is a deemed Licensee under the first proviso to Section 14 of the Electricity Act, 2003 (hereinafter referred to as 'the Act') for distribution and supply of electricity in the State of Himachal Pradesh.

1.2 Himachal Pradesh Electricity Regulatory Commission

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

Statutory body with a quasi-judicial and legislative role under Electricity Act, 2003.

Functions of the Commission

1.2.2 As per Section 86 of the Electricity Act, 2003, the State Commission shall discharge the following functions, namely:

a) determine the Tariff for generation, supply, transmission and wheeling of electricity, wholesale, bulk or retail, as the case may be, within the State: Provided that where open access has been permitted to a category of Consumers under section 42, the State Commission shall determine only the wheeling charges and surcharge thereon, if any, for the said category of Consumers;

b) regulate electricity purchase and procurement process of distribution licensees including the price at which electricity shall be procured from the generating companies or licensees or from other sources through agreements for purchase of power for distribution and supply within the State;

c) facilitate Intra-state transmission and wheeling of electricity;

d) issue licences to persons seeking to act as transmission licensees, distribution licensees and electricity traders with respect to their operations within the State;

e) promote co-generation and generation of electricity from renewable sources of energy by providing suitable measures for connectivity with the grid and sale of electricity to any person, and also specify, for purchase of electricity from such sources, a percentage of the total consumption of electricity in the area of a distribution licence;

f) adjudicate upon the disputes between the licensees, and generating companies and to refer any dispute for arbitration;

g) levy fee for the purposes of this Act;

h) specify State Grid Code consistent with the Indian Electricity Grid Code specified with regard to grid standards;

i) specify or enforce standards with respect to quality, continuity and reliability of service by licensees;

j) fix the trading margin in the Intra-state trading of electricity, if considered, necessary; and

k) Discharge such other functions as may be assigned to it under this Act.

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

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

b) promotion of investment in electricity industry;

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

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

1.3 Overview of HPSEBL

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

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

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

1.4 Fifth APR of Fifth MYT Control Period and Tariff Petition for FY 2024-25

1.4.1 The Commission has adopted Multi Year Tariff (MYT) principles for determination of Tariffs, in line with the provision of Section 61 of the Act. The MYT framework is designed to provide predictability and reduce regulatory risk. This can be achieved by approval of a detailed capital investment plan for the Petitioner, considering the expected network expansion and load growth during the Control Period. The longer time span enables the Petitioner to propose its investment plan with details on the possible sources of financing and the corresponding capitalization schedule for each investment.

1.4.2 The HPERC notified the HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2007 and subsequently HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011 were notified. The Commission 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

1.4.3 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 1st April, 2024 to 31st March, 2029.

1.4.4 The Petitioner has now filed the Petition for approval of "Business Plan And Multi-Year Annual Revenue Requirement for The Fifth Control Period (FY 2024-25 To FY 2028-29) for Distribution Business of HPSEBL" and "Aggregate Revenue Requirement (ARR) and determination of Wheeling Tariff and Retail Supply Tariff for FY 2024-25 and the Multi Year Tariff (hereinafter reffered to as 'MYT') for the Fifth MYT Control Period (FY 2024-25 to FY2028-29)" with the Commission under Sections 62, 64 and 86 of the Act, read with the HPERC MYT Regulations, 2023. Also, as part of the MYT Petition, HPSEBL has submitted final Truing-up of uncontrollable parameters of FY 2022-23 of the fourth Control Period.

1.4.5 As per the MYT Regulations, 2023, Wheeling and Retail Supply Tariff shall be decided every year taking into account the adjustment on account of allowed variations in uncontrollable parameters based on the Annual Performance Review (hereinafter referred as "APR") Petition filed by the Licensee. Further, revenue gap/surplus on account of final Truing-up of FY 2022-23 has been considered for recovery along with the revised ARR for FY 2024-25.

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

1.5 Admission of Petition and Interaction with the Petitioner

1.5.1 The HPSEBL has filed the applications/Petition for approval of the Business Plan and MYT Petition for the Fifth MYT Control Period (FY2024-25 to FY2028-29) along with Petition for True Up of Uncontrollable Parameters for FY 2022-23, ARR & Determination of Tariff for FY 2024-25, with the Commission on 30th November, 2023. Based on various observations/ deficiencies pointed out by Commission, HPSEBL has submitted further details and clarifications subsequently.

1.5.2 The Commission admitted the aforementioned Petitions submitted by HPSEBL vide interim Order dated 20th January, 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.

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

Table 1: HPERC Communication to the Petitioner in respect of Petition no. 14

Sl.	HPERC's Communication	Date
1	HPERC-F(1)-71/2023-2901-02	13.12.2023
2	HPERC-F(1)-71/2023-3458-59	20.01.2024
3	HPERC-F(1)-71/2023-3900-3901	20.02.2024
4	HPERC-F(1)-71/2023-4228-29	07.03.2024
5	Additional Submission	21.01.2024

Table 2: HPERC Communication to the Petitioner in respect of Petition no. 15

Sl.	HPERC's Communication	Date
1	HPERC-F(1)-70/2023-2903-04	13.12.2023
2	HPERC-F(1)-70/2023-3456-57	20.01.2024
3	HPERC-F(1)-70/2023-3907-3908	20.02.2024
4	HPERC-F(1)-70/2023-4226-27	07.03.2024

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

1.5.5 The Commission has also sought further clarifications/ information from time to time from the Petitioner vide various Letters as detailed hereunder:

Table 3: Petitioner Communication to the Commission in respect of Petition No. 14

Sl.	HPSEBL's Communication	Date
1.	Response to HPERC's Letter dated 13.12.2023	16.01.2024
2.	Response to HPERC's Letter dated 20.01.2024	08.02.2024
3.	Response to HPERC's Letter dated 20.02.2024	01.03.2024
4.	Response to HPERC's Letter dated 07.03.2024	13.03.2024

Table 4: Petitioner Communication to the Commission in respect of Petition No. 15

Sl.	HPSEBL's Communication	Date
1.	Response to HPERC's Letter dated 13.12.2023	16.01.2024
2.	Response to HPERC's Letter dated 20.01.2024	08.02.2024
3.	Response to HPERC's Letter dated 20.02.2024	04.03.2024
4.	Response to HPERC's Letter dated 07.03.2024	13.03.2024

Public Hearings

1.5.6 The salient features of the Petition No. 14/2024 and Petition No. 15/2024 have been published by the HPSEB Ltd. in the following newspapers: -

Table 5: List of Newspapers for Publication of Stakeholders Comments

Sl.	Name of News Paper	Date of Publication
1.	The Tribune (English)	30.01.2024
2.	Divya Himachal (Hindi)	30.01.2024
3.	Times of India (English)	31.01.2024
4.	Punjab Kesari (Hindi)	31.01.2024

1.5.7 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 in Petition No. 14/2024 and Petition No. 15/2024 were published in the following newspapers: -

Table 6: List of Newspapers for Public Notice by Commission

Sl.	Petition No.	Name of News Paper	Date of Publication
1.	14/2024	"The Tribune" & "Dainik Bhaskar"	03.02.2024
2.	15/2024	"Hindustan Times" & "Amar Ujala"	03.02.2024

1.5.8 For both Petitions the stakeholders were requested to file their objections by 03rd March, 2024. HPSEBL was required to submit replies to the suggestions/ objections to the Commission by 07th March, 2024 with a copy to the objectors on which the objectors were required to submit rejoinder by 12th March, 2024.

1.5.9 The Commission issued the public notices informing the public about the scheduled date of public hearing as 14th March, 2024 in both the Petitions. All the parties, who had filed their objections/ suggestions, were also informed about the date, time and venue for presenting their case in the public hearing.

1.5.10 Accordingly, the Public hearing in the Petitions has been conducted in the Commission on 14th March, 2024 and all Stakeholders/ objectors have been heard at length.

1.5.11 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 6 of this Order.

2 Interaction with Management of the HPSEBL and Compliance of Decisions

2.1.1 The Commission organized a consultative meeting with the management of the HPSEBL on 11.03.2024 at HPERC office under the chairmanship of the Chairman, HPERC, to discuss various issues before finalizing these Petitions.

2.1.2 At the outset the Chairman, HPERC welcomed the participants to the meeting. The Commission initiated the discussion on the measures being taken by the HPSEBL to reduce the high Employee Cost of HPSEBL. The HPSEBL apprised the Commission of the steps initiated by HPSEBL toward reduction and restructuring of its employee strength.

2.1.3 The Commission stressed upon the HPSEBL that the financial sustainability of the HPSEBL at present is at stake. The Commission informed that the Industries, which constitute a large share of power being sold by the HPSEBL, especially Pharma Industries, are already planning to move away from Himachal Pradesh to the other neighbouring States. Also, it has been given to understand that the BBN Industrial Consumers are planning to set up a captive Thermal Power Plant in Punjab which shall take away the high paying Consumers of the HPSEBL. The State cannot afford such a situation as the State of Himachal Pradesh is not blessed with other sources for revenue earning and soon the economy of the State may fail like the neighboring countries of India viz. Pakistan and Sri Lanka.

2.1.4 The Chairman, HPERC cited that nowhere in the Country, SLDC runs with such high number of manpower as is seen in the State of Himachal Pradesh. The HPSLDC is the only SLDC to have a Managing Director besides a Chief Engineer. Further a new entity to deal with sale of power has been set up in the State which shows the sorry state of affairs. He further informed that the Commission itself has 8 Nos. additional posts lying vacant but the Commission is not filing up these posts and has infact shared the work load as the costs for these posts will have to be borne by someone. **More creation of jobs/Posts means that the cost is borne by the Consumers ultimately and needs to be discouraged. The Political Bosses need to be apprised of the true picture.**

2.1.5 The Commission pointed out that the back-up unit of HPSLDC has been proposed in Hamirpur which is in the same seismic zone as that of Shimla. In this regard, the Commission observed that the Engineering should not be at the whims and fancies of the individuals.

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

(i) Proposal for employee cost rationalization has not been submitted inspite of the several directives issued by the Commission in this regard. Several IT initiatives taken like SAP billing, ERP etc. should have resulted in lowering the requirement for manpower. Rather, HPSEBL has proposed employee additions for the 5th control period- Justifications thereof.

2.1.7 The Commission pointed out that it was conveyed to the HPSEBL in several communications/ tariff orders directives that many HPSEBL Offices namely, Design, PLCC, M&T, P&T, S&I etc. have become redundant in today's time and the HPSEBL must come up with a road map for reducing its high employee cost. The Commission made it amply clear that in case suitable actions are not taken by the HPSEBL to reduce this cost, the Commission shall be constrained to cap it based on its own analysis and benchmarking from the next year.

2.1.8 Though, the ED (Personnel), HPSEBL informed the Commission that as per direction of the HPERC, some re-structuring has been carried out, matter for further re-structuring has been submitted to the competent authority for the decision in the matter.

2.1.9 The Commission took a serious view of the matter that no action is being taken for one reason or another.

(ii) Power Procurement- Inappropriate planning resulting in higher power purchase cost and costlier market purchases as has been seen in the current financial year 2023-24.

2.1.10 Power procurement is a major cost in the ARR of the HPSEBL. This year it has been seen that the HPSEBL has procured short term power through Power Exchanges at very high rates. This shows the lack of planning on the part of the HPSEBL. The Commission conveyed that the HPSEBL needs to plan for power procurement in a judicial manner so that the inefficient costs are not passed on to the Consumers of the State.

2.1.11 The HPSEBL submitted that it has anticipated a net deficit of 972 MUs for FY2023-24. It was conveyed that for arrangements/disposal of summer surplus and winter deficit, tenders were floated for Banking under various arrangements, Sale of RE Power and Purchase of Normal Power. It was further informed that the rates discovered for the purchase of Power in the tenders were quite high. Accordingly, the HPSEBL decided to request the GoHP to divert its Free Power to meet the deficit and also float tenders again for the purchase of power. But, all these tenders were cancelled owing to the high rates received.

2.1.12 The HPSEBL informed that it is in deficit of power as anticipated in the power supply position and is trying its best to discover better rates. However due to volatility of the power market, the rates discovered in the consequent tenders were always higher to previous one therefore unable to tie up to meet the deficit as envisaged in the power supply position. In the given circumstances, HPSEBL has explored other available options/avenues to meet the deficit.

2.1.13 The Commission reminded the HPSEBL that it always used to report itself as power surplus. The Commission observed that the HPSEBL has failed badly to anticipate and plan its power procurement requirements. The Commission also pointed out that HPSEBL has to act professionally in its power procurement planning as this is one of the major costs in its ARR. It was made amply clear to the HPSEBL by the Commission that any inefficient cost on this account shall not be passed through to the Consumers of the State.

(iii) Road map to meet future power demand of the state. Resource Adequacy Plan has been submitted but it is not showing exact source from which availability of energy shall be met.

2.1.14 The HPSEBL informed that it has prepared its Resource Adequacy Plan for power demand-supply of the State for the future and the same has been submitted to the CEA and have also shared a copy of the same with the Commission as well.

2.1.15 The Commission pointed out that the detail of the exact source from which power shall be made available to the HPSEBL in future has not been provided in this Plan. Further, looking at the higher purchase cost and costlier market purchases, the Commission felt that the Resource Adequacy Plan is practically non-existent. Though, HPSEBL has tied up with HPPCL for purchase of power for the future years but that won't completely address the problem. An effective resource Adequacy Plan needs to be prepared and put to action by the HPSEBL. The HPSEBL needs to carry out in depth analysis of its power requirement based upon various forecasting tools including available softwares so that the power is tied up mainly on long term basis. However, short term arrangements can also be done to mitigate the seasonal variations.

(iv) Non consideration of GoHP free power shall result in significant increase in power purchase cost during the 5th Control Period- Justification thereof.

2.1.16 The HPSEBL informed the Commission that the matter **of utilization of GoHP free power by the HPSEBL** is being taken up with the GoHP. The Chairman, HPERC enquired as to whom with in GoHP this matter has been taken up by the HPSEBL. The Chief Engineer (SO), HPSEBL informed that the matter was taken up with the Directorate of Energy (DoE).

2.1.17 In this regard, the Commission observed out that the conflict of interest at the Top management level is very much evident and resultantly, the HPSEBL is not getting the required attention. The Commission pointed out that 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 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 Principal Secretary, Power to the GoHP for decision in the matter.

(v) Power procurement from forthcoming hydro and solar plants of the HPPCL has been considered inspite of non approvals of the PPA from the Commission- Justifications thereof.

2.1.18 The Chief Engineer (SO), HPSEBL submitted that the HPSEBL anticipates that new Hydro Power Generation shall not be much in the near future. In view of above, the HPSEBL feels that it needs to tie up with the HPPCL for its upcoming Solar and Hydro Power Projects and has accordingly, considered the same in its power procurement plan for the next Control Period.

2.1.19 The Commission pointed out that although the decision for sale of power from HPPCL to the HPSEBL was taken in a meeting, yet it is advisable for the HPSEBL to enter into a formal agreement with the HPPCL and seek the approval of the

Commission in this regard. The Commission further advised the HPSEBL to incorporate the scheduled dates of availability of power from these projects into the agreements to safeguard its interests and to ensure that the HPSEBL does not suffer on account of any revision of tariff at a later date.

(vi) High incidence of DSM charges at high per unit rate in the power procurement cost of the HPSEBL for the FY 2022-23 has been seen-Reasons and Justification thereof.

2.1.20 The Chief Engineer (SO), HPSEBL informed the Commission that the concerned officers looking after the matter could not attend the meeting as they have been deputed to attend the Committee meeting being held with the MoP, GoI in New Delhi. He conveyed that the said officers are expected to return on 12th March, 2024. He requested to discuss this issue at a later date.

2.1.21 The Commission directed HPSEBL to be vigilant and disciplined in forecasting its power demand and there should ideally be least possible deviation from the schedule. It was conveyed to the HPSEBL that any penalty paid by the HPSEBL on account of sustained deviation charges shall not be passed through in the future. Further, the Commission also felt that the HPSEBL should not be burdened with the DSM charges on account of default by a generator. If the generator revises its schedule before the allowed time slot, he should be liable to pay such charges.

2.1.22 In view of above, the Commission directed the Chief Engineer (SO), HPSEBL to discuss this issue along with the concerned officers of the HPSEBL subsequently in the Commission with the HPSLDC and officers of the Commission.

(vii) Progress on feasibility study to explore the solar potential at various sites of HPSEBL including rooftop buildings.

2.1.23 The Chief Engineer (SP), HPSEBL informed that they have identified 42 sites with about 39 MW potential for installing the solar power plants.

2.1.24 The Commission advised the HPSEBL to go ahead and execute the same within the next 3-4 months. The Commission pointed out that this will benefit both the HPSEBL and the project developers. They will require effectively no transmission line if the project is installed in the HPSEBL's Sub-stations. The corresponding transmission line losses would not be there. The time for setting up the project shall accordingly be reduced significantly. **The Commission, however, advised the HPSEBL to ask for the bidders to bid the cost of supply of electricity in the tenders along with quantum to be provided. The Commission pointed out that it has come across some tenders wherein the solar project developers are being penalized for achieving lower CUF to that agreed.**

2.1.25 The Commission also cited that the BBMB was planning to float a tender for preparation of DPR (Detailed Project report) for pumped storage at its Hydro Projects in the State. The Commission advised Director (Civil), HPSEBL to also move such proposal for the HPSEBL Projects as well.

(viii) Steps taken by HPSEBL to ease-out the approval process for installation of Roof-top Solar Systems in the State of Himachal Pradesh.

2.1.26 The Chief Engineer (SP), HPSEBL informed that the PM Surya Ghar Muft Bijli Yojana has been launched on 13.2.2024. The willing consumers can apply directly on the web portal developed by MNRE, GoI. He further informed that 585 number of applications have been received on the portal during the last 6 days, with cumulative solar capacity of 5.15 MW. It was informed that the HPSEBL is also publishing advertisement of the said scheme on its web portal. He added that the HPSEBL is in the process of mapping all the Circles, Divisions and Sub-Divisions on the said portal and feasibility in this regard will be supplied directly through this portal. To ease out the approval process, mapping of all the Circles, Divisions and Sub-Divisions on the said portal shall be completed within a week's time.

2.1.27 He further submitted that in order to simplify the implementation of Rooftop Solar Programme, MNRE, GoI, vide Office Memorandum dated 11.01.2024, has conveyed that for obtaining Technical Feasibility Approval from HPSEBL for Grid connected Rooftop Solar Plants, the consumer is required to produce just one Electricity Bill pertaining to a period of any of the last six months.

2.1.28 The Commission pointed out that with the addition of hundreds of such prosumers in to its system, the HPSEBL shall be required to carry out system stability studies as well.

(ix) Status of framing SoP, empanelment of EPCs for implementation of Swarozgar Start-up Yojna for Solar Power.

2.1.29 The Chief Engineer (SP), HPSEBL informed the Commission that the Sub-station wise & feeder wise solar surplus capacities with consideration of minimum & maximum loadings has been identified and completed. The SoP for the Scheme shall be finalized by **18th March, 2024**.

(x) Status of disposal/sale of the RECs for excess energy for the previous years.

2.1.30 With regard to the RECs (amounting to Rs 22 Lakhs approx) for the FY 2019-20, the HPSEBL informed that the HPSEBL had completed the process but in the meantime, the Central Commission notified the new REC Regulations and the HPSEBL was denied issuance of RECs as per the provisions of the new CERC REC Regulations. The HPSEBL has subsequently filed a Petition before the Hon'ble CERC for the same. With regard to the RECs pertaining to the last year, the HPSEBL informed that it has balance RECs of 32 lakh out of total 68 lakh.

2.1.31 The Commission enquired when HPSEBL plans to sell the balance RECs. The HPSEBL informed that earlier the sale rate of a REC was Rs 360 which has fallen to Rs 348 (latest) now as other States like Karnataka, Uttarakhand, etc. are also selling their RECs in the market.

2.1.32 The Commission advised the HPSEBL to strengthen its Renewable power portfolio and also **to explore the possibility of putting up wind generation plants in the State**. The HPSEBL may take a decision to execute such wind generation projects through IPPs if they themselves can not do it.

(xi) Status of non payments of energy bills of the power procurement along with the late payment surcharge detail for FY 2023-24- Reasons for delayed payments.

2.1.33 The HPSEBL informed that at present, payment of power bills of the State Generators / IPPs amounting to Rs. 41581.30 Lakh is overdue from the scheduled date as per terms of the PPAs. However, the HPSEBL is making sincere efforts to make payment of overdue power bills as per the terms & conditions of PPA to concerned IPPs/ PSUs and all IPPs bills upto December, 2023 have been cleared during January & February, 2024.

2.1.34 As regards the CPSUs energy charges, payments are being made within trigger date on Prappti portal of GOI in compliance to the Late Payment Surcharge Rules, 2022.

2.1.35 The late payment surcharge (LPS) as per applicable rates notified by the HPERC/ CERC/ GOI on delayed payment is being paid on delayed amounts on the basis of LPS invoice received from the concerned entity. During FY2023-24 (upto 29.2.2024), the HPSEBL has paid LPS amounting to Rupees 1,059,54,445/- to various Central/State Public Sector Undertaking(PSUs) and Independent Power Producers (IPPs).

2.1.36 The HPSEBL has been facing cash crunch. In case of delay in receiving advance tariff roll back subsidy & the due energy charges from Govt. consumers, the HPSEBL faces problems in liquidating the outstanding committed liabilities of State PSUs and IPPs on scheduled date as per the terms of PPA.

2.1.37 From the above, it appears that the HPSEBL is not getting timely tariff subsidy and energy bill dues of the Government Departments. The Commission directed the HPSEBL that in case it is not getting its outstanding dues in time from the GoHP then it should proceed as per the provisions of the Electricity Act, 2003 for charging full tariff from the Consumers instead of the subsidized tariff as approved by the Commission.

(xii) Status of framing the process/mechanism for reimbursement of water cess bills.

2.1.38 The Hon'ble High Court of Himachal Pradesh has already declared the water cess levied by the state government on hydropower generation as unconstitutional. Consequently, the Himachal Pradesh Water Cess on Hydropower Electricity Generation Rules 2023, have been quashed and set aside by the Hon'ble High Court.

(xiii) Status of restoration of Larji HEP and commissioning of Uhl-III HEP

Larji HEP

2.1.39 The HPSEBL informed that although the HPSEBL had envisaged to restore the unit no-1 by utilising the existing spares available and by using the healthy/operational parts of the Unit no-2 and 3 . Scheduled commissioning Date for Unit-1 was 18th December, 2023.

2.1.40 All the components of Unit No-1 were restored successfully in the month of Jan,24 and the machine was successfully spinned on 15th Jan,2024. However, due to longer period of the submergence, the insulation resistance (IR) of the stator was low and Machine could not start the Generation after normal dryout period. Dryout was done on 16/02/2024 also by utilizing a different method. It is expected that the required IR and Polarization Index (PI) can be achieved within 3-4 days, after which HV testing will be carried out within a week and the synchronising of the Machine with the grid is expected within 10-12 days.

2.1.41 It was conveyed that the work of capital maintenance of the Unit No-2 is also under Progress and Rotor of the Machine has been removed and the poles has been put on dryout. Removal of the Runner and Guide vanes is under Progress.

2.1.42 The Commission directed the HPSEBL to proceed as per the schedule already conveyed in respect of the commissioning of this Plant and also it should be given the topmost priority as energy generating from this plant will help out to meet the power demand of the HPSEBL substantially.

UHL-III HEP

2.1.43 The Director (Civil), HPSEBL informed the Commission that work for Commissioning of the UHL-III HEP is underway and is expected to be completed by 30th April, 2024. The Project shall start generation by June/July, 2024.

2.1.44 The Commission directed that the HPSEBL must strive hard to achieve the commissioning of the Plant before onset of the monsoon this year positively.

(xiv) Subsidy by GoHP for the electricity consumers of the State for FY 2024-25-Decision thereof. Status of actual subsidy payment by GoHP for FY 2023-24 against billed amount.

2.1.45 The HPSEBL submitted that HP Govt., vide letter dated 01.03.2024, has conveyed the decision of subsidy for FY 2024-25.

2.1.46 The Subsidy for 3rd Qtr. of FY 2023-24, amounting to Rs. 277.95 Cr., has been received in the month of Jan, 2024 sanctioned vide GoHP letter No. MPP-C010/1/2023 dated 06.01.2024.

2.1.47 However, the advance subsidy, amounting to Rs. 234.76 Cr., for the 4th Qtr of FY 2023-24 (due on 15.01.2024) has not been received up till date.

2.1.48 The Commission pointed out that non-payment of subsidy in advance by the GoHP shall affect the grant to be received under the RDSS and also impact its working capital requirement adversely. The Commission advised the HPSEBL to bill the consumers at non-subsidized rates, in case the subsidy is not received in advance, as per the provisions of the Tariff Order approved by the Commission.

(xv) Updated status of the RDSS-the reasons for delay in execution of the scheme. The RDSS has grant component of GoI to the state of HP. In case of not achieving the milestones as agreed, the grant shall get converted into the loan. The roadmap for implementation of this scheme along with the other capital expenditure schemes proposed in the business plan needs to be explained to the Commission.

2.1.49 The HPSEBL informed that it had floated 3 nos. tenders (for South Zone, Central Zone and North Zone) on dated 10.04.2023 for the smart metering works under RDSS. The 3 number tenders were opened on dated 11.05.2023. The financial bids of all the 3 no. tenders were opened on 15.06.2023. Thereafter, the e-reverse bidding of North Zone, South Zone and Central Zone was conducted. However, the Board of Directors (BoD) of HPSEBL in its meeting dated 27.02.2024, accorded their approval to place the award to the L-1 Bidder of South Zone tender only. The BoD of HPSEBL deferred the placement of the tenders floated for the North Zone and Central Zone.

2.1.50 The award for the South Zone tender has been placed on 06.03.2024. Initially the smart meters shall be installed completely in the 15 Divisions out of the 21 Divisions along with 100% system meters and all priority consumers of

South/Shimla Zone. The HPSEBL further informed that the award for Loss Reduction works under RDSS in respect of South Zone and North Zone has also been issued on 6.03.2024.

2.1.51 The Commission pointed out that non adherence to the specified timelines may result in grant to be received under the RDSS to be converted in loan and advised the HPSEBL to go for short tenders as it already had successful bidders for North and South Zone for Loss Reduction works under RDSS. **Further, the Commission opined that any inefficiency on the part of the HPSEBL in availing the grant from the GoI as per provisions of the RDSS shall not be passed through in the tariff by the Commission**.

(xvi) Status of reliable and quality power supply in the industrial areas especially in Kala Amb and Nalagarh. Detail of restoration of the failed 100MVA transformer situated at Uperla Nangal near Nalagarh.

2.1.52 The HPSEBL informed that the following Schemes have been proposed in the CAPEX for the 5th MYT Control Period for improvement of power supply position in the Kala Amb Industrial Area:-

- Scheme for improvement of power System in Industrial area Kala Amb by providing 12.8 meter long lattice tower, 8 Mtr wide bridge on 13 meter long pole with provision of HTLS ACCS Linnet, Wolf & Dog conductor in ESD Kala Amb.
- Scheme for Evacuation of Power from the upcoming 220 KV Sub-Station Andheri in ESD Kala Amb.
- Scheme for New 33 KV (Industrial feeder), Conversion of 33 KVHT Line on wolf conductor from Moginand to Do-Sarka, Augmentation/ re-conductoring of Existing 33 KV Kala Amb No. I and Ruchira feeder (Industrial Area Kala Amb) under ESD Kala Amb.
- Scheme for new 33/11 kV, 2x10 MVA Sub-Station at Kheri alongwith associated 33 kV and 11 kV lines.
- Scheme for new 33/11 kV, 2x10 MVA Sub-Station at Moginand alongwith associated 33 kV and 11 kV lines
- Aug. of existing 132/33 kV, 2x25/31.5 MVA Transformer to 2x50/63 MVA Transformer at Kala Amb.

2.1.53 Further, the HPSEBL conveyed that for restoration of the 100 MVA Transformer at 220/66 kV Nalagarh Sub-Station, the following steps have been taken:-

- M/s CGL has submitted offer for repair of 100 MVA Transformer and negotiation has been held on 5.03.2024. The firm has been asked to provide justified rates and now the process is under progress.
- Shifting of 220/66 kV, 25/31.5 MVA Transformer from Kotla is under progress.
- The matter of taking 100 MVA Transformer from BBMB has also been discussed with BBMB authorities and their response is awaited.

2.1.54 The Commission directed the HPSEBL to restore the transformer in the Nalagarh area immediately. The Commission further directed the HPSEBL to ensure power availability to all the Consumers of the State as per the Standard of Performance Regulations. Further, the Commission opined that the HPSEBL should be sensitive enough to resolve the consumers matters especially supply availability related issues on priority. The Commission reminded about the penalty imposed on HPSEBL for non-utilization of PGCIL assets in the region. The HPSEBL informed that the matter now stands resolved and the CTUIL has reimbursed the charges paid for the PKATL system to HPSEBL in compliance to Remand Order dated 30.06.2023 passed by the Hon'ble CERC for compliance of the directions contained in the Judgment of the Hon'ble Appellate Tribunal for Electricity (APTEL) dated 9.5.2022 passed in Appeal No.343 of 2018.

2.1.55 The Commission directed the HPSEBL to have proper planning in place so that such incidents are not repeated in the future and the HPSEBL is forced to bear such penalty in future. The Commission also advised the HPSEBL to go through the Judgment carefully.

(xvii) Circle wise energy Audit and T&D losses: Identification of Sub-divisions, Divisions of Higher T&D loss level and submission of road map/action taken report to curtail the losses-status thereof.

2.1.56 The HPSEBL apprised the Commission about the level of circle wise losses. The Director (Op), HPSEBL pointed out that although the losses have reduced but in Rohroo and Kullu Circles, the losses are still high at 29.47% and 21.12% respectively and that the HPSEBL is working to reduce the losses in these Circles further.

2.1.57 The Commission reminded the HPSEBL that it was earlier conveyed to them that they must strive to achieve loss percentage below 20% in each Circle and any losses more than this threshold limit of 20% in any Circle shall not be passed through in the tariff.

2.1.58 The HPSEBL informed the Commission that the losses in Kullu Circle include losses on account of evacuation of power from various Hydro Power Projects in the region. It was informed that the Sub-station of HPPTCL is coming up in the Kullu region but there are a number of IPPs who have been provided Interim connectivity by HPSEBL till the commissioning of this HPPTCL Sub-station (permanent connectivity point as per the executed PPAs) are not willing to shift to the HPPTCL Sub-station citing that the bay charges for HPPTCL Sub-station are higher as compared to that of HPSEBL. It was further informed that certain IPPs which had been granted Interim connectivity by HPSEBL have managed to shift their Inter-connection point to the HPSEBL network.

2.1.59 The Commission enquired from the HPSEBL about the reasons for allowing interim connectivity to such projects if the HPSEBL did not have sufficient capacity to evacuate the power through its network .

2.1.60 The HPSEBL apprised that the HPSEBL network had limited capacity available and the Projects operating under interim connectivity are directed to curtail their generation as per the network constraints from time to time.

2.1.61 The Commission directed the HPSEBL to provide a deadline for the IPPs who have their Interconnection point with HPPTCL to shift from HPSEBL network after which the HPSEBL should stop evacuation of their power through its network. As far as higher bay charges of HPPTCL are concerned, the Commission may rationalize the same, if required when it is approached by the IPPs.

2.1.62 The Commission further asked the HPSEBL to segregate the Kullu loss data on the basis of power being evacuated and submit the same to the Commission on **13th March, 2024**. Regarding high losses in Rohroo Circle, the Commission directed the HPSEBL to carry out the detailed analysis, including energy audit, to know the reasons for high losses in the Rohroo Circle. Accordingly, the actions to curtail these high losses based upon the study conducted should be initiated including taking strict actions against the officials as well in case of any inefficiency is found on their part.

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

2.1.63 The Superintending Engineer (IT), HPSEBL informed that the HPSEBL has successfully deployed various IT Applications, Systems and Projects. However, the HPSEBL is now facing certain Hardware constraints for implementation of certain projects for which a Scheme has been proposed under State Power System Development Fund (PSDF). Tender for the same have already been floated and it is expected that all the constraints shall be resolved by **30th September, 2024**.

(xix) Status of implementation of Standards of Performance Regulations including automatic compensation payable to the Consumers.

2.1.64 The Superintending Engineer (IT), HPSEBL informed that the HPSEBL has already developed the provision of automatic compensation in its SAP ISU Billing System and has been made go-live on trial basis in respect of all the five (5) number services i.e. Change of load/demand, PAC, change of category, change of name and change of supply voltage. Auto-compensation in respect of new connection will be implemented w.e.f. 15.03.2024 as per the order of the Commission in Suo Moto petition No. 1 of 2023.

2.1.65 The HPSEBL apprised that as per the implemented procedure for auto-compensation, Superintending Engineer, Operation Circle of HPSEBL shall be Nodal Officer for implementation of auto-compensation provisions. Nodal officer shall decide the officer/official responsible for delay in delivery of services and the auto-compensation amount will be recovered from the erring officer/official in case of delay attributable to them.

2.1.66 The Superintending Engineer(IT), HPSEBL further informed that the necessary developments in this regard have been completed in ISU Billing System and trainings have also been imparted to Field Offices of HPSEBL. However, for smooth implementation of the auto-compensation provisions there was dependency on CRM Module. Now the CRM Module has been implemented successfully and the stabilisation of the same has also been achieved. Thus, the auto-compensation provisions, in respect of 5 services namely Change of load/demand, PAC, change of category, change of name and change of supply voltage along with New Connection may be made live in the ISU Billing System by **1st April, 2024**.

2.1.67 However, the HPSEBL is now facing certain Hardware constraints for implementation of new business processes and applications. The scheme for upgradation of the same has already been approved under PSDF and the tenders towards the same have been floated. Till the upgradation of the ISU Billing IT infra, it is very difficult to manage smooth billing of all the consumers on monthly basis.

2.1.68 The Commission directed the HPSEBL to ensure that the implementation of Standards of Performance Regulations, including automatic compensation, be carried out positively as per the timelines informed as above.

(xx) Separate Accounts for different Business Units with proper allocation of the common costs.

2.1.69 The Chief Accounts Officer, HPSEBL submitted that the HPSEBL is submitting the detail of expenses parameters into Distribution, Generation, Electrical System and PCA wing. He informed that the allocation of the common cost i.e. the cost pertaining to Head Office Profit centres is being allocated into the various business segment of the Company and has been finalized and submitted for approval. He further added that the same shall also be got certified from the Statutory Auditor/Cost Auditor by 20.03.2024.

2.1.70 The Commission directed the HPSEBL that it should ensure that separate Accounts for each of its Business Units are prepared with effect from 1st April, 2024. The HPSEBL was further directed to submit separate accounts for each of its Generating Plants also with effect from 1st April, 2024.

2.1.71 The HPSEBL pointed out that it shall only be possible if each Generating Plant is considered as a subsidiary of HPSEBL which may require approval from its BOD. The Commission re-iterated that the HPSEBL must segregate its accounts and as such costs pertaining to other Businesses of HPSEBL should not be passed on to the Consumers of the State..

(xxi) Status of Fixed Asset Register updation.

2.1.72 The HPSEBL submitted that a committee was constituted for the finalization of the fixed Assets Registers (FAR) of the company and the FARs of Transmission & Generation Wings have almost been completed on SAP-ERP system. He submitted that FAR updation in respect of Distribution Business is taking some time and shall be completed by **30th April, 2024. The Commission directed that the HPSEBL must complete its FAR by 30th April, 2024 positively**.

(xxii) Other issues

a. Monthly Power Purchase Cost for FY 23-24 to implement Fuel and Power Purchase Surcharge:

2.1.73 The HPSEBL submitted that the monthly adjustment of Fuel and Power Purchase Surcharge for FY 2023-24 is not being implemented due to non availability of monthly rates of power purchase. The matter was taken up with ED(Tariff) to intimate the monthly average power purchase cost for November,2023 onwards so as to levy the surcharge as per Rules Notified by Govt. of India.

2.1.74 The Commission re-iterated that the adjustment of Fuel and Power Purchase cost needs to be implemented by HPSEBL as per the Rules Notified by Govt. of India. The HPSEBL may carry out the adjustment automatically if such deviation is less than 5% but shall have to approach the Commission if such adjustment exceeds 5% as per the Rules.

b. Arrear amount payable by HPSEBL to HPSLDC:

2.1.75 The HPSLDC informed that a ULDC arrear bill amounting to Rs 3.14 Crore had been raised under ULDC-II Scheme for the period with effect from 31.12.2015 to 31.01.2023 and the HPSLDC made the payment of the same to PGCIL in the first instance as per the directions of HPERC. Out of the said amount, payment of Rs 1.5 Crore has been made through LDCD fund and balance Rs 1.64 Crore through the State PSDF. The HPSLDC informed that bills to the tune of Rs 2.91 Crore have been raised to HPSEBL but the HPSEBL is refusing payment in this regard.

2.1.76 The Chief Engineer (SO), HPSEBL informed the Commission that the concerned officers looking after the matter could not attend the meeting as they have been deputed to attend the Committee meeting being held with the MoP, GoI in New Delhi. The said officers are expected to return on 12th March, 2024.

2.1.77 In view of above, the Commission directed the Chief Engineer (SO), HPSEBL to discuss the issue along with the concerned officers separately with the HPSLDC and officers of the Commission.

List of Participants of meeting held between HPERC and HPSEBL on 11th March, 2024 at 11:30 am onwards in HPERC's office, Kasumpti, Shimla-9.

HPERC	HPSEBL
1. Sh. D.K Sharma, Chairman	1. Smt. Poonam Binjolkar, Director (Projects)
2. Sh. Yashwant Singh Chogal, Member (Law)	2. Sh. Manoj Upreti, Director (Operations)
3. Sh. Shashi Kant Joshi, Member	3. Sh. Manoj Kumar Sharma, ED(Personnel)
4. Smt. Chhavi Nanta, Secretary	4. Sh. Rajneesh Kumar, CE (Operation), Mandi
5. Sh. Yashwant Thakur, ED (Technical)	5. Sh. Lukesh Kumar, CE (System Planning)
6. Sh. Pardeep Chauhan, ED (Tariff)	6. Sh. Rakesh Kumar, CE (Operation), Shimla
7. Sh. Ajay Chadha, Director (Technical)	7. Sh. Mandeep Singh, CE (System Operation)
8. Smt. Rinku Gautam, Director (TE)	8. Sh. Anup Ram CE (Commercial)
9. Sh. PL Negi (Consultant, CA & RA)	9. Sh. Pankaj Sharma, CE (Operation), Hamirpur
10. Sh. Paramjeet Rana, JD (Tech)	10. Sh. Rakesh Negi, SE, HPSLDC
11. Sh. Sumit Chauhan JD (Tariff)	11. Sh. Ajay Thakur, SE (IT)
12. Sh. Vikas Hastir, JD (Tariff-II)	12. Sh. R. K. Chauhan, SE (SP)
	13. Sh. Rakesh Kapoor, SE (Comm)
	Sh. Gagan, SE, ALDC
	Sh. Sandeep Kumar, Sr EE (IT)
	Sh. Sanjay Ranot, Sr EE, HPSLDC

3 Summary of the True-up Petition for FY23

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 actuals cost and revenue under various heads along with justification are submitted in the following sections.

3.2 Sales Projections

3.2.1 The Petitioner has submitted the actual category-wise energy sales for FY23 as detailed in the table below:

Table 7: HPSEBL Submission- Energy Sales for FY23 (MUs)

Category (MU)	Approved in MPR Order (Mus)	Actual Sales (Mus)
Domestic Supply	4543	4943
NDNCS	262	273
Commercial Supply	932	994
Small Power Supply	269	277
Medium Power Supply	147	151
Large Power Supply	1636	1652
Public Lighting	6	7
Govt. Irrigation & Water pumping	377	395
IDWPS	271	234
Bulk Supply	136	141
Temporary	40	92
EV Charging Stations	0	1
TOTAL	**8619**	**9159**

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 8: HPSEBL Submission- Revenue from Sale of Power within State for FY23 (MUs)

Category (MU)	Approved in MPR Order	Actual
Domestic Supply	1362	1340.70
NDNCS	113	132.32
Commercial Supply	409	470.64
Small Power Supply	58	61.48
Medium Power Supply	61	71.71

Category (MU)	Approved in MPR Order	Actual
Large Power Supply	3084	3456.43
Public Lighting	6	6.57
Govt. Irrigation & Water pumping	395	583.77
IDWPS	271	46.09
Bulk Supply	94	122.33
Temporary	42	54.13
EV Charging Stations	0	0.049
TOTAL	**5625**	**6346.23**

3.3.2 Further, the Petitioner has submitted the actual revenue from sale of power outside the State for FY23 as Rs. 398.61 Cr. (including other receipts) against 657.82 MUs energy sold. Banking being a cashless transaction, notional cost of which considered in the accounts has been excluded by the Petitioner from the revenue from sale of power outside the state as shown in the table below:

Table 9: HPSEBL Submission- Revenue from Sale of Power outside State for FY23 (MU)

Category (MU)	Approved in 2nd APR Order	Actual
Revenue from sale of power outside State	349.00	1,619.83
Less: Banking Sale	-	1,221.22
Net Revenue from sale of power outside state	**349.00**	**398.61**

3.4 Power Purchase Cost

3.4.1 The Petitioner has submitted that it has claimed the power purchase expenses based on the following approach:

- The actual bills received from the generating companies.
- The Tariff of various Generating Stations has been revised by the respective Electricity Regulatory Commissions 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 each generating station as per MYT Order for Generation Business dated 11th November, 2021 and Tariff Order on determination of Capital Cost 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 2022-23 on actual basis for respective station have been reconciled with Annual accounts. PGCIL charges, HPPTCL charges, SLDC charges are considered on actual basis for the respective generating stations/transmission licensee. 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 FY 2022-23 is depicted in the following table:

Table 10: HPSEBL Submission- Summary of Power Purchase in FY23

Particulars	Approved in APR Order		Actual			
	Generation Ex-Bus (MUs)	Amount (Rs. Cr.)	Generation Ex-Bus	Amount (Rs. Cr.)	Arrears (Rs. Cr.)	Total Amount (Rs. Cr)
Own Generation						
Bhaba	459.12	42.89	626.12	58.23	0	58.23
Bassi	344.4	20.8	305.96	18.36	0	18.36
Giri	287.52	28.99	230.66	23.3	0	23.3
Andhra	86.43	12.09	62.43	8.74	0	8.74
Ghanvi-I	81.15	18.26	75.05	16.89	0	16.89
Baner	52.86	11.9	34.01	7.65	0	7.65
Gaj	33.38	9.9	33.12	9.84	0	9.84
Larji	510.2	63.63	536.75	67.09	0	67.09
Khauli	43.65	9.82	35.7	8.03	0	8.03
Binwa	29.05	6.91	28.02	6.67	0	6.67
Thirot	17.58	3.96	8.54	1.92	0	1.92
Gumma	11.71	2.64	6.5	1.46	0	1.46
Holi	11.71	2.64	5.64	1.27	0	1.27
Bhaba Aug.	17.58	3.96	4.88	1.1	0	1.1
Nogli	9.75	3.47	4.65	1.66	0	1.66
Rongtong	7.56	2.86	0.71	0.27	0	0.27
Sal-II	7.79	1.75	0	0	0	0
Chaba	7.59	2.46	4.56	1.48	0	1.48
Rukti	6.47	0.55	3.65	0.31	0	0.31
BS Chamba	1.75	0.54	1.14	0.35	0	0.35
Ghanvi-II	45.45	10.23	35.98	11.37	14.73	26.1
Ligthi			0.21	0.05	0	0.05
Billing			1.17	0.26	0	0.26
Killar	1.15	0.26	0.47	0.11	0	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	2073.85	260.51	2048.03	246.87	14.73	261.59
NTPC						
Anta (G)	15.08	12.67	0	0.7	-0.027	0.67
Anta(L)			0	0	0	0
Anta (LNG)			0.01	0.02	0	0.02
Auriya(G)	14.66	16.66	0	1.35	0.18	1.53
Auriya(L)			0	0	0	0
Dadri(G)	49.99	24.24	0	0.24	0.01	0.25
Dadri(L)			0	-0.63	0	-0.63
Dadri (LNG)			0.62	2.03	0	2.03
Unchahar-I-TPP	40.02	18.71	19.52	9.83	6.32	16.14
Unchahar-II-TPP	70.79	32.44	176.8	83.98	12.55	96.53

Particulars	Approved in APR Order		Actual			
	Generation Ex-Bus (MUs)	Amount (Rs. Cr.)	Generation Ex-Bus	Amount (Rs. Cr.)	Arrears (Rs. Cr.)	Total Amount (Rs. Cr)
Unchahar-III-TPP	46.27	23.39	101.85	53.13	4.23	57.36
Unchahar-IV-TPP	5.51	2.89	31.5	14.72	5.47	20.19
Rihand-1 STPS	259.37	62.57	265.74	63.3	2.41	65.71
Rihand-2 STPS	251.31	56.94	310.91	72.65	5.73	78.37
Rihand-3 STPS	250.92	55.7	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	8.5	52.05	10.25	2.9	13.15
Dadri-II TPS(980 MW)	7.94	4.69	158.21	77.89	4.2	82.1
Tanda I(1320 MW)	5.94	2.74	137.77	55.91	11.19	67.1
Koldam HEP	468.92	287.12	453.25	244.93	1.9	246.83
Jhijjar TPS					0.15	0.15
Total -NTPC	1657.05	685.64	2247	889.06	70.08	959.13
Solar						
Singrauli Solar	20.31	15.99	22.24	17.51	0	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
Rooftop Solar			2.72	0.46		0.46
Total -Solar	116.88	63.21	125.94	68.7	-0.04	68.66
NHPC						
Chamera-I	69.62	22.77	48.69	11.14	-2.94	8.19
Chamera-II	40.43	12.26	45.7	10.63	2.22	12.85
Chamera-III			0.52	0.09	0.03	0.11
Dhauliganga	40.81	16.61	45.26	12.32	4.86	17.17
Salal	34.2	10.93	30.36	8.9	3.44	12.33
Tanakpur	17.04	7.24	15.89	6.67	1.84	8.51
Uri	81.2	24.49	72.46	16.4	2.54	18.95
Parbati-III (GoHP RLDC)			0	0.04	0.03	0.07
Bairasuil (GoHP RLDC)			0	0.01	0	0.01
Sewa-II					0.02	0.02
Uri-II					0	0
Dulhasti					0	0
NHPC Total	283.3	94.3	258.88	66.19	12.04	78.23
SJVNL						
Nathpa Jhakri HEP SOR	168.66	43.27	161.6	41.91	-0.1	41.81
Rampur HEP SOR	53.06	26.87	45.16	24.93	8.73	33.66
Nathpa Jhakr iEquity	1502.26	385.43	1536.34	383.29	1.57	384.86
Rampur HEP Equity	492.85	249.61	499.32	245.56	70.23	315.8
Total -SJVNL	2216.83	705.18	2242.41	695.69	80.42	776.12

Particulars	Approved in APR Order		Actual			
	Generation Ex-Bus (MUs)	Amount (Rs. Cr.)	Generation Ex-Bus	Amount (Rs. Cr.)	Arrears (Rs. Cr.)	Total Amount (Rs. Cr)
NPCIL						
NAPP	101.48	31.86	90.98	27.16	0.2	27.36
RAPP (V &VI)	104.75	41.98	109.38	42.91	0.39	43.3
RAPP (VII)	71.24	32.06				
Total -NPCIL	**277.47**	**105.9**	**200.36**	**70.07**	**0.59**	**70.66**
Other Shared Projects						
Bhakra (Old)	43.8	4.06	43.8	4.22	0	4.22
Bhakra New	346.21	25.68	332.7	13.29	1.39	14.68
Pong	44.85	2.38	44.92	2.62	0	2.62
Dehar	177.17	20.12	168.67	19.15	0	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	0.5	0.01	0.51
Shanan Ext	45	3.06	45	2.88	0	2.88
Sub-Total PSPCL	50.26	3.39	50.26	3.38	0.01	3.39
UJVNL Prokjects (Yamuna)						
Yamuna (Chibro)			206.03	26.07	-3.27	22.8
Yamuna (Khodri)			99.17	15.21	-1.57	13.64
Yamuna (Dhakrani)			33.34	7.06	-0.53	6.53
Yamuna (Dhalipur)			49.19	8.84	-0.78	8.06
Yamuna (Kulhal)			30.24	5.96	-0.48	5.48
Arrear						0
Sub-Total -UJVNL	431.77	64.81	417.98	63.13	-6.63	56.5
UPJVNL Projects						
Khara	51.32	5.97	59.69	5.64	0.178	5.82
UPJVNL Sub-Total						
Total -Other Shared	1145.38	126.41	1118.02	111.43	-5.05	106.37
JSW Energy						
Baspa-II- Primary	1050.06	232.06	1177.5	276.84	0	276.84
Baspa-II-Secondary	103.73	42.71				
Sub-Total (Baspa)	1153.79	274.77	1177.5	276.84	0	276.84
Pvt. SHPs/ Solar IPPS						
Small HEP/Private Micro<5MW	1239.31	366.84	1239.14	561.3	-1.297	560
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	3061.21	820.47	3078.06	838.14	-1.3	836.84

Particulars	Approved in APR Order		Actual			
	Generation Ex-Bus (MUs)	Amount (Rs. Cr.)	Generation Ex-Bus	Amount (Rs. Cr.)	Arrears (Rs. Cr.)	Total Amount (Rs. Cr)
HPPCL						
Kashang	0	0	124.05	47.81	0	47.81
Sawrakuddu	0	0	260.24	88.48		88.48
Sainj	0	0				
Sub-Total HPPCL	0	0	384.29	136.29	0	136.29
Free Power						
Larji FP	69.57	17.32	72.48	18.05	0	18.05
Ghanvi FP	11.07	2.76	10.23	2.55	0	2.55
Baner FP	7.21	1.79	4.59	1.14	0	1.14
Gaj FP	4.55	1.13	4.52	1.12	0	1.12
Khauli FP	5.95	1.48	4.85	1.21	0	1.21
Ghanvi II FP	4.28	1.06	4.78	1.19	0	1.19
Chanju	21.03	5.24	18.39	4.58	-0.06	4.52
Kashang	13.23	3.29	20.11	5.01	0	5.01
Malana FP	66.55	16.57	64.13	15.97	0	15.97
Sawara Kuddu	0	0	6.88	1.73	0	1.73
Small HEP/Pvt. Micro Free	131.21	32.67	149.52	37.23	0.57	37.8
Intra state-Free Power						
Baspa FP	173.16	43.12	160.57	39.98	0	39.98
RSD FP	73.88	18.4	70.68	16.45	1.13	17.59
Shanan FP	2.63	0.65	2.63	0.65	0	0.65
Rampur FP	0	0	13.7	3.42	0	3.42
Nathpa Jhakri FP	0	0	69.77	17.39	0	17.4
Kol Dam FP	0	0	31.51	7.86	0	7.87
Parbati-III FP	0	0	10.03	2.53	0	2.53
Chamera-III FP	0	0	12.21	3.06	0	3.06
Chamera-II FP	0	0	15.72	3.93	0	3.93
Chamera-I FP	0	0	19.05	4.76	0	4.76
Baira Siul FP	0	0	8.2	2.06	0	2.06
Govt Free Power Total	584.32	145.48	774.54	191.87	1.65	193.52
THDC						
Tehri (Firm Power)					0.12	0.12
Koteswar (Firm Power)					-0.11	-0.11
Sub-Total THDC					0.01	0.01
Other Sources						
UI Purchase			156.36	147.48	58.42	205.89
Contingency Purchase (IEX)			384.86	285.53	0	285.53
Contingency Purchase (PXIL)			0.67	0.65	0	0.65

Particulars	Approved in APR Order		Actual			
	Generation Ex-Bus (MUs)	Amount (Rs. Cr.)	Generation Ex-Bus	Amount (Rs. Cr.)	Arrears (Rs. Cr.)	Total Amount (Rs. Cr)
Other Sources Total			541.89	433.66	58.42	492.07
Banking Purchase						
Banking Purchase			2575.55	0	0	0
Co-Gen						
WTE	24.53	19.38				
Grand Total	**11440.79**	**3020.07**	**15594.95**	**3747.96**	**231.54**	**3979.51**

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 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 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, open access charges and other charges to the tune of Rs. 682.55 Cr. While claiming other charges, the Petitioner has adopted the following approach:

- For the purpose of truing up, the provisioning of Rs. 2.12 Cr. for LADF (DoE) in FY 2022-23 has been excluded.
- The details of the actual charges incurred in FY 2022-23 is given in following table.

3.5.2 The details of the actual charges incurred in FY 23 is given in table below:

Table 11: HPSEBL Submission-Transmission & Other Charges for FY23 (Rs Cr.)

Particulars	Approved in APR Order	Actual
PGCIL Charges		
POC Charges	474.39	647.64
PKATL Asset	56.46	58.15
Hamirpur	0	1.06
Less: GoHP free Power Recovery		171.01
Net PGCIL Charges	**530.85**	**535.85**
HPPTCL Charges		
STU Charges	34.79	35.01
Kashang Bhaba	0.98	0
ADPHL	1.04	6.07
Phojal	3.2	2.57
Bhoktoo	5.96	5.96
Chambi	12.25	36.59
Pandoh	8.7	0

Particulars	Approved in APR Order	Actual
Malana Bajaura line to MPCL	0.34	0
Total HPPTCL Charges	**67.25**	**86.2**
SLDC Charges	4.49	3.81
STOA Charges	24.81	35.71
Sub-Total –A	**627.41**	**661.58**
Trading Margin-banking		10.04
UPPTCL Charges		3.43
Bhudil Hydro Trans, Charges		0.97
Kanchanjunga Power Company Pvt. Ltd.		0.43
Power Grid Charges		2.82
Malana Wheeling charges paid		3.28
Sub-Total –B	**-**	**20.97**
Grand Total- (A+B)	**627.41**	**682.55**

3.5.3 The total power purchase cost for FY23 has been summarized in the table below:

Table 12: HPSEBL Submission-Total Power Purchase Cost for FY23 (Rs Cr.)

Particulars	Amount (Rs. Cr.)
Power Purchase Cost (excluding own Generation)	3717.9
PGCIL/CTUIL	535.85
HPPTCL	86.2
SLDC Charges	3.81
STOA Charges	35.71
Other Charges	20.97
Power Purchase Cost (including Transmission and Other Charges)	**4400.45**
Add. Own Generation	261.59
Total Power Purchase Cost (Including Own Generation)	**4662.05**

3.5.4 The Petitioner has requested to True up the figures of – Transmission and Other charges (Rs. Cr.) for FY 2022-23 along with the Power Purchase Cost as per the actuals.

3.5.5 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 13: HPSEBL Submission- Reconciliation of Power Purchase Cost with Audited Accounts for FY23 (Rs Cr.)

Particulars	As per Accounts	As submitted
Power Purchase Cost	5,701.11	-
Less: LADF Provision (DoE)	2.1239	
Power Purchase Cost (including transmission & other charges)	**5,698.99**	**4,400.45**
Less: Banking power purchase	1298.97	-
Power Purchase Cost	**4,400.02**	**4,400.45**
Add: Variation	0.44	-

Particulars	As per Accounts	As submitted
Power Purchase Cost	**4,400.45**	**4,400.45**

3.6 Energy Balance

3.6.1 HPSEBL has submitted that it has achieved a loss level of 9.92% in FY23. The Petitioner has submitted that the actual T&D loss for FY23 is lower than the approved loss and the Energy Balance is shown in table below:

Table 14: HPSEBL Submission- Energy Balance for FY23 (MU)

	Particulars	Actual (MU)
A	Units procured from Interstate generating power stations (including free power from the stations connected to ISTS)	7724
B	Banking Purchase at ISTS	2575.55
C	Interstate Transmission Losses	3.61%
D	Transmission Losses in MU$	372
E	**Net Energy Available at State Periphery**	**9928**
F	Power Available within the State (i+ii+iii)	**4753**
	i) State Generating Stations	2048
	ii) Free Power Own Generation and IPPS-GOHP Share	360.47
	iii) IPPs (i/c Solar)	2345
G	Power Purchase from other Sources (i+ii)	**542**
	i) UI Power	156
	ii) IEX/PXIL	386
H	Total Energy available (E+F+G)	**15223**
I	**Energy Sales within the State**	**10956**
J	**Inter-State Sale of Power (i+ii+iii)**	**2969**
	i) Sale of Power (Including UI, Bilateral & IEX/PXIL)	658
	ii) Banking	2311.36
	iii)RE Sale	
K	**Total Energy Available at State Periphery (H-J)**	**12254**
L	STU Losses @0.75%*	92
M	**Energy Available at DISCOM Periphery (K-L)**	**12162**
N	Energy Sale within State	10956
O	T&D Losses (M-N)	1206
P	**T&D Loss (%)**	**9.92%**

3.7 Penalty for under-achievement of T&D Loss

3.7.1 The Petitioner has submitted that the overall T&D loss level of HPSEBL based on actual sales and power purchase is 9.92% against the approved target of 9.70% in the MTR Order dated 29th March, 2022 for FY 2022-23.

3.7.2 Further, the Petitioner has submitted that target was more stringent and T&D loss target could not be achieved resulting in imposition of penalty. During Mid Term Review, it had submitted to revise the targets/trajectory but could not be succeeded.

3.7.3 As per methodology adopted for calculations of T&D losses, the losses from State periphery to Discom periphery has been to the account of DISCOM, whereas, the power is being made available through various inter state 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 HPSEBL and thus, HPPTCL's entire losses are being charged to HPSEBL resulting in penalty for the losses attributable to STU also.

3.7.4 The Petitioner has submitted that it had taken up the matter of Transmission losses with the HPPTCL and it was informed by HPPTCL that at present the losses for FY 2022-23 are 10.78 MUs & in terms of percentage it is 0.16%. However, it has also been intimated that terminal base metering arrangement are still under HPSEBL domain for the other EHV lines.

3.7.5 Accordingly, the Petitioner has requested that the Commission may consider the losses on account of STU @0.75% on the power available to HPSEBL by considering the purchases from inter state as well as intra state purchase at State periphery. The actual losses attributable to HPSEBL has been worked out after taking T&D losses of STU @0.75%.

3.7.6 As per HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) (Second Amendment) Regulations, 2013, the Regulation 15 specifies the mechanism for pass-through of gains or losses on account of variations in the distribution loss. The losses resulting from the under-achievement of T&D loss for FY 2022-23 against the target of 9.70% is computed by the Petitioner in the following table:

Table 15: HPSEBL Submission- Loss on account of under-achievement of T&D for FY23 (MUs)

Sl.	Particulars	MU
A	Energy Sales within State (MU)	10956
B	T&D Losses (%)	9.70%
C	Power Purchase Requirement to meet State requirement MU	**12133**
D	Inter State Sale (MU)	**2969**
	Banking India (MU)	2311
	Sale Outside the State (MU)	658
E	**Total Power Purchase Quantum approved at State periphery (MU) (C+D)**	**15102**
F	Actual Power Purchase Quantum at DISCOM periphery (Energy Purchase at State Periphery - STU Losses)	15131
G	**No of Units Lost (MU)(E-F)**	**-29**

3.7.7 Based on this, HPSEBL has computed the penalty for under achievement of T&D loss as detailed in table below:

Table 16: HPSEBL Submission-Penalty for under achievement of T&D Loss for FY23 (Rs Cr.)

Particulars	Unit	Actual
No of Units	MU	29
Cost of Power for Under achievement		
Cost of Power purchase from other than own resource	Rs. Cr.	3486.36
Power purchase from other than own resource	MU	10971.37

Particulars	Unit	Actual
LESS PGCIL Losses	MU	372
Net Power Purchase	MU	10599.19
Cost of Power purchase from other than own resource	**Rs/Kwh**	**3.29**
Total Disincentive	Rs.Cr	9.57
HPSEBL Share	%	60%
HPSEBL disincentive on account of T&D Loss under-achievement	**Rs. Cr.**	**5.74**

3.7.8 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 17: HPSEBL Submission- Power Purchase Cost for FY23 (Rs Cr.)

Particulars	Approved in APR	Actual
Power Purchase Cost (excluding own Generation)	3020.07	3979.5
PGCIL/CTUIL	530.85	535.85
HPPTCL	67.25	86.2
SLDC Charges	4.49	3.81
STOA Charges	24.81	35.71
Other Charges	0.00	20.97
Total Power Purchase	**3647.48**	**4662.05**
Less: Penalty on account of under achievement of T&D Losses	0.00	-5.74
Net Power Purchase Cost	**3647.48**	**4656.31**

3.8 Employee Cost

3.8.1 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.

3.8.2 The total employee expenses pertaining to the HPSEBL for all businesses as per the annual accounts are Rs. 2517.69 Cr (Net employee cost after adjustment).

3.8.3 Further, the Commission in its MYT Order dated 29th June, 2019 had disallowed the "Return on GoHP Equity" of Rs. 62.74 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, HPSBEL has submitted the following:

i. 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 to allow this ROE for their utilisation.

ii. HPSEBL is a vertically integrated utility engaged in the business of generation and distribution and is responsible for development (planning, designing, 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.

3.8.4 The employee cost submitted by the HPSEBL for the FY23 is summarized in the table below:

Table 18: HPSEBL Submission- Employee Cost for FY23 (Rs. Cr.)

Sr. No.	Particulars	Approved in MYT Order	Approved in APR	True Up	Generation	Total as per Balance Sheet
A)	**Salaries & Allowances**					
	Salaries (Basic) + Dearness Pay			580.83	69.9	650.73
	DA			189.36	25.38	214.74
	Employee Arrears - 6th Pay Commission			0	0	0
	Other Allowances			23.71	2.36	26.07
	Overtime			4.97	3.43	8.4
	Salaries – Total			**798.87**	**101.07**	**899.94**
B)	**Other Staff Cost**					
	Medical Expense Reimbursement			6.16	1.04	7.2
	Earned Leave Encashment			402.6	6.15	408.75
	Salary/Wages of Outsourced/Contractor.			74.39	2.21	76.6
	Leave Salary Contribution			0	0	0
	Payment under Workmen's Compensation			1.08	0	1.08
	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**	**1141.35**	**1283.15**	**110.48**	**1393.63**
C)	**Terminal Benefits**					
	Superannuation Boards Contribution			1.19		1.19
	Pension - Base			1208.21		1208.21
	Pension-Commuted Value			90.53		90.53
	Pension - 6th Pay Commission Arrears			0		0
	Gratuity			518.9		518.9
	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

Sr. No.	Particulars	Approved in MYT Order	Approved in APR	True Up	Generation	Total as per Balance Sheet
	Terminal Benefits – Total (C)	**1026.6**	**1026.6**	**1,889.34**		**1,889.34**
D)	**Gross Employee Cost (A+B+C)**	**2167.95**	**2167.95**	**3172.49**	**110.48**	**3282.97**
E)	Less: Employee Cost Capitalisation	50.49	50.49	57.72	0.65	58.37
F)	Less: Employee Attrition Impact			0	0	0
G)	**Total Employees Cost (D-E-F)**	**2117.46**	**2117.46**	**3114.77**	**109.83**	**3224.6**
H)	Less Provision:- Terminal Benefits			0	0	0
	Less Provision:- ADA			0	0	0
	Less Provision:- 6th pay Commission			0	0	0
	Less: Prov. Actuarial Evaluation Gratuity			378.93	0	378.93
	Less: Prov. Actuarial Evaluation leave encashment			317.29	0	317.29
	Total Provision Less :-			**696.22**	**0**	**696.22**
I)	**Less: Return on Equity, pension contribution on deputation, generation employees, BVPCL, Projects and S&I employees**	**65.09**	**65.09**	**47.5**	**0**	**47.5**
	Return on GOHP Equity approved for Generation and Distribution	47.5	47.5	47.5	0	47.5
	Pension Contribution of Generation employees (tentative)	12.72	12.72	0	0	0
	Pension Contribution of BVPCL, Projects & S&I employees	4.87	4.87	0	0	0
	Net Employee Cost(G-H-I)	**2052.37**	**2052.37**	**2371.05**	**109.83**	**2480.88**
	Add. Provision of DA deducted in True Up for FY 22 and paid during FY 2022-23			36.81		36.81
	Net Employee Cost after adjustment			**2407.86**	**109.83**	**2517.69**

**The Commission has not allowed the amount of Rs. 72.10 Cr during True up of FY 22 in view of the provision created for payment towards terminal benefits and DA arrear under Employee cost for FY 22 but was reversed during FY-23 (1.04.2023) with the direction that same shall be considered at the time of truing up for FY 2023-23 based on actual payment made by HPSEBL. Now an amount of Rs. 36.81 has been paid to the pensioners. HPSEBL humbly prays to consider the amount paid in the true up of FY 22-23*

3.9 Administrative and General Expenses

3.9.1 As per HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011 along with its amendments, the A&G expense is a controllable parameter and any surplus or deficit on account of this shall be to the account of HPSEBL. The total Administrative and General expenses amounting to Rs. 96.62 Cr. (Rs. 93.24 Cr. in Distribution and Rs. 3.38 Cr. in Generation) are booked under accounts.

3.9.2 The Commission has approved the A&G expenses of Rs. 51.95 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.

3.9.3 The Administrative and General Expenses submitted by HPSEBL for the FY23 are summarized in the table below:

Table 19: HPSEBL Submission- Administrative and General Expenses for FY23 (Rs. Cr.)

Sr. No.	Particulars	Approved in MYT Order	Approved in APR	True Up	Generation	Total as per Balance Sheet
A)	**Administration Charges**			0	0	0
	Rent, Rates & Taxes			2.96	0	2.96
	Statutory Dues			3.78	0	3.78
	Rental charges against smart metering project			17.77	0	17.77
	Telephone, Postage & Telegrams			2.7	0.19	2.89
	Consultancy Charges			0.65	0	0.65
	Conveyance & Travel			9.53	0.85	10.38
	Regulatory Expenses			2.49	0	2.49
	Licence fee Distribution & Transmission payable to HPERC			2.01	0	2.01
	Income Tax Updating Charges			0.12	0.03	0.15
	Consumer Redressal Forum			0.83	0	0.83
	Insurance			0.13	0.02	0.15
	Purchase Related Expenses & Other Charges			0.81	0	0.81
	IT and other Initiatives			0	0	0
	Sub Total-Administration Charges (A)			**43.78**	**1.09**	**44.87**
B)	**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			0.4	0.01	0.41
	Legal Charges			5.93	0.05	5.98
	Audit Fee			0.01	0	0.01
	Statutory Audit Fee			0.18	0	0.18
	Internal Audit Fee			0	0	0
	Expenditure on Gift/ Presentation			0.01	0	0.01
	Entertainment Charges			0.14	0	0.14
	Training to Staff			0.36	0	0.36

Sr. No.	Particulars	Approved in MYT Order	Approved in APR	True Up	Generation	Total as per Balance Sheet
	Fees for SAS Examination			0	0	0
	Public Interaction Program			0.39	0	0.39
	Contribution/Donations			0	0	0
	Expenditure on providing cost free CFL bulb domestic consumer			0	0	0
	Exp. Incurred on capacity building for Poverty Reduction			0	0	0
	Expenses on Purchase of REC			18.05	0	18.05
	Public Expenses / Other professional charges			0.39	0.11	0.5
	Expenditure related to High level Committee			0	0	0
	Expenditure related to high level committee for formulation of power policy-other expenses			0	0	0
	Exp. On GIS/Gloval Position			0.88	0	0.88
	Transaction Charges to SCAs for collecton of energy bills			2.47	0	2.47
	Compensation paid for non compliance of Renewable Power			0.01	0	0.01
	TA/DA Internal Auditor			0	0	0
	TA/DA Statutory Auditor			0	0	0
	Private Vechile 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	0.08
	Exp. On IPAVAST Connectivity Charges etc.			3.16	0	3.16
	Publicity expenses			0.13	0	0.13
	Providing ID to staff Vidhut Bhawan			0	0	0
	Technical fees			0	0	0
	Freight Material related Expenses			0.01	0	0.01
	Misc. Expenses			0.85	0.02	0.87
	Expdt. For refund of LD prior period			0.75	0	0.75
	Sub Total-Other Charges (B)			**49.46**	**2.29**	**51.75**
	A&G - Grand Total (A+B)	51.95	60.97	**93.24**	**3.38**	**96.62**

Sr. No.	Particulars	Approved in MYT Order	Approved in APR	True Up	Generation	Total as per Balance Sheet
	Less: Capitalisation	0	0	0	0	0
	Net A&G Costs	**51.95**	**60.97**	**93.24**	**3.38**	**96.62**

3.9.4 The Petitioner has submitted the reason for excess A&G charges for FY 2022-23 as follow:

i. HPSEBL has made payment of Rs. 5.93 Cr. towards legal charges as per the Directions from the Statutory authority. These charges are uncontrollable and non-recurring in nature and are paid as per the direction of the statutory authority. Thus, HPSEBL has prayed the Commission to allow these charges as per actual over and above A&G expenses.

ii. The amount of Rs. 18.05 Cr. booked under "Purchase of REC" towards meeting the Renewable Power Purchase Obligation for FY 2022-23. HPSEBL is statutorily bound to adhere to the directions issued by the Commission. Thus, HPSEBL has prayed the Commission to allow these expenses as per actual over and above A&G expenses.

iii. Other reasons for increase in A&G costs are on account of increase in Regulatory expenses of HPSEBL. The Commission had made amendments in HPERC (Conduct of Business) Regulations, 2005 from time to time which had leads to enhancement in the Regulatory expenses each financial year.

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. It has been further submitted to allow these charges as per actual over and above A&G expenses as these charges cannot be controlled.

3.10 Repairs and Maintenance Expenses

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 29th June, 2019 and had retained the same in MPR Order dated 29th March, 2022.

3.10.2 The Repairs and Maintenance Expenses submitted by HPSEBL for the FY23 are summarized in the table below:

Table 20: HPSEBL Submission- Repairs and Maintenance Expenses for FY23 (Rs. Cr.)

Sl.	Particulars	Approved in MYT Order	Approved in APR	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	3.62	3.78
	Lines, Cables Networks			71.5	1.1	72.6
	Vehicles			1.48	0.1	1.58
	Furnitures& Fixtures			0.03	0	0.03

Sl.	Particulars	Approved in MYT Order	Approved in APR	True Up	Gen	Total as per Balance Sheet
	Office Equipments			51.98	0.02	52.01
	Other i.e. cost of vehicle other than vehicle			0	0	0
	R&M Cost - Total (A)			**129.07**	**30.74**	**159.81**
B)	Any other Items (Reallocated to Capital Works)			0	0	0
C)	**R&M Costs (A-B)**	**92.91**	**92.91**	**129.07**	**30.74**	**159.81**
D)	**Cost Reallocated**					
	Less: Cost Reallocated to Employee Cost and A&G Expenses			0	0	0
	Less: Cost Reallocated to Depreciation			0	0	0
	Less: Cost Reallocated for Recovery of cost of vehicle from O&M and other units			0	0	0
	Total Cost Reallocated	0	0			
	Provisional amount towards data center approved in MYT order dated 29.06.2019	20	20			
	Net R&M Expenses(C-D)	**112.91**	**112.91**	**129.07**	**30.74**	**159.81**

3.10.3 HPSEBL has requested to true-up R&M Expenses for FY 2022-23 as per the actuals as the variation in R&M expenses is on account of expenditure towards IT infrastructure only. Further, the Commission in the MYT Order dated 29th June, 2019 has allowed that R&M expense towards IT infrastructure shall be trued up on actual basis.

3.11 Interest on Working Capital

3.11.1 The working capital requirement calculated by the Petitioner for FY23 is as below:

Table 21: 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	184.77	185.52	219.18
Receivables equivalent to 2 months average billing	901.06	955	1057.7
Maintenance Spares (15% of O&M Expenses of 1 month)	15.38	27.83	14
Less: Consumer Security Deposit	502.06	506.51	464.05
less: One Month Power Purchase	298.03	303.96	331.63
Total Working Capital	**301.12**	**357.88**	**495.21**
Rate of Interest on Working Capital (%)	11.15%	10%	11.50%
Interest on Working Capital	**33.58**	**35.79**	**56.95**

3.12 Interest and Finance Charges

3.12.1 The actual interest expenses submitted by the Petitioner for FY23 are as below:

Table 22: HPSEBL Submission- Interest and Finance Charges for FY23 (Rs. Cr.)

Particulars	Approved in MYT Order	Approved in 3rd APR Order	Actual
Interest on Long Term Loan	188.37	148.24	148.24
Interest on Working Capital	33.58	35.79	56.95
Interest on Consumer Security Deposit	31.86	21.1	18.23
LC Charges	0	9.9	0.6
Other bank Charges			0.3
Total Interest & Finance Charges	**253.81**	**205.128**	**224.32**

3.13 Other Controllable Parameters

3.13.1 The depreciation and return on equity claimed by the Petitioner for FY23 are summarized in the table below:

Table 23: HPSEBL Submission- Depreciation and Return on Equity for FY23 (Rs. Cr.)

Particulars	Approved in MYT Order	Approved in MPR Order	Actual/ Provision
Depreciation	167.33	167.33	167.33
Return on Equity	62.74	62.74	62.74

3.14 Non-Tariff Income

3.14.1 The details of non-tariff income submitted by the Petitioner for true up of FY23 is summarized in the table below.

Table 24: HPSEBL Submission- Non-Tariff Income for FY23 (Rs. Cr.)

Particulars	Approved in MYT Order	Approved in 3rd APR Order	True UP	Generation	Total as per Balance Sheet
Non-Tariff Income					
Meter Rent/Service Line Rentals			1.16	0	1.16
Recovery for theft of Power / Malpractices			0.75	0	0.75
Wheeling Charges Recovery			17.76	0.8	18.56
Miscellaneous Charges from Consumers			4.39	0	4.39
Sub-Total Non tariff Income			**24.06**	**0.8**	**24.86**
Other Income					
Interest on Staff loans & Advances			0.04	0	0.04
Interest Income from Investments			6.38	0	6.38
Delayed Payment Charges from Consumers			47.86	0	47.86
Interest on Advances to Suppliers / Contractors			0.01	0	0.01
Interest from Bank other than Fixed Deposit			1.04	0	1.04

Particulars	Approved in MYT Order	Approved in 3rd APR Order	True UP	Generation	Total as per Balance Sheet
Income from Trading			6.29	0.17	6.46
Income fee collected against Staff Welfare Activities			0.81	0.01	0.82
Miscellaneous Receipts			25.15	1.3	26.45
Amortization of Govt. grants			112.39	0	112.39
Subsidies against loss on account of flood & other			2	0	2
Other Income Total			**201.97**	**1.5**	**203.44**
Total Non-Tariff and other Income			**226.03**	**2.3**	**228.3**
Delayed Payment Surcharge from Consumers			47.86	0	47.86
Amortisation of Govt. Grants			112.39	0	112.39
Net Non Tariff and Other Income Considered	**134.51**	**116.88**	**65.78**	**2.3**	**68.05**

** Income items not considered*

3.14.2 Further, delayed payment surcharge from consumers in non-tariff income is not considered. 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.

3.15 Miscellaneous written-off

3.15.1 Petitioner has claimed Rs. 4.8 Cr. towards Misc. Losses & write off as under:

Table 25: HPSEBL Submission- Misc. written off for FY23 (Rs. Cr.)

Particulars	True -UP	Generation	Total as per Balance Sheet
Misc. Losses & write off	-9.4	1.0	-8.4
Write off to Scrap Account	88.8	0.6	89.4
Extra ordinary debit (Including subsidies against Loss)	1.2	-	1.2
Total	**80.6**	**1.6**	**82.3**

3.16 Prior Period Expenses

3.16.1 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 FY 22 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 2023-23 based on actual payment made by HPSEBL. Now an amount of Rs. 36.81 Cr. has been paid to the pensioners. HPSEBL has requested to consider the amount paid in the true up of FY 22-23.

3.16.2 Additional past period adjustment: The Commission vide Tariff Order dated 31.03.2023 had directed to provide Statutory Auditor Certificate explaining the issue and whether the revenue for FY 2021-22 was overbooked to the extent of Rs. 5.22 Cr. and subsidy has not been received against the same from GoHP during the year or in the subsequent years. HPSEBL has submitted the Statutory Auditor Certificate and prayed to the Commission to consider the amount of Rs. 5.22 Cr. in the impact of True up of FY2021-22. The amount was not claimed from Govt. in view of provision kept by the Commission for the purpose in the ARR.

3.17 Aggregate Revenue Requirement

3.17.1 Based on the above data submissions and information, the actual Aggregate Revenue Requirement (ARR) on account of True-up for FY 2022-23 submitted by the Petitioner is as below:

Table 26: HPSEBL Submission- Aggregate Revenue Requirement for FY23 (Rs. Cr.)

Particulars	Approved in MYT Order	Approved in APR Order	True -Up
Power Purchase Expenses (including own generation)	**3576.28**	**3647.47**	**4656.32**
i) Cost of Electricity Purchased (Including own generation)	3090	**3020.07**	**3979.51**
Interstate charges	**441.72**	**555.66**	**571.57**
ii) PGCIL/CTUIL Charges	355.95	530.85	535.85
iii) STOA Charges	85.77	24.81	35.71
Intra-State Charges	**44.56**	**71.74**	**110.99**
iv) HPPTCL Charges	34.32	67.25	86.2
v) SLDC Charges	10.24	4.49	3.81
iv) Other Charges (System/Marketing, reactive power, UI, Trading Margin, NLDC)	0	0	20.97
Incentive/penalty for over-achievement/underachievement of T&D losses			-5.74
Operation and Maintenance Costs	**2217.23**	**2226.25**	**2630.17**
i) Employees Cost	2052.37	2052.37	2407.86
ii) R&M Cost	112.91	112.91	129.07
iii) A&G Cost	51.95	60.97	93.24
Interest and Financing Charges	**253.81**	**215.03**	**224.32**
i) Interest on long term loans	188.37	148.24	148.24
ii) Interest on Working Capital	33.58	35.79	56.95
iii) Interest on Consumer Security Deposit	31.86	21.1	18.23
iv) LC Charges	0	9.9	0.6
v) Other Bank Charges			0.3
Depreciation	167.33	167.33	**167.33**
Return of Equity	62.74	62.74	**62.74**
Add: Misc Written off			80.64

Particulars	Approved in MYT Order	Approved in APR Order	True -Up
Less: Non tariff Income	134.51	116.88	**65.78**
Aggregate Revenue Requirement	**6142.88**	**6201.94**	**7755.74**
Add: Past period cost			
i) Impact of True Up of FY 21		-526.98	-526.98
ii) Impact of True Up 3rd Control Period Controllable parameters FY 15 to 19		-473.68	-473.68
Provisioning towards CGS Orders		75	-
Provision towards impact of 6th pay Commission revision		453.75	-
Add. Past adjustment		-	5.22
Total ARR Including Adjustments	**6142.88**	**5730.03**	**6760.3**
i) Revenue from Sale of Power Within the State	0	5625.28	6346.23
ii) Revenue from Sale of Power Outside the State	0	104.75	398.61
Total Revenue		**5730.03**	**6744.84**
Revenue Surplus (+)/Gap (-)		**0**	**-15.47**
Sales (MU)	**9917**	**9798**	**10956**
ACoS (Rs/kWh)	**6.19**	**6.22**	**6.72**

3.18 Revenue (Gap)/Surplus

3.18.1 The HPSEBL has submitted the following Revenue (Gap)/ Surplus for FY 23:

Table 27: HPSEBL Submission- Revenue (Gap)/ Surplus for FY23 (Rs. Cr.)

Particulars	Approved in APR Order	True UP
Total ARR Including Adjustments	**5730.03**	**6760.3**
i) Revenue from Sale of Power Within the State	5625.28	6346.23
ii) Revenue from Sale of Power Outside the State	104.75	398.61
Total Revenue	**5730.03**	**6744.84**
Revenue Surplus (+)/Gap (-)	**-**	**-15.47**

3.19 Carrying Cost

3.19.1 The Petitioner has submitted the following Revenue Gap with carrying cost for FY 23:

Table 28: HPSEBL Submission- Revenue Gap with Carrying Cost (Rs. Cr.)

Particulars	FY23	FY24
Opening Balance	(15.47)	(16.30)
Surplus	-	-
Closing	(15.47)	(16.30)
Interest Carrying cost	10.76%	11.50%
Carrying cost	(0.83)	(1.87)
Total Surplus/ (Gap)	**(16.30)**	**(18.17)**

4 Summary of the Business Plan and ARR for the fifth Control Period

4.1 Introduction

4.1.1 This chapter summarizes the highlights of the Petition filed by the HPSEBL for review of Aggregate Revenue Requirement (ARR) and determination of Distribution and Retail Supply Tariff for the fifth MYT Control Period (FY 2024-25 to FY 2028-29).

4.1.2 The HPSEBL has filed the application/Petition for the approval of ARR and determination of Wheeling and Retail Supply Tariff for the fifth Control Period (FY2024-25 to FY2028-29), with the Commission on 30th November, 2023. After issuance of HPERC (Multi Year Wheeling Tariff & Retail Supply Tariff) Regulations, 2023 herein after referred to as "HPERC MYT Regulation, 2023" on 29.11.2023, the Commission asked the Petitioner to provide revised ARR and information with respect to Business Plan and Tariff Petition as part of the deficiencies.

4.1.3 Thereafter, the Petitioner proposed revised projections for the Control Period as per the HPERC MYT Regulation, 2023 considering the actual expenses for the past years and estimates for the base year i.e. FY 2022-23.

4.2 Sales Projections

4.2.1 For the purpose of projecting the connected load, number of consumers and sales, for the fifth Control Period, the Petitioner has analysed category-wise data from the past 6 years (from FY 2017-18 to FY 2022-23). It has primarily considered the 5-year CAGR rates for projections. However, on observing abnormal trends due to impact of controllable/uncontrollable internal or external factors, HPSEBL has opted to use normalized CAGR rates or assumed a subjective rate for projections.

Projections for Connected Load

4.2.2 The Petitioner has projected the connected load by applying the category-wise Compounded Annual Growth Rate (CAGR) after considering the 5 year CAGRs for the past years.

4.2.3 Based on the actual available data for FY23, HPSEBL has projected the connected load for various categories as shown in the following table:

Table 29: HPSEBL Submission- Projected Connected load (in MW)

Number of Consumers	Revised Estimate	CAGR Taken	Projections				
Consumer Category	Base Year		Control Period				
	FY 24(RE)		FY 25	FY 26	FY 27	FY28	FY 29
Domestic	5321	5.73%	5626	5949	6289	6650	7031
Non Domestic Non Commercial	273	5.53%	288	304	321	339	357
Commercial	1089	5.73%	1151	1217	1287	1360	1438
Temporary	115	5.73%	121	128	136	143	152
Small Power	277	1.00%	280	283	285	288	291
Medium Power	159	1.50%	161	164	166	169	171
Large Supply	1665	1.50%	1690	1716	1741	1767	1794
Govt. Irrigation & Water Pumping	399	4.16%	416	433	451	470	489
Public Lighting	246	4.77%	258	270	283	297	311
Irrigation & Agriculture	7	3.39%	7	7	8	8	8
Bulk Supply	200	8.15%	217	234	253	274	296
EV Charging Stations	10	15.00 %	11	13	15	17	20
Total	**9761**		**10226**	**10717**	**11235**	**11782**	**12358**

Projections for Number of Consumers

4.2.4 Based on the actual available data for FY23 and the CAGRs considered for each category, HPSEBL has projected the number of consumers for various categories as shown in the following table:

Table 30: HPSEBL Submission- Projected Number of Consumers for 5th Control Period

Number of Consumers	Revised Estimate	CAGR Taken	Projections				
Consumer Category	Base Year		Control Period				
	FY 24(RE)		FY 25	FY 26	FY 27	FY28	FY 29
Domestic	2375923	2.92%	2445347	2516800	2590341	2666030	2743932
Non Domestic Non Commercial	33995	3.10%	35049	36135	37255	38410	39600
Commercial	329650	3.53%	341281	353322	365789	378695	392056
Temporary	19437	3.09%	20037	20656	21294	21951	22629
Small Power	29859	1.00%	30158	30459	30764	31071	31382
Medium Power	2297	1.50%	2331	2366	2402	2438	2475
Large Supply	1927	1.62%	1958	1990	2022	2055	2088
Govt. Irrigation & Water Pumping	8973	4.85%	9408	9865	10343	10845	11371
Public Lighting	45005	7.49%	48377	52002	55899	60087	64589
Irrigation & Agriculture	1456	5.96%	1543	1635	1732	1835	1944
Bulk Supply	384	5.98%	407	431	457	484	513
EV Charging Stations	107	15.00 %	123	142	163	187	215
Total	**2849013**		**2936020**	**3025803**	**3118460**	**3214089**	**3312795**

Projection for Energy Sales

4.2.5 The Petitioner has used the CAGR of sales as recorded over the past years along with analysis of "sales per consumer" for each consumer category to project the category-wise sales for the future years as shown below:

Table 31: HPSEBL Submission- Summary of Category-wise Sales Growth Rate Considered for Projections

Consumer Category	Actuals							CAGR
	FY18	FY19	FY20	FY21	FY22	FY 23	FY 24 (RE)	
Domestic	2009	2106	2194	2357	2458	2620	2704	*5.08%*
Non-Domestic Non Commercial	145	158	160	125	149	177	190	*4.63%*
Commercial	567	615	623	518	622	710	743	*4.61%*
Temporary	36	37	46	47	63	58	58	*8.33%*
Small Power	86	92	90	85	87	88	87	*0.28%*
Medium Power	115	116	90	86	100	107	105	*-1.47%*
Large Supply	4615	5127	5145	4598	5807	6188	6456	*5.76%*
Govt. Irrigation & Water Pumping	605	566	560	603	666	739	759	*3.85%*
Irrigation & Agriculture	62	63	57	73	85	91	89	*6.09%*
Public Lighting	11	10	11	11	11	11	12	*1.30%*
Bulk Supply	154	151	152	133	152	168	185	*3.15%*
EV Charging Stations	0	0	0	0	0	0	10	
Total	**8404**	**9041**	**9126**	**8635**	**10199**	**10956**	**11398**	*5.21%*

4.2.6 Accordingly, the yearly projected sales by the Petitioner for various categories are shown in the table below:

Table 32: HPSEBL Submission- Projected Energy Sales for fifth Control Period (MUs)

Sales (MU)	Revised Estimate	CAGR Considered	Projections				
Consumer Category	Base Year		Control Period				
	FY 24		FY 25	FY 26	FY 27	FY 28	FY 29
Domestic	2704	5.08%	2841	2986	3137	3297	3464
Non Domestic Non Commercial	190	4.63%	198	208	217	227	238
Commercial	743	4.61%	777	813	850	890	931
Temporary	58	5.21%	61	64	68	71	75
Small Power	87	1.00%	88	89	90	91	92
Medium Power	105	1.50%	107	108	110	111	113
Large Supply	6456	5.76%	6828	7221	7636	8076	8541
Govt. Irrigation & Water Pumping	759	3.85%	788	818	850	883	916
Irrigation & Agriculture	89	6.09%	94	100	106	112	119
Public Lighting	12	1.30%	12	13	13	13	13
Bulk Supply	185	3.15%	191	197	203	210	216

Sales (MU)	Revised Estimate	CAGR Considered	Projections				
Consumer Category	Base Year		Control Period				
	FY 24		FY 25	FY 26	FY 27	FY 28	FY 29
EV Charging Stations	10	15.00%	12	13	15	17	20
Total	**11398**		**11998**	**12630**	**13296**	**13998**	**14739**

4.3 Power Purchase

4.3.1 The Petitioner has submitted that the Himachal Pradesh is well endowed with hydro power generation assets. Therefore, it has an overall surplus of power. However, both demand and supply vary significantly on monthly basis resulting in surplus power in summers and deficit situation in winters. To compensate for the deficit in the winter months, the Petitioner resorts to banking during summer months and avails the same back during winter months to mitigate the winter shortages. From planning perspective, the Petitioner has considered only contra banking in the upcoming MYT Control Period.

Power Purchase from Own Generating Stations

4.3.2 HPSEBL has considered month wise power availability for each year of upcoming Control Period from its 28 hydro generation stations by considering the average actual gross generation of FY 21, FY 22 and FY 23. The net quantum considered accounts for net of the average auxiliary consumption. For stations such as Ghanvi, Baner, Gaj, Larji, Khauli, Ghanvi-II, where the GoHP has a 12% stake of free power, the adjustment to the quantum is made accordingly.

4.3.3 There was an unprecedented flood on 09.07.2023 in the Larji Hydro Electric Project due to which this plant got submerged under water, silt and mud and resultantly there has been power generation loss in FY 2023-24.

4.3.4 The Petitioner has informed that the commissioning of the 100 MW Uhl-III station (3x 33 MW) is expected in June 2024. The projection of quantum of power has been worked out by the Petitioner in phase wise commissioning of all the three units at an average PLF of 40%.

4.3.5 As per the submissions of the Petitioner, the power procurement from own generating stations are as follows:

Table 33: HPSEBL Submission- Power Procurement from Own Generating Stations (MUs)

Particulars	FY24	FY25	FY26	FY27	FY28	FY29
	RE	Projected	Projected	Projected	Projected	Projected
Own Generation						
Bhaba	530.06	579.28	579.28	579.28	579.28	579.28
Bassi	309.06	308.99	308.99	308.99	308.99	308.99
Giri	274.53	207.24	207.24	207.24	207.24	207.24
Andhra	74.27	65.34	65.34	65.34	65.34	65.34
Ghanvi-I	76.53	90.97	90.97	90.97	90.97	90.97
Baner	41.82	41.13	41.13	41.13	41.13	41.13

Particulars	FY24	FY25	FY26	FY27	FY28	FY29
	RE	Projected	Projected	Projected	Projected	Projected
Gaj	33.89	42.20	42.20	42.20	42.20	42.20
Larji	247.91	601.40	601.40	601.40	601.40	601.40
Khauli	39.61	47.37	47.37	47.37	47.37	47.37
Binwa	31.82	28.81	28.81	28.81	28.81	28.81
Thirot	15.48	5.75	5.75	5.75	5.75	5.75
Gumma	8.23	4.21	4.21	4.21	4.21	4.21
Holi	3.79	5.26	5.26	5.26	5.26	5.26
Bhaba Aug.	6.57	8.50	8.50	8.50	8.50	8.50
Nogli	5.11	4.80	4.80	4.80	4.80	4.80
Rongtong	4.40	0.69	0.69	0.69	0.69	0.69
Sal-II	0.00	0.00	0.00	0.00	0.00	0.00
Chaba	5.48	4.99	4.99	4.99	4.99	4.99
Rukti	3.45	4.00	4.00	4.00	4.00	4.00
BS Chamba	1.70	1.30	1.30	1.30	1.30	1.30
Ghanvi-II	33.92	43.06	43.06	43.06	43.06	43.06
Ligthi	0.16	0.29	0.29	0.29	0.29	0.29
Billing	1.01	0.68	0.68	0.68	0.68	0.68
Killar	0.29	0.47	0.47	0.47	0.47	0.47
Sach	1.15	1.58	1.58	1.58	1.58	1.58
Sural	0.19	0.40	0.40	0.40	0.40	0.40
Purthi	0.10	0.14	0.14	0.14	0.14	0.14
Uhl-III-Upcoming	0.00	289.48	385.97	385.97	385.97	385.97
TOTAL	**1750.53**	**2388.31**	**2484.80**	**2484.80**	**2484.80**	**2484.80**

Power Purchase from GoHP (Free power allocation of GoHP)

4.3.6 The Petitioner has submitted that Govt. of HP is entitled to receive free power from various generating plants located in the state of HP. Earlier GoHP used to sell this power to HPSEBL at the rate determined by the Commission from time to time. However as per directions received, the power shall not be made available to the Petitioner and HPSEBL has to make alternate arrangements for meeting its power deficit through short term/ long term arrangements so as to cater to the demand of the consumers of the State.

4.3.7 The power purchase details from GoHP power for the 5th control period has been considered as Nil by the Petitioner as shown in the table below:

Table 34: HPSEBL Submission- Power Procurement from GoHP (Free Power Allocation of GoHP) (MUs)

Particulars	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29
	RE	Projected	Projected	Projected	Projected	Projected
Sub-Total GoHP share	515.35	0.00	0.00	0.00	0.00	0.00

Power Purchase from NTPC power plants

4.3.8 The source wise projection of procurement of power by the Petitioner from other generating stations, along with assumptions and specific conditions is described as follows.

4.3.9 The energy has been taken at 60% Plant Load Factor (PLF) and Un-Requisitioned Surplus (URS) power has not been considered. Further, the surrendered SOR share has been considered from 01.11.2024 for FY 2024-25 onwards in view of shortage of power.

4.3.10 The power availability from NTPC power plants for each year of the fifth Control Period are as follows:

Table 35: HPSEBL Submission- Power Procurement from NTPC power plants (MUs)

Particulars	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29
	RE	Projected	Projected	Projected	Projected	Projected
NTPC						
Rihand-1 STPS	286.83	192.74	192.74	192.74	192.74	192.74
Rihand-2 STPS	288.58	183.00	183.00	183.00	183.00	183.00
Rihand-3 STPS	283.20	187.79	187.79	187.79	187.79	187.79
Unchahar-I-TPP	151.26	1.42	1.42	1.42	1.42	1.42
Unchahar-II-TPP	250.51	67.59	67.59	67.59	67.59	67.59
Unchahar-III-TPP	105.39	44.25	44.25	44.25	44.25	44.25
Unchahar-IV-TPP	41.23	5.30	5.30	5.30	5.30	5.30
Kahalgaon-II (1500 MW)	231.97	120.63	120.63	120.63	120.63	120.63
Tanda II (1320 MW)	100.78	9.32	9.32	9.32	9.32	9.32
Dadri-II TPS (980 MW)	88.05	9.51	9.51	9.51	9.51	9.51
Singrauli STPS (2000 MW)	53.14	17.68	17.68	17.68	17.68	17.68
Sub-Thermal	**1880.94**	**839.22**	**839.22**	**839.22**	**839.22**	**839.22**
Koldam HEP-Unallocated	454.79	421.00	421.06	421.06	421.63	421.06
Kodam-SOR-upcoming	0.00	15.48	94.32	94.32	94.45	94.32
Sub-Total Hydel	**454.79**	**436.48**	**515.37**	**515.37**	**516.08**	**515.37**
Total- NTPC	**2335.73**	**1275.70**	**1354.59**	**1354.59**	**1355.30**	**1354.59**

Power Purchase from Renewable Sources

4.3.11 In addition to the Solar power sources approved by Commission during ARR for FY 23-24, the Petitioner has projected power from upcoming Solar projects in the 5th MYT Control Period:

i. Solar Capacity Addition through rooftop -7.52 MW for FY 2023-24 & 2 MW addition per annum w.e.f. 2024-25.

ii. Solar Capacity Addition through Himurja (131.4 MW) w.e.f. FY 24-25 including already allotted projects.

iii. Solar Capacity Addition by HPPCL -200 MW during FY 2024-25 ,300MW 2025-26 & 200MW each year thereon.

4.3.12 The power purchase quantum from the renewable energy stations as submitted by the Petitioner are as follows:

Table 36: HPSEBL Submission- Power Procurement from Renewable Sources (MUs)

Particulars	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29
	RE	Projected	Projected	Projected	Projected	Projected
Renewable Sources						
SECI Solar	42.37	35.04	35.04	35.04	35.14	35.04
Singrauli Solar	22.06	22.00	22.00	22.00	22.00	26.28
Addl. Solar Power	138.00	328.09	786.09	1186.16	1486.63	1786.74
Sub-Total	**202.43**	**385.13**	**843.13**	**1243.20**	**1543.77**	**1848.06**

Power Purchase from NPCIL power plants

4.3.13 RAPP unit nos VII and VIII are likely to be commissioned in April, 2024 and March, 2025 respectively and its allocated share of 26 MW (from RAPP VII) and 60 MW (from RAPP VIII) has been taken in the projections by the Petitioner.

4.3.14 The projections for power availability from NPCIL stations as submitted by the Petitioner are as follows:

Table 37: HPSEBL Submission- Power Procurement from NPCIL stations (MUs)

Particulars	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29
	RE	Projected	Projected	Projected	Projected	Projected
NPCIL						
NAPP	100.76	95.53	95.53	95.53	95.53	95.53
RAPP (V & VI)	113.82	107.58	107.58	107.58	107.58	107.58
RAPP (VII & VIII)	0.00	94.90	163.00	163.00	163.00	163.00
Total	**214.58**	**298.01**	**366.11**	**366.11**	**366.11**	**366.11**

Power Purchase from NHPC power plants

4.3.15 The availability of power from Parbati-II has been considered w.e.f. FY 25 onwards by the Petitioner based upon the communication received from NHPC.

4.3.16 The surrendered SoR share of Chamera-III and Parbati-III has been considered in the 5th Control Period.

4.3.17 The power purchase quantum projected from NHPC stations as submitted by the Petitioner are as follows:

Table 38: HPSEBL Submission- Power Procurement from NHPC Stations (MUs)

Particulars	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29
	RE	Projected	Projected	Projected	Projected	Projected
NHPC						
Chamera-I	61.40	53.65	53.65	53.65	53.65	53.65
Chamera-II	44.33	38.01	38.01	38.01	38.01	38.01

Particulars	FY 24 RE	FY 25 Projected	FY 26 Projected	FY 27 Projected	FY 28 Projected	FY 29 Projected
Chamera-III	0.53	4.47	27.20	27.20	27.20	27.20
Salal	33.53	32.22	32.22	32.22	32.22	32.22
Tanakpur	15.50	15.11	15.11	15.11	15.11	15.11
Uri	74.87	75.91	75.91	75.91	75.91	75.91
Dhauliganga	36.34	42.68	42.68	42.68	42.68	42.68
Parvati-III-	0.00	10.06	61.31	61.31	61.31	61.31
Parvati-II – Upcoming	0.00	94.32	94.32	94.32	94.32	94.32
SUB-TOTAL	**266.50**	**366.43**	**440.40**	**440.40**	**440.40**	**440.40**

Power Purchase from THDC stations

4.3.18 The Petitioner has considered power availability from THDC stations as shown below:

Table 39: HPSEBL Submission- Power Procurement from THDC stations (MUs)

Particulars	FY 24 RE	FY 25 Projected	FY 26 Projected	FY 27 Projected	FY 28 Projected	FY 29 Projected
THDC						
Tehri*	0.00	16.13	98.25	98.25	98.38	98.25
Koteshwar*	0.00	5.78	35.23	35.23	35.28	35.23
Vishnugad Piplikoti**	0.00	0.00	0.00	17.00	68.02	67.92
SUB-TOTAL	**0.00**	**21.91**	**133.47**	**150.47**	**201.68**	**201.40**

**SOR share of Tehri and Koteshwar will be reallocated to HPSEBL from 1.11.2024 onwards on completion of the surrendered period of Five Years.*
***The project will be commissioned during 2026-27. HPSEBL is having 4.36% share in the project.*

Power Purchase from HPPCL

4.3.19 For remaining months of FY 23-24 and upcoming 5th MYT Control Period, the Petitioner has considered the following projections from HPPCL Projects:

Table 40: HPSEBL Submission- Power Procurement from HPPCL stations (Mus)

Particulars	FY 24 RE	FY 25 Projected	FY 26 Projected	FY 27 Projected	FY 28 Projected	FY 29 Projected
HPPCL						
Kashang	167.93	210.77	210.77	210.77	211.11	210.77
Sawra kuddu	309.29	359.94	359.94	359.94	360.52	359.94
Sainj	143.47	162.13	162.13	162.13	162.39	162.13
Hybrid Solar-Hydro(Sainj HEP)	0.00	0.00	162.13	162.13	162.13	162.13
Shongtong Karcham (upcoming)*	0.00	0.00	0.00	1035.43	1458.58	1459.20
Chanju-III (upcoming)**	0.00	0.00	0.00	0.00	111.25	155.65

Particulars	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29
	RE	Projected	Projected	Projected	Projected	Projected
Deothal Chanju (upcoming)**	0.00	0.00	0.00	0.00	70.70	98.88
Sub-Total – HPPCL	**620.69**	**732.84**	**894.98**	**1930.41**	**2536.69**	**2608.70**

* *project is likely to be commissioned during the year 2026-27.*
** *Projects are likely to be commissioned in the FY 2027-28.*

Power Purchase from BBMB & Other Shared Stations

4.3.20 The power purchase quantum from the BBMB & Other Shared Stations for 5th Control Period, as submitted by the Petitioner, is as follows:

Table 41: HPSEBL Submission- Power Procurement from BBMB & Other Shared Stations (MUs)

Particulars	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29
	RE	Projected	Projected	Projected	Projected	Projected
BBMB and other Shared Stations						
Bhakra (Old)	43.81	43.80	43.80	43.80	43.92	43.80
Bhakra New	349.05	352.12	352.12	352.12	352.12	352.12
Pong	40.13	41.13	41.13	41.13	41.13	41.13
Dehar	184.51	176.62	176.62	176.62	176.62	176.62
Shanan BSS	5.26	5.09	5.09	5.09	5.09	5.09
Shanan Ext	45.00	45.00	45.00	45.00	43.60	43.60
Yamuna (UJVNL)	398.65	411.14	411.14	411.14	411.71	411.14
Khara (UPPCL)	50.56	50.53	50.53	50.53	50.60	50.53
Sub-Total (BBMB and Other Shared Resources)	**1116.97**	**1125.43**	**1125.43**	**1125.43**	**1124.78**	**1124.03**

Power Purchase from SJVNL stations

4.3.21 The power purchase quantum from SJVNL stations as submitted by the Petitioner is as follows:

Table 42: HPSEBL Submission- Power Procurement from SJVNL stations (MUs)

Particulars	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29
	RE	Projected	Projected	Projected	Projected	Projected
SJVNL						
Nathpa Jhakri HEP SOR	153.31	163.24	163.24	163.24	163.24	163.24
Rampur HEP SOR	45.21	46.11	46.11	46.11	46.11	46.11
Nathpa Jhakri Equity	1390.51	1447.38	1447.38	1447.38	1447.38	1447.38
Rampur HEP Equity	453.90	471.64	471.64	471.64	471.64	471.64
Sub-Total SJVNL	**2042.916**	**2128.363**	**2128.363**	**2128.363**	**2128.363**	**2128.363**

Power Purchase from Baspa and Private IPPs

4.3.22 The Petitioner has considered availability of power from new hydro capacity additions from IPPs upto 25 MW @ 49 MW during FY 23-24, 16MW during FY 24-25, 22.80 MW during FY 25-26, 66 MW during FY 26-27, 21 MW during FY 2027-28, 416.10 MW during FY 2028-29 and 193 MW during FY 2029-30. The Petitioner, Out of 784 MW, as per details provided by the HIMURJA, the Petitioner has considered availability of only 50% capacity.

4.3.23 The power purchase quantum from these stations as submitted by the Petitioner is as follows:

Table 43: HPSEBL Submission- Power Procurement from Baspa and Private IPPs (MUs)

Particulars	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29
	RE	Projected	Projected	Projected	Projected	Projected
Baspa						
Baspa II- Primary	976.79	1050.06	1050.06	1050.06	1050.06	1050.06
Baspa - II Secondary Energy	62.94	105.00	105.00	105.00	105.00	105.00
Sub-Total Baspa	**1039.73**	**1155.06**	**1155.06**	**1155.06**	**1155.06**	**1155.06**
Private IPPs						
Small HEP/Private Micro<5MW	1219.34	1303.42	1303.42	1303.42	1303.42	1303.42
Small HEP/Private Micro>5MW	449.36	512.55	512.55	512.55	512.55	512.55
Small HEP/Private Micro- REC	266.18	316.56	316.56	316.56	316.56	316.56
Capacity Addition for IPP up to 25MW	0.00	142.55	171.96	255.83	383.34	1295.84
Sub-Total (Pvt. IPPs)	**1934.88**	**2275.08**	**2304.49**	**2388.36**	**2515.87**	**3428.37**
Total- (Pvt. IPPs +Baspa)	**2974.62**	**3430.14**	**3459.55**	**3543.42**	**3670.93**	**4583.43**

Power Purchase from Other Sources

4.3.24 The Petitioner has proposed banking of 2243 MUs for FY 2023-24 in addition to additional allocation of 104.37 MW and 554 MUs from Bilateral /Collective purchase. During 5th MYT Control Period, short term purchase to meet the gap has been proposed. The additional quantum has been allocated to HPSEBL by MoP during November., 23, February, 23 and March 23 by MOP from unallocated quota.

4.3.25 The power purchase quantum projected from other sources as submitted by the Petitioner is as follows:

Table 44: HPSEBL Submission- Power Procurement from Other Sources (MUs)

Particulars	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29
	RE	Projected	Projected	Projected	Projected	Projected
Unscheduled Interchange	-					
Banking Purchase	2141.73					
Additional Allocation from CGST*	104.37	0.00	0.00	0.00	0.00	0.00
Bilateral/ Collective Purchase	554					
Contingency (Power Exchange)	-					
Short Term Purchase	227.00	1597.00	1231.00	411.00	101.00	0.00
TOTAL- Others	**3027.10**	**1597.00**	**1231.00**	**411.00**	**101.00**	**0.00**

Total Power Purchase

4.3.26 Based on the methodology detailed above, the summary table on the source-wise power procurement proposed by the Petitioner for the 5th Control Period is as follows:

Table 45: HPSEBL Submission- Summary of Total Power Purchase Units (MUs)

Particulars	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29
	RE	Projected	Projected	Projected	Projected	Projected
Own Generation	1750.53	2388.31	2484.80	2484.80	2484.80	2484.80
NTPC	2335.73	1275.70	1354.59	1354.59	1355.30	1354.59
Solar (SECI &Singrauli)	64.43	57.04	57.04	57.04	57.14	61.32
Solar Projects	138.00	328.09	786.09	1186.16	1486.63	1786.74
NPCIL	214.58	298.01	366.11	366.11	366.11	366.11
NHPC	266.50	366.43	440.40	440.40	440.40	440.40
THDC	0.00	21.91	133.47	150.47	201.68	201.40
HPPCL	620.69	732.84	894.98	1930.41	2536.69	2608.70
BBMB and Other Shared	1116.97	1125.43	1125.43	1125.43	1124.78	1124.03
SJVNL	2042.92	2128.36	2128.36	2128.36	2128.36	2128.36
GoHP Share directly connected projects	515.35	0.00	0.00	0.00	0.00	0.00
Baspa	1039.73	1155.06	1155.06	1155.06	1155.06	1155.06
Pvt. IPPS	1934.88	2275.08	2304.49	2388.36	2515.87	3428.37
Sub-Total	**12040.31**	**12152.26**	**13230.83**	**14767.21**	**15852.83**	**17139.90**
Other Sources						
Unscheduled Interchange	-	-	-	-	-	-
Banking Purchase	2141.73	-	-	-	-	-
Additional Allocation from CGST	104.37					

Bilateral/ Collective Purchase	554					
Contigency (Power Exchange)	0					
Short Term Purchase	227.00	1597.00	1231.00	411.00	101.00	-
Sub-Total Others	**3027.10**	**1597.00**	**1231.00**	**411.00**	**101.00**	**-**
TOTAL	**15067**	**13749**	**14462**	**15178**	**15954**	**17140**

4.4 Transmission and Distribution (T&D) Losses

4.4.1 The Petitioner has submitted the actual transmission & distribution losses incurred by the HPSEBL in the last 4 years vis-à-vis the trajectory approved by the Commission, as given below:

Table 46: HPSEBL Submission- Actual T&D Loss (%)

Particulars	FY20	FY21	FY22	FY23	FY24
T&D Losses Approved in Tariff order dated 26.09.2019	10.3	10.1	9.9	9.7	9.5
Relaxation on account of COVID		3	1		
Adjusted Target as per MTR	10.3	13.1	10.9	9.7	9.5
Actual T&D Losses as per True Up	**12.08**	**13.94**	**12.7**	**9.92**	
Penalty (Rs. Cr.) during True Up	**34.26**	**16.82**	**43.16**		

4.4.2 The Petitioner has submitted that the T&D loss targets fixed by the Commission were quite stringent and it could not achieve the same resulting in imposition of penalty. During Mid Term Review, it had submitted to revise the targets/trajectory but could not succeed as the Commission has not accepted the review.

4.4.3 The Petitioner has 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 inter state/ intra state lines under the control of STU i.e. HPPTCL, thus, HPSEBL is also being penalized for the losses in Transmission system of HPPTCL.

4.4.4 The Petitioner has requested that the Commission may consider the losses attributable to HPPTCL @0.75% on the power available to HPSEBL by considering the purchases from inter state as well as intra state purchase. The loss trajectory has been accordingly projected based on the actual losses as per the past trend and is proposed as under:

Table 47: HPSEBL Submission- Proposed T&D Loss (%) Trajectory from FY24 to FY29

Particulars	FY 24 (RE)	FY 25	FY 26	FY 27	FY 28	FY 29
Proposed T&D loss	10.15%	10.15%	10.14%	10.13%	10.12%	10.11%

Transmission and Other Charges

4.4.5 **POWERGRID Kala Amb Transmission Assets (PKATL assets):** As per Order of Hon'ble Appellate Tribunal for Electricity (APTEL), the charges are to be apportioned among beneficiaries as per sharing Regulations, 2020. In the remand Order dated 30.06.2023, the CERC, in compliance with judgement of Hon'ble APTEL, has directed to implement the same. The charges paid by HPSEBL for FY 2024 have been taken in the ARR.

4.4.6 **02 No. 220kV Line Bays (HPSEBL Future Bays) at Hamirpur-POWERGRID Sub Station in NR:** The Non-PoC charges are being paid to PGCIL towards 02 No. 220kV Line Bays (HPSEBL Future Bays) at Hamirpur Sub Station in Northern Region as per Tariff approved by CERC in Petition no. 99/TT/2014 from March, 2017 onwards. The annual charges for the HPSEBL future bays at Hamirpur are Rs. 1.06 Cr. approximately.

4.4.7 The summary of transmission and other charges proposed by HPSEBL in the upcoming MYT are as follows:

Table 43: Transmission and Other charges proposed by HPSEBL (Rs. Cr.)

Particulars	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29
Transmission Charges PKATL	14					
PGCIL/CTUIL Charges	513	510	536	563	591	620
Add : 2 no. Future bays at Hamirpur-Power-grid 220kV S/stn. charges	1.06	1.17	1.22	1.29	1.35	1.42
Gross Total (HP Periphery)						
Sub-total PGCIL	**529**	**511**	**537**	**564**	**592**	**622**
HPPTCL Charges						
STU-ARR	34	36	38	40	42	44
Phozal charges (inclusive of Baragaon charges)	1	2	2	2	2	2
Bhoktoo Charges	6	6	6	7	7	7
KashangBhabha Transmission line	3	3	3	3	4	4
Chambi GIS substation & Associated Line	13	14	14	15	16	16
Pandoh GIS Sub-station and associated line	0	9	10	10	11	11
Utilization of 132kV D/c Malana Bajaura Line of MPCL	0	0	0	0	1	1
220kV Charor - Banala Transmission Line	6	6	6	6	7	7
Wangtoo Pooling Station	31	32	34	36	37	39
Snail-Hatkoti Line	4	3	3	4	4	4
220kV Lahal-Budhil transmission line &Bajoli Holi Lahal Transmission Line	11	11	12	12	13	14
66/22kV Nirmand - Kotla Transmission Line	6	7	7	7	8	8
33/132/220kV GIS Substation & 220kV Dehan Hamirpur Line	29	30	32	33	35	37
GIS substation of Sunda along with Sunda Hatkoti Line	28	29	31	32	34	36

Particulars	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29
66kV Urni S/stn.& 66kV Transmission line from URNI to Wangtoo	11	12	13	13	14	14
Arrear for Snail Hatkoti, Wangtoo S/stn& Charor Banala Lines & other lines	164					
Arrear of Pandoh Asset	40					
Sub-Total HPPTCL	**388**	**201**	**211**	**221**	**232**	**244**
SLDC Charges	**4**	**4**	**4**	**4**	**5**	**5**
T- GNA/STOA Charges	**35**	**95**	**104**	**109**	**115**	**120**
TOTAL	**955.01**	**810.64**	**856.01**	**898.72**	**943.58**	**990.67**

4.5 Provision of water cess impact for the 5th Control Period

4.5.1 GoHP vide notification dated 17.02.2023 has imposed water cess on usage of water for the generation of electricity. H.P Govt. vide letter dated 29.03.2023 had intimated that the State Government has decided in principle to neutralize the impact of water cess on HPSEBL consumers. However, the Water Cess Commission has issued bills to the HPSEBL as well as the IPPs. In this regard, matter has also been taken up by the Commission with HP Govt. In case the Government still does not neutralize the water cess impact on HPSEBL consumers in the current MYT period, the Petitioner has submitted the tentative impact of the same as under

Particulars	FY25	FY26	FY27	FY28	FY29
Water Cess (Rs. Cr)*	436	458	505	537	578

4.5.2 Further, the Petitioner has not considered the impact of the water cess in the ARR for the 5th control period and shall take-up as per the situation prevailing at the time of APR.

4.6 Provision for LADF for 5th Control Period

4.6.1 Govt. of HP has processed the demand of LADF from the HPSEBL as well as the IPPs in the State. The tentative amounts of LADF furnished by the Petitioner are as under:

Particulars	FY25	FY26	FY27	FY28	FY29
LADF (Rs. Cr.)	6.57	6.82	6.82	6.82	6.82
Arrear of LADF in respect of own generating station as per HP Govt. Notification 2009	70				
LADF Cases Pending before HPERC variation in AFC.	3.02				

4.7 Energy Balance

4.7.1 The Petitioner/HPSEBL has submitted the energy balance for the 5th Control Period on the basis of the projected demand, T&D loss trajectory and banking estimates. The HPSEBL may be allowed 5% of the surplus power for contingency purpose, the rest be considered as tradable power at the periphery. The energy balance proposed by the Petitioner is as follows:

Table 48: HPSEBL Submission- Energy Balance Proposed for fifth Control Period (MUs)

	Particulars	FY 24 RE	FY 25 Projected	FY 26 Projected	FY 27 Projected	FY 28 Projected	FY 29 Projected
A	Units procured from Interstate generating projects (including free power stations connected to ISTS)	8338	8187	8316	7513	7254	7156
B	Banking Purchase at ISTS	2142	0	0	0	0	0
C	Interstate Transmission Losses	3.61%	3.61%	3.61%	3.61%	3.61%	3.61%
D	Transmission Losses in MU	379	296	300	271	262	258
E	**Net Energy Available at State Periphery**	**10101**	**7891**	**8015**	**7241**	**6992**	**6897**
F	Power Available within the State (i+ii+iii)	**4588**	**5562**	**6146**	**7665**	**8699**	**9984**
	i) State Generating Stations	1751	2388	2485	2485	2485	2485
	ii) Free Power Own Generation and IPPS-GOHP Share	287	0	0	0	0	0
	iii) IPPs (i/c Solar)	2550	3174	3661	5181	6215	7500
G	Power Purchase from other Sources (i+ii)	-	-	-	--	-	-
	i) UI Power	-	-	-	--	-	-
	ii) IEX/PXIL/Short term	-	-	-	-	-	-
H	Total Energy available (E+F+G)	**14689**	**13454**	**14162**	**14907**	**15692**	**16882**
I	**Energy Sales within the State**	**11398**	**11998**	**12630**	**13296**	**13998**	**14739**
J	**Inter-State Sale of Power (i+ii+iii)**	**1907**	**-**	**-**	**-**	**-**	**362**
	i) Sale of Power (Including UI, Bilateral & IEX/PXIL)	-	-	-	-	-	362
	ii) Banking	1907	-	-	-	-	-
	iii)RE Sale						
K	**Total Energy Available at State Periphery (H-J)**	**12782**	**13454**	**14162**	**14907**	**15692**	**16520**
L	T&D Losses STU @0.75%	96	101	106	112	118	124
M	**Energy Available at DISCOM Periphery (K-L)**	12686	13353	14055	14795	15574	16396
N	**Energy Sold to the Consumers within State**	**11398**	**11998**	**12630**	**13296**	**13998**	**14739**
O	T&D Losses HPSEBL	1288	1355	1425	1499	1576	1657
P	**T&D Loss (%) (HPSEBL)**	**10.15%**	**10.15%**	**10.14%**	**10.13%**	**10.12%**	**10.11%**

4.8 Power Purchase Cost

4.8.1 Some of the assumptions made by the HPSEBL for projecting the cost of power purchase for remaining months of FY 23-24 and the upcoming Control Period are as follows:

Power Purchase Cost from Own Generating Stations

4.8.2 In the absence of a MYT Tariff Order for own generation stations for the 5th MYT Control Period, HPSEBL has adopted the following approach to determine the per unit cost of saleable energy for HPSEBL's own generation stations:

- The average YoY increase of the AFC's in previous MYT period (FY 20-24) has been assumed as the escalation rate for AFC in the coming MYT Period @8%.
- The energy available for sale has been derived from the average of last three years of the plant and the Aux Consumption for FY 22-23 has been considered across the upcoming MYT.
- For Small HEPs, the sale of energy rate is considered at Rs. 2.25 as per the latest available Tariff Order.
- For Uhl III, in absence of any reference rate/AFC, the rate of sale has been considered as taken in the 4th MYT period.

Power Purchase Cost from NTPC Stations

4.8.3 The Petitioner in respect of NTPC Stations has considered as under:

- As per the existing practice for cost escalation for NTPC stations, 6 % hike may be given on year on year basis due to increase in inflation and coal prices.
- The Annual Fixed Cost of NTPC stations for FY 2025-29 control period is yet to be approved as the Tariff Regulations for the Control Period FY 2025-29 are not finalized, therefore, the Annual Fixed Cost already approved for FY 2023-24 with hike may be considered for NTPC stations for working out the Cost of power purchase during the control period FY 2025-29.
- For Koldam, 5% hike has been considered on the overall cost of power purchase.

Power Purchase Cost from NHPC Stations

4.8.4 The Petitioner has considered 3% y-o-y rate of escalation on the total cost of power purchase from NHPC stations.

Power Purchase Cost from NPCIL Stations

4.8.5 The Petitioner in respect of Narora Atomic Power Plant and Rajasthan Atomic Power Plant of NPCIL has submitted that, till FY 2021-22 the per unit cost is maintained same as that of FY 2018-19, however, 5% escalation has been considered FY 2022-23 onwards, the rates for Rajasthan Atomic Power Plant Unit VII & VIII has been considered as per rate approved for Rajasthan Atomic Power Plant VII in MYT dated 31.3.2023.

Power Purchase Cost from Solar Plants

4.8.6 The Petitioner in respect of the Solar Power Plants has submitted as under:

- In case of Singrauli solar PV (15MW), the energy purchase rate of Rs. 7.87 per unit has been considered.
- In case of solar power from SECI (20MW), the energy purchase rate of Rs. 5.50 per unit has been considered.
- For additional Solar Plants, the average rate of energy of Rs. 3.70 per unit as per the HPERC tariff order dated 4.11.2023 for Solar has been computed from the projected procurement for the upcoming MYT period.

Power Purchase Cost from BBMB & Other Shared Stations

4.8.7 The Petitioner in case of BBMB & Other Shared Stations has considered as under:

- In case of BBMB projects (for Old HP share from Bhakra), the rate may be compounded on yearly basis @ 5% as per the exiting practice for Common Pool Tariff determination by BBMB.
- In case of Bhakra Complex, Dehar & Pong, for the HP share of 7.19%, the net O&M expenditure for HPSEBL in proportion to the 7.19% share in the revised Budget of FY2023-24 is Rs. 45 Cr. This may be escalated @ 5% year on year to year basis for projections.
- In case of PSPCL project (Shanan 1 MW share & Shanan Extension 45 MU share), the rate computed currently has been @ 72 paise per unit as per the audited cost for FY 18-19. The Petitioner has requested that for FY25 to FY29, year on year escalation of 5% be considered. The per unit cost of 1 MW Shanan share is @ Rs 1.18 per unit with escalation @5%.

Power Purchase Cost from THDC Stations

4.8.8 The Petitioner has submitted that in case of THDC projects i.e. Tehri HEP & Koteshwar HEP, the energy availability as SoR share from FY 24 onwards may be considered. The rates for Tehri and Koteshwar have been considered based on approved rates for FY 23-24 by HPERC and annual hike of 5% has been considered.

Power Purchase Cost from SJVNL Stations

4.8.9 The Petitioner in case of SJVNL Stations has submitted as under:

- The energy in case of SJVNL projects is available as SoR share & GoHP Equity power in Nathpa Jhakri & Rampur HEP.
- The Nathpa Jhakri HEP AFC for FY2023-24 is Rs. 1382.86 Crores, annual saleable design energy is 5748.74 MUs and per unit rate is Rs. 1.26 as energy (variable) charges & Rs. 1.26/Unit as capacity (fixed) charges with a total of Rs. 2.52 per unit rate. The 2% escalation may be considered year on year basis.
- The Rampur HEP AFC for FY23-24 is Rs. 673.33 Crores, annual saleable design energy is 1617.59 MUs and per unit rate is Rs. 2.35 as energy (variable) charges & Rs. 2.35/Unit as capacity (fixed) charges with a total of Rs. 4.70 per unit rate. The 2% escalation may be considered year on year basis.

Power Purchase Cost from Baspa and Other Private IPPs

4.8.10 In case of Baspa II, the Petitioner has considered AFC for FY23-24 as Rs. 232.23 crore, saleable primary energy of 1050.06 MUs & per unit rate as Rs. 2.25. The annual hike of 2% has been considered.

Total Power Purchase Cost

4.8.11 The total plant-wise power purchase cost projections of HPSEBL are as follows:

Table 49: HPSEBL Submission – Summary of Power Purchase Units and Cost for the 5th control period (FY 25 to FY 29)

Particulars	FY 24		FY 25		FY 26		FY 27		FY 28		FY 29	
	RE		Projected		Projected		Projected		Projected		Projected	
	Units (MUs)	Rs. Cr	Units (MUs)	Rs. Cr	Units (MUs)	Rs. Cr	Units (MUs)	Rs. Cr	Units (MUs)	Rs. Cr	Units (MUs)	Rs. Cr
Own Generation												
Bhaba	530.06	49.83	579.28	54.45	579.28	58.81	579.28	63.51	579.28	68.59	579.28	74.08
Bassi	309.06	18.85	308.99	18.85	308.99	20.36	308.99	21.98	308.99	23.74	308.99	25.64
Giri	274.53	38.16	207.24	28.81	207.24	31.11	207.24	33.60	207.24	36.29	207.24	39.19
Andhra	74.27	10.77	65.34	9.47	65.34	10.23	65.34	11.05	65.34	11.94	65.34	12.89
Ghanvi-I	76.53	17.22	90.97	20.47	90.97	22.11	90.97	23.87	90.97	25.78	90.97	27.85
Baner	41.82	9.70	41.13	9.54	41.13	10.31	41.13	11.13	41.13	12.02	41.13	12.98
Gaj	33.89	10.34	42.20	12.87	42.20	13.90	42.20	15.01	42.20	16.21	42.20	17.51
Larji	247.91	31.48	601.40	76.38	601.40	82.49	601.40	89.09	601.40	96.21	601.40	103.91
Khauli	39.61	10.47	47.37	10.66	47.37	11.51	47.37	12.43	47.37	13.43	47.37	14.50
Binwa	31.82	7.86	28.81	7.12	28.81	7.68	28.81	8.30	28.81	8.96	28.81	9.68
Thirot	15.48	3.48	5.75	1.29	5.75	1.40	5.75	1.51	5.75	1.63	5.75	1.76
Gumma	8.23	1.85	4.21	0.95	4.21	1.02	4.21	1.10	4.21	1.19	4.21	1.29
Holi	3.79	0.85	5.26	1.18	5.26	1.28	5.26	1.38	5.26	1.49	5.26	1.61
Bhaba Aug.	6.57	1.48	8.50	1.91	8.50	2.07	8.50	2.23	8.50	2.41	8.50	2.60
Nogli	5.11	1.88	4.80	1.77	4.80	1.91	4.80	2.07	4.80	2.23	4.80	2.41
Rongtong	4.40	1.72	0.69	0.27	0.69	0.29	0.69	0.31	0.69	0.34	0.69	0.37
Sal-II	0.00	0.00										
Chaba	5.48	1.85	4.99	1.68	4.99	1.82	4.99	1.96	4.99	2.12	4.99	2.29
Rukti	3.45	0.30	4.00	0.35	4.00	0.38	4.00	0.41	4.00	0.44	4.00	0.48
BS Chamba	1.70	0.54	1.30	0.42	1.30	0.45	1.30	0.48	1.30	0.52	1.30	0.57
Ghanvi-II	33.92	10.72	43.06	13.61	43.06	14.69	43.06	15.87	43.06	17.14	43.06	18.51
Ligthi	0.16	0.07	0.29	0.26	0.29	0.28	0.29	0.30	0.29	0.32	0.29	0.35
Billing	1.01	0.23	0.68	0.15	0.68	0.17	0.68	0.18	0.68	0.19	0.68	0.21
Killar	0.29	0.07	0.47	0.11	0.47	0.11	0.47	0.11	0.47	0.11	0.47	0.11
Sach	1.15	0.26	1.58	0.35	1.58	0.35	1.58	0.35	1.58	0.35	1.58	0.35
Sural	0.19	0.04	0.40	0.09	0.40	0.09	0.40	0.09	0.40	0.09	0.40	0.09
Purthi	0.10	0.02	0.14	0.03	0.14	0.03	0.14	0.03	0.14	0.03	0.14	0.03
Uhl-III-Upcoming	0.00	0.00	289.48	130.26	385.97	182.37	385.97	191.49	385.97	201.06	385.97	211.12
Sub-Total Own Generation	**1750.53**	**230.05**	**2388.31**	**403.30**	**2484.80**	**477.21**	**2484.80**	**509.86**	**2484.80**	**544.86**	**2484.80**	**582.37**

Particulars	FY 24 RE		FY 25 Projected		FY 26 Projected		FY 27 Projected		FY 28 Projected		FY 29 Projected	
	Units (MUs)	Rs. Cr	Units (MUs)	Rs. Cr	Units (MUs)	Rs. Cr	Units (MUs)	Rs. Cr	Units (MUs)	Rs. Cr	Units (MUs)	Rs. Cr
Power Purchase from NTPC												
Rihand STPP-I (Firm+UA Bundle)	286.83	69.40	192.74	52.71	192.7441	55.87	192.74	59.23	192.74	62.78	192.74	66.55
Rihand STPP-II (Firm+UA Bundle)	288.58	67.76	183.00	47.52	182.9959	50.37	183.00	53.40	183.00	56.60	183.00	60.00
Rihand-III STPS (Firm+UA Bundle)	283.20	83.32	187.79	60.71	187.7886	64.35	187.79	68.22	187.79	72.31	187.79	76.65
Unchahar-I TPP (UA Bundle)	151.26	72.82	1.42	0.72	1.416919	0.767	1.42	0.81	1.42	0.86	1.42	0.91
Unchahar-II TPP (Firm+UA Bundle)*	250.51	102.01	67.59	35.61	67.5908	37.74	67.59	40.01	67.59	42.41	67.59	44.95
Unchahar-III TPP (Firm+UA Bundle)	105.39	53.57	44.25	23.54	44.24547	24.96	44.25	26.45	44.25	28.04	44.25	29.72
Unchahar-IV TPP (UA Bundle)	41.23	19.25	5.30	2.90	5.304434	3.069	5.30	3.25	5.30	3.45	5.30	3.66
Kahalgoan-II	231.97	88.65	120.63	52.30	120.6252	55.43	120.63	58.76	120.63	62.29	120.63	66.02
Tanda-II STPS (UA Bundle)	100.78	40.33	9.32	4.59	9.315198	4.87	9.32	5.16	9.32	5.47	9.32	5.80
Dadri-II (UA Bundle)	88.05	41.49	9.51	5.66	9.512594	5.99	9.51	6.36	9.51	6.74	9.51	7.14
Singaurauli (UA Bundle)	53.14	12.09	17.68	4.55	17.68	4.83	17.68	5.12	17.68	5.42	17.68	5.75
Sub-Total-Thermal	1880.94	650.68	839.22	290.82	839.22	308.27	839.22	326.76	839.22	346.37	839.22	367.15
Koldam HEP-Unallocated (800 MW)	454.79	210.06	421.00	252.97	421.06	264.60	421.06	277.83	421.63	292.12	421.06	306.31
Kodam-SOR-upcoming(800 MW)	0.00	0.00	15.48	9.27	94.316	59.27	94.32	62.23	94.45	65.44	94.32	68.61

Particulars	FY 24 RE		FY 25 Projected		FY 26 Projected		FY 27 Projected		FY 28 Projected		FY 29 Projected	
	Units (MUs)	Rs. Cr	Units (MUs)	Rs. Cr	Units (MUs)	Rs. Cr	Units (MUs)	Rs. Cr	Units (MUs)	Rs. Cr	Units (MUs)	Rs. Cr
Sub-Total Koldam	454.79	210.06	436.48	262.24	515.37	323.87	515.37	340.07	516.08	357.56	515.37	374.92
Sub-Total NTPC	**2335.73**	**860.75**	**1275.70**	**553.05**	**1354.59**	**632.14**	**1354.59**	**666.83**	**1355.30**	**703.93**	**1354.59**	**742.07**
Solar Power												
SECI Solar	42.37	24.40	35.04	20.05	35.04	20.05	35.04	20.05	35.14	20.10	35.04	20.05
Singrauli Solar	22.06	17.36	22.00	17.32	22.00	17.32	22.00	17.32	22.00	17.32	26.28	20.69
IPPs Owned SPP	77.30	33.41	66.75	28.88	66.75	28.88	66.75	28.88	66.93	28.96	66.75	28.88
Solar Capacity Addition 2 MW rooftop addition per annum w.e.f. 2024-25	49	17.13	51.51	19.06	53.96	19.97	56.41	20.87	58.87	21.78	61.32	22.69
Solar Capacity Addition by HPPCL -200 MW during FY 2024-25 ,300MW 2025-26 & 200MW each year thereon	12	3.98	131.05	48.49	446.76	165.30	844.38	312.42	1142.22	422.62	1440.06	532.82
Solar Capacity Addition (131.4 MW through Himurja) w.e.f FY 24-25	0	0.00	55.85	20.66	195.68	72.40	195.68	72.40	195.68	72.40	195.68	72.40
Solar capacity addition already alloted by Himurja under Various scheme	0	0.00	22.93	8.49	22.93	8.49	22.93	8.49	22.93	8.49	22.93	8.49
Sub-total Solar	**202.43**	**96.29**	**385.13**	**162.94**	**843.13**	**332.40**	**1243.20**	**480.42**	**1543.77**	**591.67**	**1848.06**	**706.01**
NPCIL Stations												
NAPP	100.76	30.90	95.53	31.50	95.53	33.07	95.53	34.72	95.53	36.46	95.53	38.28
RAPP(V &VI)	113.82	45.42	107.58	45.98	107.58	48.27	107.58	50.69	107.58	53.22	107.58	55.88
RAPP(VII & VIII)	0	0	94.9	42.705	163	77.0175	163.00	80.87	163.00	84.91	163.00	89.16
Sub-Total NPCIL	**214.58**	**76.32**	**298.01**	**120.18**	**366.11**	**158.36**	**366.11**	**166.28**	**366.11**	**174.60**	**366.11**	**183.33**

Particulars	FY 24 RE		FY 25 Projected		FY 26 Projected		FY 27 Projected		FY 28 Projected		FY 29 Projected	
	Units (MUs)	Rs. Cr	Units (MUs)	Rs. Cr	Units (MUs)	Rs. Cr	Units (MUs)	Rs. Cr	Units (MUs)	Rs. Cr	Units (MUs)	Rs. Cr
NHPC Stations												
Chamera-I	61.40	11.40	53.65	11.71	53.65	12.07	53.65	12.43	53.65	12.80	53.65	13.18
Chamera-II	44.33	9.09	38.01	10.30	38.01	10.60	38.01	10.92	38.01	11.25	38.01	11.59
Chamera-III-Surrendered upcoming	0.53	0.12	4.47	1.84	27.20	11.54	27.20	11.89	27.20	12.25	27.20	12.61
Salal	33.53	8.44	32.22	9.29	32.22	9.57	32.22	9.86	32.22	10.15	32.22	10.46
Tanakpur	15.50	7.77	15.11	6.02	15.11	6.21	15.11	6.39	15.11	6.58	15.11	6.78
Uri	74.87	17.49	75.91	18.14	75.91	18.68	75.91	19.24	75.91	19.82	75.91	20.42
Dhauli Ganga	36.34	9.55	42.68	12.44	42.68	12.81	42.68	13.20	42.68	13.59	42.68	14.00
Parvati-III-Surrendered upcoming			10.06	3.21	61.31	20.16	61.31	20.77	61.31	21.39	61.31	22.03
Parvati-II-Upcoming			94.32	37.73	94.32	38.86	94.32	40.02	94.32	41.22	94.32	42.46
Sub-Total NHPC	**266.50**	**63.86**	**366.43**	**110.69**	**440.40**	**140.51**	**440.40**	**144.72**	**440.40**	**149.07**	**440.40**	**153.54**
THDC Stations												
Tehri	0	0	16.13	6.88	98.25	43.98	98.25	46.18	98.38	48.55	98.25	50.91
Koteshwar	0	0	5.78	3.30	35.23	21.09	35.23	22.14	35.28	23.28	35.23	24.41
Vishnugad Piplikoti	0	0					17.00	6.80	68.02	27.21	67.92	27.17
Sub-Toral THDC	**0**	**0**	**21.91**	**10.17**	**133.47**	**65.07**	**150.47**	**75.12**	**201.68**	**99.04**	**201.40**	**102.49**
HPPCL Stations												
Kashang	167.93	77.41	211	163	211	163	211	163	211	163	211	163
Sawrakuddu	309.29	188.34	360	392	360	392	360	392	361	392	360	392
Sainj	143.47	63.24	162	122	162	122	162	122	162	122	162	122
Hybrid Solar-Hydro (Sainj HEP)	0.00	0.00			162	122	162	122	162	122	162	122
ShongtongKarcham (upcoming)	0.00	0.00					1035	414	1459	583	1459	583
Chanju-III (upcoming)	0.00	0.00							111	45	156	62

Particulars	FY 24 RE		FY 25 Projected		FY 26 Projected		FY 27 Projected		FY 28 Projected		FY 29 Projected	
	Units (MUs)	Rs. Cr	Units (MUs)	Rs. Cr	Units (MUs)	Rs. Cr	Units (MUs)	Rs. Cr	Units (MUs)	Rs. Cr	Units (MUs)	Rs. Cr
DeothalChanju (upcoming)	0.00	0.00							71	28	99	40
Sub-Total HPPCL	**620.69**	**328.99**	**732.84**	**676.46**	**894.98**	**798.39**	**1930.41**	**1212.56**	**2536.69**	**1454.60**	**2608.70**	**1483.63**
BBMB and Other Shared												
Bhakra (Old)	43.81	4.34	43.80	4.48	43.80	4.65	43.80	4.88	43.92	5.14	43.80	5.38
Bhakra New	349.05	21.28	352.12	29.95	352.12	31.45	352.12	33.02	352.12	34.67	352.12	36.40
Pong	40.13	2.46	41.13	3.93	41.13	4.13	41.13	4.33	41.13	4.55	41.13	4.78
Dehar	184.51	11.25	176.62	12.05	176.62	12.66	176.62	13.29	176.62	13.95	176.62	14.65
Shanan BSS	5.26	0.54	5.09	0.63	5.09	0.66	5.09	0.70	5.09	0.73	5.09	0.77
Shanan Ext	45.00	3.29	45.00	3.40	45.00	3.57	45.00	3.75	43.60	3.82	43.60	4.01
Yammuna (UJVNL)	398.65	58.49	411.14	64.02	411.14	67.22	411.14	70.58	411.71	74.21	411.14	77.81
Khara (UPPCL)	50.56	4.33	50.53	4.88	50.53	5.12	50.53	5.38	50.60	5.66	50.53	5.93
Sub-Total BBMB and Other Shared Resources	**1116.97**	**105.98**	**1125.43**	**123.35**	**1125.43**	**129.46**	**1125.43**	**135.93**	**1124.78**	**142.73**	**1124.03**	**149.73**
SJVNL Projects												
NathpaJhakri (SOR)	153.31	35.14	163.24	41.96	163.24	42.80	163.24	43.65	163.24	44.53	163.24	45.42
Rampur (SOR)	45.21	19.17	46.11	22.11	46.11	22.55	46.11	23.00	46.11	23.46	46.11	23.93
NathpaJhakri (Equity)	1390.51	317.15	1447.38	372.03	1447.38	379.48	1447.38	387.06	1447.38	394.81	1447.38	402.70
Rampur (Equity)	453.90	189.05	471.64	226.10	471.64	230.62	471.64	235.24	471.64	239.94	471.64	244.74
Sub-Total SJVNL	**2042.92**	**560.50**	**2128.36**	**662.20**	**2128.36**	**675.44**	**2128.36**	**688.95**	**2128.36**	**702.73**	**2128.36**	**716.79**
GOHP Free Power												
HPSEBL's Own Projects	52.55	13.51	-	-	-	-	-	-	-	-	-	-
Malana	42.37	10.89	-	-	-	-	-	-	-	-	-	-
Baspa-II	141.89	36.46	-	-	-	-	-	-	-	-	-	-
Shanan BSS	2.63	0.68	-	-	-	-	-	-	-	-	-	-
Thien (RSD)	83.85	21.55	-	-	-	-	-	-	-	-	-	-

Particulars	FY 24 RE		FY 25 Projected		FY 26 Projected		FY 27 Projected		FY 28 Projected		FY 29 Projected	
	Units (MUs)	Rs. Cr	Units (MUs)	Rs. Cr	Units (MUs)	Rs. Cr	Units (MUs)	Rs. Cr	Units (MUs)	Rs. Cr	Units (MUs)	Rs. Cr
IPP's Free Power (i/c OA Consumers)	152.20	39.11	-	-	-	-	-	-	-	-	-	-
Kashang	20.76	5.34	-	-	-	-	-	-	-	-	-	-
Chanju	19.10	4.91	-	-	-	-	-	-	-	-	-	-
Sub-Total GoHP –Free Power	**515.35**	**132.44**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
PVT IPPS												
Baspa-II-Primary	976.79	192.81	1050	236.70	1050	241.44	1050	246.27	1050	251.19	1050	256.22
Baspa-II-Secondary	62.94	26.63	105	44.42	105	44.42	105	44.42	105	44.42	105	44.42
Sub-Total Baspa	1039.73	219.43	1155.06	281.12	1155.06	285.85	1155.06	290.68	1155.06	295.61	1155.06	300.63
Small HEP/Private Micro<5MW	1219.34	356.70	1303.42	431.43	1303.42	431.43	1303.42	431.43	1303.42	431.43	1303.42	431.43
Small HEP/Private Micro>5MW	449.36	151.89	512.55	149.66	512.55	149.66	512.55	149.66	512.55	149.66	512.55	149.66
Small HEP/Private Micro- REC	266.18	67.99	316.56	81.36	316.56	81.36	316.56	81.36	316.56	81.36	316.56	81.36
Capacity addition for IPPs	0	0	142.55	42.87	171.96	56.92	255.83	84.68	383.34	126.88	1295.84	428.92
Sub-Total (Pvt. IPPS)	**1934.88**	**576.59**	**2275.08**	**705.32**	**2304.49**	**719.37**	**2388.36**	**747.13**	**2515.87**	**789.34**	**3428.37**	**1091.38**
Total- IPPS & Pvt. SHPs	**2974.62**	**796.02**	**3430.14**	**986.44**	**3459.55**	**1005**	**3543.42**	**1037.82**	**3670.93**	**1085**	**4583.43**	**1392.01**
Other Sources												
Banking Purchase	2141.73	0										
Additional Allocation from CGST	104.37	47.0										

Particulars	**FY 24**		**FY 25**		**FY 26**		**FY 27**		**FY 28**		**FY 29**	
	RE		**Projected**		**Projected**		**Projected**		**Projected**		**Projected**	
	Units (MUs)	**Rs. Cr**	**Units (MUs)**	**Rs. Cr**	**Units (MUs)**	**Rs. Cr**	**Units (MUs)**	**Rs. Cr**	**Units (MUs)**	**Rs. Cr**	**Units (MUs)**	**Rs. Cr**
Bilateral/ Collective Purchase	554	304.7										
Short Term Purchase	227.00	79.45	1597.00	558.95	1231.00	430.85	411.00	143.85	101.00	35.35	0	0
Sub-Total Others	**3027.10**	**431.12**	**1597.00**	**558.95**	**1231.00**	**430.85**	**411.00**	**143.850**	**101.00**	**35.350**	**0.00**	**0.00**
TOTAL	**15067**	**3682.32**	**13749.3**	**4367.73**	**14462**	**4845.0**	**15178**	**5262.35**	**15954**	**5684**	**17140**	**6211.97**
Avg. Power Purchase Cost (Rs./ unit)		**2.85**		**3.18**		**3.35**		**3.47**		**3.56**		**3.62**

4.9 Capital Expenditure and Capitalization Plan

4.9.1 The Petitioner has submitted that it has been engaged in the activities of (i) generation from power houses under operation (ii) distribution of electricity in its area of supply (iii) trading of electricity, (iv) Operation & maintenance of all existing generating plants, evacuation lines & EHV, HV, LV Distribution Network and (v) completion of existing generating stations & execution of Hydro Projects as allocated by GoHP along with associated EHV network.

4.9.2 Based upon the above mandate the CAPEX Plan proposals for Distribution network (scheme wise) for Control Period FY 25 to FY 29 have been formulated by HPSEB Ltd. under the major heads, as discussed in subsequent paras, in order to effect better planning, budgeting and monitoring at macro & micro levels and to provide reliable and quality power to the consumers.

4.9.3 HPSEBL has meticulously planned its EHV Distribution Network for improving intra state transfer of power. Various schemes circle wise have been designed to focus strengthening of existing HV/LV network. RE & System Improvement plans emphasis shall be given on strengthening the Sub-Transmission and Distribution System for mitigating the low voltage problem. Consumer Service and Electrification (Circle-wise) initiatives have been proposed.

4.9.4 IT PROJECTS: HPSEBL has undertaken IT initiatives to improve efficiency and bring about greater transparency in its operations. HPSEBL has successfully implemented several projects and proposes to build on the backbone already established to implement new and innovative technologies to provide quality power and services, while simultaneously taking steps to improve revenue buoyancy and higher collection efficiency.

4.9.5 To promote Solar Roof Top system and to have instant connectivity to the Solar PV rooftop prosumers, provision for strengthening of existing infrastructure/additional infrastructure has been incorporated in each circle.

4.9.6 The Petitioner is presently undertaking various Central Govt. sponsored schemes which are to be implemented during the 5th MYT Control Period:

4.9.7 Revamped Distribution Sector Scheme (RDSS)

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

The scheme is divided in two parts:

Component I: Metering

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

Component II: Distribution Infrastructure Works Component

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

i. Construction of new sub stations, augmentation of sub stations.

ii. Provision of Armored / Aerial bunched Cables (ABC) or High Voltage Distribution System in high loss areas.

iii. Segregation / Bifurcation of feeders and other allied works.

iv. Replacement of conductors, which are old/frayed.

v. Additional HT lines to improve quality of supply.

vi. IT/OT works.

vii. Supervisory Control and Data Acquisition (SCADA) and Distribution Management System (DMS) in urban areas.

viii. Works like new feeders, capacitors etc. for loss reduction.

ix. Under-ground cabling works.

x. Any other works required for system strengthening and loss reduction.

III: Project management.

4.9.10 For project management, one or more Project Management Agency (ies) (PMA) shall be appointed.

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

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

4.9.13 **World Bank Smart Grid Scheme:** The World Bank funded Smart Grid scheme is proposed in 13 towns of Himachal Pradesh under Himachal Hydropower & Renewable Power sector Development program. The overall objective of the Smart Grid project is to ensure 24x7 stable supply of electricity to all customers in the selected project areas, reduce AT&C losses and equipment failure rate; and increase the billing and collection efficiency through various smart grid functionalities envisaged in the project. The estimated project cost is to the tune of Rs. 585.85 Crore which the Petitioner envisages to implement within five years. The important works to be performed under the scheme in order to achieve the desired objectives are as follows:

- System Strengthening: Installations of New Substations- 66/11 kV and 33/11kV, Overhead lines- 66kV;33kV;11 kV etc.
- System Automation: Implementation of SCADA and accessories such as Auto-recloser; RMUs, FRTUs, VCBs, Relay control panels etc.
- Implementation of Smart Grid Control Centre with all associated application, Hardware, Software including Servers along with 5 years Facility Management Services etc.
- Integration of existing Applications such as ISO Billing, ERP-SAP, GIS etc. with New Applications such as SCADA, OMS, DMS, MMA etc.

4.9.14 **Border Area Scheme:** Keeping in view to provide quality and reliable power supply to the border areas of Himachal Pradesh, Ministry of Power, Government of India has approved the scheme of Rs. 380 Cr. for HPSEBL in grant and loan arrangement of 90:10.

4.9.15 **Vibrant Village Scheme:** Under this scheme 32 Nos. villages have been identified to be provided electricity in Kinnaur & Lahaul Spiti Disttricts. The scheme amounting to Rs. 6.08 Cr has been approved by Ministry of Power, Government of India.

4.9.16 To fund the existing programs as well as new initiatives, the Petitioner has proposed the following CAPEX for MYT 5th Control Period. The summary of the planned CAPEX investment for above schemes is given in the following table:

Table 50: HPSEBL Submission- Capital Expenditure Plan (Rs. Cr.)

Particulars of Scheme		FY 25	FY 26	FY 27	FY 28	FY 29	TOTAL
A) Ongoing Schemes							
i)	Shimla Circle	17.01	11	0	0	0	28.01
ii)	Solan Circle	13.34	8.23	0	0	0	21.57
iii)	Nahan Circle	4.07	0	0	0	0	4.07
iv)	Rampur Circle	6	4.73	0	0	0	10.73
v)	Rohru Circle	11.58	3	0	0	0	14.58
	Sub-Total South Zone	**52**	**26.96**	**0**	**0**	**0**	**78.96**
vi)	Bilspur Circle	25.86	3	0	0	0	28.86
vii)	Mandi Circle	7.9	2.2	0	0	0	10.1
viii)	Kullu Circle	17.04	11.67	2.22	0	0	30.93
ix)	Hamirpur Circle	13.34	8.23	0	0	0	21.57
	Sub-Total Central Zone	**64.14**	**25.1**	**2.22**	**0**	**0**	**91.46**
x)	Una Circle	27	16	1	0	0	44
xi)	Kangra Circle	3.23	2.15	0	0	0	5.39
xii)	Dalhousie Circle	22.82	0	0	0	0	22.82
	Sub-Total North Zone	**53.06**	**18.15**	**1**	**0**	**0**	**72.21**

Particulars of Scheme		FY 25	FY 26	FY 27	FY 28	FY 29	TOTAL
vi)	ES Circle Totu Shimla	106.82	70.1	31.28	20	11.69	239.89
vii)	ES Circle, Hamirpur	23.68	0	0	0	0	23.68
	SUB-TOTAL ES	**130.5**	**70.1**	**31.28**	**20**	**11.69**	**263.57**
	Existing IT Schemes	0	5.18	0	0	0	5.18
	IPDS PHSE-II		4.14	0	0	0	4.14
	Call Center	0	1.04	0	0	0	1.04
	Grand total of ongoing schemes	**299.69**	**145.5**	**34.5**	**20**	**11.69**	**511.37**
B) New Schemes							
i)	Shimla Circle	39.1	41.47	45.29	24.07	15.88	165.81
ii)	Solan Circle	59.57	33.8	36.07	19.09	8.61	157.14
iii)	Nahan Circle	81.63	124.06	76.05	44.43	28.58	354.75
iv)	Rampur Circle	16.32	13.39	10.48	10.19	10.26	60.63
v)	Rohru Circle	17.94	16.68	15.33	10.99	11.02	71.95
	Sub-Total South Zone	**214.57**	**229.39**	**183.21**	**108.77**	**74.34**	**810.28**
vi)	**Bilspur Circle**	46.11	43.65	43.12	35.19	31.99	200.05
vii)	**Mandi Circle**	50.94	41.12	38.61	34.65	44.87	210.18
viii)	**Kullu Circle**	55.06	43.19	34.55	29.5	25.75	188.05
ix)	**Hamirpur Circle**	100.54	93.01	69.89	67.91	79.68	411.03
	Sub-Total Central Zone	**252.65**	**220.96**	**186.17**	**167.25**	**182.29**	**1009.32**
x)	**Una Circle**	7	7	7	7	7	35
xi)	**Kangra Circle**	32.31	29.18	28.5	28.5	28.5	146.99
xii)	**Dalhousie Circle**	72.87	75.92	71.84	70.43	72.89	363.95
	Sub-Total North Zone	**112.18**	**112.1**	**107.34**	**105.93**	**108.39**	**545.94**
vi)	ES Circle Totu Shimla	77.64	129.35	258.23	229.19	158.52	852.94
vii)	ES Circle, Hamirpur	28.2	28.67	17.3	0	0	74.16
	Sub-total ES	**105.84**	**158.02**	**275.53**	**229.19**	**158.52**	**927.1**
C) New CAPEX Schemes IT Cell							
	Smart Metering Under RDSS	230.2	68.37				298.57
	Computer and Other IT Hardware for HPSEBL Offices	7.05	7.05	7.05			21.16
	Upgradation& replacement of Non-IT Infrastructure of HPSEBL data centre& DRC		2.5	2.5			5
	Sub-Total -IT Schemes	**237.25**	**77.92**	**9.55**	**0**	**0**	**324.72**
D)	Loss Reduction under RDSS	1000	912				1912
E)	Scheme under HP Power Development Programme under World bank	50	100	150	150	135	585

Particulars of Scheme		FY 25	FY 26	FY 27	FY 28	FY 29	TOTAL
F)	Border Area Scheme	80	75	75	75	75	380
G)	Vibrant Village Scheme		6.08				6.08
	GRAND TOTAL of New CAPEX to be undertaken	**2052**	**1891**	**987**	**836**	**734**	**6500**
	TOTAL CAPEX (Existing + New)	**2352**	**2037**	**1021**	**856**	**745**	**7012**

4.9.17 Based on the above capital expenditure plan, the Petitioner has proposed the following phasing ratio for capitalization of the proposed capital expenditure:

Table 51: HPSEBL Submission- Phasing ratio for Capitalization of Proposed Capex

FY 25	FY 26	FY 27	FY 28	FY 29
20%	25%	25%	15%	15%

4.9.18 Accordingly, the capitalisation proposed for the Control Period, based on the proposed capital expenditure is given below:

Table 52: HPSEBL Submission- Capitalization Plan for 5th Control Period (Rs. Cr.)

Particulars	FY 25	FY26	FY 27	FY 28	FY 29	Total
Capitalization ratio	20%	25%	25%	15%	15%	100%
Capitalization structure proposed	410.50	513.12	513.12	307.87	307.87	2052.48
Capitalization structure proposed	378.30	472.87	472.87	283.72	283.72	1891.48
Capitalization structure proposed	197.36	246.70	246.70	148.02	148.02	986.80
Capitalization structure proposed	167.23	209.04	209.04	125.42	125.42	836.14
Capitalization structure proposed	146.71	183.39	183.39	110.03	110.03	733.54
Capitalization plan for New schemes (A)	**1300.09**	**1625.11**	**1625.11**	**975.07**	**975.07**	**6500.44**
Capitalization of investments prior to FY 19 (B)	**299.69**	**145.50**	**34.50**	**20.00**	**11.69**	**511.37**
Total Capitalization (A+B)	**1599.78**	**1770.61**	**1659.61**	**995.07**	**986.76**	**7011.81**

4.10 Operation & Maintenance Expenses (O&M)

Employee Expenses

4.10.1 The Petitioner has projected the employee cost as per HPERC MYT Regulations 2011 as per the following formula:

EMPn = [(EMPn-1) x (1+Gn) x (CPI inflation)] + Provision (Emp)

Where:

'CPI inflation' – is the average increase in the Consumer Price Index (CPI) for immediately preceding three or five years before the base year, whichever is higher;

EMPn-1' – employee's cost of the distribution licensee for the (n-1)th year.

'Provision (Emp)'- Provisions and expected one-time expenses as specified above;

'Gn' - is a growth factor for the nth year. Value of Gn shall be determined by the Commission in the MYT tariff order for meeting the additional manpower requirement based on licensee's filings, benchmarking, approved cost by the Commission in past and any other factor that the Commission feels appropriate;

4.10.2 The Petitioner has computed 3- and 5-year CPI rate as per the following table:

Table 53: HPSEBL Submission- CPI Calculation

Year	CPI	% Increase
2022-23	152.5	9.40%
2021-22	139.4	12.97%
2020-21	123.4	1.31%
2019-20	121.8	1.67%
2018-19	119.8	4.26%
2017-18	114.9	
5 Yr Average Inflation		**5.92%**
3 Yr Average Inflation		**7.89%**

4.10.3 The Petitioner further submitted that the increase in employee expenses is mainly on account of higher terminal benefits liabilities due to higher number of retirements. Following table summarizes the employee expenses for the fifth Control Period for HPSEBL as submitted by the Petitioner:

Table 54: HPSEBL Submission- Projected Employee Cost for 5th Contrl Period (Rs. Cr.)

Particulars	FY 24 (RE)	FY 25	FY 26	FY 27	FY 28	FY 29
Salaries & Allowances						
Salaries (Basic)	604	640	677	717	758	803
Provision for new recruitment $		2	4	10	16	21
Impact of Retirement (i/c DA)$		-4	-11	-17	-22	-27
Merger of DA with Basic (Proposed)		0	0	0	0	0
Grade pay	0	0	0	0	0	0
DA	220	313	379	451	531	618
Employee Arrears - 6th Pay Commission	0	89	89	89	89	
Other Allowances	24	25	27	28	30	31
Overtime	5	5	6	6	6	7
Bonus	0	0	0	0	0	0
Salaries - Total	**853**	**1071**	**1171**	**1284**	**1408**	**1453**
Other Staff Cost						
Medical Expense Reimbursement	6	7	7	7	8	8

Particulars	FY 24 (RE)	FY 25	FY 26	FY 27	FY 28	FY 29
Fee & Honorarium	0.01	0.011	0.011	0.012	0.013	0.013
Earned Leave Encashment$	91.2	78	70	62	55	47
Salary/Wages of Outsouced/Contractor.	76	80	85	90	95	101
Leave Salary Contribution	1.7	1.8	1.9	2.02	2.13	2.26
Payment under Workmen's Compensation	1.08	1.14	1.21	1.28	1.36	1.43
Group Insurance	0.01	0.011	0.011	0.012	0.013	0.013
LTC	0.2	0.21	0.22	0.24	0.25	0.27
Staff Welfare Expenses	0.12	0.127	0.134	0.142	0.151	0.159
Other Staff Cost - Total	**176**	**168**	**166**	**163**	**161**	**160**
Sub-total Salary	**1029**	**1239**	**1336**	**1447**	**1569**	**1613**
Terminal Benefits						
Provident Fund Contribution	0	0	0	0	0	0
Superannuation Boards Contribution	0	0	0	0	0	0
Pension - Base	1293	1383	1480	1584	1695	1813
Impact of Retirement$		1.43	4.08	6.35	8.27	9.87
Pension-Commuted Value$	133	105	91	77	65	54
Pension - 6th Pay Commission Arrears	0	380	380	380	380	
Gratuity	135	176	153	134	110	93
Any other Items (MRC to pensioners, benevolent fund, GIS and DLI & others)	30	32	34	36	39	42
Employee Contribution towards CPS*	45	48	51	55	59	63
Terminal Benefits - Total	**1636**	**2126**	**2193**	**2273**	**2355**	**2074**
Gross Employee Cost	**2666**	**3365**	**3529**	**3720**	**3924**	**3687**
Less : Employee Cost Capitalisation	60	76	79	84	88	83
Total Employee Cost (Net of capitalisation)	**2606**	**3289**	**3450**	**3636**	**3836**	**3604**
Less : Employee Attrition Impact	0	0	0	0	0	0
Less : Additional provision						
Total Employee Cost	**2606**	**3289**	**3450**	**3636**	**3836**	**3604**

Repairs and Maintenance Expenses

4.10.4 For projections of R&M expenses, the Petitioner has considered the average GFA for a year, GFA added during the year, average of Ratio of R&M expenses to Avg. GFA for last 2 years. The sub-heads of R&M cost have been projected on the basis of historical proportion of these sub-heads in the total R&M cost.

4.10.5 The Petitioner has computed the K factor for the Control Period based upon the K factor for the last 2 financial years which works out to be 1.76% as shown in the table below.

Table 55: HPSEBL Submission- K Factor calculation (%)

Particulars	FY 22	FY 23
Opening GFA	6892.1	7827.5

Addition	935.41	757.36
Closing GFA	7827.5	8584.9
Average GFA	7359.8	8206.2
R&M Cost as % of GFA	1.92%	1.60%
K Factor	**1.76%**	

4.10.6 The sub-heads of R&M cost have been projected on the basis of historical proportion of these sub-heads in the total R&M cost.

4.10.7 The following table summarizes the R&M expenses for the 5th Control Period for HPSEBL:

Table 56: Sub heads of R&M Expense (Rs. Cr.)

Particulars	FY 24 (RE)	FY 25	FY 26	FY 27	FY 28	FY 29
Plant & Machinery	0.92	0.94	0.96	0.97	0.99	1.01
Buildings	3	3.05	3.11	3.16	3.22	3.27
Civil Works	1.4	1.42	1.45	1.48	1.5	1.53
Hydraulic Works	0.17	0.17	0.17	0.17	0.18	0.18
Lines, Cables Networks	90.03	91.62	93.23	94.87	96.54	98.24
Vehicles	2	2.04	2.07	2.11	2.14	2.18
Furnitures & Fixtures	0.05	0.05	0.05	0.05	0.05	0.05
Office Equipment	0.28	0.28	0.29	0.3	0.3	0.31
Other i.e. cost of vehicle other than vehicle	0	0	0	0	0	0
R&M Cost - Total	**97.85**	**99.57**	**101.33**	**103.11**	**104.93**	**106.77**
Any other Items (Reallocated to Capital Works)	0					
R&M Costs	**97.85**	**99.57**	**101.33**	**103.11**	**104.93**	**106.77**
Less: Cost Reallocated to Employee Cost and A&G Expenses	0					
Less: Cost Reallocated to Depreciation	0					
Less: Cost Reallocated for Recovery of cost of vehicle from O&M and other units	0					
Sub-Total (Less)	**0**	**0**	**0**	**0**	**0**	**0**
Net R&M Expenses	**97.85**	**99.57**	**101.33**	**103.11**	**104.93**	**106.77**
R&M Expenses related to IT Cell	51.7	33.65	35.23	37.62	40.14	42.88
Total R&M Cost	**149.55**	**133.22**	**136.56**	**140.73**	**145.07**	**149.65**

4.10.8 The Petitioner has added IT system expenses as part of R&M Expenses which is necessary for the upkeep and maintenance of IT systems and has requested the Commission to allow it as a special expense under R&M expense and further computed K-factor separately for the IT infrastructure of HPSEBL. Accordingly, the Proposed Additional R&M Expense towards IT Systems has been as under:

Table 57: Proposed Additional R&M Expense towards IT Systems (Rs. Cr.)

Particulars	FY 25	FY 26	FY 27	FY 28	FY 29
Facility Management Services Charges (FMS)					
FMS SAP ERP Project	5.52	6.08	6.68	7.35	8.09
FMS of SAP ISU Billing System of HPSEBL	7.26	7.98	8.78	9.66	10.63
FMS Towards IT System at DC and DRC of HPSEBL	1.40	1.54	1.69	1.86	2.00
FMS Towards Non IT Systems at DC and DRC of HPSEBL	0.33	0.35	0.37	0.39	0.41
FMS of Video Conferencing Project of HPSEBL	0.02	0.02	0.03	0.03	0.03
Annual Technical Support (ATS)					
ATS towards SAP Licenses procured for SAP ERP and ISU Billing system	11.84	11.84	11.84	11.84	11.84
ATS of Security System					
i) Intrusion prevention system(IPS)	1.58	1.74	1.92	2.11	2.32
ii) Firewall		0.13	0.29	0.32	0.35
iii) Web and Email gateway	0.31	1.38	1.52	1.67	1.84
iv) Advanced Persistent Threat Solution	0.87	0.96	1.05	1.16	1.27
v) End point security solution and Antivirus for Servers	0.26	0.29	0.32	0.35	0.39
vi) Antivirus and End Point Smart Protection for PCs/Desktops	0.15	0.17	0.19	0.20	0.23
Misc	4.11	2.75	2.94	3.20	3.48
Total R&M IT Cell	**33.65**	**35.23**	**37.62**	**40.14**	**42.88**

Administrative and General Expenses

4.10.9 The Petitioner has projected A&G expenses based on the methodology laid down in the HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011 along with Amendment 1, 2012, Amendment 2, 2013 and Amendment 3, 2018. The detail of WPI inflation submission is shown below:

Table 58: HPSEBL Submission- Details of Historical WPI

Year	WPI	% Increase
2022-23	152.5	9.40%
2021-22	139.4	12.97%
2020-21	123.4	1.31%
2019-20	121.8	1.67%
2018-19	119.8	4.26%
5 Yr. Average Inflation		**5.92%**
3 Yr. Average Inflation		**7.89%**

4.10.10 The Petitioner has submitted that as per HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) (Second Amendment) Regulations, 2013, the higher of the 5 year and 3 year inflation is required to be considered for projection of A&G expenses. The three year WPI inflation is considered for projection of A&G expenses i.e. 7.89%.

4.10.11 Considering the A&G Norms and WPI, the Petitioner has calculated the A&G expenses for the 5th Control Period. The sub-heads of A&G cost have been projected by the Petitioner on the basis of historical proportion of these sub-heads in the total A&G cost:

Table 59: HPSEBL Submission- Projected A&G Expenses for 5th Control Period (Rs. Cr.)

Particulars	FY 24 (RE)	FY 25	FY 26	FY 27	FY 28	FY 29
Administration Charges						
Rent, Rates & Taxes	3.87	3.87	3.87	3.87	3.87	3.87
Statutary Dues	3.78	4.08	4.4	4.75	5.12	5.53
Telephone, Postage & Telegrams	2.55	2.75	2.97	3.2	3.46	3.73
Consultancy Charges	1	1.08	1.16	1.26	1.36	1.46
Conveyance & Travel	9.59	10.35	11.16	12.05	13	14.02
Regulatory Expenses	2.86	3.08	3.33	3.59	3.87	4.18
Licence fee Distribution & Transmision payble to HPERC	2.5	2.7	2.91	3.14	3.39	3.65
Income Tax Updating Charges	0.13	0.14	0.15	0.16	0.18	0.19
Consumer Redressal Forum	0.86	0.93	1	1.08	1.16	1.25
Insurance	0.14	0.15	0.16	0.18	0.19	0.2
Insurance premium for Mega Risk of Industrial all risk policy for material damage, loss of profit including rider for terrorism for 33 kV and above works.	0	20	20	20	20	20
Sub Total-Administration Charges (1)	**27.28**	**49.12**	**51.12**	**53.27**	**55.59**	**58.09**
Other Charges						
Fees & Subscriptions, Books & Periodicals	0.65	0.7	0.76	0.82	0.88	0.95
Printing & Stationery	2.21	2.39	2.57	2.78	3	3.23
Advertisement Expenses	0.63	0.68	0.73	0.79	0.85	0.92
Electricity Charges	7.85	8.47	9.14	9.86	10.64	11.48
Water Charges / Cold weather expenses	0.61	0.66	0.71	0.77	0.83	0.89
Legal Charges	6.29	6.78	7.32	7.9	8.52	9.19
Audit Fee	0.01	0.01	0.01	0.01	0.01	0.01
Statutory Audit Fee	0.19	0.21	0.23	0.24	0.26	0.28
Expenditure on Gift/ Presentation	0.04	0.04	0.05	0.05	0.05	0.06
Entertainment Charges	0.18	0.2	0.21	0.23	0.25	0.27
Training to Staff	3	3.24	3.49	3.77	4.07	4.39
Public Interaction Program	0.6	0.65	0.7	0.75	0.81	0.88
Contribution/Donations	0.05	0.05	0.06	0.06	0.07	0.07
Expenses on Purchase of REC	18.05					
Public Expenses / Other professional charges	0.37	0.4	0.43	0.46	0.5	0.54
Exp. On GIS/Global Positioning	1.13	1.22	1.31	1.42	1.53	1.65
Transaction Charges to SCAs for collection of energy bills	2.95	3.18	3.43	3.7	3.99	4.31
Compensation paid for non compliance of Renewable Power	0.01	0.01	0.01	0.01	0.01	0.01
Private Vechile hire charges	5.47	5.9	6.37	6.87	7.41	8
Charges on a/c of service rendered by central board keeping agency under new pension scheme	0.09	0.1	0.11	0.11	0.12	0.13

Particulars	FY 24 (RE)	FY 25	FY 26	FY 27	FY 28	FY 29
Exp. On IPAVAST Connectivity Charges etc.	3.7	3.99	4.3	4.64	5.01	5.41
Publicity expenses	0.4	0.43	0.47	0.5	0.54	0.58
Providing ID to staff Vidyut Bhawan	0.01	0.01	0.01	0.01	0.01	0.01
Freight Material related Expenses	0.02	0.02	0.02	0.03	0.03	0.03
Misc. Expenses	1.3	1.4	1.51	1.63	1.76	1.9
Expdt. For refund of LD prior period	0.75	0.81	0.87	0.94	1.02	1.1
Sub-Total -Other Charges	**56.56**	**41.55**	**44.83**	**48.37**	**52.19**	**56.31**
Sub-Total A&G Expenses	**83.84**	**90.68**	**95.95**	**101.64**	**107.77**	**114.4**
A&G expenses IT Infra & AMISP	45.83	276.44	373.65	382.91	384.88	386.18
Less: Capitalisation	0	0	0	0	0	0
Total A&G Expenses	**129.67**	**367.12**	**469.6**	**484.55**	**492.65**	**500.58**

4.10.12 The total O&M expenses proposed by the Petitioner for the fifth Control Period are shown as below:

Table 60: HPSEBL Submission- Projected O&M Cost for 5th Control Period (Rs. Cr.)

Particulars	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29
	RE	Proj.	Proj.	Proj.	Proj.	Proj.
R&M Expense	149.55	133.22	136.56	140.73	145.07	149.65
Employee Expenses	2605.68	3289.02	3449.71	3636.21	3835.87	3603.88
A&G Expenses	129.67	367.12	469.60	484.55	492.65	500.58
Total O&M Expenses	**2884.89**	**3789.36**	**4055.87**	**4261.49**	**4473.59**	**4254.12**

4.11 Depreciation

4.11.1 The depreciation rate for ensuing years is based on average depreciation rate calculated on closing GFA. Based on historical data of FY 2021-22 and FY 2022-23, it works out to be 4.03%. Based on the depreciation rate of 4.03%, the Petitioner has proposed the following depreciation schedule for the fifth Control Period:

Table 61: Proposed Depreciation Schedule for 5th Control Period (Rs. Cr.)

Particulars	Control Period					
	FY 24 (RE)	FY 25	FY 26	FY 27	FY 28	FY 29
Opening GFA	8585	9385	10985	12756	14415	15410
Addition	800	1600	1771	1660	995	987
Reduction	-	-	-	-	-	-
Closing GFA	**9385**	**10985**	**12756**	**14415**	**15410**	**16397**
Assets created from Grants/Consumer Contribution						
Opening GFA	1442	1670	1945	2267	2926	3251
Additional	228	275	322	660	325	293
Closing GFA	1670	1945	2267	2926	3251	3544
Depreciation on Total Assets	**405**	**459**	**535**	**612**	**672**	**716**

Particulars	Control Period					
	FY 24 (RE)	FY 25	FY 26	FY 27	FY 28	FY 29
Less: (Depreciation on Assets Created from Grants /Consumer Contribution)	70	81	95	117	139	153
Net Depreciation	**335**	**377**	**440**	**495**	**533**	**563**

4.12 Interest on Working Capital

4.12.1 The Normative Working Capital requirement as well as the Interest on Normative Working Capital for the fifth Control Period has been computed by the Petitioner as per the methodology provided in the MYT Tariff Regulations along with subsequent amendments.

4.12.2 The normative working capital requirement and interest thereon as projected by HPSEBL for the distribution business is summarized below:

Table 62: Proposed Interest on Working Capital for 5th Contrl Period (Rs. Cr.)

Particulars	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29
	(RE)	Projected	Projected	Projected	Projected	Projected
O&M Expenses	**2884.9**	**3789.4**	**4055.9**	**4261.5**	**4473.6**	**4254.1**
Employee Expenses	2605.68	3289.02	3449.71	3636.21	3835.87	3603.88
R&M Expenses	149.55	133.22	136.56	140.73	145.07	149.65
A&G Expenses	129.67	367.12	469.6	484.55	492.65	500.58
O&M Expenses for 1 month	240.41	315.78	337.99	355.12	372.8	354.51
Annual Revenue from sales on existing Tariff with gap	6636	6984	7351	7738	8145	8575
Receivable Equivalent to 2 months average billing	1106	1164.02	1225.17	1289.63	1357.57	1429.2
Maintenance Spares @15 % of R&M for one Month(net off for terminal benefits)	15.61	20.8	23.29	24.86	26.48	27.25
Less:						
Impact of Pre-paid meters		8	19	74	74	74
Consumer Security Deposit	495.44	458.4	404.46	72.77	89.4	106.57
Total Working Capital Requirement	**866.57**	**1034**	**1162.9**	**1523**	**1593.6**	**1630.5**
Rate of Interest on Working Capital	11.50%	11.50%	11.50%	11.50%	11.50%	11.50%
Interest on Working Capital	**99.66**	**118.91**	**133.73**	**175.14**	**183.26**	**187.51**

4.13 Interest and Finance Charges

4.13.1 In the Business Plan Petition (Petition No. 15 of 2024), HPSEBL has estimated the Interest & Finance charges for the fifth Control Period as per the following:

a. *Interest Charges on the existing loans* – Refers to the interest charges that the Petitioner is obligated to pay on the outstanding loans throughout the control period. These loans have been obtained from various sources such as REC, RGGVY, ADB, Non SLR Bonds, State government, and Loans as per the FRP restructuring.

b. *Interest on new Capitalization* – Interest charges anticipated for the loans to be raised for the capital investment projected in the fifth control period. In preparing the ARR for the petition, the petitioner has taken into account the proposed capital investment as submitted. Consequently, the interest charges attributable to new loans during the control period are factored into the calculations.

c. *Cost of raising finances* – These includes the expenses incurred by the petitioner while raising the debt for the capital investment during the year. The charges towards LC have also been included in the interest and financing charges.

Table 63: HPSEBL Submission- Interest & Financing Charges on Long Term Loans for 5th Control Period (Rs. Cr.)

Particulars	FY 24 (RE)	FY 25	FY 26	FY 27	FY 28	FY 29
REC	128.68	141.29	153.91	166.54	179.15	193
RGGVY	0.02	0.01	0	0	0	0
DDUGJY	2	1.8	1.6	1.4	1.2	1
Unsecured Bonds 8.75%	6.38	0	0	0	0	0
Unsecured Bonds 9.13%	13.98	8.01	0	0	0	0
Unsecured Bonds 10.39%	30.36	21.08	12.04	0	0	0
R: APDRP(Part B)	8	7.8	7.2	6.9	6.7	6.5
R: APDRP(Part B) CP	3.03	2.55	1.6	1.6	1.6	1.6
ADB Loan	1.16	1.16	1.16	1.16	1.16	1.16
KFW Loan	8	8	8	8	8	8
UDAY (25) from State Co-operative Bank 162.30	12.98	9.26	7.26	5.25	3.25	1.25
UDAY (25) from State Bank India (162.70)	10.67	7.45	6.1	4.74	3.38	2.02
UDAY State Govt. Loan	205.98	183.51	160.61	138.47	115.91	92.29
Rs.250..00 Cr long term loan (KCC Bank)	18.65	18.5	18.5	18.28	18.06	17.84
Interest on New CAPEX Loan		74.28	133.93	154.91	192.92	218.77
Interest on Long Term Loan Sub-Total(A)	**449.89**	**484.7**	**511.91**	**507.25**	**531.33**	**543.43**
Interest on Working Capital Loans Or Short Term Loans						
REC Loan (SLTTL)-Long term	7.63	3.01	0.17	0	0	0
PFC Loans (SLTTL) Long term	7.6	3.96	0.5	0	0	0
200 Cr Short Term Loan	6.05	9.17	9.2	9.2	9.2	9.2
150.00 Cr.Short Term Loan (HP- State - Co-opertive Bank)	1.43	0	0	0	0	0
CC Limit 250 Cr.	14	18	18	18	18	18
Total of (B)	**36.71**	**34.14**	**27.87**	**27.2**	**27.2**	**27.2**
Other Interest & Finance Charges						
Cost of raising Finance & Bank Charges etc.	1	1.25	1.25	1.25	1.25	1.25
Interest on Security Deposit	28.46	26.34	23.24	4.18	5.14	6.12
Penal Interest Charges	0	0	0	0	0	0
Lease Rentals	0	0	0	0	0	0

Particulars	FY 24 (RE)	FY 25	FY 26	FY 27	FY 28	FY 29
Penalty charges for delayed payment for power purchase	15	15.3	15.61	15.92	16.24	16.56
Interest on GPF	22.5	0	0	0	0	0
Total of C	**66.96**	**42.89**	**40.09**	**21.35**	**22.62**	**23.93**
Grand Total of Interest & Finance Charges: (A+B+C)	**553.56**	**561.72**	**579.88**	**555.8**	**581.15**	**594.56**

4.13.2 The Consumer Security deposit for the Control period has been projected based on the average amount of security deposit per consumers in FY23. The security deposit amount is then calculated based on the number of consumers projected during each year of the control period. The interest rate on security amount has been considered as the average interest rate paid during FY 2023-24 based on provisional accounts.

4.13.3 The Smart meters in prepaid mode has been taken from FY25 onwards and impact of the prepaid has accordingly been considered in the projections. The HPSEBL projections for Consumer Security Deposit for the 5th Control Period has been as under:

Table 64: HPSEBL Submission- Projection of Consumer Security Deposit for 5th Control Period (Rs. Cr.)

Particulars	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29
	(RE)	Projected	Projected	Projected	Projected	Projected
Number of Consumer	2849013	2936020	3025803	3118460	3214089	3312795
Avg. CSD/ Consumer (Rs/ Consumer)	1739	1739	1739	1739	1739	1739
Prepaid Meters proposed under RDSS		300000	700000	2700000	2700000	2700000
Balance Consumers	2849013	2636020	2325803	418460	514089	612795
Consumer Security Deposit	495.44	458.4	404.46	72.77	89.4	106.57
Interest Rate	5.75%	5.75%	5.75%	5.75%	5.75%	5.75%
Interest to be paid on Security Deposit	**28.46**	**26.34**	**23.24**	**4.18**	**5.14**	**6.12**

4.14 Return on Equity

4.14.1 For the purpose of approving the RoE for the fourth control period, the closing equity balance estimated at the end of third MYT Control Period has been considered. Equity infused by HPSEBL for completion of ongoing and new capex is considered eligible for return on rate of 16% as provided in the table given below:

Table 65: HPSEBL Submission- Proposed Return on Equity for 5th Control Period (Rs. Cr.)

Particulars		Control Period				
	FY 24 (RE)	FY 25	FY 26	FY 27	FY 28	FY 29
Opening equity	490	490	621.53	760.24	904.98	1021.1
Equity infusion		132	139	145	116	99
Closing Equity	490	621.53	760.24	904.98	1021.1	1120.57

Rate of Return on Equity	16%	16%	16%	16%	16%	16%
Return on Equity	**78.4**	**99.45**	**121.64**	**144.8**	**163.38**	**179.29**

4.15 Provision for Bad and Doubtful Debt

4.15.1 The Petitioner has submitted that bad debts are inevitable in every business including the business of electricity distribution. The provision for bad debt as estimated for the control period is given in the table below:

Table 66: HPSEBL Submission- Provision for Bad and Doubtful Debt for 5th Control Period (Rs. Cr.)

S.No.	Particulars		Control Period				
		FY 24 (RE)	FY 25	FY 26	FY 27	FY 28	FY 29
1	Receivable against permanently disconnected consumers		56.98	57.55	58.13	58.71	59.29
2	% of provision	1%	1%	1%	1%	1%	1%
3	**Provision for bad and doubtful debts**		**0.57**	**0.58**	**0.58**	**0.59**	**0.59**

4.16 Non-Tariff Income

4.16.1 The Petitioner has submitted that it has certain sources of non-tariff income viz. delayed payment charges, interest on staff loans and advances, interest on investment, income from trading, O&M Charges recovery from HPPTCL, income from wheeling charges, Miscellaneous Receipts and PLC receipts etc. Based on these, the Petitioner has estimated non-tariff income for the fifth Control Period as shown in the table below:

Table 67: HPSEBL Submission- Non-Tariff Income for 5th Control Period (Rs. Cr.)

Particulars	Control Period				
	FY 25	FY 26	FY 27	FY 28	FY 29
Non-Tariff Income					
Meter Rent/Service Line Rentals	1.16	1.16	1.16	1.16	1.16
Recovery for theft of Power / Malpractices	0.75	0.75	0.75	0.75	0.75
Wheeling Charges Recovery	17.76	17.76	17.76	17.76	17.76
Miscellaneous Charges from Consumers	4.39	4.39	4.39	4.39	4.39
Sub-Total Non-tariff Income	**24.06**	**24.06**	**24.06**	**24.06**	**24.06**
Other Income	0				
Interest on Staff loans & Advances	0.04	0.04	0.04	0.04	0.04
Interest Income from Investments	6.38	6.38	6.38	6.38	6.38
Delayed Payment Charges from Consumers	47.86	47.86	47.86	47.86	47.86
Interest on Advances to Suppliers / Contractors	0.01	0.01	0.01	0.01	0.01
Interest from Bank other than Fixed Deposit	1.04	1.04	1.04	1.04	1.04
Income from Trading (Other than Electricity)	6.29	6.29	6.29	6.29	6.29

Particulars	Control Period				
	FY 25	FY 26	FY 27	FY 28	FY 29
Income fee collected against Staff Welfare Activities	0.81	0.81	0.81	0.81	0.81
Miscellaneous Receipts	25.15	25.15	25.15	25.15	25.15
Amortization of Govt. grants	112.39	112.39	112.39	112.39	112.39
Subsidies against loss on account of flood & other	2	2	2	2	2
Prior Income					
Prior Income	0.02	0.02	0.02	0.02	0.02
Other Income Total	**201.98**	**201.98**	**201.98**	**201.98**	**201.98**
Total Non-Tariff and other Income	**226.04**	**226.04**	**226.04**	**226.04**	**226.04**
Less: Income not Considered					
Delayed Payment Surcharge from Consumers	47.86	47.86	47.86	47.86	47.86
Amortization of Govt. Grants	112.39	112.39	112.39	112.39	112.39
Net Non-Tariff and Other Income Considered	**65.79**	**65.79**	**65.79**	**65.79**	**65.79**

4.17 Aggregate Revenue Requirement

4.17.1 The Petitioner's submission of ARR for each year of the fifth Control Period has been summarised below:

Table 68: HPSEBL Submission- Details of ARR proposed for 5th Control Period (Rs. Cr.)

S.No.	Particulars	Control Period				
		FY 25	FY 26	FY 27	FY 28	FY 29
1	**Power Purchase Expenses for Supply in the State**	**5869**	**5701**	**6161**	**6627**	**7203**
	Cost of Electricity Purchase including own generation	5059	4845	5262	5684	6212
	Variation in Power Purchase Bills IPPs	11				
	Provision for arrear in respect of HPPCL for Sawra Kuddu and Kashang HEPs	250				
	Provision for arrear in respect of SJVNL w.e.f. FY20 to FY 24	100				
	Impact of Arrear of NHPC (True up FY19-24)	30				
	Prov. Arrear of NTPC for True up for FY 19-24	300				
	Interstate Charges	**606**	**641**	**673**	**707**	**742**
	PGCIL Charges	511	537	564	592	622
	STOA Charges	95	104	109	115	120
	Intra-state Charge	**205**	**215**	**226**	**237**	**249**
	HPTCL Charges	201	211	221	232	244
	SLDC Charges	4	4	4	5	5
2	**Operation and Maintenance Cost**	**3789**	**4056**	**4261**	**4474**	**4254**
	Employees Cost	3289	3450	3636	3836	3604
	R&M Cost	133	137	141	145	150
	A&G Cost	367	470	485	493	501
3	Interest and Financing Charges	636	675	693	726	743

S.No.	Particulars	Control Period				
		FY 25	FY 26	FY 27	FY 28	FY 29
4	Depreciation	377	440	495	533	563
5	Return on Equity	99	122	145	163	179
6	Pro. of Bad and doubtful debt	1	1	1	1	1
7	Less: Non Tariff Income	66	66	66	66	66
8	**Aggregate Revenue Requirement**	**10706**	**10928**	**11690**	**12457**	**12877**

4.18 Allocation of ARR into Wheeling and Retail Supply

4.18.1 The Petitioner has allocated the total ARR for HPSEBL into wheeling ARR and retail supply ARR based on the approach adopted by the Commission in the Tariff Order dated 04.05.2018:

Table 69: HPSEBL Submission- Basis for ARR allocation in Wheeling and Retail Supply

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	70%	30%
R&M Expense	90%	10%
A&G Expense	60%	40%
Interest and Financing	95%	5%
Depreciation	95%	5%
Return on Equity	100%	0%
Non-tariff Income	0%	100%
Wheeling charges	100%	0%
Additional items	50%	50%

4.19 Revenue from Sale of Power

4.19.1 The revenue from sale of power to the consumers within the State for fifth Control Period at existing tariff as estimated by HPSEBL is summarized below:

Table 70: HPSEBL Submission- Revenue at existing tariff for 5th Control Period (Rs. Cr.)

Particulars	FY25	FY26	FY27	FY28	FY29
Domestic	1518.8	1595.94	1677	1762.17	1851.67
Non Domestic Non Commercial	127.68	133.59	139.77	146.24	153.01
Commercial	498.74	521.71	545.73	570.86	597.15
Small Industrial Power Supply	56.99	57.56	58.13	58.71	59.3
Medium Industrial Power Supply	65.38	66.36	67.36	68.37	69.4
Large Industrial Power Supply	3988.69	4218.3	4461.13	4717.94	4989.53
Irrigation and Drinking Water Power Supply	539.64	561.69	584.67	608.61	633.56
Bulk Supply	120.92	124.72	128.65	132.7	136.87

Particulars	FY25	FY26	FY27	FY28	FY29
Street Lighting	7.21	7.3	7.39	7.49	7.59
Temporary	53.39	56.17	59.1	62.17	65.41
EV Charging	6.69	7.7	8.85	10.18	11.71
TOTAL	**6984.12**	**7351.03**	**7737.78**	**8145.45**	**8575.2**

4.20 Revenue from Inter-state Sale of Power

4.20.1 Petitioner has submitted that based on energy availability, revenue from inter-state sale of surplus power was computed as shown in the table below. The average sale rate of inter state power for the fifth Control Period has been considered at the rate of Rs. 3.62/kWh.

Table 71: HPSEBL Submission- Revenue from sale of Interstate Sale of Power for 5th Control Period (Rs. Cr.)

Particulars	FY25	FY26	FY27	FY28	FY29
Interstate Sales (MUs)	0	0	0	0	362
Price (Rs/ kWh)					3.62
Revenue from Inter-State Sale	**0**	**0**	**0**	**0**	**131**

4.21 Revenue Gap

4.21.1 The Petitioner has submitted that based on projection of ARR and revenue, the surplus/ gap to be recovered through tariffs for the fifth Control Period is as given in the table below:

Table 72: HPSEBL Submission- Revenue Gap for 5th Control Period (Rs. Cr.)

Particulars	FY25	FY26	FY27	FY28	FY29
Projected ARR	10706	10928	11690	12457	12877
Less: Revenue at Existing Tariff'	6984	7351	7738	8145	8575
Less: Revenue from Sale Outside State	-	-	-	-	131
Total Revenue Gap/ (Surplus) to be recovered through Tariff (in Rs. Cr.)	**3722**	**3577**	**3952**	**4312**	**4171**

4.22 Additional Submissions

4.22.1 In continuation to the above, the Petitioner has also made additional submissions with respect to the charges paid by HPSEBL for Powergrid Kala Amb Transmission Limited Substation – Reimbursement. The details of the Petitioner submissions are as below:

i. Detail of charges paid by HPSEBL PKATL Substation – Reimbursement thereof-

In context of the charges paid by HPSEBL Powergrid Kala Amb Transmission Limited Substation, the Petitioner has submitted that the Hon'ble CERC in order dated 18.09.2018 has observed as under:

"18. It is observed that the transmission system as identified at Para 14 (a)(i) i.e LILO of Karcham–Wangtoo- Abdullapur Line at Kala Amb sub-station along with establishment of Kala-Amb substation appears to be similar to the

transmission system established by Patran Transmission Limited in Petition No. 155/MP/2016. The scope of PTCL as recorded in Petition No. 155/MP/2016 is (i) Creation of 2x500 MVA, 400/220 kV substation at Patran (ii) LILO of both circuits of Patiala-Kaithal 400 kV D/C at Patran (Triple Snow Bird Conductor), (iii) 400 kV bays (iv) 220 k V bays and (v) Space for spare bays. However, only difference in the two cases is that the assets in Petition No. 155/MP/2016 could not be put to use due to non-commissioning of downstream system; whereas in the instant case transmission system identified at Para 14(a)(i) i.e LILO of Karcham–Wangtoo-Abdullapur Line at Kala Amb substation along with establishment of Kala-Amb substation was planned with twin purpose of system strengthening and to meet additional load of HPSEB and part of it i.e FSC has been put to use w.e.f. 12.7.2017. But the transmission system identified at Para 14(a)(i) i.e LILO of Karcham–Wangtoo- Abdullapur Line at Kala Amb substation along with the establishment of Kala-Amb substation was intended for meeting the additional load of HPSEB and this purpose cannot be served till the downstream system is ready. Hence, keeping in view earlier orders of this Commission and the judgment of the Appellate Tribunal we are of the view that transmission system identified at Para 14(a)(i) i.e LILO of Karcham–Wangtoo- Abdullapur Line at Kala Amb substation along with establishment of Kala-Amb substation cannot be said to put to use till the establishment of downstream system by HP. Hence, the transmission charges for the same are payable by HPSEB in light of our order in Petition No. 155/MP/2016."

Against the above order, HPSEBL filed a petition before Hon'ble APTEL and the Hon'ble tribunal vide its order dated 09.05.2022 has directed Hon'ble CERC to issue a remand order .

Remand Order dated 30.06.2023 has been passed by the Hon'ble CERC in compliance of the directions contained in the judgment of the Hon'ble Appellate Tribunal for Electricity (APTEL) dated 9.5.2022 passed in Appeal No.343 of 2018 preferred by the Petitioner (HPSEBL) assailing the order of the Commission dated 18.9.2018 in Petition No.104/MP/2018 wherein the Hon'ble CERC has directed that the transmission charges of (i) LILO of both circuits of Karcham Wangtoo Abdullapur 400 kV D/C (Quad Moose) line at Kala Amb (on multi Ckt towers); (ii) Establishment of a 7 x 105 MVA (1-ph.), 400/220 kV GIS sub station at Kala Amb and (iii) FSC (40% Series Compensation-n 400 kV Karcham- Kala Amb quad D/C line at Kala Amb ends) shall be serviced with effect from the date of their commercial operation through the PoC mechanism of the CERC Sharing Regulations, 2010 and in terms of Regulations 5 to 8 of the CERC Sharing Regulations, 2020 with effect from 1.11.2020. CTUIL is directed to implement the order accordingly within one month from the date of issue.

Accordingly, the CTUIL has refunded the money paid for the PKATL system in the second bill of the fourth quarter of the FY2022-23 by reimbursing an amount is Rs. 330,94,98,493. Additionally, the second bill for the first quarter of the FY2023-24 has been issued, amounting to Rs. 14,36,37,915. The total reimbursement for the period from July 2017 to June 2023 is Rs. 345,31,36,408. The cumulative charges payable by HPSEBL have been included in the second bill, totalling around Rs. 12 Crores.

ii. Extension of Power Purchase Agreement of Narora Atomic Power Station and Rajasthan Atomic Power Station of NPCIL

The Petitioner has submitted that the HPSEBL has extended the power purchase agreement with Nuclear Power Corporation of India Limited for another 15 years w.e.f. 12.11.2023 for Narora Atomic Power Station and Rajasthan Atomic Power Station Generating Stations.

5 Summary of the ARR and Tariff Petition for the FY 2024-25

5.1 Introduction

5.1.1 As per HPSEBL, the Commission has directed to file the Petitions for Business Plan and Multi Year Tariff for 5th Control Period (FY 2024-25 to FY 2028-29) separately. In compliance to the direction, HPSEBL has submitted the following two Petitions:

i. Business Plan & Multi Year Tariff for 5th Control Period (FY 2024-25 to FY 2028-29).
ii. True Up of Uncontrollable Parameters for FY 2022-23 under the 4th Control Period (FY2019-20 to FY 2023-24) and Determination of Tariff for FY 2024-25.

5.1.2 This chapter summarizes the highlights of the Petition filed by the HPSEBL for review of Aggregate Revenue Requirement (ARR) and determination of Distribution and Retail Supply Tariff for FY 2024-25.

5.2 Energy Sales, Consumers and Connected load

5.2.1 Based on the actual available data for FY 2023 and the respective CAGRs, HPSEBL projected the connected load for various categories for FY 2025 as below:

Table 73: HPSEBL Submission- Projected Connected load (in MW)

Category	FY2023-24 (Revised Estimate)	CAGR (Projected)	FY2024-25 (Projected)
Domestic	5321	5.73%	5626
Non Domestic Non Commercial	273	5.53%	288
Commercial	1089	5.73%	1151
Temporary	115	5.73%	121
Small Power	277	1.00%	280
Medium Power	159	1.50%	161
Large Supply	1665	1.50%	1690
Govt. Irrigation & Water Pumping	399	4.16%	416
Public Lighting	246	4.77%	258
Irrigation & Agriculture	7	3.39%	7
Bulk Supply	200	8.15%	217
EV Charging Stations	10	15.00%	11
Total	**9761**		**10226**

5.2.2 As per actual available data for FY23 and the CAGRs considered by the Petitioner, HPSEBL projected the number of Consumers under various categories which is tabulated as follows:

Table 74: HPSEBL Submission- Projected Number of Consumers for FY 2024-25

Consumer Category	FY2023-24 (Revised Estimate)	CAGR (Projected)	FY2024-25 (Projected)
Domestic	23,75,923	2.92%	24,45,347
Non Domestic Non Commercial	33,995	3.10%	35,049
Commercial	3,29,650	3.53%	3,41,281
Temporary	19,437	3.09%	20,037
Small Power	29,859	1.00%	30,158
Medium Power	2,297	1.50%	2,331
Large Supply	1,927	1.62%	1,958
Govt. Irrigation & Water Pumping	8,973	4.85%	9,408
Public Lighting	45,005	7.49%	48,377
Irrigation & Agriculture	1,456	5.96%	1,543
Bulk Supply	384	5.98%	407
EV Charging Stations	107	15.00%	123
Total	**28,49,013**		**29,36,020**

5.2.3 Accordingly, the yearly projected sales projected by the Petitioner for various categories are shown in the table below:

Table 75: HPSEBL Submission- Projected Energy Sales (in MUs) for FY 2024-25

Consumer Category	FY 2023-24 (Revised Estimate)	CAGR Taken	FY 2024-25 (Projected)
Domestic	2704	5.08%	2841
Non Domestic Non Commercial	190	4.63%	198
Commercial	743	4.61%	777
Temporary	58	5.21%	61
Small Power	87	1.00%	88
Medium Power	105	1.50%	107
Large Supply	6456	5.76%	6828
Govt. Irrigation & Water Pumping	759	3.85%	788
Public Lighting	89	6.09%	94
Irrigation & Agriculture	12	1.30%	12
Bulk Supply	185	3.15%	191
EV Charging Stations	10	15.00%	12
Total	**11398**		**11998**

5.3 Power Purchase

5.3.1 The Petitioner has claimed a mix of sources for Power Procurement. The sources include, own Generating Stations, NTPC, NPCIL, NHPC, THDC, SJVNL, Baspa, IPPs, HPPCL, BBMB, Solar plants, Banking agreements and other shared Power Plants. The details of Plants are tabulated as follows:

Power Purchase from Own Generating Stations

5.3.2 HPSEBL has considered a total power purchase of 2388 MUs from its own generating station in FY 2024-25. This is a y-o-y increase of 36% from the past year. The details of Power procurement from own generating stations are tabulated as follows:

Table 76: HPSEBL Submission- Power Procurement from Own Generating Stations (MUs)

Particulars	FY 2023-24 (Revised Estimate)	FY 2024-25 (Projected)
Bhaba	530.06	579.28
Bassi	309.06	308.99
Giri	274.53	207.24
Andhra	74.27	65.34
Ghanvi-I	76.53	90.97
Baner	41.82	41.13
Gaj	33.89	42.20
Larji	247.91	601.40
Khauli	39.61	47.37
Binwa	31.82	28.81
Thirot	15.48	5.75
Gumma	8.23	4.21
Holi	3.79	5.26
Bhaba Aug.	6.57	8.50
Nogli	5.11	4.80
Rongtong	4.40	0.69
Sal-II	0.00	0.00
Chaba	5.48	4.99
Rukti	3.45	4.00
BS Chamba	1.70	1.30
Ghanvi-II	33.92	43.06
Ligthi	0.16	0.29
Billing	1.01	0.68
Killar	0.29	0.47
Sach	1.15	1.58
Sural	0.19	0.40
Purthi	0.10	0.14
Uhl-III-Upcoming	0.00	289.48
Total	**1750.53**	**2388.31**

Power Purchase from NTPC power plants

5.3.3 The power availability from NTPC power plants FY 2023-24 and projections for FY 2024-25 is as follows:

Table 77: HPSEBL Submission- Power Procurement from NTPC power plants (MUs)

Particulars	FY 2023-24 (Revised Estimate)	FY 2024-25 (Projected)
Rihand-1 STPS	286.83	192.74

Particulars	FY 2023-24 (Revised Estimate)	FY 2024-25 (Projected)
Rihand-2 STPS	288.58	183.00
Rihand-3 STPS	283.20	187.79
Unchahar-I-TPP	151.26	1.42
Unchahar-II-TPP	250.51	67.59
Unchahar-III-TPP	105.39	44.25
Unchahar-IV-TPP	41.23	5.30
Kahalgaon-II (1500 MW)	231.97	120.63
Tanda II (1320 MW)	100.78	9.32
Dadri-II TPS (980 MW)	88.05	9.51
Singrauli STPS (2000 MW)	53.14	17.68
Sub-Total Thermal	**1880.94**	**839.22**
Koldam HEP-Unallocated	454.79	421.00
Kodam-SOR-upcoming	0.00	15.48
Sub-Total Hydel	**454.79**	**436.48**
Total	**2335.73**	**1275.70**

Power Purchase from NPCIL power plants

5.3.4 The projections for power availability from NPCIL stations as submitted by the Petitioner are as follows:

Table 78: HPSEBL Submission- Power Procurement from NPCIL stations (MUs)

Particulars	FY 2023-24 (Revised Estimate)	FY 2024-25 (Projected)
NAPP	100.76	95.53
RAPP (V & VI)	113.82	107.58
RAPP (VII & VIII)	0.00	94.90
Total	**214.58**	**298.01**

Power Purchase from NHPC power plants

5.3.5 The power purchase quantum projected from NHPC stations as submitted by the Petitioner are as follows:

Table 79: HPSEBL Submission- Power Procurement from NHPC Stations (MUs)

Particulars	FY 2023-24 (Revised Estimate)	FY 2024-25 (Projected)
Chamera-I	61.40	53.65
Chamera-II	44.33	38.01
Chamera-III upcoming	0.53	4.47
Salal	33.53	32.22
Tanakpur	15.50	15.11
Uri	74.87	75.91
Dhauliganga	36.34	42.68
Parvati-III- upcoming	0.00	10.06
Parvati-II –Upcoming	0.00	94.32
Total	**266.50**	**366.43**

Power Purchase from THDC stations

5.3.6 The Petitioner has considered power availability from these stations as shown below:

Table 80: HPSEBL Submission- Power Procurement from THDC stations (MUs)

Particulars	FY 2023-24 (Revised Estimate)	FY 2024-25 (Projected)
THDC		
Tehri	0.00	16.13
Koteshwar	0.00	5.78
Vishnugad Piplikoti	0.00	0.00
Total	**0.00**	**21.91**

Power Purchase from HPPCL

5.3.7 For remaining months of FY2023-24 and upcoming MYT Control Period, HPSEBL has following projections for HPPCL:

Table 81: HPSEBL Submission- Power Procurement from HPPCL stations (Mus)

Particulars	FY 2023-24 (Revised Estimate)	FY 2024-25 (Projected)
Kashang	167.93	210.77
Sawra kuddu	309.29	359.94
Sainj	143.47	162.13
Hybrid Solar-Hydro (Sainj HEP)	0.00	0.00
Shongtong Karcham (upcoming)	0.00	0.00
Chanju-III (upcoming)	0.00	0.00
Deothal Chanju (upcoming)	0.00	0.00
Total	**620.69**	**732.84**

Power Purchase from BBMB & Other Shared Stations

5.3.8 The power purchase quantum from these stations as submitted by the Petitioner is as follows:

Table 82: HPSEBL Submission- Power Procurement from BBMB & Other Shared Stations (MUs)

Particulars	FY 2023-24 (Revised Estimate)	FY 2024-25 (Projected)
Bhakra (Old)	43.81	43.80
Bhakra New	349.05	352.12
Pong	40.13	41.13
Dehar	184.51	176.62
Shanan BSS	5.26	5.09
Shanan Ext	45.00	45.00
Yamuna (UJVNL)	398.65	411.14
Khara (UPPCL)	50.56	50.53
Total	**1116.97**	**1125.43**

Power Purchase from SJVNL stations

5.3.9 The power purchase quantum from these stations as submitted by the Petitioner is as follows:

Table 83: HPSEBL Submission- Power Procurement from SJVNL stations (MUs)

Particulars	FY 2023-24 (Revised Estimate)	FY 2024-25 (Projected)
NathpaJhakri HEP SOR	153.31	163.24
Rampur HEP SOR	45.21	46.11
NathpaJhakri Equity	1390.51	1447.38
Rampur HEP Equity	453.90	471.64
Total	**2042.916**	**2128.363**

Power Purchase from Baspa and Private IPPs

5.3.10 Out of the capacity addition for IPPs upto 25 MW @ 49 MW during FY 23-24, 16 MW during FY 24-25, 22.80 MW during FY 25-26, 66 MW during FY 26-27, 21 MW during FY 2027-28, 416.10 MW during FY 2028-29 & 193 MW during FY 2029-30 (Total 784 MW), only 50% capacity has been considered.

5.3.11 The power purchase quantum from these stations as submitted by the Petitioner is as follows:

Table 84: HPSEBL Submission- Power Procurement from Baspa and Private IPPs (MUs)

Particulars	FY 2023-24 (Revised Estimate)	FY 2024-25 (Projected)
Baspa II- Primary	976.79	1050.06
Baspa - II Secondary Energy	62.94	105.00
Sub-Total	**1039.73**	**1155.06**
Small HEP/Private Micro<5MW	1219.34	1303.42
Small HEP/Private Micro>5MW	449.36	512.55
Small HEP/Private Micro- REC	266.18	316.56
Capacity Addition for IPP up to 25MW	0.00	142.55
Sub-Total	**1934.88**	**2275.08**
Total	**2974.62**	**3430.14**

Power Purchase from Solar Plants

5.3.12 The power purchase quantum from existing Solar Power Plants as submitted by the Petitioner is as follows:

Table 85: HPSEBL Submission- Power Procurement from Solar Plants (MUs)

Particulars	FY 2023-24 (Revised Estimate)	FY 2024-25 (Projected)
SECI Solar	42.37	35.04
Singrauli Solar	22.06	22.00
Addl. Solar Power	138.00	328.09
Total	**202.43**	**385.13**

5.3.13 In addition to the existing plants, the Petitioner has also proposed Power Procurement from additional Solar Plants commissioned/to be commissioned (MUs) tabulated as follows:

Table 86: HPSEBL Submission- Power Procurement from upcoming Solar Plants (MUs)

Particulars	FY 2023-24 (Revised Estimate)	FY 2024-25 (Projected)
IPPs Owned SPP	77.30	66.75
Solar Capacity Addition 2 MW rooftop addition per annum w.e.f. 2024-25	48.95	51.51
Solar Capacity Addition by HPPCL -200 MW during FY 2024-25, 300 MW 2025-26 & 200 MW each year thereon	11.75	131.05
Solar Capacity Addition (131.4 MW through Himurja) w.e.f FY 2024-25	0.00	55.85
Solar capacity addition already allotted by Himurja under Various scheme	0.00	22.93
Total	**138.00**	**328.09**

Power Purchase from Other Sources

5.3.14 HPSEBL had procured power from various other sources in FY 2023-24. However, in FY 2024-25, the Petitioner only proposes to procure power from Short Term Purchase in Other Sources.

5.3.15 The power purchase quantum projected from other sources as submitted by the Petitioner is as follows:

Table 87: HPSEBL Submission- Power Procurement from Other Sources (MUs)

Particulars	FY 2023-24 (Revised Estimate)	FY 2024-25 (Projected)
Unscheduled Interchange	0	
Banking Purchase	2141.73	
Additional Allocation from CGST	104.37	0.00
Bilateral/ Collective Purchase	554	
Contingency (Power Exchange)	0	
Short Term Purchase	227.00	1597.00
TOTAL- Others	**3027.10**	**1597.00**

Total Power Purchase

5.3.16 Based on the methodology detailed above, the summary table on source-wise power procurement proposed by the Petitioner for FY 2024-25 is as follows:

Table 88: HPSEBL Submission- Summary of Total Power Purchase Units (MUs)

Particulars	FY 2023-24 (Revised Estimate)	FY 2024-25 (Projected)
Own Generation	1750.53	2388.31
NTPC	2335.73	1275.70
Solar (SECI &Singrauli)	64.43	57.04

Particulars	FY 2023-24 (Revised Estimate)	FY 2024-25 (Projected)
Solar Projects	138.00	328.09
NPCIL	214.58	298.01
NHPC	266.50	366.43
THDC	0.00	21.91
HPPCL	620.69	732.84
BBMB and Other Shared	1116.97	1125.43
SJVNL	2042.92	2128.36
GoHP Share directly connected projects	515.35	0.00
Baspa	1039.73	1155.06
Pvt. IPPS	1934.88	2275.08
Sub-Total	**12040.31**	**12152.26**
Other Sources		
Unscheduled Interchange	0	0
Banking Purchase	2141.73	0
Additional Allocation from CGST	104.37	
Bilateral/ Collective Purchase	554	
Contigency (Power Exchange)	0	
Short Term Purchase	227.00	1597.00
Sub-Total Others	**3027.10**	**1597.00**
TOTAL	**15067**	**13749**

Transmission and Other Charges

5.3.17 The summary of transmission and other charges proposed by HPSEBL in the in the ARR is as follows:

Table 43: Transmission and Other charges proposed by HPSEBL for FY 2024-25

Particulars	FY 2023-24 (Revised Estimate)	FY 2024-25 (Projected)
Transmission Charges PKATL	14	
PGCIL/CTUIL Charges	513	510
Add: 2 no. Future bays at Hamirpur-Power-grid 220kV S/stn. charges	1.06	1.17
Gross Total (HP Periphery)		
Sub-total PGCIL	**529**	**511**
HPPTCL Charges		
STU-ARR	34	36
Phozal charges (inclusive of Baragaon charges)	1	2
Bhoktoo Charges	6	6
KashangBhabha Transmission line	3	3
Chambi GIS substation & Associated Line	13	14
Pandoh GIS Sub-station and associated line	0	9
Utilization of 132kV D/c MalanaBajaura Line of MPCL	0	0
220kV Charor - Banala Transmission Line	6	6

Particulars	FY 2023-24 (Revised Estimate)	FY 2024-25 (Projected)
Wangtoo Pooling Station	31	32
Snail-Hatkoti Line	4	3
220kV Lahal-Budhil transmission line &Bajoli Holi Lahal Transmission Line	11	11
66/22kV Nirmand - Kotla Transmission Line	6	7
33/132/220kV GIS Substation & 220kV Dehan Hamirpur Line	29	30
GIS substation of Sunda along with SundaHatkoti Line	28	29
66kV Urni S/stn.& 66kV Transmission line from URNI to Wangtoo	11	12
Arrear for Snail Hatkoti, Wangtoo S/stn&CharorBanala Lines & other lines	164	
Arrear of Pandoh Asset	40	
Sub-Total HPPTCL	**388**	**201**
SLDC Charges	**4**	**4**
T- GNA/STOA Charges	**35**	**95**
TOTAL	**955.01**	**810.64**

5.4 Provision water cess impact for FY 2024-25

5.4.1 It is submitted that the GoHP vide notification dated 17.02.2023 has imposed water cess on usage of water for the generation of electricity through water. H.P Govt. vide letter dated 29.03.2023 intimated that State Government has decided in principle to neutralize the impact of water cess on HPSEBL consumers. However, the water cess commission has issued bill to HPSEBL as well as the IPPs. In this regard, matter has also been taken up by the Commission with HP Govt. In case the Government still does not neutralize the water cess impact on HPSEBL consumers in the current MYT period, the tentative impact of the same is as under:

Table 43: HPSEBL Submission - Proposed Water Cess (Rs. Cr.)

Particulars	FY 2024-25
Water Cess (Rs. Cr)*	436

5.4.2 Further, it is informed that the impact of the water cess has not been taken in the ARR for the 5th Control Period and shall be taken up as per the MYT Regulations prevailing at the time of APR.

5.5 Provision for LADF for FY 2024-25

5.5.1 Govt. of HP has processed the demand of LADF from HPSEBL as well as IPPS in the State. The tentative amount of LADF as under:

Table 43: HPSEBL Submission - Proposed LADF Charges (Rs. Cr.)

Particulars	FY 2024-25
LADF (Rs. Cr.)	6.57
Arrear of LADF in respect of own generating station as per HP Govt. Notification 2009	70
LADF Cases Pending before HPERC variation in AFC.	3.02

5.6 Energy Balance

5.6.1 HPSEBL submits the energy balance for FY2024-25 on the basis of the projected demand, T&D loss trajectory and banking estimates as follows:

Table 89: HPSEBL Submission- Energy Balance Proposed for FY25 (Mus)

	Particulars	FY 2023-24 (Revised Estimate)	FY 2024-25 (Projected)
A	Units procured from Interstate generating projects(including free power stations connected to ISTS)	8338	8187
B	Banking Purchase at ISTS	2142	0
C	Interstate Transmission Losses	3.61%	3.61%
D	Transmission Losses in MU	379	296
E	**Net Energy Available at State Periphery**	**10101**	**7891**
F	Power Available within the State (i+ii+iii)	**4588**	**5562**
	i) State Generating Stations	1751	2388
	ii) Free Power Own Generation and IPPS-GOHP Share	287	0
	iii) IPPs (i/c Solar)	2550	3174
G	Power Purchase from other Sources (i+ii)	0	0
	i) UI Power	0	
	ii) IEX/PXIL/Short term	0	0
H	**Total Energy available (E+F+G)**	**14689**	**13454**
I	**Energy Sales within the State**	**11398**	**11998**
J	**Inter-State Sale of Power (i+ii+iii)**	**1907**	**0**
	i) Sale of Power (Including UI, Bilateral & IEX/PXIL)	0	0
	ii) Banking	1907	0
	iii)RE Sale		
K	**Total Energy Available at State Periphery (H-J)**	**12782**	**13454**
L	T&D Losses STU @0.75%	96	101
M	**Energy Available at DISCOM Periphery (K-L)**	12686	13353
N	**Energy Sold to the Consumers within State**	**11398**	**11998**
O	T&D Losses HPSEBL	1288	1355
P	**T&D Loss (%) (HPSEBL)**	**10.15%**	**10.15%**

Total Power Purchase Cost

5.6.2 The summary of plant-wise power purchase cost projections of HPSEBL is as follows:

Table 90: HPSEBL Submission – Summary of Power Purchase Cost for FY 2024-25

Particulars	FY2024		FY2025	
	Revised Estimated Energy Units (MUs)	Cost (INR Cr.)	Projected Energy Units (MUs)	Cost (INR Cr.)
Bhaba	530.06	49.83	579.28	54.45
Bassi	309.06	18.85	308.99	18.85
Giri	274.53	38.16	207.24	28.81
Andhra	74.27	10.77	65.34	9.47
Ghanvi-I	76.53	17.22	90.97	20.47
Baner	41.82	9.70	41.13	9.54

Particulars	FY2024		FY2025	
	Revised Estimated Energy Units (MUs)	Cost (INR Cr.)	Projected Energy Units (MUs)	Cost (INR Cr.)
Gaj	33.89	10.34	42.20	12.87
Larji	247.91	31.48	601.40	76.38
Khauli	39.61	10.47	47.37	10.66
Binwa	31.82	7.86	28.81	7.12
Thirot	15.48	3.48	5.75	1.29
Gumma	8.23	1.85	4.21	0.95
Holi	3.79	0.85	5.26	1.18
Bhaba Aug.	6.57	1.48	8.50	1.91
Nogli	5.11	1.88	4.80	1.77
Rongtong	4.40	1.72	0.69	0.27
Sal-II	0.00	0.00		
Chaba	5.48	1.85	4.99	1.68
Rukti	3.45	0.30	4.00	0.35
BS Chamba	1.70	0.54	1.30	0.42
Ghanvi-II	33.92	10.72	43.06	13.61
Ligthi	0.16	0.07	0.29	0.26
Billing	1.01	0.23	0.68	0.15
Killar	0.29	0.07	0.47	0.11
Sach	1.15	0.26	1.58	0.35
Sural	0.19	0.04	0.40	0.09
Purthi	0.10	0.02	0.14	0.03
Uhl-III-Upcoming	0.00	0.00	289.48	130.26
Sub-Total Own Generation	**1750.53**	**230.05**	**2388.31**	**403.30**
Power Purchase from NTPC				
Rihand STPP-I (Firm+UA Bundle)	286.83	69.40	192.74	52.71
Rihand STPP-II (Firm+UA Bundle)	288.58	67.76	183.00	47.52
Rihand-III STPS (Firm+UA Bundle)	283.20	83.32	187.79	60.71
Unchahar-I TPP (UA Bundle)	151.26	72.82	1.42	0.72
Unchahar-II TPP (Firm+UA Bundle)*	250.51	102.01	67.59	35.61
Unchahar-III TPP (Firm+UA Bundle)	105.39	53.57	44.25	23.54
Unchahar-IV TPP (UA Bundle)	41.23	19.25	5.30	2.90
Kahalgoan-II	231.97	88.65	120.63	52.30
Tanda-II STPS (UA Bundle)	100.78	40.33	9.32	4.59
Dadri-II (UA Bundle)	88.05	41.49	9.51	5.66
Singaurauli (UA Bundle)	53.14	12.09	17.68	4.55
Sub-Total-Thermal	**1880.94**	**650.68**	**839.22**	**290.82**
Koldam HEP-Unallocated (800 MW)	454.79	210.06	421.00	252.97
Kodam-SOR-upcoming(800 MW)	0.00	0.00	15.48	9.27
Sub-Total Koldam	**454.79**	**210.06**	**436.48**	**262.24**
Sub-Total NTPC	**2335.73**	**860.75**	**1275.70**	**553.05**
Solar Power				
SECI Solar	42.37	24.40	35.04	20.05

Particulars	FY2024		FY2025	
	Revised Estimated Energy Units (MUs)	Cost (INR Cr.)	Projected Energy Units (MUs)	Cost (INR Cr.)
Singrauli Solar	22.06	17.36	22.00	17.32
IPPs Owned SPP	77.30	33.41	66.75	28.88
Solar Capacity Addition 2 MW rooftop addition per annum w.e.f. 2024-25	49	17.13	51.51	19.06
Solar Capacity Addition by HPPCL - 200 MW during FY 2024-25 ,300MW 2025-26 & 200MW each year thereon	12	3.98	131.05	48.49
Solar Capacity Addition (131.4 MW through Himurja) w.e.fFY 24-25	0	0.00	55.85	20.66
Solar capacity addition already alloted by Himurja under Various scheme	0	0.00	22.93	8.49
Sub-Total Solar	**202.43**	**96.29**	**385.13**	**162.94**
NAPP	100.76	30.90	95.53	31.50
RAPP(V &VI)	113.82	45.42	107.58	45.98
RAPP(VII & VIII)	0	0	94.9	42.705
Sub-Total NPCIL	**214.58**	**76.32**	**298.01**	**120.18**
Chamera-I	61.40	11.40	53.65	11.71
Chamera-II	44.33	9.09	38.01	10.30
Chamera-III-Surrendered upcoming	0.53	0.12	4.47	1.84
Salal	33.53	8.44	32.22	9.29
Tanakpur	15.50	7.77	15.11	6.02
Uri	74.87	17.49	75.91	18.14
Dhauliganga	36.34	9.55	42.68	12.44
Parvati-III-Surrendered upcoming			10.06	3.21
Parvati-II-Upcoming			94.32	37.73
Sub-Total NHPC	266.50	63.86	366.43	110.69
Tehri	0	0	16.13	6.88
Koteshwar	0	0	5.78	3.30
Vishnugad Piplikoti	0	0		
Sub-Toral THDC	**0**	**0**	**21.91**	**10.17**
Kashang	167.93	77.41	211	163
Sawra kuddu	309.29	188.34	360	392
Sainj	143.47	63.24	162	122
Hybrid Solar-Hydro (Sainj HEP)	0.00	0.00		
Shongtong Karcham (upcoming)	0.00	0.00		
Chanju-III (upcoming)	0.00	0.00		
Deothal Chanju (upcoming)	0.00	0.00		
Sub-Total HPPCL	620.69	328.99	732.84	676.46
BBMB and Other Shared				
Bhakra (Old)	43.81	4.34	43.80	4.48
Bhakra New	349.05	21.28	352.12	29.95
Pong	40.13	2.46	41.13	3.93
Dehar	184.51	11.25	176.62	12.05
Shanan BSS	5.26	0.54	5.09	0.63

Particulars	FY2024		FY2025	
	Revised Estimated Energy Units (MUs)	Cost (INR Cr.)	Projected Energy Units (MUs)	Cost (INR Cr.)
Shanan Ext	45.00	3.29	45.00	3.40
Yammuna (UJVNL)	398.65	58.49	411.14	64.02
Khara (UPPCL)	50.56	4.33	50.53	4.88
Sub-Total BBMB and Other Shared Resources	**1116.97**	**105.98**	**1125.43**	**123.35**
SJVNL Projects				
Nathpa Jhakri (SOR)	153.31	35.14	163.24	41.96
Rampur (SOR)	45.21	19.17	46.11	22.11
Nathpa Jhakri (Equity)	1390.51	317.15	1447.38	372.03
Rampur (Equity)	453.90	189.05	471.64	226.10
Sub-Total SJVNL	2042.92	560.50	2128.36	662.20
GOHP Free Power				
HPSEBL's Own Projects	52.55	13.51	0.00	0.00
Malana	42.37	10.89	0.00	0.00
Baspa-II	141.89	36.46	0.00	0.00
Shanan BSS	2.63	0.68	0.00	0.00
Thien (RSD)	83.85	21.55	0.00	0.00
IPP's Free Power (i/c OA Consumers)	152.20	39.11	0.00	0.00
Kashang	20.76	5.34	0.00	0.00
Chanju	19.10	4.91	0.00	0.00
Bairasiul			0.00	0.00
Chambera-I			0.00	0.00
Chamera-II			0.00	0.00
Chamera-III			0.00	0.00
Parbati-III			0.00	0.00
Koldam FP			0.00	0.00
NathpaJhakri			0.00	0.00
Rampur HEP			0.00	0.00
Sawara Kuddu			0.00	0.00
Sub-Total GoHP –Free Power	**515.35**	**132.44**	**0.00**	**0.00**
PVT IPPS				
Baspa				
Baspa-II- Primary	976.79	192.81	1050	236.70
Baspa-II- Secondary	62.94	26.63	105	44.42
Sub-Total Baspa	1039.73	219.43	1155.06	281.12
Small HEP/Private Micro<5MW	1219.34	356.70	1303.42	431.43
Small HEP/Private Micro>5MW	449.36	151.89	512.55	149.66
Small HEP/Private Micro- REC	266.18	67.99	316.56	81.36
Capacity addition for IPPs upto 25 MW	0	0	142.55	42.87
Sub-Total (Pvt. IPPS)	1934.88	576.59	2275.08	705.32
Total- IPPS &Pvt. SHPs	**2974.62**	**796.02**	**3430.14**	**986.44**
Other Sources				

Particulars	FY2024		FY2025	
	Revised Estimated Energy Units (MUs)	Cost (INR Cr.)	Projected Energy Units (MUs)	Cost (INR Cr.)
Unscheduled Interchange				
Banking Purchase	2141.73	0		
Additional Allocation from CGST	104.37	47.0		
Bilateral/ Collective Purchase	554	304.7		
Contingency (Power Exchange)				
Short Term Purchase	227.00	79.45	1597.00	558.95
Sub-Total Others	3027.10	431.12	1597.00	558.95
Total	**15067**	**3682.32**	**13749.3**	**4367.73**

5.7 Capital Expenditure and Capitalization Plan

5.7.1 The Petitioner has submitted the following Capital Expenditure Plan for Distribution business for FY2024-25:

Table 91: HPSEBL Submission- Capital Expenditure Plan for FY25 (Rs. Cr.)

Particulars of Scheme		FY2025
A) Ongoing Schemes		
i)	Shimla Circle	17.01
ii)	Solan Circle	13.34
iii)	Nahan Circle	4.07
iv)	Rampur Circle	6
v)	Rohru Circle	11.58
	Sub-Total South Zone	**52**
vi)	Bilspur Circle	25.86
vii)	Mandi Circle	7.9
viii)	Kullu Circle	17.04
ix)	Hamirpur Circle	13.34
	Sub-Total Central Zone	**64.14**
x)	Una Circle	27
xi)	Kangra Circle	3.23
xii)	Dalhousie Circle	22.82
	Sub-Total North Zone	**53.06**
vi)	ES Circle Totu Shimla	106.82
vii)	ES Circle, Hamirpur	23.68
	SUB-TOTAL ES	**130.5**
	Existing IT Schemes	0
	IPDS PHSE-II	
	Call Center	0
	Grand total of ongoing schemes	**299.69**
B) New Schemes		
i)	Shimla Circle	39.1
ii)	Solan Circle	59.57

Particulars of Scheme		FY2025
iii)	Nahan Circle	81.63
iv)	Rampur Circle	16.32
v)	Rohru Circle	17.94
	Sub-Total South Zone	**214.57**
vi)	**Bilspur Circle**	46.11
vii)	**Mandi Circle**	50.94
viii)	**Kullu Circle**	55.06
ix)	**Hamirpur Circle**	100.54
	Sub-Total Central Zone	**252.65**
x)	**Una Circle**	7
xi)	**Kangra Circle**	32.31
xii)	**Dalhousie Circle**	72.87
	Sub-Total North Zone	**112.18**
vi)	ES Circle Totu Shimla	77.64
vii)	ES Circle, Hamirpur	28.2
	Sub-total ES	**105.84**
C) New CAPEX Schemes IT Cell		
	Smart Metering Under RDSS	230.2
	Computer and Other IT Hardware for HPSEBL Offices	7.05
	Upgradation& replacement of Non- IT Infrastructure of HPSEBL data centre& DRC	
	Sub-Total -IT Schemes	**237.25**
D)	Loss Reduction under RDSS	1000
E)	Scheme under HP Power Development Programme under World bank	50
F)	Border Area Scheme	80
G)	Vibrant Village Scheme	
	GRAND TOTAL of New CAPEX to be undertaken	**2052**
	TOTAL CAPEX (Existing + New)	**2352**

5.8 Operation & Maintenance Expenses (O&M)

Employee Expenses

5.8.1 The Petitioner has submitted that the increase in employee expenses is mainly from higher terminal benefits due to higher number of retirements. Following table summarizes the employee expenses for the FY 2024-25 for HPSEBL as submitted by the Petitioner:

Table 92: HPSEBL Submission- Projected Employee Cost for FY 2024-25 (Rs. Cr.)

Particulars	FY 2023-24 (Revised Estimate)	FY 2024-25 (Projected)
Salaries & Allowances		
Salaries (Basic)	604	640
Provision for new recruitment		2
Impact of Retirement (i/c DA)		-4

Particulars	FY 2023-24 (Revised Estimate)	FY 2024-25 (Projected)
Merger of DA with Basic (Proposed)		0
Grade pay	0	0
DA	220	313
Employee Arrears – 6th Pay Commission	0	89
Other Allowances	24	25
Overtime	5	5
Bonus	0	0
Salaries - Total	**853**	**1071**
Other Staff Cost		
Medical Expense Reimbursement	6	7
Fee & Honorarium	0.01	0.011
Earned Leave Encashment	91.2	78
Salary/Wages of Outsourced/Contractor	76	80
Leave Salary Contribution	1.7	1.8
Payment under Workmen's Compensation	1.08	1.14
Group Insurance	0.01	0.011
LTC	0.2	0.21
Staff Welfare Expenses	0.12	0.127
Other Staff Cost - Total	**176**	**168**
Sub-total Salary	**1029**	**1239**
Terminal Benefits		
Provident Fund Contribution	0	0
Superannuation Boards Contribution	0	0
Pension - Base	1292.78	1383
Impact of Retirement$		1.43
Pension-Commuted Value$	133	105
Pension - 6th Pay Commission Arrears	0	380
Gratuity	135	176
Any other Items (MRC to pensioners, benevolent fund, GIS and DLI & others)	30	32
Employee Contribution towards CPS	45	48
Terminal Benefits - Total	**1636**	**2126**
Gross Employee Cost	**2666**	**3365**
Less: Employee Cost Capitalisation	60	76
Total Employee Cost (Net of capitalisation)	**2606**	**3289**
Less: Employee Attrition Impact	0	0
Less: Additional provision		
Total Employee Cost	**2606**	**3289**

Repairs and Maintenance Expenses

5.8.2 For projections of R&M expenses, the Petitioner has considered the average GFA for a year, GFA added during the year, average of Ratio of R&M expenses to Avg.

GFA for last 2 years. The R&M cost for FY 2024 is estimated based on average of last two years variances in trend of past two years.

5.8.3 The sub-heads of R&M cost have been projected on the basis of historical proportion of these sub-heads in the total R&M cost.

5.8.4 Following table summarizes the R&M expenses for FY 2024-25 for HPSEBL:

Table 93: Sub heads of R&M Expense (Rs. Cr.)

Particulars	FY 2023-24 (Revised Estimate)	FY 2024-25 (Projected)
Plant & Machinery	0.92	0.94
Buildings	3	3.05
Civil Works	1.4	1.42
Hydraulic Works	0.17	0.17
Lines, Cables Networks	90.03	91.62
Vehicles	2	2.04
Furnitures& Fixtures	0.05	0.05
Office Equipment	0.28	0.28
Other i.e. cost of vehicle other than vehicle	0	0
R&M Cost - Total	**97.85**	**99.57**
Any other Items (Reallocated to Capital Works)	0	
R&M Costs	**97.85**	**99.57**
Less: Cost Reallocated to Employee Cost and A&G Expenses	0	
Less: Cost Reallocated to Depreciation	0	
Less: Cost Reallocated for Recovery of cost of vehicle from O&M and other units	0	
Sub-Total (Less)	**0**	**0**
Net R&M Expenses	**97.85**	**99.57**
R&M Expenses related to IT Cell	**51.7**	**33.65**
Total R&M Cost	**149.55**	**133.22**

5.8.5 The Petitioner has added IT system expenses as part of R&M Expenses which is necessary for the upkeep and maintenance of IT systems and has requested the Commission to allow it as a special expense under R&M expenses and further computed K-factor separately for the IT infrastructure of HPSEBL depicted as under:

Table 94: IT system expenses claimed by the Petition (INR Cr.)

Particular	FY 2024-25
Facility Management Services Charges (FMS)	
FMS SAP ERP Project	5.52
FMS of SAP ISU Billing System of HPSEBL	7.26
FMS Towards IT System at DC and DRC of HPSEBL	1.40
FMS Towards Non IT Systems at DC and DRC of HPSEBL	0.33
FMS of Video Conferencing Project of HPSEBL	0.02
Annual Technical Support (ATS)	
ATS towards SAP Licenses procured for SAP ERP and ISU Billing system	11.84

Particular	FY 2024-25
ATS of Security System	
i) Intrusion prevention system (IPS)	1.58
ii) Firewall	
iii) Web and Email gateway	0.31
iv) Advanced Persistent Threat Solution	0.87
v) End point security solution and Antivirus for Servers	0.26
vi) Antivirus and End Point Smart Protection for PCs/Desktops	0.15
Misc	4.11
Total R&M IT Cell	**33.65**

Administrative and General Expenses

5.8.6 The Petitioner has calculated the A&G expenses as shown in the following table:

Table 95: HPSEBL Submission- Projected A&G Expenses for FY 2024-25 (Rs. Cr.)

Particulars	FY 2023-24 (Revised Estimate)	FY 2024-25 (Projected)
Charges		
Rent, Rates & Taxes	3.87	3.87
Statutory Dues	3.78	4.08
Telephone, Postage & Telegrams	2.55	2.75
Consultancy Charges	1	1.08
Conveyance & Travel	9.59	10.35
Regulatory Expenses	2.86	3.08
Licence fee Distribution &Transmission payable to HPERC	2.5	2.7
Income Tax Updating Charges	0.13	0.14
Consumer Redressal Forum	0.86	0.93
Insurance	0.14	0.15
Insurance premium for Mega Risk of Industrial all risk policy for material damage, loss of profit including rider for terrorism for 33 kV and above works.	0	20
Purchase Related Expenses & Other Charges	0	0
Sub Total-Administration Charges (1)	**27.28**	**49.12**
Other Charges		
Fees & Subscriptions, Books & Periodicals	0.65	0.7
Printing & Stationery	2.21	2.39
Advertisement Expenses	0.63	0.68
Electricity Charges	7.85	8.47
Water Charges / Cold weather expenses	0.61	0.66
Legal Charges	6.29	6.78
Audit Fee	0.01	0.01
Statutory Audit Fee	0.19	0.21
Internal Audit Fee	0	0
Expenditure on Gift/ Presentation	0.04	0.04
Entertainment Charges	0.18	0.2
Training to Staff	3	3.24

Particulars	FY 2023-24 (Revised Estimate)	FY 2024-25 (Projected)
Fees for SAS Examination	0	0
Exp on PRM on energy efficiency conservation program	0	0
Public Interaction Program	0.6	0.65
Contribution/Donations	0.05	0.05
Expenditure on providing cost free CFL bulb domestic consumer	0	0
Exp. Incurred on capacity building for Poverty Reduction	0	0
Expenses on Purchase of REC	18.05	
Public Expenses / Other professional charges	0.37	0.4
Expenditure related to High level Committee	0	0
Expenditure related to high level committee for formulation of power policy-other expenses	0	0
Exp. On GIS/Global Positioning	1.13	1.22
Transaction Charges to SCAs for collection of energy bills	2.95	3.18
Compensation paid for non compliance of Renewable Power	0.01	0.01
TA/DA Internal Auditor	0	0
TA/DA Statutory Auditor	0	0
Private Vehicle hire charges	5.47	5.9
Charges on a/c of service rendered by central board keeping agency under new pension scheme	0.09	0.1
Exp. On IPAVAST Connectivity Charges etc.	3.7	3.99
Publicity expenses	0.4	0.43
Providing ID to staff Vidyut Bhawan	0.01	0.01
Technical fees	0	0
Freight Material related Expenses	0.02	0.02
Misc. Expenses	1.3	1.4
Expdt. On Connectivity Fee	0	0
Expdt. For refund of LD prior period	0.75	0.81
Sub-Total -Other Charges	**56.56**	**41.55**
Sub-Total A&G Expenses	**83.84**	**90.68**
A&G expenses IT Infra &AMISP	45.83	276.44
Less: Capitalisation	0	0
Total A&G Expenses	**129.67**	**367.12**

5.8.7 The total O&M expenses proposed by the Petitioner for FY 2024-25 is shown as below:

Table 96: HPSEBL Submission- Projected O&M Cost for FY 2024-25 (Rs. Cr.)

Particulars	FY 2023-24 (Revised Estimate)	FY 2024-25 (Projected)
R&M Expense	149.55	133.22
Employee Expenses	2605.68	3289.02
A&G Expenses	129.67	367.12
Total O&M Expenses	**2884.89**	**3789.36**

5.9 Depreciation

5.9.1 The depreciation rate for ensuing years is based on average depreciation rate calculated on closing GFA. Based on historical data of FY 2021-22 and FY 2022-23, it works out to be 4.03%. The same is considered for projections going ahead, as under.

Table 97: HPSEBL Submission- Depreciation Rate proposed for FY 2024-25

Particulars	FY 2023-24 (Revised Estimate)	FY 2024-25 (Projected)
Net Depreciation	355	377

5.10 Interest on Working Capital

5.10.1 The normative working capital requirement and interest thereon as projected by HPSEBL for the distribution business is summarized below:

Table 98: Proposed Interest on Working Capital for FY 2024-25 (Rs. Cr.)

Particulars	FY 2023-24 (Revised Estimate)	FY 2024-25 (Projected)
O&M Expenses	**2884.9**	**3789.4**
Employee Expenses	2605.68	3289.02
R&M Expenses	149.55	133.22
A&G Expenses	129.67	367.12
O&M Expenses for 1 month	240.41	315.78
Annual Revenue from sales on existing Tariff with gap	6636	6984
Receivable Equivalent to 2 months average billing	1106	1164.02
Maintenance Spares @15 % of R&M for one Month (net off for terminal benefits)	15.61	20.8
Less:		
Impact of Pre-paid meters		8
Consumer Security Deposit	495.44	458.4
Total Working Capital Requirement	**866.57**	**1034**
Rate of Interest on Working Capital	11.50%	11.50%
Interest on Working Capital	**99.66**	**118.91**

5.11 Interest and Finance Charges

5.11.1 For the current Petition, HPSEBL has estimated the Interest & Finance charges for the FY 2024-25 as following:

Table 99: HPSEBL Submission- Interest & Financing Charges on Long Term Loans for FY 2024-25(Rs. Cr.)

Particulars	FY 2023-24 (Revised Estimate)	FY 2024-25 (Projected)
Interest on Long Term Loan Sub-Total(A)	**449.89**	**484.7**
Interest on Consumer Security Deposit	28.46	26.34
Interest on Working Capital Loan	99.66	118.91
LC charges etc.	3.15	6.3
Total Interest and Financing Charges	**581.16**	**636.24**

5.12 Return on Equity

5.12.1 Equity infused by HPSEBL for completion of ongoing and new Capex is considered eligible for return on rate of 16% as provided in the table given below:

Table 100: HPSEBL Submission- Proposed Return on Equity for FY 2024-25 (Rs. Cr.)

Particulars	FY 2023-24 (Revised Estimate)	FY 2024-25 (Projected)
Opening equity	490	490
Equity infusion		132
Closing Equity	490	621.53
Rate of Return on Equity	16%	16%
Return on Equity	**78.4**	**99.45**

5.13 Provision for Bad and Doubtful Debt

5.13.1 The Petitioner has submitted that bad debts are inevitable in every business including the business of electricity distribution. Provision for bad debt as estimated for current ARR is given in the table below Provision for bad and doubtful debt has been depicted as follows:

Table 101: HPSEBL Submission- Provision for Bad and Doubtful Debt for FY 2024-25(Rs. Cr.)

Particulars	FY 2023-24 (Revised Estimate)	FY 2024-25 (Projected)
Receivable against permanently disconnected consumers		56.98
% of provision	1%	1%
Provision for bad and doubtful debts		**0.57**

5.14 Non-Tariff Income

5.14.1 The Petitioner has estimated non-tariff income for the FY 2024-25 as shown in the table below:

Table 102: HPSEBL Submission- Non-Tariff Income for FY 2024-25 (Rs. Cr.)

Particular	FY 2024-25
Non-Tariff Income	
Meter Rent/Service Line Rentals	1.16
Recovery for theft of Power / Malpractices	0.75
Wheeling Charges Recovery	17.76
O&M Charges Recovery	0
Peak Load Violation Charges	0
Miscellaneous Charges from Consumers	4.39
Sub-Total Non-tariff Income	**24.06**
Other Income	0
Interest on Staff loans & Advances	0.04
Interest Income from Investments	6.38
Interest on Loans & Advances to Licensees	0
Delayed Payment Charges from Consumers	47.86
Delayed Payment Charges from PGCIL	0
Interest on Advances to Suppliers / Contractors	0.01
Interest from Bank other than Fixed Deposit	1.04

Particular	FY 2024-25
Income from Trading (Other than Electricity)	6.29
Other Misc receipt Trading	0
Income fee collected against Staff Welfare Activities	0.81
Miscellaneous Receipts	25.15
O&M Charges recovery from HPPTCL	0
Recovery of Investigation & Survey Charges	0
Amortization of Govt. grants	112.39
State Subsidy from Govt.(UDAY)	0
Subsidies against loss on account of flood & other	2
Prior Income	0
Prior Income	0.02
Other Income Total	**201.98**
Total Non-Tariff and other Income	**226.04**
Less: Income not Considered	0
Delayed Payment Surcharge from Consumers	47.86
Delayed payment Surcharge from PGCIL	0
Amortization of Govt. Grants	112.39
Subsidy from State Govt. (UDAY)	0
Net Non-Tariff and Other Income Considered	**65.79**

5.15 Aggregate Revenue Requirement

5.15.1 The Petitioner's submissions of ARR for each year of FY 2024-25 has been summarised below:

Table 103: HPSEBL Submission- Details of ARR proposed for FY 2024-25 (Rs. Cr.)

	Particular	FY2024-25
1	**Power Purchase Expenses for Supply in the State**	**5869**
	Cost of Electricity Purchase including own generation	5059
	Variation in Power Purchase Bills IPPs	11
	Provision for arrear in respect of HPPCL for Sawara Kuddu and Kashang HEPs	250
	Provision for arrear in respect of SJVNL w.e.f. FY20 to FY 24	100
	Impact of Arrear of NHPC (True up FY19-24)	30
	Prov. Arrear of NTPC for True up for FY 19-24	300
	Interstate Charges	**606**
	PGCIL Charges	511
	STOA Charges	95
	Intra-state Charge	**205**
	HPTCL Charges	201
	SLDC Charges	4
2	**Operation and Maintenance Cost**	**3789**
	Employees Cost	3289
	R&M Cost	133
	A&G Cost	367
3	Interest and Financing Charges	636
4	Depreciation	377

	Particular	FY2024-25
5	Return on Equity	99
6	Less : Non Tariff Income	66
	Aggregate Revenue Requirement	**10706**
7	Impact of True up on uncontrollable Parameters previous years	18.17
	Net Aggregate Revenue Requirement (ARR)	**10724**
8	**Revenue From Sale of Power**	
	(i) Revenue from Sale of Power with in State(existing tariff)	6984.12
	(ii) Revenue from Sale of Power outside state	0
	Net Revenue from Sale of Power	**6984.12**
	Surplus (+)/Gap(-)	**-3722**
	Sales projections	**11998**
	ACoS	**8.92**
	ACoS (including past adjustments)	**8.94**

5.16 Revenue from Sale of Power to the consumers at existing tariff

5.16.1 The revenue from sale of power to the consumers within the State for FY 2024-25 at existing tariff as estimated by HPSEBL is summarized below:

Table 104: Revenue from sale of power at existing Tariff (in Rs. Cr.)

Particulars	Sales (MUs)	Revenue (Rs. Cr.)	ABR (Rs. /Unit)
Domestic	2841.49	1518.80	5.35
Non Domestic Non Commercial	198.47	127.68	6.43
Commercial	777.18	498.74	6.42
Small Industrial Power Supply	88.33	56.99	6.45
Medium Industrial Power Supply	106.63	65.38	6.13
Large Industrial Power Supply	6827.73	3988.69	5.84
Irrigation and Drinking Water Power Supply	882.13	539.64	6.12
Bulk Supply	191.05	120.92	6.33
Street Lighting	12.35	7.21	5.83
Temporary	61.15	53.39	8.73
EV Charging	11.50	6.69	5.82
TOTAL	**11998.00**	**6984.12**	**5.82**

5.17 Revenue Gap

5.17.1 The Petitioner has submitted that based on projection of ARR and revenue, the surplus/ gap to be recovered through tariffs for FY 2024-25 is given in the table below:

Table 105: HPSEBL Submission- Revenue Gap for FY 2024-25 (Rs. Cr.)

Particulars	FY2024-25
Projected ARR	10724
Less: Revenue at Existing Tariff'	6984
Less: Revenue from Sale Outside State	0

Particulars	FY2024-25
Total Revenue Gap/ (Surplus) to be recovered through Tariff (in Rs. Cr.)	**3740**

5.18 Allocation of ARR into Wheeling and Retail Supply

5.18.1 The Petitioner has allocated the total ARR for HPSEBL into wheeling ARR and retail supply ARR based on the approach adopted by the Commission in the Tariff Order dated 04.05.2018:

Table 106: HPSEBL Submission- Basis for ARR allocation in Wheeling and Retail Supply

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	70%	30%
R&M Expense	90%	10%
A&G Expense	60%	40%
Interest and Financing	95%	5%
Depreciation	95%	5%
Return on Equity	100%	0%
Non-tariff Income	0%	100%
Wheeling charges	100%	0%
Additional items	50%	50%

Table 107: ARR for Wheeling Supply for FY25

Sl.	Particulars	FY 2024-25
1	Operation and Maintenance Cost	2591
	Employees Cost	2368
	R&M Cost	95
	A&G Cost	128
2	Interest and Financing Charges	356
3	Depreciation	355
4	Return on Equity	99
5	Less: Wheeling Charges recovered from STOA Consumers	-17.76
6	Impact of Previous adjustment	5.73
	Wheeling ARR	**3390**

Table 108: ARR for Retail Supply for FY25

Sl.	Particulars	FY 2024-25
1	Operation and Maintenance Cost	**1198**
	Employees Cost	921
	R&M Cost	39
	A&G Cost	239
2	Power Purchase Expenses for Supply	5869

Sl.	Particulars	FY 2024-25
3	Interest and Financing Charges	280
4	Depreciation	23
5	Pro. For doubtful and bad debt	1
6	Less: Non-Tariff Income	-49
7	Impact of Previous Adjustment	12.44
	Retail ARR	**7335**

5.19 Tariff Proposal

5.19.1 The Petitioner has proposed the following Tariff Structure

Night Time Concession:

5.19.2 The night time concession is being allowed to the Industrial and IDWPS consumers for consumption of energy during night time at following rates:-

- 110 Paise / kVAh for consumption during night hours for the month of June , July and August ,2023;
- 70 Paise / kVAh for rest of the months

5.19.3 Past trend during the night hours has been examined for the day of the maximum demand during the month and following has been observed:

Table 109: Night hours Gap in FY 2022-23 & FY 2023-24

Month	Date	Maximum Demand during day (LUs)	Demand During Night Hours		Availability During Night Hours		GAP	
			Energy (LU)	Avg. Demand (MW)	Energy (LU)	Avg. Demand (MW)	Energy (LU)	Avg. Demand (MW)
Apr-22	19-Apr-22	352.56	106.71	1333.88	83.55	1044.37	23.16	289.50
May-22	19-May-22	341.79	101.83	1272.91	95.22	1190.24	6.61	82.66
Jun-22	28-Jun-22	367.85	111.21	1390.16	93.82	1172.80	17.39	217.36
Jul-22	5-Jul-22	355.29	105.41	1317.63	111.37	1392.07	-5.96	-74.44
Aug-22	10-Aug-22	348.86	100.88	1260.94	94.52	1181.44	6.36	79.50
Sep-22	9-Sep-22	363.11	106.42	1330.22	103.04	1288.02	3.38	42.20
Oct-22	7-Oct-22	345.36	97.12	1214.00	89.19	1114.84	7.93	99.16
Nov-22	30-Nov-22	341.80	85.58	1069.69	87.14	1089.25	-1.57	-19.56
Dec-22	29-Dec-22	365.87	86.61	1082.56	85.40	1067.54	1.20	15.02
Jan-23	6-Jan-23	370.46	87.78	1097.25	82.08	1026.05	5.70	71.20
Feb-23	8-Feb-23	344.39	83.88	1048.44	82.18	1027.24	1.70	21.20
Mar-23	24-Mar-23	343.32	87.54	1094.25	58.59	732.38	28.95	361.87
Apr-23	7-Apr-23	322.42	85.81	1072.63	57.33	716.65	28.48	355.98
May-23	19-May-23	322.74	91.06	1138.19	72.96	911.98	18.10	226.21
Jun-23	30-Jun-23	360.16	104.17	1302.13	135.28	1691.04	-31.11	-388.92
Jul-23	28-Jul-23	363.58	107.07	1338.41	93.90	1173.77	13.17	164.63
Aug-23	5-Aug-23	366.39	106.44	1330.53	108.33	1354.08	-1.88	-23.55
Sep-23	8-Sep-23	375.53	110.06	1375.72	99.52	1243.98	10.54	131.73

Month	Date	Maximum Demand during day (LUs)	Demand During Night Hours		Availability During Night Hours		GAP	
			Energy (LU)	Avg. Demand (MW)	Energy (LU)	Avg. Demand (MW)	Energy (LU)	Avg. Demand (MW)
Oct-23	6-Oct-23	349.53	92.28	1153.53	78.88	985.99	13.40	167.55

5.19.4 As is evident from the above trend, the demand is more than availability except months of July in FY 23 and June and Aug in FY 24. It is submitted that the present power exchanges rates for night and evening peak are highly volatile due to unavailability of Solar Power during this period.

5.19.5 In view of above, the Petitioner has submitted that additional Night Time Concession allowed vide 2nd APR order dated 31.05.2021 @Rs. 30 paise per unit to Industrial and IDWPS Consumers may be withdrawn.

Rebate in Energy Charges in Retail Supply to Industrial Consumers:

5.19.6 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.

5.19.7 Further, definition of expansion has not been defined since the consumer is claiming increase in contract demand as expansion. However, it has been noticed in the past that the consumer gets contract demand reduced permanently and thereafter after 2-3 months, consumer applies for increase in contract demand and claims 15% rebate for three years as per tariff order. Due to this, other consumers of HPSEBL have to cross subsidize the same. In case of multiple revisions, litigations are increasing as rebate has been given for a period of three years for each expansion.

5.19.8 Some of the Industrial Associations have also raised the point of cross subsidized tariff to the majority of industries due to this provision during last State Advisory Meeting and has requested to remove the provision from the Tariff Order.

5.19.9 From study of growth rate, there seems to be no impact on the growth of new industries since normal growth has been experienced in the last six years.

5.19.10 Therefore, the HPSEBL has requested that the existing rebate being allowed as per previous Order(s) be continued. However, no provision on account of above shall be continued in current MYT/ Tariff Order.

Amendment in Clause Q of General Conditions of Tariff and Schedule of Tariff:

5.19.11 The sub-clause (iii) of Clause Q provides for charging the rates under the relevant category of commercial supply for lighting load during off season depending upon the contract demand to be availed by the consumer during such period.

5.19.12 For implementation of the same, the change of category is involved to charge at commercial rate. HPSEBL has requested to mention the rate of commercial supply for the rate to be charged during off season for light load.

Amendment in Clause H: Lower Voltage Supply Surcharge LVSS:

5.19.13 Following explanation has been given to the clause w.e.f. first APR of 4th Control Period:-

1) *The revised provisions of standard supply voltage under the HPERC Electricity Supply Code have been notified and new connections shall be released on that basis.*

2) *Here the expression for each level of step down as an example shall mean that in a particular case if the Standard Supply Voltage is 33kV and the Actually Availed Supply Voltage is less than 11 kV, then the number of step downs shall be two (2) and the rate of LVSS applicable shall be 8% (5%+3%). Similarly, if the Standard Supply voltage is 132 kV or 220 kV and actual availed supply voltage is 33 kV LVSS shall be applicable @4% (2%+2%).*

Prior to this period the provision was as under:-

3) *1)In case of voltage based tariffs, the tariff applicable at the standard supply voltage or at the lower voltage (i.e. voltage at which connection is actually availed), whichever of the two is higher, shall be applicable and the LVSS shall be levied in addition to the said tariff.*

4) *2) The revised provisions of standard supply voltage under the HPERC Electricity Supply Code have been notified and new connections shall be released on that basis. In cases of existing connections, the applicability of LVSS shall be determined, subject to relaxation clause (6) below, on the basis of the revised provisions.*

5) *3) 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 or 220 kV and actual availed supply voltage is 33 kV LVSS shall be applicable @4%.*

5.19.14 In view of litigations, the tariff applicability may be clearly defined which is presently being levied on the supply voltage being availed by the consumer with levy of LVSS on the amount so derived. HPSEBL requests to amend the clause 1 of explanation so as to avoid any manipulations.

Amendment in Clause Q of General Conditions of Tariff and Schedule of Tariff- Rebate for Prepaid Consumers Clause No. P:

5.19.15 At present rebate of 3% on energy charges has been made applicable for all the consumers availing prepaid facility. As per Provisions of Section 47 (5) of Electricity Act,2003, the distribution licensee is not entitled to require security if the person requiring the supply is prepared to take supply through a prepayment meter.

5.19.16 The meter to be operated in prepaid mode should be capable of auto disconnection and reconnection on account of exhausting the amount and recharge respectively. However, the meters connected through CT/PT Units do not presently have the facility for auto-disconnection/reconnection.

5.19.17 Due to inclusion this provision, the notices being issued to the consumer having load above 50 KW provided with CT/PT meters who are not adhering to the revision of Security as per provisions of HEPRC (Security Deposit) Regulations, 2004 and approaching for prepaid mode along with refund of security.

5.19.18 HSPEBL submits to amend the words "All the consumers" with the words "Consumers having connected load less than or equal to 50 KW)".

Rate of Green Energy:

5.19.19 Ministry of Power, Govt. of India has notified Rules namely Electricity (Promoting Renewable Energy Through Green Energy Open Access) Rules, 2022 as amended from time to time. In the ARR for FY 24, an amount of Rs. 0.28 has been fixed for consumers availing green energy from HPSEBL.

5.19.20 It is submitted that in order to give certificate of 100% green energy to the consumers, HPSEBL will have to arrange for the Green Energy for the consumers in each time slot which is not available to HPSEBL particularly in the lean season. In order to provide green power to the consumers, HPSEBL has to arrange green power from market or to purchase REC in order to covert the power to green for which additional financial implication is involved.

5.19.21 It is proposed to revise the green energy rate fixed by Commission @ Rs. 0.28 per unit to the REC rate of the preceding months for succeeding month power to be made available to the consumers or as may be considered appropriate by Commission.

5.20 Additional Submissions by the Petitioner

5.20.1 The Petitioner has made the following additional submissions during the tariff processing:

It is submitted that the provisions have been made in the MYT Business Plan for the ARR for FY 2024-25 as under:

Power Purchase Cost:

- ARR for FY 2024-25 – Table No. 3-34, MYT Business Plan Table No.65
- Variation in Power Purchase Bills of IPPs: Rs. 11 Cr.
- Provision for Arrears in respect of HPPCL for Sawra Kuddu and Kashang: Rs. 250 Cr.
- Provision for Arrear in respect of SJVNL w.e.f. FY20 to FY24: Rs. 100 Cr.
- Provision for Arrear of NHPC (True Up FY 19 to 24): Rs. 30 Cr.
- Provision for Arrear of NTPC for True Up FY 19-24: Rs. 300 Cr.
- Total provisions for FY 2024-25: Rs. 691 Cr.

5.20.2 It is submitted that the True Ups by the generating stations for FY 2019 to FY 2023-24 are likely to be filed in the year 2024-25 and the provisions made for FY 2024-25 except arrears of HPPCL (partial) may be deferred to FY 2025-26 and shall be revised as per actual impact on HPSEBL due to true up. It is prayed that the provision of Cost of Electricity Purchase including Own Generation may be revised to Rs. 4418 Cr (Reduction of Rs. 641 Cr.) for FY 2024-25 in ARR for FY 2024-25. Cost of Power Purchase in MYT Business Plan for FY 2024-25 to FY 2028-29 may be revised to Rs. 4418 Cr for FY 2024-25 and Rs. 5486 Cr. for FY 2025-26.

(A) **ARR for FY 2024-25: Table 3-30, MYT Business Plan Table No. 46**: It is submitted that a provision of Rs. 183.51 Cr, 160.61 Cr., 138.47 Cr, 115.91 Cr & Rs. 92.29 Cr. has been made for FY 2024-25, FY 2025-26, FY 2026-27, FY 2027-28 &FY 2028-29 respectively for interest on UDAY loan. The interest is neither allowed by HPERC nor being paid by HPSEBL and, therefore, is being excluded from the Interest and Financing Charges. The Commission in the query to Petition has sought the basis for normative rate of interest for working out the interest on working capital. In this context, it is submitted that the interest was calculated based on the Regulations existing at the time of submission of Petition which has now been amended and accordingly the interest rate has been worked out by taking average of MCLR of FY 2023-24 with addition of 350 basis points.

The Revised table for the Interest and Financing charges for FY 2024-2025 (Table No. 3-31) as under:

Particulars	ARR Submitted for FY 2024-25	FY-2024-25 (proposed)
Interest on Long Term Loan	484.70	301.19
Interest on Consumer Security Deposit	26.34	26.34
Interest on Working Capital	118.91	118.31
LC Charges etc.	6.3	6.3
Total Interest and Financing Charges	**636.24**	**452.13**

(B) **ARR for FY 2024-25**: It is submitted that a provision of Rs. 89 Cr per year for FY 2024-25, FY 2025-26, FY 2026-27 &FY 2027-28 has been made in the MYT Business Plan for payment of arrears of the pay commission of existing employees and similarly a provision of Rs. 380 Cr. has been made towards 6th pay commission arrears of pensioners in these years. The Govt./ HPSEBL has not yet decided for payment of the arrears, therefore, it is requested to consider 15% of the provisions made for FY 2024-25 and balance may be considered for adjustment in FY 2028-29. Further, Commission vide Query dated 20.01.2024 has raised observation of average CPI for three years instead of 5 years taken in the Business Plan. In this context, it is submitted that the Petition has been filed on 30.11.2023 and as on that date, old Regulations were applicable which provides for average of 5 years or 3 years, whichever is higher. However, in view of new Regulations, the projections have been amended accordingly and depicted in the table as under:

Particulars	FY 2023-24 (Revised estimate)	FY 2024-25 (Proposed)
Salaries & Allowances		
Salaries (Basic)	604	637
Provision for new recruitment		2
Impact of Retirement (i/c DA)		-4
Merger of DA with Basic (Proposed)		0
Grade pay	0	0
DA	220	312
Employee Arrears - 6th Pay Commission		13
Other Allowances	24	25
Overtime	5	5

Particulars	FY 2023-24 (Revised estimate)	FY 2024-25 (Proposed)
Bonus	0.00	0.00
Salaries – Total	**853**	**991**
Other Staff Cost		
Medical Expense Reimbursement	6	6
Fee & Honorarium	0.01	0.011
Earned Leave Encashment	91.20	78
Salary/Wages of Outsourced /Contractor.	76	80
Leave Salary Contribution	1.700	1.79
Payment under Workmen's Compensation	1.08	1.14
Group Insurance	0.010	0.011
LTC	0.20	0.21
Staff Welfare Expenses	0.120	0.126
Other Staff Cost – Total	**176**	**168**
Sub-total Salary	**1029**	**1159**
Terminal Benefits		
Provident Fund Contribution	0.00	0.00
Superannuation Boards Contribution	0.00	0.00
Pension – Base	1292.78	1383
Impact of Retirement		1.43
Pension-Commuted Value	133	105
Pension - 6th Pay Commission Arrears	0	57
Gratuity	135	176
Any other Items (MRC to pensioners, benevolent fund, GIS and DLI & others)	30	32
Employee Contribution towards CPS	45	48
Terminal Benefits – Total	**1636**	**1803**
Gross Employee Cost	**2666**	**2961**
Less: Employee Cost Capitalisation	60	67
Total Employee Cost (Net of capitalisation)	**2606**	**2895**

5.20.3 It is submitted that a provision of Rs. 239.23 Cr has been made towards Smart Meter rental under RDSS for FY 2024-25 and due to present status of the Scheme, it is expected that the projected rental may not be payable during FY 2024-25 since the rental shall be paid after successful installation commissioning and operation of the communication mode & its integration with existing billing software. The provision made for FY 2024-25 may therefore be reduced to Rs. 50 Cr. A provision of Rs. 20 Cr per year has also been kept for All Risk Industrial Insurance for the Sub-Stations, which may also be deferred.

5.20.4 The relevant portion of Table 3-26 has accordingly been amended:

Particulars	FY 2023-24 (Revise estimate)	FY 2024-25 (Proposed)
Insurance premium for Mega Risk of Industrial all risk policy for material damage, loss of profit including rider for terrorism for 33 kV and above works.	0	0
Sub Total-Administration Charges	**27.28**	**29.12**
Sub-Total A&G Expenses	**83.84**	**70.68**

Particulars	FY 2023-24 (Revise estimate)	FY 2024-25 (Proposed)
A&G Expenses IT Infra & AMISP	45.83	87.21
Total A&G Expenses	**129.67**	**157.89**
Rental charges against smart metering under RDSS	**12.81**	**50.00**

Table 110: O&M Expenses Proposed for FY 2024-25

Particulars		FY 2024-25
1)	R&M Expenses	133.22
2)	Employees Cost	2894.80
3)	A&G Expenses	157.89
	Total O& M Expenses	**3185.91**

5.20.5 It is submitted that the status of implementation of Smart Meters under RDSS shall be submitted to the Commission on notification of awards along with the actual schedule of payment of rental to the AMISP vendor(s).

5.20.6 Return on Equity: The Commission vide 2nd Query dated 20.01.2024 had asked to intimate the basis on ROE @ 16%. It is submitted that the MYT has been filed on 30.11.2023 and as on date of filing, the old Regulations were in force and accordingly rate of ROE @16% was taken for projections of ROE, now since the rate has been changed to 14% in new Regulations, the same has been worked out as under:

Table 111:RoE for FY 2024-25 (in Rs Cr)

Particulars	FY 2023-24 (Revise estimate)	FY 2024-25 (Proposed)
Opening Equity	490	490
Equity Infusion		132
Closing Equity	490	621.53
Rate of Return on Equity	16%	14%
Return on Equity	**99**	**87.01**

5.20.7 In view of above additional submissions, the Aggregate Revenue Requirement for FY 2024-25 is as under:

Table 112: ARR proposed for FY 2024-25

Particulars	ARR Submitted for FY 2024-25	FY2024-25 (proposed)
Power Purchase Expenses for Supply in the State	**5869**	**5228**
Cost of Electricity Purchase including own generation	*5059*	**4418**
Interstate Charges	**606**	**606**
PGCIL Charges	511	511
STOA Charges	95	95
Intra-state Charge	**205**	**205**
HPTCL Charges	201	201
SLDC Charges	4	4
Other Charges		
Operation and Maintenance Cost	**3789**	**3186**

Particulars	ARR Submitted for FY 2024-25	FY2024-25 (proposed)
Employees Cost	*3289*	2895
R&M Cost	133	133
A&G Cost	*367*	158
Interest and Financing Charges	***636***	**452**
Depreciation	**377**	**377**
Return on Equity	**99**	**87**
Misc	0.57	**0.57**
Less : Non Tariff Income	**65.78**	**65.78**
Aggregate Revenue Requirement (ARR)	**10706**	**9266**
Impact of True up on uncontrollable Parameters previous years	18.17	18.17
Add: Arrear Provision for Employees		
Net Aggregate Revenue Requirement (ARR)	**10724**	**9284**
Revenue From Sale of Power		
(i) Revenue from Sale of Power within State (existing tariff)	6984	6984.12
(ii) Revenue from Sale of Power outside state	0	0
Net Revenue from Sale of Power	**6984**	**6984.12**
Surplus (+)/Gap(-)	**-3740**	**-2300**
Sales projections	**11998**	**11998**
ACoS (Without Adjustments)	**8.92**	**7.72**
ACoS(With adjustments)	**8.94**	**7.74**

5.21 Additional Surcharge

5.21.1 This Petition is being filed under the provisions of the Sub-regulation 3 of Regulation 6 of HPERC (Cross Subsidy Surcharge, Additional Surcharge and Phasing of Cross Subsidy) Regulations, 2006 as reproduced below:

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

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

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

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

(5) In determining the additional surcharge, the Commission shall scrutinize the details of fixed costs submitted by the distribution licensee and invite and consider objections, if any, from the public and affected parties.

(6) The additional surcharge shall be determined on annual basis and it can be collected either as onetime payment or on monthly basis."

5.21.2 HPSEBL has adopted the same approach for determination of additional surcharge for FY 2024-25 as has been adopted by the Commission in its previous orders as elaborated below:

5.22 Various Parameters for computation of Additional Surcharge

Stranded Power due to Open Access Consumers

5.22.1 During FY 2023-24 (upto September 2023), the Power projects from which the power got stranded during different time blocks due to short term open access includes Singrauli STPP, Rihand-2 STPS, Rihand-1 STPS, Rihand-3 STPS, Tanda-II TPS, Unchahar-IV, Dadri-II TPS, Unchahar-II, Unchahar-I,Unchahar-III and Unchahar-IV .

5.22.2 The stations considered for computation of Additional Surcharge are Singrauli STPP, Rihand-2 STPS, Rihand-1 STPS, Rihand-3 STPS, Tanda-II TPS, Unchahar-IV, Dadri-II TPS, Unchahar-II, Unchahar-I, Unchahar-III and Unchahar-IV .

5.22.3 The month-wise summary of the stranded power from stations and power purchase by open access consumers during the same period is shown in following tables:

Table 113: Power purchased by Open Access (OA) consumers (MUs)

Source	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Total
Total Power purchased by Open Access consumers	0.39	0.30	1.21	1.39	0.23	0.36	3.89

Table 114: Stranded energy in power stations from April-23 to Sep-23 (MUs)

Source	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Total
DADRI-II TPS	0.06	0.46	0.48	0.31	0.09	0.02	1.43
TANDA-II TPS	0.06	0.45	0.46	0.25	0.08	0.02	1.33
RIHAND-I STPS	0.10	0.40	5.49	2.37	0.86	0.12	9.34
RIHAND-II STPS	0.06	0.39	5.14	2.15	0.88	0.11	8.73
RIHAND-III STPS	0.13	0.47	5.73	2.84	1.02	0.15	10.34
SINGRAULI STPP	0.00	0.01	0.47	0.19	0.08	0.00	0.76
UNCHAHAR-I	0.08	0.07	0.07	0.04	0.02	0.00	0.28
UNCHAHAR-II	0.36	1.31	3.11	1.69	0.56	0.14	7.18
UNCHAHAR-III	0.28	0.89	2.11	1.13	0.38	0.10	4.88
UNCHAHAR-IV	0.36	0.35	0.26	0.14	0.07	0.01	1.20
Total	**1.49**	**4.81**	**23.32**	**11.12**	**4.04**	**0.69**	**45.47**

Fixed Cost relating to Generation Capacity (at stranded Generating Stations)

5.22.4 The average rate of fixed cost per kWh, based on the fixed charges for the projects considered for computing additional surcharge as per Merit Order Dispatch has been calculated and is depicted in following table:

Table 115: Fixed cost of projects considered for additional surcharge

Name of Station	Capacity (MW)	Expected Net Annual Generation (MUs)	Annual Fixed Cost (Rs. Cr.) for FY 2024-25*	Annual Fixed Charges (Paise/unit)	Power Purchase (MUs)	Total Fixed Cost of Power Purchase (Rs. Cr.)
I	II	III	IV	V={(IV×1000/III)}	VI	VII={V×VI/1000}
DADRI-II TPS	2,000	5,388.89	988.00	183.34	9.51	1.74
TANDA-II TPS	1,320	8,034.43	1,361.00	169.40	9.32	1.58
RIHAND-I STPS	1,000	6,836.42	578.00	84.55	192.74	16.30
RIHAND-II STPS	1,000	8,004.48	547.00	68.34	183.00	12.51
RIHAND-III STPS	1,000	7,485.46	1,007.46	134.59	187.79	25.27
SINGRAULI STPP	2,000	14258.22	906.00	63.54	17.68	1.12
UNCHAHAR-I	420	1773.30	298.00	168.05	1.42	0.24
UNCHAHAR-II	420	2458.43	316.00	128.54	67.59	8.69
UNCHAHAR-III	210	1314.85	172.00	130.81	44.25	5.79
UNCHAHAR-IV	500	2486.37	587.64	236.35	5.30	1.25
Total	9,870.00	58,040.85	6,761.11	116.49	718.60	83.71
Average rate of Fixed Cost (Paise/unit) (VII*1000/VI)				**116.49**		

******The AFC for FY 2024-25 has been taken same as that approved by Commission in ARR for FY 2023-24 in view of non-availability of AFC for FY 2024-25.*

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

5.22.5 HPSEBL has calculated applicable average rate of PGCIL charges of Power Grid (actual up to Sep'23 thereafter average rate corresponding to H1 period is considered) and Transmission Charges of HPPTCL. The fixed costs relating to stranded transmission capacity have been worked out as per details given in following table:

Table 116: Fixed Cost relating to Power Grid & HPPTCL Transmission System (at injection point)

Month	Transmission Charges (Rs/MW/month)	
	PGCIL Charges	HPPTCL System
Apr-22	3,18,289	44,206
May-22	2,84,882	44,206
Jun-22	2,92,935	44,206
Jul-22	2,37,800	44,206
Aug-22	2,03,319	44,206
Sep-22	2,66,386	44,206
Oct-22*	2,66,386	44,206

Month	Transmission Charges (Rs/MW/month)	
	PGCIL Charges	HPPTCL System
Nov-22*	2,66,386	44,206
Dec-22*	2,66,386	44,206
Jan-23*	2,66,386	44,206
Feb-23*	2,66,386	44,206
Mar-23*	2,66,386	44,206
Average/month	**2,66,827**	**44,206**
Average Fixed Cost at injection point (paise/kWh)	**54.30**	**9.00**

5.23 Power Grid, HPPTCL & Distribution System Losses

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

5.23.2 HPSEBL has considered Power Grid losses as 3.69% for FY 2024-25. As power grid losses vary from time to time, therefore, average has been considered.

5.23.3 The losses for Intra state Transmission @ 0.75% and Distribution EHV losses@ 2.5% have been taken for FY 2024-25 as approved in the tariff order.

5.24 Computation of Additional Surcharge

5.24.1 The average per kWh recovery from EHT consumers through Demand Charges, as considered for the purpose of estimation of revenue under the Tariff Order for FY 2024-25, is 96.65 paise per unit, as per details given in the following table:

Table 117: Computation of Additional Surcharge

S.No.	Description	Fixed Cost at Injection point in paise/kWh	Fixed Cost at Consumer end in paise/kWh
1	Generation Capacity	116.49	125.18
2	Transmission Capacity		
(i)	*Power Grid system*	54.30	58.35
(ii)	*HPPTCL system*	9.00	9.67
3	Total Fixed Cost payable to Generator		193.19
4	Recovery of Fixed Charge as Demand Charge from EHT Consumers		96.55
5	**Balance payable in shape of Additional Surcharge in Paise/kWh (3-4)**		**96.65**

5.25 Wheeling Charges

5.25.1 The actual Energy sales of FY 2022-23 at EHT, HT and LT voltage-levels are apportioned as per the following table:

Table 118: Energy Sales Apportioned

Category	220 KV	132 kV	66kV	HT(33kV)	HT(>11kV and <33kV)	LT(<11 kV)
Sale	475.02	1290.52	843.62	1423.44	3009.61	3913.58
Voltage wise Sales (%)	4.34%	11.78%	7.70%	12.99%	27.47%	35.72%

Table 119: Estimated Voltage wise sales for the FY 25

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%	4.34%	11.78%	7.70%	12.99%	27.47%	35.72%
Total sales within state (MUs)	11,998	546.22	1,433.82	955.88	1,545.34	3,302.89	4,214.20

5.25.2 The category wise sales apportioned for FY 2024-25 at EHT, HT and LT voltage-levels is presented in the following table:

Table 120: 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	88.33	0.00	0.00	0.00	0.00	7.95	80.38
Medium Power	106.63	0.00	0.00	0.00	0.00	92.76	13.86
Large Supply	6827.73	546.22	1433.82	955.88	1433.82	2457.98	0.00
Domestic	2841.49	0.00	0.00	0.00	0.00	1.06	2840.43
Govt. Irrigation & Water Pumping	788.05	0.00	0.00	0.00	47.28	338.86	401.91
Irrigation & Agriculture	94.08	0.00	0.00	0.00	0.00	2.32	91.76
Commercial	777.18	0.00	0.00	0.00	0.00	178.75	598.43
Bulk Supply	191.05	0.00	0.00	0.00	32.48	145.20	13.37
Non Domestic Non Commercial	198.47	0.00	0.00	0.00	31.75	55.57	111.14
Public Lighting	12.35	0.00	0.00	0.00	0.00	0.00	12.35
Temporary	61.00	0.00	0.00	0.00	0.00	14.03	46.97
EV Charging Stations	12.00	0.00	0.00	0.00	0.00	8.40	3.60
Total	**11998.35**	**546.22**	**1433.82**	**955.88**	**1545.34**	**3302.89**	**4214.20**

5.25.3 The voltage-wise cost allocation as approved by HPERC in Tariff order for FY 23-24 is as under:

Table 121: Voltage wise cost allocation (in%)

Voltage wise Sales	Total Sales (MU)	220 KV System	132 KV System	66 KV System	HT (33 kV)	HT (>=11 kV	LT (< 11 kV)

						&<33kV)	
Sales apportioned at different voltage levels	100.00%	4.16%	9.09%	3.75%	21.00%	29.00%	33.00%
Total sales within state (MUs)	11,998.35	546.22	1,433.82	955.88	1,545.34	3,302.57	4,214.17

5.25.4 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 122: Capacity of generators connected at each voltage level (in MW)

Particulars	220 kV	132 kV	66 kV	33 kV	HT (>=11 kV &<33kV)	LT (< 11 kV)
Hydro IPP	0.00	0.00	62.60	378.45	50.10	0.40
OA Gen	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 IPP	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**

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

Table 123: 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)		**224**	**647**	**345**	**777**	**695**	**825**
Consumer Demand (MW)		104	273	182	294	628	802
Generator Load (MW)		120	374	164	483	67	23
Estimated Energy Flow (MUs)		**1,124**	**3,236**	**1,744**	**3,874**	**3,626**	**4,327**
Consumer Energy Flow (MUs)	11,998	546	1,434	956	1,545	3,303	4,214
Generator Energy Flow (MUs)	5,932	578	1,802	788	2,328	323	113

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

Table 4-12: Wheeling charges computed for Short-term open access consumers

Particular	220 kV	132 kV	66 kV	33 kV	HT (>=11 kV	LT (< 11 kV)

					&<33kV)	
Total Wheeling ARR (Rs. Cr.)	2917					
Cost apportioned (Rs. Cr.)	121	265	109	613	846	963
Cost allocation brought forward from the next higher voltage block) (Rs. Cr.)		116	333	400	840	945
Total Allocation (Rs. Cr.)	121	381	443	1013	1686	1908
Estimated Energy (MUs)	546	1434	956	1545	3303	4214
Total Energy Flow (MUs)	11998	11452	10018	9062	7517	4214
Wheeling Charges (Paisa per unit)	**10**	**33**	**44**	**112**	**224**	**453**

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

Table 124: 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.)	2917					
Cost apportioned (Rs. Cr.)	121	265	109	613	846	963
Cost allocation brought forward from the next higher voltage block) (Rs. Cr.)		114	304	360	643	808
Total Allocation (Rs. Cr.)	121	379	414	972	1489	1771
Estimated Load (MW)	224	647	345	777	695	825
Total Demand Flow (MW)	3514	3290	2643	2298	1521	825
Wheeling Charges (Rs. Per MW per month)	**28777**	**95922**	**130431**	**352589**	**816196**	**1788388**

5.25.8 Submitted that the Data used for calculation of wheeling charges is attached along with Tariff Model.

5.26 Cross Subsidy Surcharge

5.26.1 The Cross-subsidy Surcharge has been worked out based on the methodology and formula as per the revised Tariff Policy. Further, the Commission in line with its HPERC (Cross Subsidy Surcharge, Additional Surcharge and Phasing of Cross Subsidy) Regulations, 2006, is required to reach a normative level of 20% of its opening level. Considering the same, the Cross Subsidy Surcharge computed by HPSEBL for FY 2024-25 is shown in following table:

Table 125: Cross Subsidy Surcharge proposed by HPSEBL

Categories	CSS as per formula	20% of CSS	20% of Tariff	Proposed CSS
	(S)	A	B	MIN(A,B)
	Rs/unit	Rs/unit	Rs/unit	Rs/unit
Small Power	1.17	0.23	1.60	0.23
Medium Power	3.17	0.63	1.63	0.63

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
Large Supply	4.08	0.82	1.59	0.82
Domestic	0.00	0.00	1.37	0.00
Govt. Irrigation & Water Pumping	2.26	0.45	1.63	0.45
Irrigation & Agriculture	1.01	0.20	1.59	0.20
Commercial	1.48	0.30	1.60	0.30
Bulk Supply	4.03	0.81	1.77	0.81
Non Domestic Non Commercial	2.06	0.00	1.59	0.00
Public Lighting	0.23	0.05	1.45	0.05
Temporary	4.66	0.93	2.23	0.93
EV Charging Stations	2.23	0.45	1.55	0.45

5.27 Infrastructure Development Charges

5.27.1 It is submitted that the Petition under HPERC (Recovery of Expenditure for supply of Electricity) Regulation,2012 for the Normative IDC charges to be recovered under Sub-regulation (2) of Regulation 5 has been filled by HPSEBL vide filling No. 144 of 2023 dated 18.07.2023 for approval of Normative Charges before the Commission on which the Public hearing has been scheduled to be held on dated 23.03.2024.

5.28 Distribution Losses

5.28.1 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 the power into the distribution system, the Distribution Losses corresponding to the lower voltage shall be applicable. The distribution Losses at the following rates shall be applicable to the Open Access Consumers/Customers including Generators, other Licensees and Traders:

Table 126: Loss Level for Open Access Consumer/Customer

Voltage wise Sales	220 KV/132KV	66 KV	HT (33 kV)	22KV/11KV	LT
Loss level (in % of energy)	2.5%	4.0%	6.0%	8.0%	15.0%

5.28.2 The losses at LT are for indicative purposes only as no open access may actually be availed on LT.

6 Objection filed and Issues raised by Stakeholders during Public Hearing

6.1 Introduction

6.1.1 Pursuant to the notice, sixteen stakeholders filed written objections to the MYT Petition for the fifth Control Period FY25-29 and True-up of uncontrollable parameters for FY23 filed by the HPSEBL along with objections raised by general public. The list of the stakeholders who have filed objections are as follows:

Table 127: Details of Objectors

S.No.	Objector	Address
1.	Nalagarh Industries Association	M/s Nalagarh Industries Association, SWCA Building, Third Floor, Peersthan, Tehsil Nalagarh, Distt.Solan, Himachal Pradesh.
2.	M/s Kundlas Loh Udyog and M/s H M Steels Limited	M/s Kundlas Loh Udyog, Village Balyana, P.O Barotiwala, TehBaddi, Distt: Solan, Email: kundlaslohudyog@gmail.com M/s H M Steels Limited, Trilokpur Road, Village Johron, Distt.Sirmour Kala Amb- 173030
3.	Parwanoo industries Association (PIA)	Plot No. 4-A, Sector-2, Parwanoo, Distt- Solan
4.	M/s Winsome Textile Industries Limited	M/s Winsome Textile Industries Limited, 1, Industrial Area, Baddi, Distt. Solan (H.P.) 173205.
5.	BBN Industries Association	M/s BBN Industries Association, Jharmajri-Barotiwala Road, EPIP Phase-I, Jharmajri, Baddi- 173205
6.	M/s Vardhman Textiles Ltd.	M/s Vardhman Textiles Ltd., Sai-Road, Baddi, Distt. Solan-173205, HP (E-mail: drsharma@vardhman.com; 220kv@vardhman.com)
7.	M/s Immunetic Life Sciences Pvt. Ltd.	M/s Immunetic Life Sciences Pvt. Ltd. Distt, Vill. Gondpur Jaichand Nichla, Teh-Haroli, Dist. Una-176601. (mail@immunetic.com)
8.	Confederation of Indian Industries	Confederation of Indian Industries, Block No. 3, Dakshin Marg, Sector 31-A Chandigarh- 160030.
9.	Sh. K.S. Dhaulta,	R/o A-62 Sector-2, Main Road N. Shimla, Consumer representative
10.	M/s J.B. Rolling Mills Ltd.	M/s J.B. Rolling Mills Ltd, Tirlokpur Road, Kala Amb, Distt: Sirmaur (H.P.)
11.	Sh. Kamal Nirdosh	kamalnirdosh56@gmail.com
12.	Sh. Negi S. Bhat	negirsbhat888@gmail.com
13.	Sh. O P Sharma	opsharma6769@gmail.com
14.	Sh. Piare Lal Thakur	Sh. Piare Lal Thakur, Village Sihorballa PO Bhatawan, Tehsil Manjheen, Distt. Kangra-176098.
15.	Ms. Gunjan	gunjansadhveer101@gmail.com

S.No.	Objector	Address
16.	M/s Prime Steel Industries Pvt. Ltd.	M/s Prime Steel Industries Pvt. Ltd., Baddi-Barotiwala Road, Baddi, Distt: Solan-174103, Email: primesteelhp@gmail.com
17.	Sh. Pirthi	prithinhpc@gmail.com
18.	Sh. Raman Thakur	Sh. Raman Thakur, Vill. Suggal, P.O.- Bara, Tehsil-Nadaun, Distt. Hamirpur, H.P.
19.	Sh. V. Anupam	vanupam659@gmail.com
20.	Himachal Drugs Manufacturer's Association	c/o JMM Formulation Pvt. Ltd., Suketi Road, Kala Amb, Distt. Sirmaur (H.P.)
21.	Laghu Udyog Bharati	Kala Amb (Sirmour Unit), Nahan Road (Opp: ICICI Bank, Kala Amb, Tehsil Nahan, Distt. Sirmour
22.	M/s IA Hydro Energy Pvt. Ltd.	D-17, Sector-1, Lane-1, New Shimla, Shimla 171 009
23.	Sh. P. L. Negi	General Secretary, Kinnaur, Lahaul-Spiti Bauddh Sewa Sangh
24.	Himachal Pradesh Power Transmission Corporation Ltd. (HPPTCL)	Himfed Bhawan, Panjari, Shimla-171005.
25.	Himachal Pradesh State Load dispatch Centre (HPSSLDC)	SLDC Complex, Himachal Pradesh State Load Dispatch Center, Shimla-Kangra Rd, Totu, Shimla, Himachal Pradesh-171011

6.1.2 The public hearing was held on 14.03.2024 at the Commission's office in Shimla.

6.1.3 Issues raised by the stakeholders in their written submissions and during the public hearing, along with replies given to the objections by the HPSEBL and views of the Commission are mentioned in the following paras:

General Objections

6.2 Tariff Hike

Stakeholders Submissions

6.2.1 Sh. Ajay Vaidya (Advocate), Sh. Piare Lal Thakur, Sh. Kamal Nirdosh, Sh. O P Sharma, Sh. Prithi Singh, Sh. Raman Thakur, Sh. V. Anupam, Sh. Negi S. Bhat and Ms. Gunjan in their objections have requested the Commission not to increase the Electricity Tariff for FY 2024-25 and to provide free electricity.

6.2.2 M/s H M Steels Pvt. Ltd. And M/s Kundlas Loh Udyoghave submitted that the cost of power is 60% of the total conversion costin the stakeholder's type of industry and is more like a raw material to the Industry. It is submitted that the tariff proposal in its present form with proposed average billing rate of Rs. 7.74 per unit has sent jitters to their industry, which will turn into a sick unit overnight if such a tariff increase is approved by the Commission. It has been further mentioned that the stability and competitiveness in rates of electricity is the key to the existence of their units. The stakeholders have mentioned that after making huge investment, majorly on borrowed funds, they feel that viability of their unit is in grave danger. They have cited that the saying "Rome was not built in a day" also aptly applies to industries as it has taken two decades for their industry to expand operations from the level of 3 MW to 20 MW. But all this growth shall be killed in a day, by such tariff shocks, as has been suggested.

Petitioner's Response

6.2.3 The Petitioner in response to the suggestions of Sh. Piare Lal Thakur, Sh. Kamal Nirdosh, Sh. O P Sharma, Sh. Prithi Singh, Sh. Raman Thakur, Sh. V. Anupam, Sh. Negi S. Bhat and Ms. Gunjan has submitted that the tariff petition is based on the projection revenue and expenditure figures which is likely to have an impact on the present tariff. It is submitted that the decision to abolish subsidy and allow free units is in the competency and domain of the State Government and the tariff application is based on the projected estimate of the revenue and expenditure. Further, the increase in tariff is also related to inflation. Further, the increasing rates of Power Purchase, O&M expenses and Interest Costs may result in increase of tariff.

6.2.4 The Petitioner in response to M/s H M Steels Pvt. Ltd. and M/s Kundlas Loh Udyog has stated that the tariff petition has been filed before Commission as per the provisions of the Tariff Regulations and being the 1st ARR for the 5th Control Period for which MYT Business Plan has also been submitted to Commission and based on the approval of Business Plan for the 5th Control Period, the ARR shall be approvedby the Commission. The HPSEBL has projected the expenses for Power Purchase, O&M expenses, Interest & Financing, Depreciation, ROE etc., as per the past trends, in line with the Regulations and these expenses are generally on increasing trend which may have an impact on the tariff of electricity accordingly.

Commission's Observation

6.2.5 The Commission has carried out detailed scrutiny of all revenue and expense heads for FY 2024-25 as part of ARR. Based on the prudence check of Petitioner's submissions and audited accounts, the Commission has independently analysed each parameter while conducting the true-up exercise and has approved the expenditure as per the provisions of the Regulations, as detailed in Chapter 7 of this Order.

6.3 Steep increase in the Electricity duty

Stakeholders Submissions

6.3.1 Confederation of Indian Industries, Parwanoo Industries Association (PIA), Kala-Amb Chamber of Commerce & Industry, Himachal Drugs Manufacturer's Association, Laghu Udyog Bharati and M/s Nalagarh Industries Association have submitted that the steep increase in the Electricity duty rates w.e.f. 01.09.2023 has come as a shock to the industry and the industries are unable to digest/ absorb the impact of this increase which was about 50 Paise per unit, which has rendered the units unviable.

Petitioner's Response

6.3.2 The power to revise the Electricity Duty (ED) is vested with Govt. of HP, as per the H.P. Electricity Duty Act, 2009. The HPSEBL only implements the rates of ED as per notifications issued by the State Government from time to time.

Commission's Observation

6.3.3 The matter of increase of ED pertains to the Government of Himachal Pradesh. Therefore, the stakeholders are advised to take up this issue separately with the State Government.

Objections raised on True-up of uncontrollable parameters for FY23

6.4 True-up to be filed in line with MYT Regulations

Stakeholders Submissions

6.4.1 M/s BBN Industries Association submitted that the revenue realization by utility is almost at par, as approved by the Commission. Similarly, power purchase cost per unit is also not very significantly different than that of the cost approved by the Commission. Hence, realistic assessment of power requirement, proper budgeting and execution of the power purchase activities need to be carried outby the Utility. It is submitted that the HPSEB Ltd has claimed revenue requirement of Rs.6744.84 crore in true up against Rs.5730.03 crore approved, as given in Table no 2.24 of ARR and has shown net deficit of Rs.15.47 against zero deficit approved. Further, this deficit is on account of higher power purchase cost, higher employee cost, higher interest cost, among others. It has also been highlighted that the Commission had approved T&D losses as 9.70%, while the actual T&D losses are 9.92%. The Stakeholder requested the Commission to look into the actual expenses based on approved norms and submitted that the expenses should be restricted to the approved norms and the true up is not considered by Commission.

6.4.2 Sh. K.S. Dhaulta, Consumer Representative has submitted that the Commission had approved revised sales, revenue and APR in the Mid-Term Performance Review/ Interim Order dated 23.1.2024 and now the prayer of the Petitioner is to True-Up the expenditure and revenue for FY 2022-23 based on the annual accounts submitted with the petition.

The Stakeholder also pointed out that the HPSEBL appears to have not submitted the CAG audited accounts which may project the true and factual statement of accounts and financial picture of the organization. It has been suggested to keep this aspect in mind before adjudicating the petition to assess the factual expenditure and revenue for the FY 2024-25. It has been further submitted that the Petitioner has not furnished the audited balance sheet for FY 2022-23 from the CAG and instead submitted audited balance sheet from the independent auditors. The stakeholder has requested that the Commission may take a view in this regard, as the final True-Up figures may change and this may impact the revenue gap for FY 2023-25 and ultimately the tariff for consumers.

6.4.3 Sh. K.S. Dhaulta, Consumer Representative has also mentioned that the HPSEBL has shown significant increase in Energy Sales for FY 2022-23 in context of approved APR order. Further submitted that the Total ARR proposed by Petitioner for FY 24-25 (with out true up) is Rs. 9662 Cr.and (with true up) as Rs.9284 Cr. It has been further added that the Total ARR Approved by the Commission for FY 23-24 (with out true up) is Rs.6860. 41 Cr. and (with true up) as Rs. 6595.61 Cr. The stakeholder has pointed our that the HPSEBL has, thus, proposed an increase of Rs.2405.59 Cr. ARR for FY 2023-24 (without true up) i.e. (+35.06%) which is substantial increase. Further mentioned that the HPSEBL has proposed increase of Rs.2688.39 Cr. ARR for FY 2023-24 (with true up) i.e. (+40.76%) which is again on higher side. The Stakeholder mentioned that, if this increase, if allowed, shall adversely impact the Tarrif for domestic consumers and put an extra burden on the overall consumers of the State. It is submitted that the increase is substantiated from the fact that from the proposed Average Billing Rate (ABR) of Rs.7.74 per unit by HPSEBL for FY 2024-25, as against the ABR estimated by HPERC off Rs.5.82 for FY 2023-24 (with past adjustment) resulting in the ABR proposed by HPSEBL over FY-2023-24 as Rs.1.92 per unit (+32.99%). Thus, this substantial increase in ABR is going to impact consumers of the state adversely especially domestic consumers.

Petitioner's Response

6.4.4 The petitioner has submitted that the T&D loss trajectory for the 4thControl period was very stringent and could not be achieved. Further, the working of incentives/ disincentives has been done as per the provisions of the Regulations. The Petitioner has prayed to approve the actual power purchase cost without considering penalty.

6.4.5 The Petitioner in response to the suggestions of Sh. Sh. K.S. Dhaulta, has submitted that CAG audit for FY 2022-23 is in progress and that the report of the same (after approval of the from CAG New Delhi) is expected to be completed by 20.03.2024 and will be produced accordingly.

6.4.6 The HPSEBL has further submitted that the ARR proposed for the year FY 2024-25 has been worked out as per the provisions of MYT Regulations and mentioned that there is no aim to earn profit out of the revenue from the consumers since the tariff is revenue neutral & any amount, over and above the admissible amount is a pass through in the ARR and the HPSEBL cannot keep the surplus with it. Further, the category wise sales for FY 2023-24 has been taken as per actual upto September 2023 and month wise projection for remaining months has been taken on the CAGR for the last 6 years and the actual energy sales for FY 2023-24 upto December 2023 has also been submitted to the Commission.

6.4.7 The Petitioner has also added that the HPSEBL is a Distribution Licensee as per provisions of the Act and Tariff is to be approved by HPERC as per Section 62 of the Act and Tariff Regulations notified by the Commission and Tariff petition is submitted to the Commission based on the provisions of the relevant MYT Regulations and accordingly, ABR has been proposed.

Commission's Observations

6.4.8 The Commission had fixed the T&D loss trajectory with an aim to improve the efficiency of the HPSEBL. In fact, the Commission has been issuing directions to the Petitioner for identification of high loss pockets in the State and implementing necessary measures to arrest such losses. The Commission has 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 Chapter 7 of this Order. The Commission agree to the observation of the stakeholders that the True up has not been filed based on the CAG approved audited account. Thus, 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. Further, with regard to the apprehension of the stakeholders regarding steep increase in tariff proposed by the Petitioner, the Commission is in agreement with them. However, at the same time, the Commission feels that the recovery of the legitimate cost by the Petitioner is also necessary for its survival. At the same time, the Petitioner will have to strive hard to reduce its inefficient cost, if it wants to stay in the power market. The HPSEBL will have to come out of its traditional mindset of an electricity board where there was no option available with a Consumer except to take power from the Electricity Board but in today's scenario, a Consumer has the option to avail power supply by availing open access from the multiple sources. Therefore, it is a wake-upcall for the HPSEBL to ensure that the reliable and quality service is delivered to the Consumers at a reasonable price. Keeping this point in mind, the Commission has approved the tariff in this Order.

6.5 Energy Sales

Stakeholders Submissions

6.5.1 Confederation of Indian Industries, Parwanoo Industries Association (PIA), Kala-Amb Chamber of Commerce & Industry, Himachal Drugs Manufacturer's Association, Laghu Udyog Bharati and M/s Nalagarh Industries Association have submitted that the actual sales volume during the FY23 has exceeded the approved figures for FY23 and 10956 MUs have been sold as against approved volume of 9798 MUs. It has been further submitted that the actual revenue has surpassed the approved projections from Rupees 5625/- crore to Rupees 6346.23 crore by almost 13% and that the sales volume has increased at good level constituting mainly from industrial growth. It has been further added that the industrial category of consumers, which constitute almost 60% of the overall sales of the HPSEBL, cannot be ignored as any tariff shock to this category, can drastically affect the economics and put an adverse effect on the financial health of the utility as well as the State. Moreover, 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 on the domestic category of the consumers. The Stakeholders have mentioned that the industries 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.

Petitioner's Response

6.5.2 The Petitioner responding to the Confederation of Indian Industries, Parwanoo Industries Association (PIA), Kala-Amb Chamber of Commerce & Industry, Himachal Drugs Manufacturer's Association, Laghu Udyog Bharati and M/s Nalagarh Industries Association has submitted that the tariff petition has been filed before the Commission as per the provisions of the Tariff Regulations and being the 1st ARR for the 5th Control Period, for which MYT Business Plan has also been submitted to the Commission, and based on the approval of Business Plan for the 5thControl Period, the ARR shall be decided by the Commission. It has been further submitted thatthe HPSEBL has projected the expenses for Power Purchase, O&M expenses, Interest & Financing, Depreciation, ROE etc., as per the past trends, in line with the Regulations and these expenses are generally on increasing trend resulting in impact on the tariff of electricity.

Commission's Observations

6.5.3 The Commission has noted that there has been a substantial improvement in sales of the Petitioner in FY 23. This is primarily attributed to the post COVID recovery, as pointed out by the stakeholder as well. The spurt in the sales volume of the Petitioner is a good signal and is beneficial to iti n case its marginal cost of energy is lesser to the sale rate of energy. This will help in reducing the overall average cost of supply of the Petitioner. Based on the above and keeping in view the fact that energy sales is an uncontrollable parameter, the Commission has trued up energy sales for FY23 as detailed out in Chapter 7 of this Order. Regarding the submission of high burden of the cross subsidy on the industrial consumers, it has been submitted that the cross subsidy for the industrial consumers in the state of the HP is one of the lowest in the country. Also, regarding implementing Cost to Serve tariff in the State, the Commission feels that it will take some more time to adopt the same.

6.6 Revenue from sale of power including outside the State

Stakeholders Submissions

6.6.1 M/s Winsome Textile Industries Limited has submitted that the average revenue realisation from inter state sales is about Rs. 4.70 / kWh (1036.23 / 230.3) and that in the past two financial years, the medium / short term / Real Time market, due to the phenomenal surge in demand for power in the Northern region, has frequently touched Rs 10/ kWh and the minimum market clearing price has exceeded Rs. 6 / kWh and even at such prices, the demand placed is only partially cleared. In such a scenario, the Stakeholder has mentioned that there is a need to dispose off surplus power at a better rate so that a larger amount is available for reducing the ARR / distribution and retail supply tariff. Alternative, both the quantum of inter state sales and cost thereto ought to be excluded from the sales volume and cost of power purchase. Resultantly, the cost of power would reduce to that extent as well as quantum of power.

6.6.2 Sh. Sh. K.S. Dhaulta, Consumer Representative, has submitted that there is a marginal increase in total Revenue and the increase is stated mainly due to recovery from irrigation & Drinking water from IPH, and Cross–subsidy surcharge & Addl. Surcharge etc.

6.6.3 Sh. K.S. Dhaulta, Consumer Representative, has also submitted that the marginal increase in sales is laudable. He has requested to allow substantial rebate towards timely payments for inter State sale of Power.

Petitioner's Response

6.6.4 The Petitioner responding to the suggestions of M/s Winsome Textile Industries Limited has submitted that the sale of power outside State is done by the Petitioner only if energy surplus is available with the HPSEBL and the same is sold through exchange in real-time.

6.6.5 The Petitioner responding to the suggestions of Sh. K.S. Dhaulta has submitted that the category wise sales for FY 2023-24 has been taken as per actual upto September 2023 and month wise projection for remaining months has been taken on the CAGR for the last 6 years. Further, on the basis of sales, the revenue from sale of power within State has been worked out.

6.6.6 The Petitioner responding to the suggestions of Sh. K.S. Dhaulta has submitted that the Revenue from sale outside the State depends upon surplus power with the DISCOM and if surplus power is available the same may be sold through exchange.

Commission's Observations

6.6.7 The Commission has scrutinised the Inter state sales/ purchase of 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 HPSEBL has entered into banking arrangements to meet its winter deficit and selling surplus power through power exchange. Regarding the stakeholder comment to sell the surplus power at better rates at the power exchanges, in this regard the Commission has noted that the surplus power available with the Petitioner has reduced over time as their demand supply gap is reducing year on year. Further, the rates of power in the short-term market are highly volatile and it is very difficult to predict the same. However, the Petitioner should keep a sharp eye on the power markets and strive hard to take the benefits to its advantage. 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 MYT Regulations, as detailed in Chapter 7 of this Order.

6.7 T&D Loss

Stakeholders Submissions

6.7.1 M/s Winsome Textile Industries Limited has submitted that themajor efficiency parameter, which has significant cost impact, is the distribution losses. ithas been submitted that in the case of the Petitioner, the approved / allowed distribution system losses has decreased to 9.5% from 10.30%. Whereas, as per the reported actual distribution system loss available in the public domain, it is hovering around 12.60%. Further, in view of the Capex and interest on term loan thereto including infrastructure development charges being recovered from the electricity consumers, the distribution losses ought to be reduced to about 9.5% from 12.6% including reduction of the commercial losses completely from the distribution losses. It has been further submitted thatit is difficult to quantify the commercial losses as relevant details of billing / collection efficiency and defaulting consumers are not known. A reduction of about 3% or in other words, an efficiency gain of 3%, would save about Rs. 270 Crore (3% of 9000 Crore ARR).

6.7.2 Confederation of Indian Industries, Parwanoo Industries Association (PIA), Kala-Amb Chamber of Commerce & Industry, Himachal Drugs Manufacturer's Association,Laghu Udyog Bharati and M/s Nalagarh Industries Association have submitted that considering the parameters of Transmission and Distribution losses, the petitioner has slipped on the target of 9.70% for the year FY23 and is stated to have achieved a loss level of 9.92%, an excess of 29MUs for which the penalty has been calculated at Rs. 5.74 Crores. It has been further requested that the same be examined as per MYT Regulations.

6.7.3 M/s H M Steels Pvt. Ltd. has submitted thatthe Petitioner has sustained higher losses than already achieved transmission and distribution loss projected at 10.15%. As per it, the losses in their kind of industry are as low as 3%.

Petitioner's Response

6.7.4 The Petitioner has responded to the objections and suggestions of M/s Winsome Textile Industries Limited thatthe objections and suggestions for reduction of about 3% is without anystudy and could not be achieved in the State due to geographic conditions. It has been further submitted thatthat the T&D losses achieved by the HPSEBL is much better than the neighbouring States.

6.7.5 The Petitioner responded to the submissions of M/s H M Steels thatthe losses projected are based on the actual losses of the systemand the losses are on lower side as compared to the neighbouring States in spite of adverse geographical conditions of the State.

Commission's Observations

6.7.6 The Commission had fixed the T&D loss trajectory to the Petitioner based on the realistic analysis and the same at present in the State 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 deterrant, 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. The Commission feels that giving a target of reducing of losses by 3% would be too ambitious and may not be practically possible at this stage as the Petitioner has reached at a stage from where further yearly reduction in losses of the order of 2-3% would require very high investment in CAPEX. However, the Commission after analysing the Circle wise losses data of the Petitioner feels that there are still low hanging fruits available to reach near target as the losses in some of the Circles are still high and are of the order of 30% or so. The Commission in the past years tariff orders have directed the HPSEBL to bring down the losses in these Circles to the level of less than 20%. The Commission has detailed out on the T&D loss trajectory of the Petitioner in Chapter 8 of this Order.

6.7.7 Further, the mechanism for sharing of gains/ losses on account of overachievement/ underachievement is governed by the MYT Regulations framed by the Commission. The Commission has analyzed the claim of the Petitioner for FY 2022-23 keeping in view the relevant provisions of the Regulations as detailed out in Chapter 7 of this Order.

6.8 Power Purchase Cost

Stakeholders Submissions

6.8.1 M/s Winsome Textile Industries Limited has submitted that the actual average power purchase cost of the petitioner, as per data available in the public domain for FY2022, is reported to be Rs. 3.34 / kWh and the same as approved by the Commission was Rs. 2.59 / kWh for FY22 and Rs.2.65 / kWh for the FY23. The Stakeholder has pointed out that about 72% of the cost of delivered power including inter state and intra state transmission cost, is the cost of power purchased and about 33% is the employees cost which may be inclusive of retiral benefits. It has been submitted that with such huge expenditure to be allowed to pass through to the electricity consumers is against the natural justice. The Stakeholder has requested the Commission to allow a benchmark cost of about 5% i.e. Rs. 110 Crores towards this cost or as per the distribution industry benchmarks allowed by the State Commissions of progressive States in the country and suggested that the balance amount may be taken over by the State Govt. to be set off against royalty earned from hydro power projects and free power available from the IPPs / Hydro projects in the statewhich would itself obliviate the need for demanding increase in distribution & retail supply tariff. It has been further submitted that additionof about 12% towards distribution loss on an average power purchase cost of Rs. 3.34 / kWh and for example Rs. 0.80 / Unit towards cost of distribution system i.e. O&M, RoE, Depreciation, Interest etc., the cost of supply, considering the worst case scenario, will not exceed Rs. 4.80 / kWh. Hence, the stakeholder has requested that there should be reduction in tariff for the consumers paying more than the average CoS.

6.8.2 Further, the M/s Winsome Textile Industries Limited has submitted that the cost of power purchase, a major cost factor, was Rs. 2.44 / kWh in the FY23 (Rs 36100.6 Mln / 14823.75 MUs) and the same in FY24 is estimated at Rs. 2.42 / kWh (Rs. 36611.6 Million / 15127.90 MUs) and highlighted that the cost of power has witnessed a decline. Thus, the revenue gap projected by the petitioner and implied bridging the revenue gap by way of tariff hike is misplaced and ought to be outrightly rejected.

6.8.3 Further, Confederation of Indian Industries, Parwanoo Industries Association (PIA), Kala-Amb Chamber of Commerce & Industry, Himachal Drugs Manufacturer's Association, Laghu Udyog Bharati and M/s Nalagarh Industries Association have submitted thatthe Power purchase volume and the cost although has gone up but appears to be justified in line with increase is sales volume. However, the average overall power purchase price per unit at Rs. 2.55 per unit may be in order subject to prudence check by the Commission.

6.8.4 Sh. K.S. Dhaulta, Consumer Representative has submitted that the HPSEBL has projected power purchases under Green Renewable Energy, Nuclear and Green Energy and Hydel sources for the MYT ControlPeriod at 10159.37 MUs. for FY 2024 at an average rate of Rs 2.56 per unit costing Rs2600.52 Cr, against the approved 11,906.05 MUs for FY 2024 at an average rate of Rs. 2.66 per unit costing Rs 3161.62 Cr. Similarly For FY 25, this projection is 11313.04 MUs at an average rate of Rs. 3.11 per unit costing Rs 3517.97 Cr, against the approved 11,906.05 MUs.

6.8.5 Sh. K.S. Dhaulta, Consumer Representative has further submitted that the Power procurement includes Banking Purchase, own generation, Inter–State

Transmission Losses and thus, the HPSEBL has total Power Purchase Cost of Rs. 3,682.32 Cr for FY2024 and Rs. 4,367.73 Cr for FY 25 including own generation costs & Transmission Charges. Thus, there is a discernible increase in Power purchase cost as compared to that of approved cost due to higher quantum of power purchase. The Stakeholder requested the Commission to take serious note of it while approving the True-up figures.

Petitioner's Response

6.8.6 The Petitioner responding to the suggestions of M/s Winsome Textile Industries Limited has submitted that the Power Purchase is an uncontrollable parameter and the aid to Discom by State Govt, is at the sole discretion of Govt.

6.8.7 The Petitioner responded to Sh. K.S. Dhaulta that the power purchase is uncontrollable parameter and the amount proposed in respect of power cost has been calculated as per approved rates by the Commission. However, the Petitioner has mentioned that Government of HP will have to decide the availability of Free Power to HPSEBL and its quantum.

Commission's Observations

6.8.8 The Stakeholders are quite reasonable in making their suggestions. The Commission strongly feels that the Petitioner should respond to the observations of the stakeholders in a responsible manner. The Commission also observes that the Petitioner has responded to the objections of the stakeholders in a very casual manner. Such attitude of the Petitioner is not acceptable at all. The Commission in the past has also pointed out about this to the Petitioner. The Commission hereby directs the Petitioner to respond to the queries of the stakeholders in a sensible manner in future. The Commission also feels that the low power purchase cost of the Petitioner in the past years used to be a 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 and the Commission finds that the Petitioner has failed miserably on this front. The Commission agrees that any allocation of GoHP free power to them is a prerogative of the State Government, but the same needs to be taken up with the State Government strongly. However, based on the prudence check of the Petitioner's submissions and audited accounts, the Commission, after analysing each parameter while conducting the true-up exercise, has approved the expenditure on account of power purchase as per the provisions of the MYT Regulations 2011, as detailed in Chapter 7 of this Order.

6.9 Employee Expenses

Stakeholders Submissions

6.9.1 Confederation of Indian Industries, Parwanoo Industries Association (PIA), Kala-Amb Chamber of Commerce & Industry, Himachal Drugs Manufacturer's Association, Laghu Udyog Bharati, Sh. Ajay Vaidya (Advocate) and M/S Nalagarh Industries Association have submitted that a very high manpower cost continues to be the biggest challenge as has been during the past two decades. It is mentioned that all efforts in this direction have proved futile and this being an alarming situation, requires drastic measures. The Stakeholders have submitted that the utility could have concentrated on reducing the number of employees by increasing efficiency and increased use of IT systems, but the IT initiative of the Petitioner are not upto the mark and there is no noticeable improvements in the IT enabling measures as compared to previous year and even after a great deal of efforts, the number of sub-divisions of the utility continue to grow. It has been further submitted that 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.

6.9.2 Sh. K.S. Dhaulta, Consumer Representative has submitted that as per the details provided, the employees' approved costs for FY 2022-23 pegged at Rs. 2052.37 Cr against actual of Rs. 2407. 86 Cr. Thus, the stakeholder has submitted that there is a deviation of Rs. 355.49 Cr. and pointed out that there is substantial increase which requires increase in tariff to bridge the gap/ deviation.

6.9.3 Sh. K.S. Dhaulta, Consumer Representative has further submitted that the Commission may consider providing some funds to HPSEBL to meet its terminal benefit liability to reduce burden on this count, so as to reduce the consumer tariff further. In addition to the above, the stakeholder has mentioned that the Petitioner needs to seriously work out a concrete plan to manage these expenses at minimum level and not to burden the consumers of the State on this count. He further suggested that the HPSEBL may effectively use the latest technology in billing, distribution, and office operations etc. to reduce the manpower and expenses thereof.

Petitioner's Response

6.9.4 The Petitioner responding to the suggestions of Confederation of Indian Industries, Parwanoo Industries Association (PIA), Kala-Amb Chamber of Commerce & Industry, Himachal Drugs Manufacturer's Association, Laghu Udyog Bharati and M/s Nalagarh Industries Association has submitted that the increase in employee expenses of HPSEBL is mainly due to terminal benefits, DA, Arrears on account of pay revision, which are uncontrollable parameter(s) as per HPERC Tariff Regulations. The HPSEBL has added that it has taken various IT initiatives to facilitate the consumers as well as to optimise the manpower requirements such as processing of New Connection Application, Processing of Name Change, Load Change/CD Change, Category Change, Voltage Change, TDCO/RCO/PDCO, PAC, MCO applications from various consumers.

The HPSEBL has mentioned the following works which are going to be further implemented by it soon:

- Implementation of the New Consumer Portal for providing various services to the consumers of HPSEBL through Digital/Online Mode.
- Implementation of Utility for rebate to industrial consumers on multiple expansions.
- End to end process for refund of Security Deposit Amount in respect of the PDCO Consumers.
- Implementation of the Utility for Bill Checking and verification as per the Sales Circular 3 of 2022.
- End to end process for Temporary Revision of the Contract Demand as per the Supply Code.
- Implementation and Stabilisation of Budget Modules. Development and Implementation of Centralized Payment Portal.
- End to End Process for Payment of IPPs Bills. Development of Customised Asset Movement utility for DTR & PTR.
- Development of a customised pension utility. Centralized processing of salary of non-gazetted employees (Implemented at HO Level in First Phase).
- Development of Employee Portal for providing services such as Medical Bill/TA Bill/ GPF application, Leave Processing etc.

6.9.5 The Petitioner responded to the suggestion of Sh. K.S. Dhaulta that the increase in employee cost in HPSEBL is mainly due to terminal benefits, DA, Arrears on account of Pay revision which are uncontrollable parameters as per HPERC Tariff Regulations. In this regard, the HPSEBL has requested commission to allow the employee expenses as claimed.

Commission's Observations

6.9.6 The Commission is in agreement with the observations of the Stakeholders. Employeee 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, the Commission hereby directs the Petitioner that any new recruitment and upgradation of posts by the Petitioner shall only be with the prior approval from the Commission. 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 as well 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 2023 as detailed in Chapter 9 of this Order.

6.10 R&M Expenses and A&G Expenses

Stakeholders Objections

6.10.1 The Confederation of Indian Industries, Parwanoo Industries Association (PIA), Kala-Amb Chamber of Commerce & Industry, Himachal Drugs Manufacturer's Association, Laghu Udyog Bharati and M/sNalagarh Industries Association have submitted that the Repairs and Maintenance along with the Administrative Expenses have exceeded the approved valueand the same being a controllable cost, should be disallowed .

6.10.2 Sh. K.S. Dhaulta, Consumer Representative has submitted that the HPSEBL has shown a substantial increase in payment of administrative charges to the tune of Rs. 111.62 Cr., which is an area of concern and suggested the Commission to take serious note and ensure that HPSEBL check and monitor the expenditure on such avoidable administrative and legal charges and prepare an effective plan to reduce it. He further mentioned that Rental charges are also on higher side and need to be reduced to lessen its overhead costs as this may impact the revenue gap and ultimately the tariff for consumers.

6.10.3 Regarding the Repair and Maintanance Expenses, Sh. K.S. Dhaulta, Consumer Representative has pointed out that the data depicts an increase in the expenses on account of R&M against approved APR order and mentioned that the projected expenses are Rs 149.55 cr. for FY 24 projected to be contained to Rs 150 Cr., which shows an increase of Rs. 52.72 Cr over the approved expenses. He further added that this has been reflected for Truing Up in the figures of R& M expenses for FY 2023-24 as per actual and since, there is no break up of these expenses, it was difficult to comment on it and rather suggested that the petitioner needs to seriously work out to manage this expense at minimum level and not to burden the consumers of the State. He requested the Commission to consider the same after seeking the audited accounts and requested for directions to the HPSEBL to reduce these charges.

Petitioner's Response

6.10.4 HPSEBL has submitted that it has incurred the R&M expenditure on account of force majeure conditions and has requested to consider the same for approval.

6.10.5 The Petitioner has responded to the suggestions of Sh. K.S. Dhaulta that the administrative charges have been increased mainly due to Rental of Smart Meters and expenditure of REC certificate purchased in the A&G head. The R&M cost has been proposed/worked out as per norms provided in the relevant Regulations.

Commission's Observations

6.10.6 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. In its response to Commission's queries, the Petitioner has submitted that higher R&M expenditure is majorly on account of higher R&M on Data Centre/ Disaster Recovery Centre (DRC). The Commission has analyzed the claim of the Petitioner in Chapter 7 of this Order and allowed the R&M charges for FY23 keeping in view the target fixed by the Commission. Further, with regard to the high A&G charges, the Commission agrees that the increase in these charges is mainly due to the installation of Smart Meters as it has operational expenditure component attached to it as per the provisions of the scheme. But, at the same time, the Commission is of the view that there should be significant savings in the employee cost on account of lesser manpower requirement but due to the poor planning by HPSEBL, benefits of Smart Metering have not been achieved. **The Commission hereby directs the Petitioner that it should demonstrate the notional savings on this account while filing the tariff petition for the next financial year. Otherwise, the Commission shall be constrained to disallow this cost and it will not be passed through to the Consumers of the State.**

Objections raised on MYT Petition for fifth Control Period (FY 2024-25 to FY 2028-29) and ARR of FY25

6.11 Implementation of Time of Day

Stakeholders Submissions

6.11.1 M/S Nalagarh Industries Association has submitted that the Govt. of Himachal Pardesh is selling a lot of power to other States at much cheaper rates and instead of selling it to other States, it would be in the interest of the State that this surplus power is made available to the industries within the State at cheaper rates. The Stakeholder has suggested that Peak Load Charges may be limited to 120% of the normal tariff, Night rebate may be allowed @ 80 Ps/unit for all industrial units and the night time rebate may be enhanced to the entire rainy/summer season i.e. Mid-March to Mid-September.

Petitioner's Response

6.11.2 The Petitioner has responded to the suggestions of M/s Nalagarh Industries Association that the suggestion of reducing peak hour tariff may lead to increase in power purchase cost as HPSEBL will be forced to buy from marginal generators or short-term power, which in turn will affect other consumers. It has been further mentioned that the purpose of imposing peak hour tariff is to flatten the load curve of HPSEBL and is very important measure for Demand Side Management. The Petitioner pointed out that the HPSEBL in the tariff petition has already prayed either to withdraw the night time concession or to reduce it in view of the changed circumstances, as explained in the petition.

Commission's Observations

6.11.3 The HPSEBL resorts to sale of power through exchange only when it is surplus in power which may be during the rainy/summer season i.e. Mid-March to Mid-September. On the contrary, the HPSEBL is deficit during the remaining months of the year and to mitigate this deficit, the HPSEBL looks for banking arrangements/ short term purchases.

6.11.4 Regarding limiting the peak charges at 120% of the normal tariff and increasing the night rebate as suggested, 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 a year or so. In view of the above, the Commission decides for now to continue with the existing methodology of determining the peak and night time charges.

6.12 Free Power

Stakeholders Submissions

6.12.1 The BBN Industries Association has submitted that the Government of Himachal plans to dispose off the free power on its own. The stakeholder has requested to suggest the GoHP to supply its free power, as in the past, to Utility on long term basis. Free power, if provided to utility, would help the HPSEBL to keep a check on price of power and in turn, would attract more Industry in the State for investment. More investment means prosperity of State by way of people getting jobs and Govt getting the taxes.

6.12.2 M/s Vardhman Textiles Ltd has submitted that the Discom has reported/availed 515.35 MUs of GoHP free power for FY 2024 but no projection for FY25-FY29 is made as Government intend to dispose off the free power on its own, and has 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 25years as given to other Discom through tender mode. This would help in keeping price of the power in the state at competitive to keep industry moving to other states against which Himachal Pradesh does not enjoy any comparative advantage and in-fact suffer from locational disadvantage.

6.12.3 It has been further pointed out that the Power business in very dynamic and disposing off any such power would be a challenge as also noted by Commission in Directive to Discom in the ARR and 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.

6.12.4 The stakeholder has further mentioned that if government does not agree, in that event, 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

6.12.5 The Petitioner has responded that the disposal of free power falls in the competency of HP. Govt. and HPSEBL does not have any control on the issue.

Commission's Observations

6.12.6 The Commission agrees to some extent with the Petitioner that the GoHP power is not in their control. 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. The Commission do 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 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.

6.13 Bad debt on account of non payment of electricity usage charges

Stakeholders Submissions

6.13.1 M/s Nalagarh Industries Association has submitted that there is need to implement the project of installing pre-paid electricity meters in the State which is stuck in the pipeline. It has been submitted that the HPSEBL has been under immense financial burden due to non payment of electricity dues by some users which is further distributed on to the customers paying their dues on time in manner of increased electricity tariffs. Further, the HPSEBL is proposing to burden the consumers with the Old Pension Scheme (OPS) and expenditure of past and present years in the single financial year has inflated its expenditure by huge numbers. Thus, the stakeholder has requested to divide this expense between the consumers and the State Government, to be accumulated over a longer period, in public interest.

Petitioner's Response

6.13.2 The Petitioner has responded to the suggestions of M/s Nalagarh Industries Association that HPSEBL is making best efforts to recover the amount on account of bad debt. It has been further submitted that the policies of Govt. are to be implemented by the HPSEBL and to share the burden by the State Govt. is in the sole discretion of HP Govt.

Commission's Observations

6.13.3 The Commission agrees with the suggestions of the Stakeholder. Non-payment of dues by certain consumers on time certainly affects the Working Capital of the HPSEBL which forces it to look elsewhere to arrange funds for its operation which has its own cost implications. The HPSEBL should strive for installation of Prepaid Smart Meters covering such identified consumers in the first phase and in line with the timelines fixed under the RDSS.

6.13.4 With regard to burden on account of other Schemes, the HPSEBL is a State Government undertaking and follows the policies framed by the State Government in this regard. However, a prudent planning is required to be made in this regard in consultation with the Govt. of HP.

6.14 T&D Loss

Stakeholders Submissions

6.14.1 Confederation of Indian Industries, Parwanoo Industries Association (PIA), Kala-Amb Chamber of Commerce & Industry, Himachal Drugs Manufacturer's Association, Laghu Udyog Bharati and M/s Nalagarh Industries Association submitted that the T & D losses have been estimated at a very high level close to 10.15% during FY25, whereas the target of last MYT period for FY24 was

9.5%. It is submitted that the petitioner already achieved a level close to the target in FY23 as has been come in the true up. Further mentioned that there is no reason for adopting the trajectory at levels lower than 9.5% for the new MYT as the target for FY29 should gradually move to 8.5.

6.14.2 Sh. K.S. Dhaulta, Consumer Representative has also submitted that the Petitioner has projected T&D losses of 10.15% for FY 2025against the target approved figure of 9.50% for same period and has failed to achieve the approved target which is a cause of concern. He has further submitted that the penalty for under achievement of T&D Losses needs to be reduced which will burden the consumer of the State in enhanced tariff. He has suggested that the Petitioner must reduce the T&D losses as per approved trajectory. Further, the Burden of such losses should not be shifted to the common Consumer for the inefficiencies of the petitioner and such losses may be compensated either by the State.

Petitioner's Response

6.14.3 The Petitioner has responded to Confederation of Indian Industries, Parwanoo Industries Association (PIA), Kala-Amb Chamber of Commerce & Industry, Himachal Drugs Manufacturer's Association, Laghu Udyog Bharati, M/s Nalagarh Industries Association and Sh. K.S. Dhaulta, Consumer Representative that the T&D loss proposed for the 5th Control period is based on the past actual figures and has requested the Commission for allowing the impact of T&D losses of STU and not to load the same to DISCOM and that the figure of 10.15% for 2024-25 in inclusive of impact of STU losses. It is further submitted that the T&D losses now proposed are lower as compared to the T&D losses of the neighboring States.

6.14.4 It is further submitted that the T&D loss trajectory for 4th Control period was very stringent and could not be achieved. The working of incentives/ disincentives has been done in the Petition as per the provisions of the Regulations. However, it has been requested to approve the actual power purchase cost without considering the penalty.

Commission's Observations

6.14.5 The trajectory for the T&D losses is being fixed by the Commission from time to time and the same is considered as controllable for the computation of the ARR. The mechanism for sharing of gains/ losses on account of over achievement/under achievement is governed by the MYT Regulations, 2023. The Commission has analysed the claim of the Petitioner keeping in view the relevant provisions of the Regulations which has also been detailed out in Chapter 8 & 9 of this Order. The Commission has also undertaken detailed scrutiny of category and circle wise sales provided by the Petitioner for the purpose of computation of T&D losses. The Commission would further like to highlight that the Petitioner has already agreed and executed the agreements to the Revamped Distribution Sector Scheme (RDSS) of GoI wherein T&D loss reduction targets have been given to the Petitioner. Therefore, the Commission is quite hopeful that the Petitioner would likely achieve the T&D Loss trajectory fixed by the Commission. However, it is clarified that the Commission has not revised the T&D loss trajectory of the Petitioner in this Control Period except for the COVID affected years wherein relaxation was given to the Petitioner. The HPSEBL is, accordingly, being penalized for non-achievement of the approved T&D loss trajectory.

6.15 Energy Sales

Stakeholders Submissions

6.15.1 Confederation of Indian Industries, Parwanoo Industries Association (PIA), Kala-Amb Chamber of Commerce & Industry, Himachal Drugs Manufacturer's Association, Laghu Udyog Bharati and M/s Nalagarh Industries Association have submitted that the the sales are projected/ estimated to grow on the basis of CAGR rates and the expenditure in all forms is estimated to grow over the years at a much higher rate. The Stakeholders have mentioned that under such conditions, no business can survive over a period of time and hard decisions are necessary in order to rescue the utility as it largely depends on the own will of the utility only.

Petitioner's Response

6.15.2 The Petitioner has responded to the suggestions of Confederation of Indian Industries, Parwanoo Industries Association (PIA), Kala-Amb Chamber of Commerce & Industry, Himachal Drugs Manufacturer's Association, Laghu Udyog Bharati and M/s Nalagarh Industries Association thatthe expenditure growth has been projected keeping in view the provisions of Regulations and that some of the parameters are un-controllable which cannot be restricted by the petitioner.

Commission's Observations

6.15.3 Energy sales is an uncontrollable parameter. The Commission undertakes the exercise of truing up expenses of the Petitioner for each year keeping in mind the deviations that may occur from the projections. Since the Control Period envisaged as per the MYT Regulations, 2023 is of five years, the Commission has analyzed historical data and used a combination of parameters such as energy consumption per capita, load factor, average load per consumer etc. for projection of sales as discussed in Chapter 8 on the Business Plan.

6.16 Energy Balance

Stakeholders Submissions

6.16.1 Sh. K.S. Dhaulta, Consumer Representative has submitted the revised energy balance has been proposed based on the actual power purchase & sales which may be considered after taking into account audited accounts.

Petitioner's Response

6.16.2 The Petitioner has responded that the revised energy balance has been proposed as per audited accounts.

Commission's Observations

6.16.3 The Commission has worked out the energy balance after taking into consideration all the variables and projected sales and power procurement to the best of parameters available.

6.17 Power Purchase Projections

Stakeholders Submissions

6.17.1 M/s Vardhman Textile Ltd., M/s BBN Industries Association, M/s H. M. Steels Limited and M/s Kundlas Loh Udyog have submitted that the projected power purchase cost is in excess and unapproved expenses, as claimed by the Petitioner, need to be thoroughly examined by the Commission. In addition to the same, it is pointed out that there is no provision of free power from HP Government for FY2025. It has been submitted that rates of purchase of free power must be brought down seeing the overall scenario in the energy market from 248 Paise per unit to 200 Paise per unit. It is requested that the matter may be taken up with the government to give free power to Discom as done in the past. It was further added that in no case, HP government power be purchased at a higher rate than Rs.2.50/unit but rather as even lesser rate of renewable power from solar/wind sources at National level. Further, it is expecting that Power from Solar plants may further fall from even Rs.2.50/unit as per the past trends.

Petitioner's Response

6.17.2 The Petitioner responding to the suggestions of the Stakeholders has submitted that the rate at which free power is to be purchased by HPSEBL is approved by the Commission. However, the Petitioner is of the view that H.P. Govt. will have to decide the availability of free power to HPSEBL and its quantum. It is also submitted that the average power purchase of HPSEBL is on lower side as compared to the neighboring States. However, the Petitioner is of the view that the increase in power purchase is due to non availability of free power from HP Govt. and increase in transmission charges as compared to previous years.

Commission's Observations

6.17.3 The Commission has independently analysed the historical sales data for computing the energy requirement of the State during the fifth Control Period. The Petitioner has submitted that there was negative growth during few years of the Control Period which was mainly driven by the government policies. This trend is being reversed with incentives being provided to new industries and for increasing consumption. Therefore, using a combination of these trends the Commission has projected energy sales for the fifth Control Period in Chapter 8 of this Order.

6.17.4 The Commission concurs with the submissions of the stakeholders that the Petitioner must follow commercial principles and merit order while procuring the power. Also, since the HPSEBL is expected to remain power deficit during the fifth Control Period, the Petitioner should ensure to get back the already surrendered sources of power instead of buying expensive power from the Exchange.

6.17.5 The Power procurement is a major cost in the ARR of the HPSEBL. This year it has been seen 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.**

6.17.6 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 there 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.

6.18 PGCIL Charges

Stakeholders Submissions

6.18.1 M/s Winsome Textile Ltd. has submitted that the distribution licensee has projected an increase in transmission charges both Inter-state and Intra-state (PGCIL and HPPTCL) from Rs. 593.54 Crore to Rs. 721.12 Crore which tantamount to an increase of about 22%, which by all means is un-realistic. It is suggested that the inter state transmission charges may be pegged at the FY24 actual levels subject to true-up as and when audited figures are available. Similarly, a normal increase of say about 5% could be considered over and above the FY 2023-24 actual level, which would go a long way in bridging the revenue gap, if any.

Petitioner's Response

6.18.2 The Petitioner has responded that the Transmission charges have been projected as per ARR of the respective agencies (i.e. PFCIL/ HPPTCL/ SLDC).

Commission's Observations

6.18.3 The Commission would like to highlight that the increase in Inter-state charges are due to implementation of the CERC (Sharing of Inter-state Transmission Charges and losses), Regulations, 2020 and GNA Regulations, 2022. However, the Commission has done its due diligence while approving the transmission charges.

6.19 Allocation of Annual Revenue Requirement

Stakeholders Submissions

6.19.1 M/s Winsome Textile Ltd. submitted that the Allocation of ARR into pure wire business (transmission) and retail supply business must be necessarily based on segregated accounts and not on assumptions / surmises and mentioned that the classification and functionalisation of the proposed ARR is flawed.

Petitioner's Response

6.19.2 The Petitioner has responded that allocation has been submitted with the petition for approval of the Commission.

Commission's Observations

6.19.3 The HPSEBL is required under the MYT Regulations, 2023, to allocate its ARR into wheeling and retail supply business with effect from 1st April, 2024. The MYT Regulations, 2023 further provide that until accounts are segregated, the Distribution Licensee shall prepare an Allocation Statement to apportion costs and revenues to Wheeling and Retail Supply Businesses.

6.19.4 Based on the above, the Commission has analyzed the claim of the Petitioner and allowed allocation of ARR into wheeling and retail supply business, as submitted by the Petitioner.

6.20 Average Cost of Service

Stakeholders Submissions

6.20.1 M/s Winsome Textile Ltd. has submitted that the existing computation of average cost of service is flawed and not in line with the National Tariff Policy or even the dispensation permitted by the Commission in view of its judgments. Hence, it is imperative on Petitioner to compute and file voltage wise technical losses both line losses and transformation losses based on voltage wise line length and type of conductor as well as energy flow on the same. It has been further mentioned that in absence of the same, the CoS computed and proposed will be meaningless. The Stakeholder has requested that the CoS estimated and tariff hike proposed ought to be rejected the distribution licensee / petitioner be directed to conduct voltage wise Cost of Service (CoS) study based on embedded cost and in its absence, any tariff hike proposed may be kept in abeyance.

Petitioner's Response

6.20.2 The Petitioner has responded that the change in tariff structure proposed by the objector has not been envisaged in the petition. Further mentioned that the voltage–wise cost of supply implemented in the neighboring State of Haryana has also been studied wherein it has been observed that the tariff has been divided in two categories i.e. LT Supply Tariff and HT Supply Tariff (except Domestic, Agriculture and some other categories) and there is not abrupt change in the average cost and tariff. It has been further submitted that the Average realisation from Large Industrial Supply is lower than Average Cost of Supply, thus, the Large Industrial Supply consumers are being cross subsidized by other category of consumers.

Commission's Observations

6.20.3 The Commission has noted the submissions of the stakeholder. The Commission observes that the Petitioner at present is going through the transition phase as the existing energy meters are going to be replaced with smart meters within a year or two. Therefore, the Commission is of the view that at this point in time is not appropriate to change the tariff structure from Average cost of supply to average cost of service. The Commission has analyzed the claim of the Petitioner and has approved the costs as per the provisions of the MYT Regulations, 2023 as detailed in Chapter 8 of this Order.

6.21 Monthly demand and supply position

Stakeholders Submissions

6.21.1 M/s Winsome Textile Ltd. has submitted that the Monthly demand-supply position for the FY24 is also flawed as on a sale of 1048 MUs in February, the loss level has been mentioned as 9.50% and even on a sale of 771 MUs in the month of May, the losses are still pegged at 9.5%, which clearly defies the law of physics. It has been further submitted that the petition is incomplete, ARR is overstated, the CoS estimated of Rs.8.92 / kWh and Rs.8.94 / kWh including arrears is flawed and not as per the National Tariff Policy and further no voltage data has been provided regarding voltage of assets / losses and cost and thus, the tariff hike proposal is not sustainable. The Stakeholder has requested to disallow the tariff increase and the marginal revenue gap which may exists be allowed to be bridged by way of efficiency gains. In the interim, any such marginal gap may be bridged by way of borrowings to the extent required.

Petitioner's Response

6.21.2 The Petitioner has responded that figures quoted by the objector (CoS) are not as per the disclosure and the petition / additional submission by the petitioners. The losses / penalty calculations are as per yearly figures.

Commission's Observations

6.21.3 The Commission has scrutinised the monthly supply and demand position as furnished by the HPSEBL and based on the prudence check of Petitioner's submissions and audited accounts, the Commission has approved the supply-demand figures as per the provisions of the MYT Regulations, 2023, as detailed in Chapter 8 of this Order.

6.22 Provision of Water Cess

Stakeholders Submissions

6.22.1 M/s Vardhman Textile Ltd. and M/s BBN Industries Association have submitted that an impact of water cess of Rs.436 crore for FY 2025 has been considered by Discom while the same is not part of ARR for FY2025 and stated that the same shall be recovered from consumer if not neutralized by the HP government.

6.22.2 Further mentioned that the industry has locational disadvantage where consumption of locally produced goods is small, hence the raw materials are imported and finished goods are exported pan India.

Petitioner's Response

6.22.3 The Petitioner has responded that the matter is being taken up by the HPSEBL with HP. Govt. in view of the fact that in the FY 2023-24, HP Govt. has conveyed in principle approval of neutralization of Water Cess impact on HPSSEBL consumers. It has been further mentioned that the HP Govt. vide No. MPP-C(010)-5/2021 dated 1.03.2024 has intimated that State Govt. has decided in principle to neutralize the impact of water cess on HPSEBL consumers for financial year 2024-25.

Commission's Observations

6.22.4 The Hon'ble High Court of Himachal Pradesh, vide its recent Judgement dated 05.032024 in CWP No. 2916 of 2023 and batch, has declared the water cess levied by the state government on hydropower generation as unconstitutional. Consequently, the Himachal Pradesh Water Cess on Hydropower Electricity Generation Rules 2023, have been quashed and set aside. Therefore, the impact of the water cess is not required to be taken in the tariff working.

6.22.5 Moreover, in a separate communication to the Commission, the GoHP has already informed that any impact on account of the water cess to the Consumers of the State shall be neutralized by it.

6.23 CAPEX & Capitaliation

Stakeholders Submissions

6.23.1 M/s Vardhman Textile Ltd., BBN Industries Association and Sh. Rajeev Lochan Satya have requested Commission to approve CAPEX of Rs. 2,352 Cr. by following MYT Regulations.

Petitioner's Response

6.23.2 The Petitioner has responded that the Capex for 5thControl Period shall be executed in time bound manner in order to provide quality and reliable supply of power to the consumers.

Commission's Observations

6.23.3 The Commission has carried out detailed scrutiny of the CAPEX proposed by the HPSEBL for the fifth MYT Control Period. Based on the prudence check of Petitioner's submissions and its past performance, the Commission has independently analysed each plan while carrying out the process for approval and has approved the CAPEX as per the provisions of the MYT Regulations, 2023 as detailed in Chapter 8 of this Order.

6.24 O&M Expenses

Stakeholders Submissions

6.24.1 M/s Prime Steel Industries Pvt. Ltd., M/s Kundlas Loh Udyog, M/s JB Rolling Mills Ltd and M/s H. M. Steels Limited have submitted that the administrative costs such as manpower cost and R & M Cost, are very minimal in the cases of supply at 66 kV voltage as most of these supplies are from dedicated feeders and the metering also is mostly carried out at the sub-station level.

Petitioner's Response

6.24.2 The Petitioner has submitted that the administrative costs for 66 kV and above voltage is higher as compared to the HT/ LT supply. While the administrative cost on 66 kV and above lines are very less, but the cost of Sub-station / bay is on higher side. It has been submitted that in the ARR, the administrative cost could not be bifurcated consumer-wise.

Commission's Observations

6.24.3 The Commission has carried out detailed scrutiny of the O&M expenses proposed by the HPSEBL for the fifth MYT Control Period and has approved the O&M expenses while keeping in view the methodology laid down under the MYT Regulations, 2023 for the projection of employee expenses, R&M expenses and A&G expenses.

6.25 Employee Expenses

Stakeholders Submissions

6.25.1 Sh. K.S. Dhaulta, Consumer Representative has requested the Commission to direct the HPSEBL to devise a scheme for Employees of the utility to be incentivized/ disincentivized based on the targets achieved by them and to prepare the balance sheets indicating the cost incurred. Further He has further claimed that the employee cost proposed by HPSEBL has been rising phenomenally and these increasing expenses are justified by the Licensee on the plea that it has to maintain a distribution system, which is wide spread with low load density. It is suggested that there is a need to rationalize staff posting based on need basis and to recruit required field staff on a continuous basis, based on rational norms.

6.25.2 M/s Vardhman Textiles Ltd., M/s BBN Industries Association and M/s H M Steels Pvt. Ltd. have submitted that the employee cost has been growing consistently and only reasonable cost should be allowed as pass-through in the ARR to keep the cost of supply competitive and the remaining must be taken over by Government as HPSEBL employees are government employees and must get their dues as per Govt. Rules and Regulations. Further such cost should not be more than 5-6% of the sale revenue of the Discom as in State of Punjab against about 30-32% in Himachal Pradesh.

6.25.3 Industrial Associations have submitted that out of 34% share of employee cost, the share of terminal benefits account for 16% of ARR and have prayed to disallow the terminal benefits of the employees not working with the distribution function from the Distribution ARR. The stakeholders have also highlighted that the progress of the IT initiatives is very slow and there is no headway in the process of online applications and sanctions. Further, in the last successive years, the employee cost has almost doubled despite Commission taking serious note and is the highest when compared to neighboring States. It has been further submitted that in 2010 at the time of creation of utility, all the terminal liabilities due should have been taken by government and no burden of such terminal liability (employee cost) should have been burdened on utility and thus, the stakeholders have requested the Commission that such cost which does not contribute to cost of supply should not be passed on to the consumers of the state .

Petitioner's Response

6.25.4 The Petitioner has responded to the suggestions of the Stakeholders that the increase in employee expense of HPSEBL is mainly due to terminal benefits, DA, Arrears on account of pay revision, which are uncontrollable parameter(s) as per HPERC Tariff Regulations. Further, the petition has been submitted based as per the provisions of prevailing Regulations and same is decided by Commission after prudence check. It has been submitted that the manpower cost specifically the terminal benefit which have been objected by the objector is uncontrollable and cannot be stopped at this point of time and that the expenses, as claimed, be allowed.

Commission's Observations

6.25.5 The Commission has taken cognizance of the issues raised by the stakeholders regarding high employee cost of the HPSEBL and has also elaborately discussed in previous paras. There is no denying the fact that the rising employee cost is a matter of concern and the Commission lauds the suggestion of the stakeholder to devise an incentive /disincentive scheme for the employees of HPSEBL. The incentive /disincentive scheme for the employees of HPSEBL shall inculcate efficiency in the system but it may not reduce the employee cost directly. The Commission in the past has given various directives to control this cost. But, sadly the Petitioner has not moved ahead as of now in this direction. The Petitioner during the several discussion rounds with the Commission has also submitted that it has conducted several manpower studies for efficiently managing its human resources. The Petitioner is required to implement these studies at the earliest and submit the outcome to the Commission. However, the Commission in this Order has separately addressed this issue in detail in Chapter 8 of this Order.

6.26 Interest and Financing Charges

Stakeholders Submissions

6.26.1 M/s Vardhman Textiles Ltd. and BBN Industries Association have submitted that the Commission may look into the details of the loans before approving the interest charges and only those should be approved, for which actual capital work is carried out during the years. It has been further submitted that very high interest cost has been charged at 11.50%, which is too much in comparison to prevailing interest rate in the market and the Discom may be asked to look for competitive interest rate, which should not be more than 8-9%.

Petitioner's Response

6.26.2 The Petitioner has responded to that the petition has been filed on 30.11.2023 in line with the provisions of HPERC (Terms and Conditions for Determination of Wheeling and Retail Supply) Regulations, 2011, as amended from time to time. The Petitioner has reproduced the provision of Regulation 22 HPERC (Terms and Conditions for Determination of Wheeling and Retail Supply) (Fourth Amendment) Regulations, 2021 as under:

"……….

Interest Charges on Working Capital.-

Rate of interest on working capital to be computed as provided hereinafter in these regulations shall be on normative basis and shall be equal one (1) Year State Bank of India (SBI) MCLR / any replacement thereof as notified by RBI for the time being in effect applicable for one (1) Year period, as may be applicable as on 1st April of the Financial Year in which the Petition is filed plus 300 basis points. The interest on working capital shall be payable on normative basis notwithstanding that the licensee has not taken working capital loan from any outside agency or has exceeded the working capital loan including rate of interest based on the normative figures. The Commission shall calculate working capital requirement for wheeling and retail supply business in accordance with these regulations to arrive at working capital requirement of distribution licensee.

………."

The MCLR as on 1st April, 2023 is 8.5% and with addition of 300 basic points, the same works out to be 11.50%.

However, it is mentioned that the existing Regulations have been repealed by HPERC vide notification No. HPERC-F(1)-67/2023 dated 29.11.2023 which has been published in Rajpatra, HP on 07.12.2023 and the Regulations called HPERC (Multi Year Wheeling Tariff and Retail Supply Tariff) Regulations, 2023 which shall be applicable for the 5thControl Period. The new Regulations provide for the following provision with respect to 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:

…"

It has been further added that the weighted average cost of MCLR for FY 2023-24 till date is 8.57 % and by adding 350 basis points, the rate of interest works out to be 12.07% which has been taken for estimation of normative working capital for FY 2024-25.

Commission's Observations

6.26.3 The Commission concurs with the view of the stakeholders that the claim of interest and financing charges submitted by the Petitioner is quite high. However, the Petitioner has taken the interest and finance charges in line with the methodology laid down under the MYT Regulations, 2023. The Commission has scrutinized the same and has allowed the charges for the fifth Control Period as discussed in Chapter 9 of this Order.

6.27 Return on Equity

Stakeholders Submissions

6.27.1 M/s Vardhman Textiles Ltd. and BBN Industries Association have submitted that Rs.99.45 crore has been claimed as RoE, which is on higher side and that the ARR of the Discom for FY 2024-25 should also be reworked. It has been further submitted that 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 State to reduce the power tariff and Himachal Pradesh would not be able to compete if the power tariff keep on escalating as differential between power tariff in Himachal Pradesh and other neighboring states is coming down rapidly.

Petitioner's Response

6.27.2 The Petitioner in response has submitted that the petition has been filed on 30.11.2023 in line with the provisions of HPERC (Terms and Conditions for Determination of Wheeling and Retail Supply) Regulations, 2011 as amended from time to time. The Petitioner has mentioned that the provision of Regulations 20 as amended vide HPERC (Terms and Conditions for Determination of Wheeling and Retail Supply) (Fourth Amendment) Regulations, 2023 is as under:

"Return on equity for the distribution licensee (sum of return on equity for wheeling business and return on retail supply business) shall be computed on the paid-up equity capital determined in accordance with regulation 19 and shall be 16% per annum (post tax):"

It has been further mentioned that the calculations of the return on equity have accordingly been worked out as per provisions of Regulations in force at the time of filing the petition i.e. @16%.

The Petitioner has added that the previous Regulations have been repealed by HPERC vide notification No. HPERC-F(1)-67/2023 dated 29.11.2023,and new Regulations i.e.HPERC (Multi Year Wheeling Tariff and Retail Supply Tariff) Regulations, 2023,published in Rajpatra, HP on 07.12.2023, are applicable for the 5th Control Period. Sub-regulation (c) of Regulations 35 of HPERC (Multi Year Wheeling Tariff and Retail Supply Tariff) Regulations, 2023 provides that Distribution Licensee shall be allowed 14% post-tax return on equity.

In view of above, the Table 3-29 has been accordingly revised based on account of revised rate of ROE as per HPERC (Multi Year Wheeling Tariff and Retail Supply Tariff) Regulations, 2023 to Rs. 87.01 Cr

Commission's Observations

6.27.3 The Petitioner has revised its RoE calculations in line with the MYT Regulations, 2023. The Commission has analysed the same and has approved RoE for the fifth Control Period as per the MYT Regulations, 2023 as given in Chapter 9 of this Order.

6.28 Rebate on energy charges to industrial consumers

Stakeholder's Submission

6.28.1 M/s Vardhman Textiles Ltd. has submitted that the Petitioner has proposed the discontinuance of 10-15% rebate in electricity tariff given to industrial consumers linked with expansion and consuming more power than threshold consumption. It has been mentioned that the 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, which is one time only whereas the increased consumption gives higher revenue year after year to the Discom. It is because of this reason, the threshold consumption based incentive is given to the industry to grow and consume more power which should not be withdrawn and must be given if there is incremental increase in power consumption from Discom. The Stakeholder, however, agreed that potential misuse leading to reduction and subsequent increase in contract demand need to be addressed in consultation with the Industry.

6.28.2 Confederation of Indian Industries, Parwanoo Industries Association (PIA), Kala-Amb Chamber of Commerce & Industry, Himachal Drugs Manufacturer's Association, and Laghu Udyog Bharati have submitted that the Petitioner's request to eliminate rebates in energy charges for industrial consumers should be rejected, as the rebates contribute to encouraging growth and load expansion in the industrial sector. With respect to the argument that rebates cause cross subsidies, it has been stated that the industrial consumers already bear the brunt of cross subsidies. The Stakeholder stressed that the purpose of these rebates is to promote the growth of load and electricity consumption, and this objective has been largely achieved.

6.28.3 BBN Industries Association has pointed out that various utilities in the country are extending incentives to the industry for investment whereas HP Utility has proposed the discontinuance of the 10-15% rebate in electricity tariff given to industrial consumers linked with expansion and consuming more power than threshold consumption. However, the stakeholder expressed that such rebates should be allowed to continue.

Petitioner's Response

6.28.4 The Petitioner has responded to 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 Petitioner added that in order to avoid disputes between petitioner and industries, on account of gaps in interpretations and implementation of rebates to the industrial units, such rebates, as linked in Industry Policy, should be passed on to the consumers directly by the Govt. The Petitioner further raised the issue that the definition of expansion is not very defined since the consumer is claiming increase in contract demand as expansion. In fact, the Petitioner has mentioned that it has noticed in the past that the consumer gets contract demand reduced permanently and after 2-3 months, consumer applies for increase in contract demand and claims 15% rebate for three years as per tariff order. It has been further mentioned that in case of multiple revisions, there are litigations as rebates are to be given for a period of three years for each expansion and subsequent contract demand enhancement. Thus, the Petitioner has prayed to consider the submissions in this regard.

Commission's Observations

6.28.5 The Commission clarifies that the level of cross subsidy for Industrial Consumers in the State of Himachal Pradesh is already low as compared to most of the States in the country. However, the Commission believes that the role of the Industries in overall growth of the State has been immense. Keeping this in mind, the Commission has 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. Therefore, the Commission decides to continue with the rebate of 15% being provided presently to these Industrial Consumers for FY 2024-25 as well. Further, the Commission in this Tariff Order is allowing 15% rebate on additional energy consumption over and above that of maximum of the yearly consumptions of the last three financial years only for those industries having operation for more than three years in the State of HP. It is also to clarify that in case any industrial consumer is availing the benefit of reduced energy charges in case of the increase in their contract demand shall not be eligible for availing the benefit of this new rebate scheme introduced in this Order.

6.28.6 Also, it is well known fact that the operational cost to serve the Industrial Consumers is less due to the fact that the concentrated large load has to be served at a single location. The growth in the Industrial consumption is good for the DISCOM till the point the marginal cost of supply is less than the average cost of supply. In view of the same, existing rebate has been extended along with the new scheme as discussed above for FY 2024-25 as also covered in the Chapter 10 of this Order.

6.29 Rate of Green Energy

Stakeholders Submissions

6.29.1 M/s Vardhman Textiles Ltd. has submitted that the rate of green power is mentioned as 28 paisa/unit for FY 2024 and it has been proposed to be increased to REC rate of preceding months for successive months. The Stakeholder has requested the Petitioner to revisit the proposal of Green Energy Rate in the Annual Revenue Requirement of FY25.

6.29.2 Confederation of Indian Industries, Parwanoo Industries Association (PIA), Kala-Amb Chamber of Commerce & Industry, Himachal Drugs Manufacturer's Association and Laghu Udyog Bharati have submitted that in recent times, it has been seen that several industries have shown their willingness to switch over to

100% green energy consumption, where they find themselves unable to export their product until and unless they meet the requirement of consuming 100% green energy which can only be achieved after discharging RPO liability by each individual unit. It has been further mentioned that the share of petitioners supply to the industry is close to 70-75% green energy only, but it is not 100% due to power purchase from external sources, some of which are non-green. The Stakeholders have pointed out that the state of Maharashtra has adopted an approach, in which the additional tariff for such 100% green energy certification has been determined which is based on the cost of RECs and the utility/ supplier has to buy RECs to counter the non-green part of the supply made to the consumer and the consumer bears the extra cost indirectly through green energy tariff paid to the supplier. The supplier thus issues a certificate to such consumers with regard 100% green energy consumption. The stakeholders have submitted that the Commission, in the past tariff, had discussed the issue in the tariff order, but the same was not mentioned in the individual industrial consumer category tariff schedule. Thus, the stakeholder has requested the Commission to determine such tariff and notify the same in the individual category tariff schedules.

6.29.3 BBN Industries Association has submitted that the rate of green power is 28 paisa/unit for FY 2024 and has been proposed to be increased to REC rate of preceding months for successive months. The stakeholder feels that this approach is not correct and not in the interest of utility as well as the consumers of green energy.

Petitioner's Response

6.29.4 The Petitioner has submitted that the Ministry of Power, Government of India, has notified Electricity (Promoting Renewable Energy Through Green Energy Open Access) Rules, 2022 but since the Green Energy Open Access Regulations are yet to be notified by the Commission, the estimation of green energy tariff, as approved for FY 2023-24, was based on the calculations done by Commission. The HPSEBL has requested the Commission to notify the Green Energy Open Access Regulations in order to work out the Green Energy Tariff and in the meantime, based on understanding of the rules notified by Govt. of India and Model Regulations, the proposal has been submitted with the Petitions.

Commission's Observations

6.29.5 The Commission is aware of the fact that around 85% of the power purchased by 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 Industrial 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 HPSEBL to supply them 100% Green Energy. With this in mind, the Commission has computed the rate of green power as per the methodology adopted for the previous year, as provided in Chapter 10 of this Order.

6.30 Relaxation of Peak Hours Tariff during peak hours

Stakeholders Submissions

6.30.1 M/s Vardhman Textiles Ltd. and M/s BBN Industries Association 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 in view of comfortable availability of power during peak hours, the peak load hours tariff should be relaxed/slashed. It has been further mentioned that the energy rate differential must be done away with as some industries stop their activity during peak hours and some even go to the extent of buying power from outside the State, thus resulting in loss of revenue to HPSEBL.

Petitioner's Response

6.30.2 The Petitioner has submitted that the suggestion of reducing peak hour tariff may lead to increase in power purchase cost as HPSEBL will be forced to buy from marginal generators or short-term power, which in turn will affect other consumers. It has been further mentioned that the purpose of imposing peak hour tariff is to flatten the load curve of HPSEBL and is very important measure for Demand Side Management.

Commission's Observations

6.30.3 The Commission feels that with the increase in Solar Power Generation, the power availability during the day will increase and correspondingly the rates for power purchase during the day may reduce in the power markets/exchanges as well. The main aim for introduction of peak hours tariff was not only to smoothen the load curve of HPSEBL but also to ensure that HPSEBL does not need to arrange extra power during the peak hours to cater to the needs of the Industrial consumers.

6.30.4 The above may not hold in the future and the Commission will review the same. But for now, the Commission decides to continue with the peak hour tariff as applicable presently.

6.31 Connected load in KW be replaced with contract demand

Stakeholders Submissions

6.31.1 M/s Vardhman Textiles Ltd. has 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. The contract demand is sanctioned by HPSEB which is entered in A & A form and the stakeholder cannot draw more load than sanctioned contract demand without violation of an agreement entered between consumer & State utility, resulting in no significance of load getting sanctioned in KW. It has been further mentioned that connected load is merely a handle with utility officials to harass the consumers besides being a totally non-productive work leading to inefficiency. The Stakeholder has mentioned that they understand that this concept has already been implemented by some other States like Maharashtra, Madhya Pradesh and Punjab Electricity Boards and has requested that the connected load, in KWs, built up in the industry be relaxed for agreed upon contract demand in KVA.

6.31.2 BBN Industries Association has submitted that it has been a long pending demand of Industry that there is no significance of load getting sanctioned in KW and it may be eliminated. The stakeholder has mentioned that the Agreement form executed with the utility mentions both connected as well as contract load and in case there is violation of contract load, there is a provision of penalty. The billing, however, is done based on contract demand. It has been further mentioned that some of the utilities in Country are already operating on contract load without much significance of connected load.

Petitioner's Response

6.31.3 The Petitioner has responded that the concept of connected load stands replaced with contract demand by the Commission w.e.f. FY14 and that the tariff categorization of Industrial Consumers into Small, Medium and Large is being done on the basis of contract demand. It is further submitted that apart from categorization, the objection / suggestion is related to supply code which is not in the scope of the present petition.

Commission's Observations

6.31.4 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. It is pertinent to mention here that as per Electricity Supply Code (First Amendment) Regulations, 2014 under Section 6.1.1 specifies that the increased load within limits mentioned in the code shall not be considered as unauthorized use of electricity under Section 126 of the Electricity Act, 2003. If something more is required to be done, the Commission will look into it and will do the needful. 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.

Other Issues

6.32 Rationalization of Fixed/ Demand Charges

Stakeholders Submissions

6.32.1 Confederation of Indian Industries, Parwanoo Industries Association (PIA), Kala-Amb Chamber of Commerce & Industry, Himachal Drugs Manufacturer's Association, M/s J. B. Rolling Mills Ltd and Laghu Udyog Bharati have submitted that the demand charges for the HT2 and EHT category of consumers are abnormally high being 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. The Stakeholders have requested the Commission to reduce the demand charges of these categories of the consumers to a level of Rs. 350 per kVA.

6.32.2 M/s H M Steels Pvt. Ltd. has submitted that the demand charges for EHT consumers are very high at a level of Rs. 425 per kVA which are highest in the country and has suggested that the demand charges of EHT consumers be reduced to Rs. 300 per kVA as the fixed cost of the utility has come down over the years.

Petitioner's Response

6.32.3 The Petitioner has responded to that recovery of ARR is done through Demand Charges and through Energy Charges. It is submitted that demand charges are being levied mainly to recover fixed component of ARR and thus, these charges, if taken on lower side, will have net effect of short fall in the ARR which will either be recovered through proportionate increase of energy charges of industrial consumers or by increase in energy charges of all other consumers. The Petitioner has mentioned that 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.

Commission's Observations

6.32.4 Regarding rationalisation of Fixed/ Demand Charges, it is relevant to mention that the fixed/ Demand Charges correspond to the fixed cost of the Utility i.e. HPSEBL. It is true that these charges do not represent the fixed cost of the HPSEBL to serve its Consumers. Referring to the fixed cost of the HPSEBL, it 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 in comparison to other States. 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.

6.32.5 Further, the main concern for HPSEBL is recovery of ARR either through Demand Charges or through Energy Charges. Demand Charges are being levied mainly to recover fixed component of ARR and thus, these charges on lower side will have net effect of short fall in the ARR. The shortfall on account of these charges will either be recovered through proportionate increase of Energy Charges of Industrial Consumers or by increase in Energy Charges of all other Consumers. 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.

6.32.6 The Commission does not agree with the views of the stakeholders. Even the Tariff Policy clearly provides for recovery of expenses by way of two-part Tariff fixed/ demand and Energy Charges. Therefore, having a consolidated rate would be against the Tariff Policy and will also result in under-recovery of annual fixed expenses of the Petitioner.

6.33 Applicability of temporary tariff to consumers who do not supply NOC from local Body/ Town and Country Planning

Stakeholders Submissions

6.33.1 The Confederation of Indian Industries, Parwanoo Industries Association (PIA), Kala-Amb Chamber of Commerce & Industry, Himachal Drugs Manufacturer's Association and Laghu Udyog Bharati have submitted that at present Tariff of

Temporary category is applicable to consumers who do not provide NOC from local body/Town and Country Planning department. This is resulting in a large number of temporary power connections in the state, even for the consumers whose work is not temporary in nature. It has been further submitted that "the temporary connection" is a misnomer for such category of consumers and it is not in the interest of fairness that the consumer is charged, a much higher tariff, under such eventualities and the need of an extra undertaking is understandable.

6.33.2 The stakeholders have further added that the present approach is encouraging non-compliance of building norms. The petitioner being a commercial establishment should only limit its concern to the supply of electricity. However, the Stakeholders have suggested that the need of NOCs should be done away with and that the views of the consumers have never been sought on the subject of levy of temporary tariff in such cases in the past as well.

Petitioner's Response

6.33.3 The Petitioner submitted that the issue raised by the objector is directly related to the Supply Code and beyond the scope of the present petition. The views of consumers and all stake holders are required to be sought before finalizing supply code amendment/ Tariff order.

Commission's Observations

6.33.4 The Commission has observed that over the last one year, the HPSEBL has released a number of connections, mostly under domestic category, without the submission of NOC from concerned local body viz. Municipal Corporation, Municipal Council, Town & Country Department etc. It has been further observed that more than one connection exists in the name of the same person and sometimes on the same address/premises. This has resulted in shifting of consumers from higher tariff slab to lower tariff slabs and effectively loss of revenue to the Discom.

6.33.5 To overcome this problem, the Commission finds it appropriate to charge different tariff for such consumers. Accordingly, the Commission by way of this order has classified that such Consumers who do not have NOC from concerned local bodies viz. Municipal Corporation, Municipal Council, Town & Country Planning Department etc. shall pay tariff applicable under the highest slab of 300 and above under Domestic Category. It is clarified that for release of a new connection, existing provisions of the Supply Code shall apply. For new connections, copy of NOC from local bodies to be taken at the time of release of the connection.

6.34 Voltage-wise Losses & Cost of Supply

Stakeholders Submissions

6.34.1 M/s Vardhman Textiles Ltd. has submitted that the tariffs should be based on voltage wise cost of supply rather than the average cost of Supply and has requested the Commission to follow the voltage-wise cost of supply methodology as it largely affects the cost of supply and the T & D losses are in inverse relation with the supply voltage.

6.34.2 M/s Prime Steel Industries Pvt. Ltd., M/s Kundlas Loh Udyog, M/s J.B. Rolling Mills Ltd. and M/s H. M. Steels Limited have also submitted that the tariffs should be aligned with voltage-wise cost of supply and to adopt the Cost to Serve Model.

6.34.3 BBN Industries Association has submitted that the Tariffs should be based on voltage wise cost of supply rather than the average cost of Supply and urged the Commission to follow voltage-wise cost of supply methodology. The stakeholder has added that by adopting the principles of average cost of supply, the HPSEBL is giving undue preference to the domestic consumers where cost of supply works out to be higher because of supply at low voltage as compared to high voltage supply to industrial consumers. As a result, the cross subsidy of the subsidizing class of consumers has been growing due to the adoption of average cost of supply principle which is against the spirit of the Electricity Act, 2003. The Stakeholder has, therefore, requested that cross subsidy burden on subsidizing class of consumers may be brought down.

Petitioner's Response

6.34.4 The Petitioner has responded to the suggestions of M/s Vardhman Textiles Ltd., M/s Prime Steel Industries Pvt. Ltd., Kundlas Loh Udyog, JB Rolling Mills Ltd. and H M Steels Limited that the change in tariff structure proposed by the objectors has not been envisaged in the petition. It has been further added that the voltage –wise cost of supply implemented in the neighboring state of Haryana has also been studied, wherein it has been observed that the tariff has been divided in two categories i.e. LT Supply Tariff and HT Supply Tariff (except Domestic, Agriculture and some other categories) and there is no abrupt change in the average cost and tariff.

6.34.5 The Petitioner has responded to the suggestions of BBN Industries Association that the tariff categorization and structure is in the purview of Commission and the same has been rationalized by the Commission based on the inputs from various stakeholders. It has been further added that Table No. 164 in the tariff order for FY 2023-24, shows that cross subsidy (derived from Average realization) for the industrial consumers is only 1% whereas maximum cross subsidy is 11% against the provisions of National Tariff Policy of ±20%. Further, as per True Up of FY 2022-23 submitted by HPSEBL, the average realization with respect to ACOS for Large Industrial Consumers is 96.14% which indicates that the Large Industrial consumers are also being cross-subsidized. The Petitioner has also added that the voltage–wise cost of supply implemented in the neighboring State of Haryana has also been studied, wherein it has been observed that the tariff has been divided in two categories i.e. LT Supply Tariff and HT Supply Tariff (except Domestic, Agriculture and some other categories) and there is no abrupt change in the average cost and tariff.

Commission's Observations

6.34.6 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. We are slowly and steadily moving in that direction. Thereafter, we can think of applying other principles of determination of the tariff. Accordingly, the Commission finds merit to continue with the existing approach of determining the tariff based on average cost of supply.

6.35 Power Cuts

Stakeholders Submissions

6.35.1 M/s Vardhman Textiles Ltd has suggested that the imposition of power cuts should be practiced uniformly across all Categories of consumers without any discrimination to industrial consumers.

6.35.2 Confederation of Indian Industries, Parwanoo Industries Association (PIA), Kala-Amb Chamber of Commerce & Industry, Himachal Drugs Manufacturer's Association and Laghu Udyog Bharati have submitted that the continuity of Power has become a major issue as there are absolutely no contingency plans to cover the damage of transformers and other equipment on the part of utility. The Stakeholders have also submitted that the recent damage of 100 MVA 220/66kV transformer at Uperla Nangal has shown the un-preparedness of the petitioner. It has been further added that the consumers in the region are facing regular power cuts for almost a fortnight and 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.

6.35.3 BBN Industries Association has submitted that the situation of unscheduled power cuts is alarming in Industrial areas citing a full day power cut on one day on account of maintenance is followed by a power cut next day due to line faults. The stakeholder has submitted that for power cuts, if essential to avoid any Grid failure or to maintain the substation equipment healthy by avoiding over loading etc., must be communicated to the Industry, preferably, in advance.

Petitioner's Response

6.35.4 The Petitioner has submitted that the HPSEBL is ensuring 24x7 power supply to all the consumers and no power cuts are being imposed on account of shortage of power. It has been further added that the power cuts, if any, are being imposed, mainly due to prevailing grid conditions and network constraints, which are necessitated by obligations to maintain grid security. The HPSEBL has further submitted that the power cuts are imposed across all categories of consumers by imposing rotation–wise power cut on the feeder wherein all categories of consumers are connected. The Petitioner has reiterated that maintenance cuts are mandatory for monitoring and routine inspections.

Commission's Observations

6.35.5 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 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.

6.36 Rebate on Prepaid Meters

Stakeholders Submissions

6.36.1 Confederation of Indian Industries, Parwanoo Industries Association (PIA), Kala-Amb Chamber of Commerce & Industry, , M/s Kundlas Loh Udyou, M/s Vardhman Ispat Udhyog, Himachal Drugs Manufacturer's Association and Laghu Udyog Bharati have submitted that the rebate @ 3% to promote the pre-paid meters since last two years is the initiative taken by the Commission keeping in view the Electricity (Rights of Consumers) Rules, 2020 and such rebates continue to be given in other states also. The stakeholders have felt that it is not clear in the ARR whether the petitioner is actually giving such rebate to such consumers who have already taken supply on pre-paid meters. The stakeholders have also pointed out that several consumers have already informed their willingness to switchover to the pre-paid meters, but such meters still have not been provided. It is submitted that the petitioner is not giving supply on pre-paid meters to industrial consumers, whereas there is no bar on such supply either in the tariff or the Electricity Act, 2003 and added that the inability to provide supply on pre-paid meter cannot be held to be a reason for depriving such consumers from the rebate that has been promised. The Stakeholders have cited section 47(5) of the Electricity Act, 2003, which provides that the consumer has to exercise his option to take pre-paid or postpaid supply and the preparedness of the supplier is not addressed even after 20 years of the enactment of the Electricity Act, 2003. Besides this, the Stakeholders have added that there is also no mention anywhere in any policy document, directive from the Central Government or the CEA (Installation & Operation of Meter) Regulations 2019, which prevents any class of consumers to apply for a pre-paid meter. The stakeholders have also added that there are several judgements pronounced by the High Courts in the Country, which maintain that the supplier does not have any right to demand security if the consumer is prepared to take supply through the pre-paid meter. In light of above, the Stakeholders have suggested that the proposal of HPSEBL for not allowing pre-payment meters to the consumers having load above 50 kW must be rejected by the Commission.

6.36.2 M/s H. M. Industries Private Limited and M/s J. B. Rolling Mills Ltd have also submitted that the proposal of HPSEBL for not allowing pre-payment meters to the consumers having load above 50 kW is absurd and irrational and has added that the consumers with higher loads should in fact, must be given pre-paid meter on priority as it will save the HPSEL from bad debts. It has further been added that the legal provisions do not differentiate among the classes of consumer when it comes to the pre-paid metering and that the rebate of 3% on pre-paid metering provided in the tariff is in order and should continue further, till such time when a substantial number of consumers actually move to pre-paid smart meters. The Stakeholders have stressed that the provisions of Section 47(5) of the Electricity Act, cannot be restricted in any manner.

Petitioner's Response

6.36.3 The Petitioner has submitted that as per clarification issued by Ministry of Power, GOI, the consumers with load up to 65 kW shall be on prepaid mode and other consumers shall be on postpaid mode. The HPSEBL has mentioned that considering that the connection up to 50 kW/ kVA is released on LT in the State, the consumers up to 50kW/kVA load only may be allowed to opt for prepaid facility. Further, the Petitioner has commented that the rebate of 3% for prepayment meter as per Tariff order for FY 2023-24 is on higher side and same is proposed to be reduced and made equivalent to late payment surcharge or rebate on advance payment for power purchase, whichever is lower, adding that the proposed rebate shall be available only to the consumers to whom prepayment meter with remote disconnection/ re-connection facility can be installed.

Commission's Observations

6.36.4 The HPSEBL has already agreed and executed the agreements in respect of the Revamped Distribution Sector Scheme (RDSS) of GoI. Under the said Scheme, the HPSEBL is to install the smart meters having prepaid features across the State in a time bound manner. The HPSEBL is also eligible to avail grant on installation of the pre-paid meters in the State within the specified timelines. Therefore, this transition of the Consumers from post paid to the prepaid mode will have initial teething problems. 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. However, the Commission agree to the submission of the Petitioner that rebate of 3% for prepaid meter is on higher side. The Commission believes that the Consumers are required to be incentivised for opting to prepaid meters. Keeping above in mind, the Commission has revised the existing rebate of 3% to 1.5% on the tariff for the Consumers with prepaid mode of operation. Regarding the query with respect to uniform rebate on prepaid, the Commission decides that the rate of 1.5% for availing rebate for prepaid meter shall be applicable for FY 2024-25 and, the same shall be uniform for all category of the Consumers.

6.37 Lower Tariff during Solar Hours

Stakeholders Submissions

6.37.1 Confederation of Indian Industries, Parwanoo Industries Association (PIA), Kala-Amb Chamber of Commerce & Industry, Himachal Drugs Manufacturer's Association, M/s J. B. Rolling Mills Ltd and Laghu Udyog Bharati have submitted that the Ministry of power has recently issued advisory/ instructions to introduce such Time of the Day (ToD) tariff in which the tariff during solar hours i.e. day hours has to be cheaper by 20% of the normal tariff. Further vide 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 such category of consumers. It has further been added that the existing tariff already meets the first part, the second part still remains to be introduced.

6.37.2 M/s H. M. Steels Pvt. Ltd. has submitted that the tariff during solar hours during the day to be reduced by 20% minimum as per the Electricity (Rights of Consumer) Amendment Rules, 2023 adding that the GoI has brought in this amendment keeping in view the better availability of power during solar hours all over the country.

Petitioner's Response

6.37.3 The Petitioner has responded that at present the proportion of power purchase from Solar by HPSEBL is very less as compared to the total power purchase quantum and such rebate will result in increase in tariff during other time blocks. The HPSEBL has further submitted that the average power purchase in respect of solar power in the State is higher as compared to average power purchase cost.

Commission's Observations

6.37.4 The Commission feels that with the increase in Solar Power Generation, the power availability during the day may increase and correspondingly, the rates for power purchase during the day may reduce in the power markets/exchanges as well. The Commission had earlier introduced night time rebate not only to smoothen the load curve of HPSEBL but also to make certain that HPSEBL does not need to arrange extra power during the day to cater to the needs of Industrial consumers.

6.37.5 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 take some time to take informed decision with regard to implementation of ToD tariff in a year or so. In view of the above, the Commission feels that this may not be appropriate time to change the tariff structure and that the sufficient Solar capacity may be allowed to be added before carrying on with the same.

6.38 Cross-Subsidy

Stakeholders Submissions

6.38.1 Confederation of Indian Industries, Parwanoo Industries Association (PIA), Kala-Amb Chamber of Commerce & Industry, Himachal Drugs Manufacturer's Association and Laghu Udyog Bharati have submitted that there is a need to reduce the cross-subsidy amongst various consumer categories and sub-categories as well. The stakeholders have further added that there is large amount of cross subsidy within a particular category of consumers and have cited an example of EHT category of 66 kV, 132 KV and 220 KV consumers pay the same tariff, whereas there is significant cost difference on account of T & D losses for supply at these different voltages. It has further been added that similar cross subsidies exist in other categories of consumers as well.

6.38.2 BBN Industrial Association has requested the Commission to consider that the rate of Additional Surcharge, proposed by HPSEBL makes open access burdensome, unaffordable and uncompetitive. The Tariff Policy mandates that the Additional Surcharge cannot be so onerous that it constrains the introduction of competition and there is a mandate on the Commission to calculate Additional Surcharge in such a manner that the consumer is not burdened to the extent that it cannot avail Open Access which is against the object and spirit of the Electricity Act, 2003. It has been requested thatthe additional surcharge levied should not become so onerous that competition is eliminated and the provision of open access becomes only academic and cannot be put into practice in the State.

Petitioner's Response

6.38.3 The Petitioner has responded to that in the present tariff structure, the Commission has already reduced the cross subsidy. It has been further added that the average assessment of large industrial consumer is lower than the other Consumers. The Petitioner has highlighted that as per the actual true up figures of FY 2022-23, the ABR for Industrial Consumers is Rs. 5.59 per unit against the Average Cost of Supply after adjustments of Rs. 5.81 per unit. Thus, the average realization of Industrial Consumers in the present tariff structure is lower than average cost of supply thus being cross subsidized.

Commission's Observations

6.38.4 The Commission has determined the cross subsidy surcharge using the methodology prescribed in the National Tariff Policy and HPERC (Cross Subsidy Surcharge, Additional Surcharge and Phasing of Cross Subsidy) Regulation, 2006, as amended from time to time. Further, it would be appropriate to highlight here that the cross subsidy level in the State is already way below the level of +-20% prescribed in the National Tariff Policy. The Commission is aiming to gradually reduce the cross subsidy levels by the end of this Control Period in line with the targets envisaged as per the MYT Regulations, 2023.

6.39 Connected Load for Industrial Consumers

Stakeholders Submissions

6.39.1 M/s Vardhman Textiles has requested the Commission to relax the connected load built up in the industry without any binding of connected load in KWs, in case the contract demand in KVA is agreed upon.

Petitioner's Response

6.39.2 The Petitioner has requested that the Commission may take appropriate decision on this matter.

Commission's Observations

6.39.3 The matter pertains to the Himachal Pradesh Electricity Supply Code. So, this issue shall be taken up separately by the Commission while reviewing the Supply Code Regulations.

6.40 Night Time Tariff Concession

Stakeholders Submissions

6.40.1 M/s Vardhman Textiles Ltd, Confederation of Indian Industries, Parwanoo Industries Association (PIA), Kala-Amb Chamber of Commerce & Industry, Himachal Drugs Manufacturer's Association and Laghu Udyog Bharati have requested to fix night concession at a single rate throughout the year, with the concession being based on the differential tariff during day and night hours over the energy exchanges in the country. It has been further added that having different night energy rates for different seasons will create implementation issues.

6.40.2 In addition to the above, M/s Prime Steel Pvt. Ltd. has also requested to rationalize the time of the day tariff by keeping in view, the demand and supply position and the price of power on the electricity exchanges in different time slots.,

6.40.3 BBN Industries Association has also submitted that the Night time tariff concession should be uniform across the board irrespective of the voltage level and must be increased to 150 Paisa per unit from present 110 Paisa per unit for the months of June, July and August and 100 Paisa for rest of the year to make it more effective for flattening the load curve so that the demand automatically aligns with ToD tariff differentials appropriately. The stakeholder has submitted that if night usage by the industry is encouraged, then it is actually substituting the power consumption in the day by more consumption during night hours, irrespective of the seasons and usage in any season or month remains the same and so the question of surplus or short availability does not arise as the basis of night concession is the fluctuation of price of power during day and night hours across the country over the energy exchanges.

6.40.4 Confederation of Indian Industries, Parwanoo Industries Association (PIA), Kala-Amb Chamber of Commerce & Industry, Himachal Drugs Manufacturer's Association, Laghu Udyog Bharati and M/s Nalagarh Industries Association have submitted that the night concession is prevalent in the entire country and for longer hours. In fact, the industry has been representing to increase the night time concession to Rs 1.00 for all months, which also matches the trend of prices at energy exchanges. The stakeholders have requested the Commission to explore the possibility of increasing the night concession from Rs. 0.70 to Rs. 1.00 per unit.

Petitioner's Response

6.40.5 The Petitioner has submitted that the suggestions of the objectors for uniform night time concession is not practical as the availability of power from the hydro and other sources is not uniform throughout the year. The HPSEBL in the tariff petition has requested to either withdraw the night time concession or to reduce it in view of the changed circumstances as explained in the petition.

Commission's Observations

6.40.6 The Commission had allowed the night time concession in order to rationalize the tariff especially for the industrial consumers. Now, the Petitioner is requesting for withdrawing this concession. The Commission finds that there has been still a difference in the electricity rates in the short-term power market during night hours and peak hours. The Commission agrees with the Petitioner that it is becoming difficult for them to continue with this rebate as their power availability has reduced with respect to the demand over the years. However, the Commission believes that withdrawing this concession at this stage may impact the HPSEBL adversely as it is very important for the HPSEBL to retain the industries for their survival. Therefore, the Commission has continued with the night time concessions as per the existing tariff Order.

6.41 Demand Charges for EHT Consumers

Stakeholders Submissions

6.41.1 M/s Vardhman Textiles Ltd. Has claimed that the present rate of demand charges for EHT consumers @ Rs 425/kVA is very high and results in a large fluctuation in the overall per unit rate, on account of load factor of a unit. Thus, the stakeholder has requested to keep the demand charges for all categories of industries uniform.

6.41.2 Further, the stakeholder has also claimed that the demand charges have been fixed arbitrarily without any rationale, resulting into the same overall tariff to HT1, HT2 and EHT consumers. Also, mentioned that the demand charges are abnormally high, as compared to all other States, the Stakeholder has requested to reduce the demand charges.

6.41.3 BBN Industries Association has submitted that the present rate of demand charges for EHT consumers @ Rs 425/kVA is very high and results in a large fluctuation in the overall per unit rate, on account of load factor of a unit. The stakeholder has requested to consider the lower demand charges for EHT consumers.

6.41.4 M/s Prime Steel Industries Ltd has submitted that the demand charges for EHT consumers @ Rs. 425/kVA are very high and need to be reduced to Ts 300/kVA.

Petitioner's Response

6.41.5 The Petitioner has submitted that recovery of ARR is done either through Demand Charges or through Energy Charges. Demand charges are being levied mainly to recover fixed component of ARR and thus, these charges, if reduced, will result in short fall in the ARR which shall either be recovered through proportionate increase of energy charges of industrial consumers or by increase in energy charges of all other consumers which would not be justified.

Commission's Observations

6.41.6 As per the Tariff policy, Demand Charges reflect the Fixed Charges of the utility which include O&M expense, depreciation, interest and financial expenses, fixed cost related to generation sources, etc. Therefore, the Commission does not agree with the claim of the stakeholders that these charges are high. Also, comparison of both demand and Energy Charges should be undertaken across the States to arrive at a conclusion as each State has varying demand and Energy Charges. Also, Fixed cost of HPSEBL is much more as compared to other States due to high per unit employee cost and power procurement mainly from hydro sources. However, the Commission has noted down the submissions of the stakeholders and shall proceed further after carrying out detailed analysis in the matter during next year tariff order proceedings.

6.42 Special Concession Industry

Stakeholders Submissions

6.42.1 Confederation of Indian Industries, Parwanoo Industries Association (PIA), Kala-Amb Chamber of Commerce & Industry, Himachal Drugs Manufacturer's Association, Laghu Udyog Bharati and M/s Nalagarh Industries Association have submitted that, in Himachal Pradesh, the current rate of Electricity Duty is 11% of the SoP Charges, in comparison to Haryana where it is flat 10 Ps/unit. It has been submitted that the State is getting a lot of revenue from the sale of free power to the Licensee and even this revenue earned by way of collection of ED goes to the State Government. The Stakeholder has added that there is an urgent need to review this charge so that the ultimate cost of power to the electricity consumers in Himachal Pradesh remains attractive compared to the other States in the Region. The Stakeholder has also highlighted that old\running industries are being discriminated with their new counterparts as exemption of ED is allowed to new units. In view of above, the stakeholder has requested to rationalise the ED and end the discrimination which is adversely affecting the industry.

Petitioner's Response

6.42.2 The Petitioner has requested the Commission to take the decision on this matter.

Commission's Observations

6.42.3 Electricity duty is the domain of the Government of the HP. Therefore, the Petitioner is advised to approach the GoHP for the same.

6.43 Abolition of rebates

Stakeholders Submissions

6.43.1 M/s H. M. Steels and M/s J. B. Rolling Mills Ltd have submitted that, the proposal of HPSEBL to abolish the rebates is without any merit. Also, mentioned that HPSEBL has failed acknowledging the fact that the growth has been brought in by such initiatives. Further mentioned that many consumers like the stakeholder, have expanded their operations in order to get the rebate for lower power tariff and it is incorrect to say that such rebate has no results in terms of growth.

Petitioner's Response

6.43.2 The Petitioner has responded 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 on the other categories of Consumers of the State. Further, any rebate to the industrial units should be passed to the consumers directly by the Govt. in order to avoid disputes between petitioner and the industries on account of gaps in interpretations and implementation of the rebate/concession is being linked in Industry Policy. Further, definition of expansion has not been defined since the consumer is claiming increase in contract demand as expansion. Also highlighted that, it has been noticed in the past that the consumer gets contract demand reduced permanently and thereafter after 2-3 months, consumer applies for increase in contract demand and claims 15% rebate for three years as per tariff order. Also, in case of multiple revisions, there are litigations as rebates are to be given for a period of three years for each expansion and subsequent contract demand enhancement. The Petitioner has prayed to consider the submissions.

Commission's Observations

6.43.3 The Industrial Tariff in the State of Himachal Pradesh is low, as compared to neighboring States with minimal level of cross subsidy. Therefore, the scope for providing further rebates is limited at present. The stakeholders may take up the matter with the State Government for providing subsidy in this regard.

6.43.4 The Commission is also of the view that the rebate to Industrial Consumers, as given in the earlier Tariff Orders, has helped in reviving the growth of the industrial energy sales in the State. Also, it is well known fact that the operational cost to serve the Industrial Consumers is less due to the fact that the concentrated large load has to be served at a single location. The growth in the Industrial consumption is good for the DISCOM till the point the marginal cost of supply is less than the average cost of supply. In view of the same, existing rebate has been extended for FY 2024-25 which is covered in the Chapter 10 of this Order.

6.44 Higher voltage rebate based on Category wise cost of supply

Stakeholders Submissions

6.44.1 M/s Vardhaman Textiles Ltd. and BBN Industries Association 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) and 105% (tariff) of COS 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 may be fixed separately based on reducing some portion of the gap mentioned above, if the gap cannot be fully eliminated.

Petitioner's Response

6.44.2 The Petitioner, in response, has stated the average cost of supply and realization in respect of the Large Industrial Power Supply reveals that in terms of per unit realization, the Large Industrial Power Supply ABR for FY 2022-23 is Rs. 5.59 per unit against the Average Cost of Supply after adjustments of Rs. 5.81 per unit.

Commission's Observations

6.44.3 The Commission has noted down the submissions of the stakeholders and the Petitioner. As already explained above, 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.

6.45 Load Factor based rebate.

Stakeholders Submissions

6.45.1 M/s H. M. Steels Private Limited, M/s J. B. Rolling Mills Ltd and M/s Kundlas Loh Udyog have submitted for the introduction of Load Factor Rebate in order to incentivize better utilization of infrastructure. The Stakeholders have pointed out that a consumer with a particular load having high load factor consumes more power, as compared to another consumers with a lower load factor, while requiring the same capacity of the system, resulting in higher revenue realisation per KVA of load from consumer with high load factor. It has been submitted that some States have already adopted a system of providing rebate or alternatively applying surcharge based on load factor of the consumer which has resulted in optimum utilization of transmission and distribution infrastructure like West Bengal, where such rebate ranges from 1 Paisa to 75 Paisa per unit depending upon the range of load factor and the supply voltage. The Stakeholder has requested that differentiation on account of load factor can be adopted in the future tariff and this can be applied to all categories of industrial consumers.

Petitioner's Response

6.45.2 The Petitioner has submitted that in the two-part tariff regime, the consumers having lower load factors contribute higher ABR in the ARR. Hence, high load factor consumers are automatically benefited with low average effective tariff. Further, in Himachal Pradesh, the concept of temporary reduction in Contract Demand is available to the consumers and low load factor consumers may exercise their option to revise the contract demand, temporarily, as per their load factor and the purpose of load factor surcharge shall be defeated.

Commission's Observations

6.45.3 Regarding introduction of Load factor Rebate/ Surcharge, based upon the capacity utilisation of the infrastructure created, the HPSEBL shall be installing smart meters in RDSS in the near future. Smart meters shall help both the Consumers and the Utility to have better planning and visibility of the System.

Giving rebate in electricity Tariff linked with the load factor is already build in the Tariff. The Tariff determined by the Commission for the Consumers governed through two part 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. **The Petitioner has been directed to conduct a Load factor study of the DISCOM but the same has not been submitted as of now. The Petitioner is again directed to submit the report and based on the analysis of the said study report, the Commission shall take a call on Load Factor Rebate during the next years tariff finalisation.**

6.46 Industrial Incentive Policy.

Stakeholders Submissions

6.46.1 Confederation of Indian Industries, Parwanoo Industries Association (PIA), Kala-Amb Chamber of Commerce & Industry, Himachal Drugs Manufacturer's Association, Laghu Udyog Bharati and M/S Nalagarh Industries Association 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. It is submitted that 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. Further , 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. Also mentioned that the State Government had a different objective, which was in terms of the increased employment opportunities for the local population and that the main objective of introducing the industrial incentives policy was actually to increase the revenue for the State government which include revenue from GST, Income Tax, Registration fee of land and buildings, and various other revenue heads including transport.

Petitioner's Response

6.46.2 The Petitioner responded to Confederation of Indian Industries, Parwanoo Industries Association (PIA), Kala-Amb Chamber of Commerce & Industry, Himachal Drugs Manufacturer's Association and Laghu Udyog Bharati and M/S Nalagarh Industries Association that the issues of Electricity Duty and other revenue sources to Govt. is not related to HPSEBL. However, the rebate to the industry as provided in the previous tariff is part of the present petition. 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. Further mentioned that any rebate to the industrial units should be passed to the consumers directly by the Govt. in order to avoid disputes between petitioner and industries on account of gaps in interpretations and implementation of the rebate/concession which is being linked in Industrial Policy. Further, definition of expansion has not been defined since the consumer is claiming increase in contract demand as expansion. Further submitted that, in the past it has been noticed that the consumer gets contract demand reduced permanently and thereafter after 2-3 months, consumer applies for increase in contract demand and claims 15% rebate for three years as per tariff order. In case of multiple revisions, there are litigations as rebates are to be given for a period of three years for each expansion and subsequent contract demand enhancement. The Petitioner has prayed to consider the submissions by petitioner in this regard.

Commission's Observations

6.46.3 The Commission concurs with the view of the Petitioner and clarifies that the Industrial Tariff in the State of Himachal Pradesh is already low as compared to neighboring States and with minimal level of cross subsidy. Therefore, the scope for providing further rebates is limited at present. The stakeholders may take up the matter with the State Government for providing subsidy in this regard.

6.46.4 The Commission is also of the view that rebate to Industrial Consumers, as given in the earlier Tariff Orders, has helped in reviving the growth of the industrial energy sales in the State. Also, it is well known fact that the operational cost to serve the Industrial Consumers is less due to the fact that the concentrated large load has to be served at a single location. The growth in the Industrial consumption is good for the DISCOM till the point the marginal cost of supply is less than the average cost of supply. In view of the same, existing rebate along with new provisions has been extended for FY 2024-25 as also covered in the Chapter 10 of this Order.

6.47 Proposal to amend the Provision of LVSS.

Stakeholders Submissions

6.47.1 In view of litigations, the HPSEBL has requested in its Petition that the tariff applicability may clearly be defined as presently it is being levied on the supply voltage being availed by the consumer with levy of LVSS on the amount so derived. HPSEBL has further requested to amend the clauses so as to avoid any manipulations.

6.47.2 Confederation of Indian Industries, Parwanoo Industries Association (PIA), Kala-Amb Chamber of Commerce & Industry, M/s Kundlas Loh Udyou, M/s Vardhman Ispat Udhyog, Himachal Drugs Manufacturer's Association, Laghu Udyog Bharati, Sh. Manik Seth Adv., Sh. Vimal Gupta Sr. Advocate and M/s Nalagarh Industries Association have submitted that the prayer of the Petitioner for clearly defining the tariff applicability in respect of supply voltage being availed by the Consumer with levy of LVSS on the amount so derived cannot be considered for the past period being a sub-judice matter with the Hon'ble High court of HP and the stay orders passed in in CMPMO No. 449 of 2023.Further, the proceedings in the matter of Petition No. 112 of 2023 has already stayed by the High Court vide order dated 24.11.2023. The Stakeholder has added that any type of clarification, if issued, shall automatically apply prospectively and not retrospectively.

6.47.3 A few Stakeholder have further added that the present tariffs are based on contract demand rather than the supply voltage and the Commission had switched over to such a system several years ago.

6.47.4 A few Stakeholder have also submitted that in the EHT category, the tariff for different voltage has been separately mentioned, which essentially is the standard supply voltage-based tariff. The LVSS is an independent provision of the Supply Code, which provides for levy of extra charges in case the consumer's supply is at a voltage lower than the supply voltage but it is nowhere mentioned in the tariff that the 66/132/220 kV voltages are meant to be the actual supply voltages rather than the standard supply voltages and that if Commission decides to do away with LVSS and shifts to the voltage-based tariffs reflecting the cost of supply, the industry will welcome such a move.

Petitioner's Response

6.47.5 The Petitioner has responded that the proposal of Tariff Structure as submitted under Clause 4 of the Petition is not for retrospective implementation and is submitted in every petition to rationalize the tariff.

Commission's Observations

6.47.6 The Commission has carefully gone through the submissions and is of the view that there is no ambiguity in the tariff order and no change is required to be made.

6.48 Principal and Interest payment towards UDAY Bonds.

Stakeholders Submissions

6.48.1 With respect to Commission's directive on Principal and Interest payment towards UDAY Bonds, M/s Vardhman Textiles Ltd. has requested the Commission to disallow all such interest claimed by Discom on UDAY Bonds. The Stakeholder has further added that the status of UDAY bond and its conversion between grants and equity should be shared with consumers and that no amount should be allowed as equity by the Commission till the amount is actually infused in the Discom in cash.

Petitioner's Response

6.48.2 The Petitioner has submitted that the HPSEBL is continuously taking up the matter with GoHP and the details shall be shared with the consumers as and when the same is received from Govt. The Petitioner has stated that the ROE shall be as per the prevailing Regulations.

Commission's Observations

6.48.3 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. It clarified that the infusion of the equity does not mean that the same is eligible for return on equity

(ROE). The ROE is given only when there has been underline asset creation. Therefore, the apprehension of the stakeholders in this regard is not correct.

6.49 Tariff for Monastries and Nunneries

Stakeholders Submissions

6.49.1 The Kinnaur, Lahaul-Spiti Bauddh Sewa Sangh have submitted that Monasteries and Nunneries are institutions of spiritual and academic learning, meditation practice and Pooja etc. and the only difference is that monasteries are for monks (i.e. males) whereas nunneries are for nuns (females) and has requested to cover the Monastries and Nunneries under Domestic Consumers category in the tariff.

Petitioner's Response

6.49.2 The Petitioner has submitted that the Monasteries and Nunneries are already covered under Domestic Supply Tariff Category as per Tariff Order for FY 2023-24 and the HPSEBL has not proposed any change in the Domestic Supply Tariff Categorization.

Commission's Observations

6.49.3 The Commission has noted the submission and response of the Petitioner. The HPSEBL has considered the Nunneries under Domestic category. Therefore, the apprehension of the stakeholder in this regard is not correct.

6.50 Transmission charges and losses

Stakeholders Submissions

6.50.1 The HPPTCL has submitted that the HPSEBL has claimed charges under the head 'ADHPL' of total HPPTCL Charges' which appear to be charges paid by the HPSEBL to M/s ADHPL for usage of ADHPL Transmission system (220kV Prini-Nalagarh D/C Line) which was facilitated by HPPTCL, being the STU, in the interest of green energy of KPCPL (24MW) & HPSEBL (27MW). Therefore, said charges should not be represented under HPPTCL Charges since the same was paid by HPSEBL to M/s ADHPL through HPPTCL due to execution of back-to-back agreements. The stakeholder has further informed that the said 220kV Prini-Nalagarh D/C Line has been included in PoC mechanism and presently no bils are being raised by M/s ADHPL to HPPTCL on the basis of back-to-back agreements with HPSEBL & KPCPL. Further, 132kV DIC Malana-Bajaura Line of MPCL has also been wrongly indicated under HPPTCL Charges.

6.50.2 HPPTCL has further submitted that only about 20% of the intra-state transmission system is being handled by them and 80% of the system is being handled by HPSEBL. The intra-state transmission system is operating in integration & not in isolation and there is a need for calculation of transmission losses specifically for intra-state transmission system. HPPTCL has requested that SLDC should calculate the transmission losses of intra-state system on monthly basis and declare them so that further accounting of losses is done on actual basis and not on notional basis.

6.50.3 HPPTCL has further informed that it has considered monthly transmission charges for FY2024-25 to FY2028-29 in its MYT Petition filed before the Commission and the HPSEBL may keep provision for the same corresponding to the HPSEBL LTOA capacity of 1372 MW based on the TSA signed between HPSEBL & HPPTCL as payments against the monthly transmission bills raised to HPSEBL by HPPTCL for utilization of various assets of HPPTCL in the past are also outstanding.

Petitioner's Response

6.50.4 No response has been received from the Petitioner as the comments were submitted by the stakeholder on the date of Public hearing.

Commission's Observations

6.50.5 The Commission has noted the comments of the HPPTCL. The Commission has provisionally allowed the transmission charges of the HPPTCL claimed by the Petitioner in this Order. The same shall be reviewed at the time of the true up and after finalising the pending MYT tariff petition filed by the HPPTCL before the Commission for the 5th Control period and for truing up for the previous years.

6.51 Allocation between Wheeling and Retail Supply.

Stakeholders Submissions

6.51.1 Confederation of Indian Industries, Parwanoo Industries Association (PIA), Kala-Amb Chamber of Commerce & Industry, Himachal Drugs Manufacturer's Association, Laghu Udyog Bharati and Nalagarh Industries Association have submitted that in its previous tariff order, the Commission, while deciding the allocation of costs between the wheeling business and the retail business of the petitioner, had made certain assumptions due to absence of segregated data, which was a roundabout method to calculate the wheeling surcharge. It is submitted that, as per Direction No. 7 of the Tariff Order for FY 24, the Commission directed as under:

6.51.2 "The Commission has observed that the Petitioner has not made any efforts in segregating the accounts of the licensed business into wheeling business and retail supply business. Therefore, the Commission continues its direction and directs the Petitioner to segregate its accounts into wheeling business and retail supply business from FY 2023-24 onwards so that the provision can be implemented from next Control Period (FY25-FY29).

6.51.3 Further, the Petitioner is directed to provide the compliance of the directives of the Commission within three months of issuing of this Order."

6.51.4 The stakeholders have pointed out that the petitioner has once again approached the Commission to adopt the same approach as was done during the last year, despite the directions of Commission. The Stakeholders have objected to this approach and suggested that the actual segregation of data be ordered, failing which the wheeling component must be kept on a lower side stating that the Petitioner will never segregate the data as required because the present approach is in favour of the petitioner and discourages open access.

6.51.5 The HPPTCL has submitted that the Petitioner has provided allocation of Distribution ARR into Wheeling and Retail Supply. As the Petitioner also has EHV system, the Petitioner may be directed to allocate its ARR into three broad heads i.e. Transmission Business, Wheeling business & Retail business.

Petitioner's Response

6.51.6 The Petitioner has responded that the proposal of Tariff Structure as submitted under Clause 4 of the petition is not for retrospective implementation and is submitted in every petition to rationalize the tariff.

Commission's Observations

6.51.7 The HPSEBL is required under the MYT Regulations, 2023, to allocate its ARR into wheeling and retail supply business with effect from 1st April, 2024. The Regulations further provide that until accounts are segregated, the Distribution Licensee shall prepare an Allocation Statement to apportion costs and revenues to Wheeling and Retail Supply Businesses.

6.51.8 Based on the above, the Commission has analyzed the claim of the Petitioner and allowed allocation of ARR into wheeling and retail supply business, as submitted by the Petitioner.

6.52 Charges for EHV Lines (132 kV)

Stakeholders Submissions

6.52.1 M/s IA Hydro Energy Pvt. Ltd has submitted that at present, the HPSEBL charging distribution losses to them @2.5% despite the connectivity on 132kV Line and STU loss at 0.75%, the total losses being charged by HPSEBL at 3.25% whereas in other States, there is no provision for taking distribution losses & wheeling charges on 132 kV lines. Therefore, the Stakeholder has added that the total losses at 3.25% towards distribution & Transmission losses are on higher side and need to be rationalized and should not be more than 2%.

6.52.2 The Stakeholder has requested for the transfer of 132/220 KV electricity line to STU adding that the dedicated transmission network should be developed by STU so as to avoid payment of Wheeling charges as well as distribution losses while availing open access for inter state transmission of power as well as losses as elaborated above. The stakeholder has further requested not to increase in wheeling charges from existing @19.00 paisa/Kwh which should be rationalized to 15 Paisa per unit for Short Term Open Access Consumer.

6.52.3 M/s J. B. Rolling Mills Ltd has submitted that the cost of supply at different voltages is different on account of various factors, the primary and most important of which is the difference in Transmission and Distribution Losses at different voltages. This is an established fact that the higher the voltage, the lower are the T & D Losses and t that the losses at 132 kV are almost negligible and shall be in the range of 3% and are almost one-fourth of that of the 33 kV. The average T & D losses reflected and claimed in the petition are at a level of 10.15%, which can be translated to about 40 to 50 Paise per unit. As this is an average, the difference amount would approximately work out to about 70 Paise when talking in terms of differential between 230 V to 220 kV voltage. Ideally, going by the real content of T&D losses in 132 KV, the tariff should be lower than 11 kV by about 50 Paise per unit. It seems that the EHT category is cross subsidizing the consumers taking supply at lower voltages, which should be phased out gradually.

Petitioner's Response

6.52.4 The Petitioner has responded to M/s IA Hydro Energy Pvt Ltd. that Section 42 of Electricity Act,2003 provides for open access in distribution and payment of charges thereof and has submitted that the wheeling charges are proposed as per the provisions of HPERC MYT Regulations, 2023 and other related Regulations notified by HPERC from time to time. The Petitioner has submitted that the figure of 3.25% has not been proposed in the Petition.

Commission's Observations

6.52.5 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 the distribution assets more than 66 kV to the HPPTCL i.e. transmission licensee operating in the State. Therefore, the levy of the wheeling charges and the transmission charges of both the HPSEBL and the HPPTCL is inevitable as both the networks are used for the evacuation of power. However, the Commission has rationalized both the wheeling & transmission charges and losses of the system to a larger extent in the State. Regarding request of the transfer of the dedicated transmission lines of the HPSEBL to the HPPTCL is the prerogative of the GoHP. The stakeholder is requested to approach the GoHP on this issue. Even if the transmission assets of the HPSEBL are transferred to the HPPTCL then also the cost of these assets will become part of the ARR of the HPPTCL and the per unit transmission charges of the HPPTCL shall increase. Similarly, the Transmission losses of the HPPTCL will correspondingly increase if all the transmission assets of the HPSEBL gets transferred to the HPPTCL. Regarding the objections of M/s J.B. Rolling Mills Ltd. with regard to the levy of lower tariff at higher voltages due to lower T&D losses at high voltages, it is to clarify that the Commission has already rationalized the charges and losses to some extent at the different voltage level and if the need is felt to rationalize it further, the same shall be carried out in future.

6.53 ULDC Charges

Stakeholders Submissions

6.53.1 HPSLDC has submitted that it has paid the ULDC Arrears bill amounting to Rs. 3,14,29,786/- only to the PGCIL in first instance and has raised the bills to the beneficiaries / stakeholders i.e. LTOA/ MTOA customers on proportionate basis for recovery of billed amount. The stakeholder has pointed out that the HPSEBL is yet to deposit a sum of Rs. 2,91,92,170/- and has requested that the petitioner may include the said expense, amounting to Rs. 2,91,92,170/-, in the ARR for the 5th MYT Control Period.

Petitioner's Response

6.53.2 No response has been received from the Petitioner as the comments were submitted by the stakeholder on the date of Public hearing.

Commission's Observations

6.53.3 The Commission has noted the comments submitted by the stakeholder and has made provisions for the same in the tariff Order subject to true up as per the actual payment made by the Petitioner in the matter. The payment be made by the Petitioner based on its own prudence after verification of the amount in the matter.

7 True-up of Uncontrollable parameters for FY2022-23 under the Fourth MYT Control Period

7.1 Background

7.1.1 HPSEBL has submitted a Petition for 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 approved for FY 2022-23 in the Mid-Term Performance Review (MTPR) Order for 4th MYT Control Period dated March 29, 2022 along with the Annual Accounts for the period April 1, 2022 to March 31, 2023 to support the actual expense and revenue for FY 2022-23.

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.

7.1.3 The Commission has reviewed the operational and financial performance of HPSEBL for FY 2022-23 based on the accounts made available, and has undertaken a true-up in line with the Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011, as amended from time to time, (hereinafter referred to as the 'MYT Regulations, 2011'), taking into account all the information, data submissions and necessary clarifications submitted by the Licensee as well as views expressed by the Stakeholders.

7.1.4 The relevant extract stated in the amended Regulation 11 of the Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) (Second Amendment) Regulations, 2013 has been described below:

*"**11. True Up***

(1) The true up across various parameters shall be conducted by the Commission, for the previous years for which the actual/ audited accounts are made available by the distribution licensee, at the times and as per principles stated below:

(B) as per principles -

(a) Variation in revenue / expenditure on account of uncontrollable sales and power purchase shall be Trued up every year. Truing-up shall be carried out based on the actual/audited information and prudence check by the Commission:

Provided that if such variations are large, and it is not feasible to recover in one year alone, the Commission may take a view to create a regulatory asset, as per the guidelines provided in clause 8.2.2 of the National Tariff Policy;

Provided further that under business-as-usual conditions, the Commission, to ensure Tariff stability, may include the opening balances of uncovered gap / Trued-up costs in the subsequent Control Period's ARR instead of including in the year succeeding the relevant year of the Control Period after providing for transition financing arrangement or capital restructuring.

(b) for controllable parameters –

(I) any surplus or deficit on account of O&M expenses shall be to the account of the licensee and shall not be Trued up in ARR unless such is treated as uncontrollable by the Commission in accordance with these Regulations;

(II) any surplus or deficit on account of the distribution losses shall be shared

between the licensee and the Consumers in accordance with these Regulations…;

(2) The distribution licensee, for the approved true-up of any year over and above that approved in the Tariff Order for that year, shall be entitled to a carrying cost at the Base Rate of State Bank of India plus 350 basis points and for any true-up resulting in less than that approved in the Tariff Order for that year, the carrying cost shall be recovered at the same rate."

7.1.5 The following sections explain the methodology adopted by the Commission for provisional truing-up of uncontrollable parameters for FY 2022-23 based on the Accounts submitted by HPSEBL for FY 2022-23.

7.2 Energy Sales

7.2.1 HPSEBL in its True-up Petition for FY 2022-23 has submitted the actual sales of 10,956 MUs as compared with the approved sales of 9,798 MUs in the MTPR Order for FY 2022-23, which is higher by 1158MUs.

7.2.2 The following table shows the actual sales submitted by the HPSEBL vis-à-vis the approved sales by the Commission for FY 2022-23 in the MTPR Order for FY 2022-23.

Table 128: Category-wise Trued-up Sales for FY23 (MUs)

Category	Approved in MTPR	Actual
Domestic Supply	2483	2620
Non-Domestic Non-Commercial	181	177
Commercial Supply	661	710
Small Power Supply	92	88
Medium Power Supply	103	107
Large Power Supply	5405	6188
Public Lighting	11	11
Govt. Irrigation & Water pumping	598	739
Irrigation and Agriculture	65	91
Bulk Supply	152	168
Temporary	46	58
EV Charging Stations	0	0.001
TOTAL	**9798**	**10956**

7.2.3 The Commission approves the actual sales as submitted by the Petitioner for Truing-up of FY 2022-23.

7.3 Revenue from Sale of Power

7.3.1 The Commission has considered revenue of Rs. 6346.23 Cr. for FY 2022-23, as reflected in the Accounts and in line with the revenue submitted by HPSEBL in its Petition.

7.3.2 The table below provides a comparison of the category-wise revenue as submitted by the Petitioner for FY 2022-23:

Table 129: Category-wise Trued-up Revenue from Sale of Power for FY23 (Rs. Cr.)

Particulars	MTPR Order	Petition	Provisionally Trued-up
Domestic	1362.20	1340.70	1340.70
Non-Domestic Non-Commercial	113.00	132.32	132.32
Commercial	409.00	470.64	470.64
Small Power	58.00	61.48	61.48
Medium Power	61.00	71.71	71.71
Large supply	3084.40	3456.43	3456.43
Public Lighting	6.00	6.57	6.57
Govt. Irrigation & Water Pumping	395.00	583.77	583.77
IPH		46.09	46.09
Bulk and Grid supply	94.00	122.33	122.33

Particulars	MTPR Order	Petition	Provisionally Trued-up
Temporary Metered Supply	42.00	54.13	54.13
EV Charging Stations	0.00	0.05	0.05
Total	**5624.60**	**6346.23**	**6346.23**

7.3.3 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. 398.61 Cr. as per the Accounts. Banking being a cashless transaction, notional revenue towards banked power recorded in the accounts has been excluded while considering the revenue from sale of power outside the State.

Table 130: Trued-up Revenue from Sale of Power outside State for FY23 (Rs. Cr.)

Particulars	Actual as per Accounts
Total Amount as per Balance Sheet on account of Interstate Sale of Power	1,619.83
Less: Banking Sale	1,221.22
Net Revenue from sale of power outside State	**398.61**

7.4 Transmission and Distribution (T&D) Loss

7.4.1 The Commission had approved T&D loss level at 9.70% for FY 2022-23 in the MYT Order dated June 29, 2019 for the fourth Control Period and retained same loss in the MTPR Order dated March 29, 2022.

7.4.2 The Petitioner has mentioned that the T&D loss trajectory approved vide MYT Order dated June 29,2019 is stringent and is resulting in imposition of penalty. Further, the Petitioner 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 inter/ intra state 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 in some cases and entire losses are being charged to HPSEBL resulting in penalty for the losses attributable to the HPPTCL also.

7.4.3 The Petitioner in its submissions has mentioned that the matter has been taken up with the HPPTCL and the HPPTCL has clarified that at present the losses for FY 2022-23 is10.78 Mus translating into percentage loss of 0.16. However, it has been intimated that terminal base metering arrangement is under the control of the HPSEBL for other EHV lines. Accordingly, the Petitioner has requested the Commission to consider the losses on account of STU as 0.75% on the power available to the HPSEBL by considering the purchases from interstate as well as intrastate sources at State periphery.

7.4.4 The Commission in its previous Orders have been directing both HPSEBL and the HPPTCL for proper metering at all interconnection points for segregation of losses in transmission and distribution network. However, till date no measures have been taken by the licensees in this regard. Also, it is observed that the T&D loss targets for the fourth Control Period were determined based on the historical losses which included the loss towards the HPPTCL assets as well. Therefore, the Commission does not agree with the rationale provided by the Petitioner for excluding 0.75% towards transmission losses. Accordingly, the Commission retains the T&D loss of 9.70% as approved in the MTPR Order for FY 2022-23.

7.4.5 Based on the above discussions, T&D loss for FY 2022-23 computed by the Commission is shown in the table below:

Table 131: T&D Loss for FY23 in MUs (MTPR Approved, Proposed by the Petitioner and Trued Up by the Commission)

Sl.	Name of the Plant	MTPR Order	HPSEBL's Submission	Trued-Up
A	Units Procured from Interstate-Generating Stations (including free power stations connected to ISTS)		7,724.46	7,724.46
B	Banking Purchase at ISTS		2,575.55	2,575.55
C	Interstate Transmission Loss (%)		3.61%	3.61%
D	Transmission Loss (MUs)		372.18	372.18
E	**Net Energy Available at Periphery**		**9,927.83**	**9,927.83**
F	**Power Available within the state (i+ii+iii)**		**4,753.06**	**4,753.35**
	(i) State Generating Stations		2,048.03	2,048.33
	(ii) GoHP Power (own generation & IPPs)		360.47	360.47
	(iii) IPPs		2,344.56	2,344.56
G	**Power from Other Sources (i+ii)**		**541.89**	**541.89**
	(i) UI Power		156.36	156.36
	(ii) IEX/PXIL		385.53	385.53
	(iii) short term power		-	-
H	**Total Energy Available (E+F+G)**		**15,222.77**	**15,223.07**
I	**Energy Sales within the state**		**10,955.73**	**10,955.73**
J	**Inter-state Sale of Power (i+ii+iii)**		**2,969.18**	**2,969.18**
	(i) Sale of Power (including UI, Bilateral & IEX/PXIL)		657.82	657.82
	(ii) Banking		2,311.36	2,311.36
	(iii) RE sale		-	-
K	**Total Energy Available for sale within the state (I+J)**		**13,924.91**	**13,924.91**
L	T&D loss (in MUs) (H-K)		1,297.86	1,298.16
M	**Total Energy Available for sale within the state (H-J)**		**12,253.59**	**12,253.89**
N	STU Loss @ 0.75%		91.90	-
O	**Energy available at Discom periphery**		**12,161.69**	**12,253.89**
P	**T&D loss (%) = (1-I/O) X 100**	**9.70%**	**9.92%**	**10.59%**

7.4.6 The T&D loss achieved by the HPSEBL has resulted in an under-achievement of 0.89% which is eligible for penalty as per Regulation 15 of Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) (Second Amendment) Regulations, 2013.

7.5 Power Purchase

7.5.1 The HPSEBL has submitted total power purchase cost (including transmission and other charges) of Rs. 4,656.31 Cr. for FY 2022-23 as per accounts for Truing-up.

Notional cost booked in the accounts towards banking and provisioning made towards Local Area Development Fund (LADF) have been excluded from the claim of power purchase cost. Additionally, cost of power procurement from own-generation sources has been considered by the Petitioner in the total power purchase cost for FY 2022-23.

7.5.2 The Commission has scrutinised the submissions made by the Petitioner including the reconciliation between the power purchase cost claimed in the Petition and Accounts. With respect to the queries of the Commission on reconciliation of few power purchase elements, the Petitioner has submitted the following response/ clarifications:

- An amount of Rs. 2.12 Cr. has been reduced from the power purchase cost of FY 2022-23. The Petitioner has clarified that a provision has been created in the Accounts of FY 2022-23 towards payment of LADF amount of Rs. 2.12 Cr. as per notification of GoHP. As the amount has not been paid, the Commission has also adjusted the same from the power purchase cost of FY 2022-23.
- The SLDC charges are not reflected separately in the profit & loss statement 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 132: SLDC and other charges submitted by HPSEBL for FY23 (Rs. Cr.)

Sl.	Particulars	Amount (Rs. Cr.)
I.	DSA Charges	203.29
II.	Reactive Charges (Net)	2.60
III.	SLDC Charges	3.81
	Total	**209.71**

- The Petitioner was asked to submit reconciliation of free power amount claimed in the Petition with the accounts for FY 2022-23. In response, the Petitioner has submitted that it has paid total transmission and system operation charges of Rs. 706.86 Cr. (as reflected in the accounts) and has claimed the net amount after deducting the amount of transmission charges recovered on behalf of the GoHP towards the share of the GoHP in the total transmission charges. The reconciliation of the same has been submitted as under:

Table 133: Reconciliation of free power recovery for FY23 (Rs. Cr.)

Particulars	Amount (Rs. Cr.)
Total CTUL Charges paid as per accounts	706.86
Less: TSO charges towards GoHP	171.01
Net CTUL charges (claimed in Petition)	**535.85**
Cost of free power	
Tata Power Trading Company	22.40
Add: TSO charges paid to CTUL	171.01
Total free power GoHP (TPTC)	**193.41**

- With regard to Rs. 10.04 Cr. trading margin paid, the Petitioner has submitted that it had banked its summer surplus power through traders (i.e. Manikaran Power Limited and PTC India Ltd.) 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 per unit total amounting to Rs.10.04 Cr.

7.5.3 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 accounts for FY 2022-23. Therefore, the Commission has considered same for truing-up.

7.5.4 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. 156.75 Cr. was paid towards arrears for these plants during FY 2022-23 resulting in increased cost of power procurement for these Stations.

7.5.5 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 discussed below. The Commission has further considered the final amount of power purchase recorded in the Accounts of the Petitioner and has adjusted the same for banking, transmission and other power purchase related costs. A summary table of the power purchase cost considered as per accounts has been provided below:

Table 134: Power Purchase Cost (excluding PGCIL, SLDC and Other related Power purchase costs) for FY23 (Rs. Cr.)

S. No.	Particulars	Trued-up
A	Total Power Purchase Cost as per Accounts	5701.11
	Less:	
B	Banking Power Purchase	1,298.97
C	PGCIL	535.85
D	HPPTCL	86.20
E	SLDC Charges	3.81
F	STOA charges	35.71
G	Other Charges	20.97
H	LADF (DOE)	2.12
I	**Power Purchase Cost (excluding transmission and other Charges)** **A-(B+C+D+E+F+G+H)**	**3717.46**

7.5.6 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.

7.5.7 The Commission observed that the Petitioner has purchased 385.53 MUs from power exchange with the cost of Rs. 286.18 Cr. translating into Rs. 7.42/ unit during FY 2022-23. Further, the Commission asked Petitioner to submit justification for purchasing such high-rate power. In response, the Petitioner has submitted that the HPSEBL is mandated to supply 24x7 power, and to fulfil the obligation and demand of the State, the HPSEBL has to purchase power from Power Exchanges under contingency conditions. The contingencies faced by the Petitioner during FY23 are as under:

- **Increase in Demand:** Demand of the State has increased by 7.5%than the previous rate of growth 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 comparative to the approved / anticipation made. This has resulted in contingent purchase of power from the Power Exchanges.
- **Non-Commissioning of SHP/Solar Intra state/Waste to Energy Plants:** The SHP/Solar Intra state/Municipal Solid Waste to Energy projects have not been commissioned as per the timelines considered for the power procurement plan of FY23, therefore, the equivalent power has been 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 MU from other utilities which has been returned in August 2022. In addition, there was intra-day banking arrangement to the tune of 7.34MU and stand settled in the same month.
- **Coal/Gas shortage due Russia–Ukraine War:** The Russia-Ukraine war has 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 purchase and high demand has 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 135: Details of Power Purchase Cost through Exchange for FY23 submitted by Petitioner (Rs. Cr.)

Particulars	Power Purchase Quantum (MUs)	Power Purchase Cost (Rs. Cr.)	Rs./Unit
Contingency Purchase (IEX)	384.86	285.53	7.42
Contingency Purchase (PXIL)	0.67	0.65	9.75
Total	**385.53**	**286.18**	**7.42**

7.5.8 Additionally, the Petitioner has also claimed Rs. 205.89 Cr. against UI purchase with total power purchase quantum from UI as 156.36 MUs. In response to the Commission's query, the Petitioner clarified that the total amount of 205.89 Cr. comprises of Rs. 203.29 Cr. for UI/DSM and Rs. 2.70 Cr. towards reactive charges payable.

7.5.9 Further, the Commission observed that amount claimed towards UI charges also has the past arrears. In response to the Commission's observation, the Petitioner submitted that the past arrears are amountingtoRs.58.41Cr. This includes Rs.32.88 Cr. for the week no. 52 of FY 2021-22,as it was not considered earlier. The remaining amount of Rs.25.53 Cr. 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 DSM regulations (1st Amendment), 2019.

7.5.10 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. 9.22/Unit). Based on information submitted by the Petitioner, it is observed that apart from normal deviation charges, the Petitioner has paid an amount of Rs.27.08Cr. towards additional deviation charges and Rs. 32.88 Cr. pertaining to past period expenses against the total UI purchase cost of Rs. 203.29 Cr., which is a significant amount. This is 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 surcharge are a reflection of poor planning of demand and supply. The Petitioner is directed to undertaken use of software and tools for better demand estimation and scheduling of power from various sources which would eliminate / reduce large incidence of additional surcharge. In event of Petitioner unable to do so, the Commission shall be constraint to disallow such additional surcharge in future truing-up.**"**

7.5.11 Accordingly, the Commission feels it appropriate to disallow 25% of additional DSM charges (Rs. 27.08 Cr.) in the true-up for FY 2022-23 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.**

7.5.12 With respect to the actual energy generated by the Petitioner's own generating stations, the Petitioner was unable to submit the SLDC certified units. Instead, the Petitioner had provided monthly statements of actual energy units generated by the HPSEBL owned generating stations. In the absence of the SLDC certified units for FY 2022-23, the Commission has considered the actual energy units based on monthly statements provided by the Petitioner through CE (Generation), HPSEBL. The Petitioner is directed to provide the SLDC certified units from own generating power houses from next year true-up onwards.

7.5.13 Further, the Commission has computed the cost of power from own generating stations based on the units submitted by the Petitioner and the Tariff approved for the respective generating stations for FY 2022-23 as per the MYT Order for Generation business dated November 11, 2021. For own generating stations with capacity lower than 25 MW, the Commission has considered the generic Tariff of Rs 2.25 per unit as approved in the Order dated January 15, 2014 against Petition no. 54/2013. However, in case of Ghanvi II HEP, the Commission has considered the Tariff of Rs. 3.16 per unit as approved in the Project Specific Levelized Tariff for Ghanvi II HEP vide Order dated September 28, 2022. It is 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.

7.5.14 Based on the above considerations and in line with the provisions of the HPERC (Terms and Conditions for Determination of Hydro Generation Supply Tariff) 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 136: Power Purchase computed by the Commission from Own Generating Stations for FY23

Name of Station	Net Generation (MUs)	Amount (Rs. Cr.)*
Bhaba	626.12	50.88
Bassi	305.96	19.58
Giri	230.66	26.02
Andhra	62.73	10.44
Ghanvi-I	75.05	16.89
Baner	34.01	9.79
Gaj	33.12	9.85
Larji	536.75	65.09
Khauli	35.70	8.03
Binwa	28.02	6.78
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
Sal-II	0.00	0.00
Chaba	4.56	1.97
Rukti	3.65	0.44
BS Chamba	1.14	0.45
Ghanvi-II	35.98	26.10
Ligthi	0.21	0.02
Billing	1.17	0.13
Killar	0.47	0.11
Sach	1.69	0.38
Sural	0.28	0.06
Purthi	0.14	0.03
Total	**2,048.33**	**262.92**

**total cost is including arrear of Rs. 14.73 Cr for Ghanvi-II.*

7.6 Transmission and Other Charges

7.6.1 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 Ltd. Assets (PKATL assets) and Rs. 1.06 Cr. towards Hamirpur assets as non-PoC charges.

7.6.2 Subsequently, the Petitioner vide additional submissions has mentioned that CTUIL has reimbursed the charges paid for the PKATL system in second bill of 4th quarter of FY2022-23 issued in July 2023 amounting to Rs. 330.95 Cr. and bill for 1st Quarter of FY2023-24 amounting to Rs.14.36 Cr. for Period from July 2017 to June 2023, total amounting to Rs.345.31 Cr. and share of charges payable by the HPSEBL has been cumulatively billed in second bill which is around 12 Cr.

7.6.3 With regard to the charges pertaining to PKATL asset, the Commission in the tariff order dated March 31, 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."

7.6.4 Since, HPSEBL had made payment against the PKATL Assets and Hamirpur assets during FY 2022-23 and these amounts have been booked in the accounts of FY23, 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.

7.6.5 With regard to the HPPTCL charges, the total HPPTCL charges claimed are Rs. 86.20 Cr. The asset wise details submitted by the Petitioner are as under:

Table 137: Asset wise HPPTCL Charges for FY23 (Rs. Cr.)

Particulars	Approved in MTPR Order	Actual
STU Charges	34.79	35.01
Kashang Bhaba	0.98	0.00
Allain Duhangan Hydro Power Limited (ADPHL)	1.04	6.07
Phojal	3.2	2.57
Bhoktoo	5.96	5.96
Chambi	12.25	36.59
Pandoh	8.7	0.00
Malana Bajaura line to MPCL	0.34	0.00
Total	**67.26**	**86.20**

7.6.6 The Commission has observed that the HPPTCL transmission charges have increased significantly in comparison to the approved charges especially for ADPHL and Chambi. The Petitioner was asked 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 o/a 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.4Cr for FY2022-23 & Rs.2.07Cr 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. 36.59Crs consists of the amount Rs. 13.50Crs for FY2022-23 and Rs. 23.09Crs for FY2020-21 & FY2021-22 respectively in line with the Hon'ble commission order dated 28.09.2022 for Chambi s/stn."

7.6.7 Since the aspect of capacity utilization for various transmission assets by the Petitioner has not been known, the Commission has provisionally approved the amount of Rs. 86.20 Cr. towards transmission cost for FY 2022-23. A detailed scrutiny with respect to the intra-state transmission charges paid by the HPSEBL shall be undertaken at the time of final truing-up for FY 2022-23.

7.6.8 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. 3.95 Cr. have been considered as per the claim of the Petitioner and details available in the accounts.

7.6.9 Further, an amount of Rs. 18.05 Cr. is booked under '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.

7.6.10 The total power purchase cost for FY 2022-23 after incorporating all the responses of the Petitioner has been summarized below:

Table 138: Total Power Purchase Cost approved for FY23 (Rs. Cr.)

Sl.	Description	HPSEBL's Submission	Provisionally Trued-up
A.	Power Purchase Cost (exc. PGCIL Charges and Other Costs)	3717.90	3717.46
B.	Own Generation	261.59	262.92
C.	Inter-state Charges	535.85	535.85
D.	Open Access Charges	35.71	35.71
E	HPPTCL Charges	86.20	86.20
F.	SLDC Charges	3.81	3.81
G.	REC Charges		18.05
H.	Other Charges	20.97	20.97
I.	Disallowance of additional DSM charges (25%)		6.77
	Total Power Purchase Cost (inc. Own Gen.)	**4,662.05**	**4,674.21**

7.6.11 Accordingly, the Commission has considered total power purchase cost (including cost from own generation) as Rs. 4,674.21 Cr. as against the Petitioner's submissions of Rs. 4,662.05 Cr. for true-up of power purchase cost for FY 2022-23.

7.7 Disincentive for Under-achievement of T&D Loss

7.7.1 The Petitioner has submitted that it has been able to achieve an overall T&D loss level of 9.92% for FY 2022-23 as against the approved T&D loss of 9.70% in the MTPR Tariff Order dated March 29, 2022. Regulation 15 of Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) (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:

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;"

7.7.2 As discussed in the para 7.4.5, the actual losses trued-up by the Commission for FY 2022-23 are 10.59% 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 139: Disincentive on account of Under-achievement of T&D loss for FY23

Sl.	Particulars	Trued-up
A	Energy Sales within state (MU)	10,955.73
B	T&D Losses (%)	9.70%
C	**Power Purchased 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)	15,223.07
G	**No. of units (MU) (E-F)**	**-121.30**

7.7.3 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 140: Disincentive for under-achievement of T&D Loss for FY23

Sl.	Particulars	Unit	Amount
A	**No. of units**	**MU**	**121.30**
B	**Cost of Power for over-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	10,971.37
(iii)	Less: PGCIL Losses (2.8%)	MU	372.18
(iv)	**Net Power Purchase (ii-iii)**	**MU**	**10,599.19**

Sl.	Particulars	Unit	Amount
C	**Cost of Power Purchase from Other than own sources (i*10 / iv)**	**Rs. /kWh**	**3.66**
D	**Disincentive on account of under-achievement in T&D loss (A X C X 60%/10)**	**Rs. Cr.**	**24.45**

**Cost of Power purchase has been adjusted for arrears for past years*

7.7.4 The share of Petitioner's penalty is Rs. 24.45 Cr. as computed above on account of underachievement of T&D losses as per Regulation 15(1) of the HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011 as amended.

7.7.5 The total trued-up power purchase cost in comparison with the approved power purchase cost in the MTPR Order dated March 29, 2022 and the HPSEBL's submission in the Petition for the final true-up of FY 2022-23 are summarized in table below:

Table 141: Trued-up Total Power Purchase Cost for FY23 (Rs. Cr.)

Particulars	MTPR Order	Petition	Trued-up
Power Purchase Expenses	3,020.07	3,979.50	3,980.38
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	0.00	20.97	20.97
REC Charge	0.00	0.00	18.05
Total Power Purchase	**3,647.48**	**4,662.05**	**4,680.98**
Adjustment in PP cost on account of underachievement/overachievement	0.00	-5.74	-24.45
Disallowance of Additional DSM Charges			-6.77
Net Power Purchase Expense	**3,647.48**	**4,656.31**	**4,649.76**

7.7.6 In response to the Commission's query the Petitioner has submitted RPO compliance status, which is shown in the table below:

Table 142: RPPO Status of FY23 submitted by the Petitioner (Rs. Cr.)

Particulars	Consumption of State (MUs)	%age RPPO	RPPO Target (MU)	Envisaged power generation (MU)	Surplus(+)/ Deficit(-)
Wind RPPO	12568	0.81%	101.80	Nil	-101.8
Hydro Purchase Obligations (HPO)	12568	0.35%	44	543	+499
Other	12568	23.45%	2947	9689	+6742

7.7.7 The Petitioner further submitted that the Commission in its Order dated June 23, 2023, has observed 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".

7.7.8 The Commission has noted the above submission of the Petitioner in this regard and also highlights the following recorded in the Order:

"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."

7.8 Operation and Maintenance (O&M) Expenses

7.8.1 The Commission in the MYT Order for fourth Control Period of HPSEBL dated June 29, 2019had approved the O&M expenses for each year based on the submissions of the Petitioner and the provisions of HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011, as amended from time to time.

7.8.2 Subsequently, Mid-term Performance Review (MPR) for the fourth Control Period was conducted. In the MTPR Order dated March 29, 2022, the Commission had continued with projection of employee cost and R&M expenses approved for FY 2022-23 in the MYT Order dated June 29, 2019. With respect to A&G expense, the Commission had excluded the provision of Rs. 5 Cr. made towards one time A&G expenses 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. 60.97 Cr. in the MTPR Order against Rs. 51.95 Cr. in the MYT Order.

7.8.3 As per HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011 as amended, 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.

7.8.4 Expenses such as pay Commission revisions and amount paid on account of terminal benefits have been considered as uncontrollable by the Commission in its past Orders and have been approved as per actuals.

7.8.5 In line with the approach of the Commission, the Petitioner has provided the break-up of O&M expenses across Generation, Distribution, S&I and Project Divisions. The break-up provided by Petitioner are prepared internally by the finance team of HPSEBL and is not audited by the statutory auditor and, therefore, does not form part of the Accounts. In the previous Orders, the Commission has been directing the Petitioner to have such division-wise break-up audited accounts by the Statutory Auditor. However, no such submissions have been made by the Petitioner. **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.**

7.8.6 In the absence of audited accounts, the Commission has relied on the finance team approved break-up of various expenses for true-up of FY 2022-23. Further, in line with the approach followed in previous true-up, 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 2022-23.

7.8.7 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 (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011, as amended, and has undertaken prudence check of each element as detailed in subsequent sections:

7.9 Employee Expenses

7.9.1 The HPSEBL has submitted actual net employee cost of Rs. 2,407.86 Cr. towards distribution business as against the approved employee cost of Rs. 2,052.36 Cr. for FY 2022-23 in the MPR Order dated March 29, 2022.

7.9.2 The Commission had asked the Petitioner for submission of division-wise break-up of the employee expense for FY 2022-23 along with details of provision created towards employee cost. In response to the Commission's query, the Petitioner has submitted detailed breakup Employee cost and provision created towards employee cost, which is shown in the table below:

Table 143: Division-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		378.93			**378.93**
Less: Prov. Actuarial Evaluation leave encashment		317.29			**317.29**
Net Employee Cost	**122.76**	**2,290.56**	**96.59**	**18.47**	**2,528.38**

7.9.3 As discussed above, the Commission has considered the employee expenses pertaining to Distribution business (including EHV). With respect to terminal benefits, the Commission has already allowed an amount of Rs. 12.72 Cr. towards terminal benefits 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 fourth Control Period. Also, the Commission had excluded an amount of Rs. 4.87 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 June 29, 2019. As the pension cost towards generation business is already recovered as part of generation tariff and in absence of specific information with respect to the pension contribution of employees deployed in BVPCL, Projects and S&I departments, the Commission has considered the approved amount of Rs. 17.59 Cr. (Rs. 12.72 Cr. +Rs. 4.87 Cr.) from the total terminal liabilities for the purpose of Truing-up of employee cost for the Petitioner's distribution business for FY 2022-23.

7.9.4 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.

7.9.5 Also, the provisional amount of Rs. 378.93 Cr. towards Actuarial Evaluation towards Gratuity and Rs. 317.29 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.

7.9.6 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 a 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 provisions created, an amount of Rs. 36.81 Cr. was kept for the provision of DA arrears @ 3% w.e.f. July 01, 2021 to March 31, 2022 which was paid during FY 2022-23. The detail submitted by the Petitioner is as under:

Table 144: 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**

7.9.7 Further, in response to the query of the Commission whether the said amount 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 BH 75.310. 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 sale at the time of truing up for FY 2022-23 based on actual payment made by the petitioner. The reversal document for the same is enclosed as Annexure-T (2)-3. It is prayed to consider the amount for true of FY 2022-23."

7.9.8 The Commission in the tariff order dated March 31, 2023 had approved employee cost excluding the provision of Rs. 72.10 Cr. and ordered 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."***

7.9.9 As the amount of provision was not approved in the previous true-up for FY 2021-22 and the same amount is reversed in the current accounts, the Commission is of 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 145: Comparison of Employee Cost for FY23 after Adjustments (Rs. Cr.)

Sl.	Particulars	MTPR Order	Petition	Trued-up
A	**Salary & Other Costs**	**1,141.35**	**1,283.15**	**1,265.51***
B	**Pension and Terminal benefits**	**1,026.60**	**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	0.00	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)**	**2,102.86**	**3,124.99**	**3,089.76**
G	Less: Capitalization	50.49	57.72	56.31
H	Less: Prov. Actuarial Evaluation Gratuity		378.93	378.93
I	Less: Prov. Actuarial Evaluation leave encashment		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
K	**Net Employee Cost (F-G-H+I)**	**2,052.36**	**2,407.86**	**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

7.10 Repairs and Maintenance Expenses

7.10.1 The Petitioner has submitted actual R&M expenses of Rs. 129.07 Cr. towards distribution business as against the approved R&M Expense of Rs. 112.91 Cr. for FY 2022-23 in the MTPR Order for FY 2022-23 which includes an additional amount of Rs. 20 Cr. towards IT related expenditure.

7.10.2 Based on the Petitioner's submissions, the claim towards R&M expense is higher by an amount of Rs. 16.16 Cr. The Petitioner has submitted that the increase in R&M expenses during FY 2022-23 is mainly on account of increase in the R&M expenses towards IT related expenses of HPSEBL.

7.10.3 In response to the queries, the Petitioner has submitted that R&M expenses relating to IT Cell have been booked under head 'Office Equipments'. The total expenses booked under head 'Office Equipments' are 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. 51.57Cr. 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 detail of IT related R&M expenses submitted by the Petitioner is shown in the table below:

Table 146: R&M expenses for IT works for FY23 submitted by the Petitioner (Rs. Cr.)

Particulars	FY23
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**

7.10.4 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.

7.10.5 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 Crore towards the R&M expenses of IT Systems of HPSEBL.

7.10.6 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 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 147: R&M Approved for FY23 (Rs. Cr.)

Particulars	MTPR Order	Petition	Trued-up
R&M Expenses (Excluding IT related expenses)	92.91	77.50	77.44
IT Related Expenses for FY23	20.00	43.97	43.97
IT Related Expenses for past period		7.60	7.60
Total	**112.91**	**129.07**	**129.01**

7.11 Administrative and General Expenses

7.11.1 As against Rs. 60.97 Cr. approved towards A&G expenses in MTPR Order for FY 2022-23 dated March 29, 2022, the Petitioner has claimed actual A&G expenses of Rs. 93.24 Cr. in the true-up of FY 2022-23. The Petitioner has submitted the following reasons for increase in A&G expenses for FY 2022-23:

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 and are paid as per the direction of statutory authority.
ii. The amount of Rs. 18.05 Cr. 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.

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. 5.82Cr. 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.

7.11.3 The Commission observed that the Petitioner has claimed A&G expenses of Rs. 93.24 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 disallowed interest amount Rs. 0.47 Cr. and the same should not be passed in the tariff. Based on the above discussion, an amount of Rs. 5.35 Cr. towards legal charges for distribution business has been allowed. The detail of the same is shown in the table below:

Table 148: Legal charges Approved for FY23 (Rs. Cr.)

Particulars	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**

7.11.4 In response to the query of booking of REC amount, the Petitioner has submitted that it had procured shortfall of 185.36 MUs in solar RPPO for FY 2021-22 as per the direction of the Commission given in the Order dated 28.11.2022. Therefore, the amount of Rs. 18.05 Cr. was paid for procurement of RECs.

7.11.5 The Commission is of view that these expenses are associated with power purchase and should not be booked under A&G expenses. Accordingly, expense on REC has been approved under power purchase expenses as detailed above in the power purchase cost details.

7.11.6 Based on the above discussions, the Commission has approved the expenditure towards A&G expense as against the claim of the Petitioner as reflected in the table below:

Table 149: A&G Expenses Approved for FY23 (Rs. Cr.)

Particulars	MTPR Order	Petition	Trued-up
A&G Expenses towards Distribution business	46.96	51.49	52.38
Rental charges against smart metering project	14.02	17.77	17.77
Expenses on Purchase of REC		18.05	-
Legal Charges		5.93	5.35
Total A&G Expense	**60.97**	**93.24**	**75.50**

7.12 Total O&M Charges

7.12.1 Based on the above discussions, the Commission approves the total O&M expense for FY 2022-23 as shown in the table below:

Table 150: Total O&M Expenses Approved for FY23 (Rs. Cr.)

Particulars	MTPR Order	Petition	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**

7.13 Interest and Finance Charges

7.13.1 The Commission has reviewed and revised the Interest and Finance charges to the extent of change in working capital and consumer security deposit as per the accounts of FY 2022-23. The interest on capital loans shall be Trued-up based on the True-up of capital expenditure and capitalization at the end of the fourth Control Period (FY19-24).

7.13.2 The working capital requirements and interest on working capital has been revised and approved as follows:

Table 151: Trued-up Interest on Working Capital for FY23(Rs. Cr.)

Particulars	MTPR Order	Petition	Trued-up
O&M Expenses for one month	185.52	219.18	214.88
Receivables equivalent to 2 months	955	1057.70	1057.70
Maintenance Spares 15% of the O&M expense for one month	27.83	14.00	13.71
Less: Consumer Security Deposit	506.51	464.05	464.05
Less: One Month Power Purchase	303.96	331.63	388.95
Working Capital Requirement	**357.88**	**495.21**	**432.72**
Rate of Interest	10.00%	11.50%	10.00%
Interest on Working Capital	**35.79**	**56.95**	**43.27**

7.13.3 Further, the interest on consumer security deposit has been considered as per the accounts of FY 2022-23 and is approved as below:

Table 152: Trued-up Interest on Consumer Security Deposit for FY23 (Rs. Cr.)

Particulars	Provisionally Trued-up
Opening	420.75
Additions	43.30
Closing	464.05
Interest on Consumer security deposit	18.23

7.13.4 Additionally, the Petitioner has claimed LC charges and other Bank charges as Rs. 0.60 Cr. and 0.30 Cr. respectively, however, such heads are not reflecting 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. 0.30 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. The Commission is approving the LC charges of Rs. 0.60 Cr. as part of the true-up of FY 2022-23while the other charges are not being considered in absence of any details.

7.13.5 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 153: Trued up Interest and Finance Charges for FY23 (Rs. Cr.)

Particulars	MTPR Order	Petition	Trued-up
Interest on Long term loans	148.24	148.24	148.24
Interest on Working Capital	36.57	56.95	43.27
Interest on Consumer security deposit	20.92	18.23	18.23
LC Charges	9.90	0.90	0.60
Total Interest & Finance Charges	**215.63**	**224.32**	**210.34**

7.14 Other Controllable Parameters

7.14.1 The Petitioner has submitted details of actual capital expenditure and capitalisation in respect of all Schemes for FY 2022-23 in the Petition. Details of capex and capitalisation approved under Mid-term Performance Review (MPR) Order dated March 29, 2022, and now submitted by the Petitioner are summarised below:

Table 154: 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	786.89

7.14.2 As per the HPERC Tariff Regulations, 2011, any variation in actual capital expenditure and subsequent variations in depreciation, interest cost and return on equity with respect to the figures approved in the MYT/ MPR Orders shall be considered during the end of Control Period based on audited accounts.

7.14.3 With respect to depreciation and return on equity, the Commission has retained the amount at the same level as approved in the MYT Order dated June 29, 2019 for FY 2022-23.

Table 155: Depreciation and Return on Equity approved for FY23 (Rs. Cr.)

Particulars	MYT Order	Petition	Trued-up
Depreciation	167.33	167.33	167.33
Return on Equity	62.74	62.74	62.74

7.15 Non-Tariff Income

7.15.1 The Non-Tariff income is required to be deducted from the ARR of the Petitioner. The Petitioner has claimed Non-Tariff income of Rs. 65.78 Cr. towards distribution business for true-up of FY 2022-23, 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.

7.15.2 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 Govt. 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.

7.15.3 As per HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011, as amended, the amount of delayed payment surcharge recovered shall not be considered as part of non-Tariff income for Tariff determination. Accordingly, the Commission has excluded the amount of delayed payment surcharge recovered by the Petitioner from the non-Tariff income as per the accounts.

7.15.4 With regard to reduction of value of amortization of the Govt. grants, the Petitioner has clarified that the amount relates to the depreciation of assets created from the Govt. grants and consumer's contribution. The Commission has not been approving depreciation on such assets 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.

7.15.5 As per standalone account submitted by the Petitioner, an amount of Rs. 42.79 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.

7.15.6 Based on the above discussions, the Commission approves the Non-Tariff income for FY 2022-23 as summarised below:

Table 156: Trued-up Non-Tariff Income for FY23 (Rs. Cr.)

Particulars	Formula	Trued-up
Other Income as per accounts	A	783.33
Less: Excess Provision	B	537.09
Other income net of provision	C= B-A	**246.24**

Particulars	Formula	Trued-up
Less: Amortization of Govt. Grants	D	112.39
Less: Delayed Payment Surcharge	E	47.86
Less: Income from Loan to BVPCL	F	42.79
Other Income excluding amortization, DPSC & int. from BVPCL	**G=C-D-E-F**	**43.2**
Add:		
O&M- G	H	0.8
O&M- T	I	1.42
O&M- D	J	1.44
Misc 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	**24.87**
Total Non Tariff Income	P=G+O	**68.07**

7.16 Aggregate Revenue Requirement

7.16.1 The ARR approved by the Commission in the MTPR Order, as submitted by the Petitioner in its true-up Petition and now approved by the Commission for FY 2022-23 are shown in the table below:

Table 157: Summary of Trued-up ARR for FY23 (Rs. Cr.)

Particulars	MTPR Order	Petition	Trued-up
Power Purchase Expenses*	3,647.48	4,656.31	4,649.76
Operation & Maintenance Costs	**2,226.24**	**2,630.17**	**2,578.55**
Employee Cost	*2,052.36*	*2,407.86*	*2,374.04*
R&M Cost	*112.91*	*129.07*	*129.01*
A&G Cost	*60.97*	*93.24*	*75.50*
Interest & Financing Charges	215.03	224.32	210.34
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
Prior Period	0.00	0.00	0.00
Less: Non-Tariff & Other Income	-116.88	-65.78	-68.07
Aggregate Revenue Requirement	**6,201.93**	**7,755.73**	**7,600.65**

**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*

7.17 Adjustments to ARR

7.17.1 The Commission has continued with the adjustments against true-up of FY21 and impact of true-up against controllable parameters of third 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.

7.17.2 Additionally, the Commission has not allowed Rs. 5.22 Cr. towards rebates provided to Tourism Sector during FY21 in the tariff order dated March 31, 2023and had directed the Petitioner to provide an auditor certificate regarding the same. The relevant extract of the Order is as under:

"10.3.11 The Petitioner is directed to provide Statutory Auditor certificate explaining the issue and whether the revenue for FY 2020-21 was overbooked to the extent of Rs. 5.22 Cr. and the subsidy has not been received against the same from GoHP during the year or in the subsequent years. The Petitioner is also required to clarify the reason for not seeking the subsidy from the Government with respect to the same."

7.17.3 In compliance to the directives of the Commission, the Petitioner has submitted auditors' certificate duly specifying that a sum of Rs 5.22 Cr. was shown as recoverable from the State Government and the same was included in the revenue for the FY21 on assessment basis. The amount has not been released till date from the consumers and nor from the state Government. Based on the auditor certificate, the Commission has added the amount of Rs. 5.22 Cr. in the overall ARR for FY 2022-23

7.17.4 Based on the above adjustments, the revised ARR for FY 2022-23 approved by the Commission is shown in the table below:

Table 158: Revised ARR with Adjustments Approved for FY23 (Rs. Cr.)

Particulars	MTPR Order	Petition	Trued-up
Aggregate Revenue Requirement (ARR)	**6,201.93**	**7,755.73**	**7,600.65**
Add: Adjustments			
True-up for FY21	-526.98	-526.98	-526.98
Impact of True Up 3rd Control Period Controllable parameters FY 15 to 19	-473.68	-473.68	-473.68
Provisioning towards CGS Orders	75	-	-
Provision towards impact of 6th pay Commission revision	453.75	-	-
Add Past Adjustment	-	5.22	5.22
Net ARR including adjustment	**5,730.02**	**6,760.29**	**6,605.21**

7.18 Revenue Surplus/ Gap

7.18.1 The Revenue Surplus / Gap for FY 2022-23 based on the approved Trued-up costs and revenues of HPSEBL is as determined below:

Table 159: Approved Revenue Gap for FY23 (Rs. Cr.)

Particulars	Petitioner submission	Trued-up Surplus/(Gap)
Total ARR including adjustments	**6,760.29**	**6,605.21**
Revenue		
Revenue from sale of power within state	6,346.23	6,346.23
Revenue from sale of power outside state	398.61	398.61
Total Revenue	**6,744.84**	**6,744.84**
Revenue Surplus/(Gap)	**(15.46)**	**139.62**

7.18.2 Based on the Truing-up of ARR for FY 2022-23, the Commission approves a revenue surplus of Rs. 139.62 Cr. which has been carried forward for adjustment in ARR for FY 2024-25.

7.19 Revenue (Gap)/Surplus and Carrying Cost

7.19.1 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 160: Approved Carrying Cost for Revenue Surplus/ (Gap) (Rs. Cr.)

Particulars	FY23	FY24
Opening Gap	0.00	147.18
Surplus/ (Gap) on account of Truing-up of uncontrollable parameters for FY23	139.62	
Closing	139.62	147.18
Interest Rate for Carrying Cost	10.82%	11.56%
Carrying Cost	7.56	17.02
Total (Gap)/Surplus	**147.18**	**164.20**

7.19.2 The cumulative revenue surplus based on true-up for FY 2022-23 has been adjusted in the ARR for FY 2024-25 in the Chapter 9.

8 ANALYSIS OF BUSINESS PLAN PETITION for FIFTH CONTROL PERIOD FROM FY25 TO FY29

8.1 Background

8.1.1 Regulation 7 of the HPERC MYT Regulations, 2023mandates distribution licensee to submit a Business Plan for the Control Period comprising of five financial years from April 01, 2024 to March 31, 2029 for approval of the Commission on or before 31st October of the year preceding the first year of the Control Period.

8.1.2 The Petitioner has submitted Business Plan Petition along with ARR for 5th Control Period on 30th November 2023 in accordance with the provisions of HPERC MYT Regulations, 2011 and its amendments. The Commission has notified HPERC (Multi Year Wheeling Tariff & Retail Supply Tariff) Regulations, 2023(herein after referred as HPERC MYT Regulations 2023) on 29.11.2023. As part of initial scrutiny of the Petition, the Petitioner was asked to provide additional details and submission in compliance to the new tariff Regulations as part of the first deficiency letter. In response to the queries raised by the Commission, the Petitioner made revised submissions as per the provisions of HPERC MYT Regulations, 2023 which has been considered as part of the Business Plan Petition for the fifth Control Period and has been scrutinized by the Commission.

8.1.3 The Commission has analysed the Business Plan Petition along with additional submissions and replies to the clarifications submitted by the Petitioner for the fifth Control Period from FY25 to FY29 in line with the provisions of the HPERC MYT Regulations, 2023.

8.2 Objective of the Business Plan

8.2.1 Regulation 7 of the HPERC MYT Regulations, 2023 states,

"7. Business Plan.- *(1) The Distribution Licensee shall file a Business Plan, for the Control Period of financial years from 1st April, 2024 to 31st March, 2029 for approval of the Commission on or before 31st October of the year preceding the first year of the Control Period for a duration covering the entire Control Period. The Business Plan shall comprise but not be limited to detailed category/ sub-category/ slab-wise sales and demand projections, financing plan, power procurement plan, capital investment plan, plan for reduction in Distribution Losses, plan for improving operational efficiency, Man Power Plan, Plan for improving quality and reliability of power supply, Plan for IT initiatives and physical targets:*

Provided that in case the Commission issues guidelines and formats from time to time, the same shall be adhered to by the Distribution Licensee.

(2) The Distribution Licensee carrying out the Generation Business shall file separate Business Plans for its Generation and Distribution businesses.

(3) The Distribution Licensees shall project the power purchase requirement after considering effect of target set for Energy Efficiency (EE), and Demand Side Management (DSM) Schemes.

(4) The Capital Investment Plan covering the entire MYT Control Period will be submitted in the following two parts:-

(a) Ongoing schemes/works of the previous MYT Control Period (i.e. works / schemes which are under construction or where full payments have not yet been made or where Supply/Work Orders have not been placed). All spill over works will be included in this; and

(b) Schemes to be taken up in the order of priority giving the schedule over the full MYT Control Period. The likely date of completion should also be given. This will also include such schemes which were part of the Capital Investment Plan of the previous MYT Control Period but could not be started and which the Petitioner considers necessary to take up during the present Control Period.

(5) The Petitioner shall submit the Detailed Project Reports (DPRs) for all the schemes as per clauses (a) and (b) of sub-regulation (4) which shall include,-

(a) Purpose of investment;

(b) Broad Technical Specifications of the proposed investment and supporting details;

(c) Capital Structure;

(d) Capitalization Schedule;

(e) Financing Plan, including identified sources of investment;

(f) Physical targets;

(g) Cost-benefit analysis;

(h) Prioritization of proposed Investments: Provided that DPRs will not be necessary for schemes under Rupees ten crore for Distribution Business: Provided further that the total capital expenditure on non-DPR schemes in any year should not exceed 20% of that for DPR schemes during that year.

(6) The capital investment plan for Distribution Business shall match with,-

(a) Replacement of existing assets;

(b) Meeting load growth;

(c) Technical loss reduction;

(d) Non-technical loss reduction;

(e) Meeting reactive energy requirements;

(f) Customer service improvement; and

(g) Improvement in quality and reliability of supply etc.

(7) The Petitioner shall provide a copy of the proposed Capital Investment Plan for Distribution Business to the State Transmission Utility (STU) for carrying out planning for network augmentation/ strengthening at the time of filing of this plan with the Commission. The copy of approved capital investment plan shall also be sent to the STU by the Petitioner, immediately after approval by the Commission.

(8) The Petitioner shall extend all cooperation to the STU for providing data/information required for carrying out the planning activity effectively.

(9) The Commission shall scrutinize and approve the business plan including capital investment plan taking into consideration the additional information, if any, provided by the petitioner and the objections/suggestions of the key stakeholders."

8.2.2 The Commission observed several deficiencies in the Business Plan submitted by the Petitioner and raised clarifications and additional information requirements as part of the deficiency notes. Also, a detailed technical validation session was held with the Petitioner to validate the data and seek clarifications with regard to the information furnished by the Petitioner. Further, the Commission also highlights that inspite of several queries and reminders, the Petitioner has been unable to provide complete information/data with regard to the Business Plan as per the HPERC MYT Regulations, 2023.

8.2.3 The Commission has analysed each of the following elements of the Business Plan in detail in the subsequent sections:

- Forecasting of Number of Consumers, Connected Load and Energy Sales
- Transmission and Distribution loss
- Energy Requirement
- Power procurement plan
- Capital investment plan & Capitalization schedule
- Human Resource Plan
- Quality of Supply and Services namely SAIFI, SAIDI, CAIFI and CAIDI
- Performance Parameters i.e. Collection Efficiency, Billing Efficiency

8.3 Forecast of Number of Consumers, Connected Load and Energy Sales

8.3.1 For projection of Number of Consumers, Connected Load and Energy Sales for the 5th Control Period, the Petitioner has considered FY 2023-24(RE) as the base year based on audited accounts of FY 2020-21, FY 2021-22and FY 2022-23, past years' CAGR. Further, owing to the seasonal nature of consumption in HPSEBL's service, the projection of parameters for remaining months of the Base Year and every year of the Control Period has been carried out month by month.

8.3.2 For the purpose of determining appropriate growth rates across the Control Period, the Petitioner has analysed category wise data from the past 6 years (from FY 2017-18 to FY 2023-24 (RE)). Primarily 5 year CAGR has been considered for projections, however in case of abnormal trend, normalized CAGR rates or subjective rates have been used for the projection of sales data.

8.3.3 The Commission has considered the actuals for FY 2022-23 and has analysed Compounded Annual Growth Rate (CAGR)as well as year-on-year (y-o-y) growth rates of category-wise number of consumers, consumer load and sales for the last 3-5 years based on the past trend of the consumer category.

8.3.4 For projection of number of consumers and connected load, the Commission has considered base value of FY 2022-23 and estimated the value for FY 2023-24. Further, the estimated value of number of consumers, connected load and sales of FY 2023-24 has been utilized for projection of consumers and load for the 5th Control Period by applying required CAGR.

8.3.5 The detailed approach for projection of number of consumers, connected load and energy sales is provided in the subsequent sections.

Projection of Number of Consumers

8.3.6 The growth in number of consumers in the last five years is driven by a number of initiatives / Central schemes improving last mile connectivity and implementation by the Petitioner. Therefore, the Commission has independently analysed the Compounded Annual Growth Rate (CAGR) and year-on-year (y-o-y) growth rates of number of consumers for each tariff category in the last five years.

8.3.7 For each consumer category, the Commission has adopted the following approach for projection of number of consumers:

(a) In case of domestic consumers, the Commission has observed that the number of consumers has been growing consistently at 3.02%. The Commission has therefore, considered the 5 year CAGR (FY 2017-18 to FY 2022-23) at 3.02 % as the growth rate.

(b) For non-domestic non-commercial category, the Commission has considered 5 year CAGR (FY 2017-18 to FY 2022-23) at 2.94% as the growth rate.

(c) In case of commercial consumers, growth has remained range bound between 3.00% - 4.00%. The Commission has therefore, considered 5 year CAGR (FY 2017-18 to FY 2022-23) at 3.66% as the growth rate.

(d) In case of temporary connections, it has been observed that there has not been a clear trend in number of consumers year-on-year, hence considering the same, the Commission has considered NIL as the growth rate.

(e) For small & medium power, the Petitioner has submitted that due to COVID-19 impact, no significant growth happened in this category. Therefore, a nominal growth rate of 1.00% has been considered for the ensuing years.

(f) In case of large power industrial consumers, growth has remained range bound between 1.05% - 1.77%. The Commission has therefore, considered 3 year CAGR (FY 2019-20 to FY 2022-23) at 1.41% as the growth rate.

(g) In case of government irrigation & water supply consumers, Commission has considered 3 year CAGR (FY 2019-20 to FY 2022-23) at 4.70% as the growth rate.

(h) For remaining categories of public lighting, agricultural and bulk supply the Commission has considered 4 to 5 year CAGR at 5.42%, 7.76% and 4.44% as the growth rate respectively.

(i) Further, to promote EV, the Commission has considered 25% as the growth rate for the fifth control period.

8.3.8 Based on the above growth rates, the Commission has projected the following number of consumers in the fifth Control Period:

Table 161: Number of Consumers projected in fifth Control Period

Category	FY25	FY26	FY27	FY28	FY29
Domestic	**2461565**	**2535885**	**2612449**	**2691325**	**2772582**
NDNC	34665	35683	36731	37810	38921
Commercial	344224	356807	369850	383369	397382
Temporary	17981	17981	17981	17981	17981
Small Power	30,459	30,763	31,071	31,382	31,695
Medium Power	2,290	2,313	2,336	2,359	2,383
Large Power	1953	1980	2008	2036	2065

Category	FY25	FY26	FY27	FY28	FY29
Govt. Irrigation & Water Pumping	9438	9882	10346	10832	11341
Public Lighting	1490	1571	1656	1746	1841
Irrigation & Agriculture	49235	53057	57176	61615	66398
EV Charging Station	123	141	162	186	214
Bulk Supply	393	410	428	447	467
Total	**2,953,816**	**3,046,473**	**3,142,194**	**3,241,088**	**3,343,270**

Projection of Connected Load

8.3.9 After analysing the growth trends and historical data for number of consumers, the Commission has analysed the growth in load per consumer and the CAGR and y-o-y growth rates of connected load for each tariff category in the last 4 to 5 years. Finally, the Commission has also analysed the submissions of the Petitioner and projected the connected load using the following approach:

a) The connected load of domestic consumers had been growing at a rate of 7% in the last 5 year (FY 2017-18 to FY 2022-23). Therefore, the Commission has considered the 5 year CAGR (FY 2017-18 to FY 2022-23) at 7.29% as the growth rate.

b) For non-domestic non-commercial category, the Commission has considered a nominal growth of 5% for projecting the connected load for the control period.

c) In case of commercial consumers, the Commission has considered 5 year CAGR (FY 2017-18 to FY 2022-23) of 6.67% as the growth rate for connected load during fifth Control Period.

d) In case of temporary connections, the Commission has considered 3 year CAGR (FY 2019-20 to FY 2022-23) of 4.34% as the growth rate for connected load during fifth Control Period.

e) For small & medium power, the Commission has considered nominal growth of 3.00% for projecting connected load during fifth Control Period.

f) In case of large industries, the Commission has analysed the growth trend of load per consumer in the last 5 years. The Commission had considered 1.76% growth (5 year CAGR (FY 2017-18 to FY 2022-23)) for projecting the connected load during the fifth control period.

g) For Govt. irrigation and water supply, Public lightning and Agriculture Consumers, the Commission has considered 5 year CAGR (FY 2017-18 to FY 2022-23) growth at rate of 4.80%, 3.45% and 4.69% respectively for projecting the connected load during fifth Control Period.

h) In case of EV charging station, the Commission has considered a nominal growth of 25% for projecting the connected load in the fifth control period in anticipation that the EV demand in the fifth control period shall increase over ensuing years.

8.3.10 Based on the above growth rates, the Commission had projected the following connected load for the fifth Control Period:

Table 162: Connected Load (in MW) projected in fifth Control Period

Category	FY25	FY26	FY27	FY28	FY29
Domestic	5689	6104	6549	7026	7538
NDNC	301	316	332	348	366
Commercial	1131	1207	1287	1373	1465
Temporary	100	104	109	113	118
Small Power	294	303	312	321	331
Medium Power	160	165	170	175	180
Large Power	1711	1741	1772	1803	1835
Govt. Irrigation & Water Pumping	434	455	476	499	523
Public Lighting	7	7	8	8	8
Irrigation & Agriculture	256	268	281	294	308
EV Charging Station	11	13	15	17	20
Bulk Supply	149	153	157	161	165
Total	**10243**	**10836**	**11467**	**12139**	**12857**

Projection of Energy Sales

8.3.11 HPSEBL has submitted the actual sales in FY23 as 10,956 MU and has considered the same for estimating the sales for FY24. The Commission has analysed the projected sales for each category considering the approach adopted by the Petitioner. The Commission has estimated revised sales for FY24and considered the same as base for the purpose of projections of sales for the fifth Control Period.

8.3.12 Further, the Commission has analyzed year-on-year variations in sales as well as the short term, medium term and long term trends in sales and computed CAGR for different lengths of time (2 years, 3 years, 4 years, 5 years) for all categories of consumers. The growth in energy sales has been considered based on the short to medium-term growth rates for each consumer category. Finally, the Commission has projected month-on-month energy sales for each category based on the seasonal trends during the last years.

8.3.13 The growth rates across various time frames are presented in table below:

Table 163: Historical Category-wise CAGR for various timeframes

Category	1 Year	2 Year	3 Year	4 Year	5 Year
Domestic	6.60%	5.44%	6.10%	5.61%	5.45%
NDNC	18.57%	19.10%	3.45%	2.65%	4.13%
Commercial	14.18%	17.03%	4.46%	3.68%	4.60%
Temporary	-8.08%	10.95%	7.95%	11.37%	9.93%
Small Power	0.80%	1.78%	-0.56%	-1.07%	0.49%
Medium Power	6.87%	11.36%	6.04%	-1.99%	-1.45%
Large Power	6.57%	16.00%	6.35%	4.81%	6.04%
Govt. Irrigation & Water Pumping	11.02%	10.70%	9.65%	6.90%	4.08%
Public Lighting	0.07%	3.83%	1.68%	2.18%	0.01%
Irrigation & Agriculture	6.85%	11.88%	17.03%	9.62%	7.90%

Category	1 Year	2 Year	3 Year	4 Year	5 Year
EV Charging Station	-	-	-	-	-
Bulk Supply	10.64%	12.16%	3.38%	2.72%	1.75%

8.3.14 On the basis of above analysis and considering appropriate growth rates, the Commission approves sales for each year of the Control Period as detailed below.

Domestic Sales

8.3.15 As discussed above, the Commission has considered a growth of 3.02% and 7.3% in the number of consumers and connected load in the domestic category. The growth rates of energy sales to domestic category have shown a variation in the range of 3.66% to 7.42% during the FY18 to FY23.Both the long-term (4-5 years) and short-term (1-2 years) growth are observed to be in the range of 5-6% per annum. Accordingly, the Commission has adopted 5 years CAGR of 5.45% for sales projections in domestic category for the fifth Control Period.

Non-Domestic Non-Commercial Supply (NDNCS)

8.3.16 As discussed above, the Commission has considered a growth of 2.94% and 5% in the number of consumers and connected load in the NDNCS. The Commission has observed that sales under this category do not follow any pattern in the certain financial year sales growth was negative on y-o-y basis due to the COVID impact and there after it revived. For instance, in the COVID period i.e. FY21 sales growth was -21% but next year i.e. during FY22 growth rate was 19.6% year on year basis. However, average growth rate in sales is around 5% between FY18 to FY23. Accordingly, the Commission feels it appropriate to consider the long-term growth rate and has adopted 5 years CAGR of 4.13% for sales projections in NDNCS category for the fifth Control Period.

Commercial Supply

8.3.17 The sales to commercial category have seen a consistent growth over the last few years except during the Covid period due to nationwide lockdown on account of the pandemic. Considering the trend, the Commission feels that the growth of sales in commercial category is expected to remain in line with the long-term trend and therefore, 5 year CAGR of 4.60% has been considered for projection of energy sales during fifth Control Period.

Small and Medium Industrial Power Supply

8.3.18 As discussed above, the Petitioner has submitted that due to COVID-19 impact, no significant growth happened in this category despite allowance for rebate to this category. For small category, long-term and medium-term trend in sales is negative. However, in the short-term, growth in sales to small industrial category is around 2%. While, for medium industrial supply, long term and medium term trend is not following any trend, however, in the short term period i.e. after COVID, it has started to revive and average growth rate is approximately 6%.

8.3.19 Thus, considering the above discussion, the Commission has considered a conservative growth rate of 2.00% and 5.00% in Small Industrial Power Supply and Medium Industrial Power Supply, respectively, for projection of sales during the fifth Control Period.

Large Industrial Power Supply

8.3.20 The Petitioner has submitted that this category of consumers forms the bulk of the sales. Due to COVID, the growth under this category was halted, however, after COVID period, sales in this category has been constantly increasing. Also, the GoHP is assisting the industries in the State for setting-up new business and expanding the existing business in the state.

8.3.21 The Commission has observed that during the previous four years period, average growth rate in the sales to this category is around 5%. Thus, the Commission is of the view that 4 year CAGR (FY 2018-19 to FY 2022-23) of 4.81%shall be reflective of the growth in energy sales to this category during the fifth Control Period. Also, the Petitioner has submitted the sales break-up of large industries across EHT, HT-1 and HT-2 categories. The Commission has considered the actual sales for FY 2022-23 under these categories for purpose of bifurcation of the overall sales projected for each year of the fifth Control Period.

Govt. Irrigation and Water Supply

8.3.22 The number of consumers in this category have been steadily increasing in the last 5 years. The Commission has, therefore, 5 year CAGR (FY 2017-18 to FY 2022-23) sales growth of 4.08%for projecting the energy sales during the fifth Control Period.

Public Lighting

8.3.23 In case of public lighting, the energy sales have remained range bound in the last 5 years. The Commission has therefore, considered 4-year CAGR (FY 2018-19 to FY 2022-23) at the annual growth rate of 2.18% for fifth Control Period.

Agricultural Supply

8.3.24 The Petitioner has submitted that in the past, there is constant increase in the number of consumers and the load /consumption under this category. The agriculture consumers may adopt the Solar schemes of Govt. of India. It is observed that in the past couple of years, sales of agriculture category are continuously decreasing. Further, due to PM KUSUM scheme, sales growth under agriculture category will be stagnant. Therefore, for projecting the energy sales, the Commission has considered a nominal growth of 3.00% for the fifth control period.

Bulk Supply

8.3.25 In case of bulk supply, the Commission has considered the five-year growth rate of 1.75% for projecting the sales for the fifth Control Period.

EV Charging Station

8.3.26 The Petitioner has submitted that, Govt. of India and HP Govt. are providing various incentives for EV adoption in the State. Thus, the Petitioner has considered growth rate as 15% under this category. The Commission believes that Central Government and State Government are pushing EV penetration heavily through providing incentives and policy support. Therefore, the Commission has considered sales growth under this category as 15% as proposed by the Petitioner.

8.3.27 Based on the above detailed approach, the Commission approves the following sales to retail consumers within the State for the fourth Control Period:

Table 164: Energy Sales (in MU) projected in fifth Control Period

S.No.	Category	FY25	FY26	FY27	FY28	FY29
		Proj.	Proj.	Proj.	Proj.	Proj.
1.	Domestic	2,820	2,974	3,136	3,307	3,488
2.	NDNC	192	200	208	216	225
3.	Commercial	777	813	850	889	930
4.	Temporary	58	58	58	58	58
5.	Small Power	92	93	95	97	99
6.	Medium Power	118	124	130	136	143
7.	Large Power	6,798	7,125	7,468	7,827	8,204
8.	Govt. Irrigation & Water Pumping	800	833	867	902	939
9.	Public Lighting	12	12	12	13	13
10.	Irrigation & Agriculture	96	99	102	105	109
11.	EV Charging Station	12	13	15	17	20
11.	Bulk Supply	174	177	180	183	186
12.	**Total**	**11947**	**12520**	**13121**	**13752**	**14414**

8.4 Transmission and Distribution Loss

8.4.1 The Petitioner has submitted that as per methodology adopted by the Commission for calculations of T&D losses, the losses from State periphery to Discom periphery have been to the account of HPSEBL, whereas, the power is being made available through various inter state lines under the control of STU i.e. HPPTCL, thus HPSEBL is also being penalized for the losses in Transmission system of HPPTCL. Further, the STU is having mandate for evacuation of power from different generating stations in the State and due to non-availability of system, the evacuation was done through HPSEBL system resulting in additional T&D losses in the system. The matter has been taken up with HPPTCL and it was informed by HPPTCL that at present the losses for FY23 are 10.78 MU and translating to 0.16%. However, terminal bays & metering arrangement is still under HPSEBL for other EHV lines.

8.4.2 In view of same, the Petitioner has submitted that losses attributable to HPPTCL @0.75% on the power available to HPSEBL at State periphery may be considered until metering is done separately. The loss trajectory has been accordingly projected based on the actual losses as per past trends and taking STU losses @0.75% as shown in the table below:

Table 165: HPSEBL Submission- T&D Loss of 5th Control Period

Particulars	FY25	FY26	FY27	FY28	FY29
Projected T&D Losses after deducting STU losses @0.75% on the energy available at DISCOM periphery for Sale within State	10.15%	10.14%	10.13%	10.12%	10.11%

8.4.3 The Commission observes that the distribution losses in the state of Himachal Pradesh have reduced from the levels of 12-13% at the beginning of the Control Period to ~10.5% by FY23. However, the Petitioner has not been able to meet the T&D loss trajectory specified for the fourth Control Period. The Commission has been giving various directives in its previous orders for identification of key concerns in high loss areas and to undertake steps for reduction of losses. An action plan in this regard was also required to be submitted by the Petitioner. However, the Petitioner has not taken the directives in a serious manner and has not proposed any concrete plan for reduction or improvement in the T&D losses.

8.4.4 Further, the Commission has analysed T&D loss approved for 4th Control Period, actual loss and trued up T&D loss of 4th Control Period, as shown in the table below:

Table 166: T&D Loss of 4th Control Period

Particulars	FY20	FY21	FY22	FY23	FY24
Approved Loss (MYT)	10.30%	10.10%	9.90%	9.70%	9.50%
Adjusted T&D loss target dated 29.03.2022 (MTR Order)	10.30%	13.10%	10.90%	9.70%	9.50%
Loss Approved in True-Up	12.08%	13.94%	12.70%	10.59%	

8.4.5 It has been observed that in the 4th Control Period, the Petitioner has not been able to achieve the target set by the Commission for each year of the fourth Control Period. The Commission observes that large amount of capital expenditure for strengthening and augmentation of the distribution network during last Control Periods did not lead to any significant improvement in losses as the Petitioner has failed to achieve the T&D loss target set by the Commission during the fourth Control Period.

8.4.6 With regard to the claim for intra-state transmission losses, the Commission had approved the earlier trajectory of T&D losses for the fourth Control Period as there was no segregation of transmission and distribution losses. Further, inspite of directives with regard to the metering between all transmission and distribution interface, the Petitioner has not been able to work out any road-map or methodology for proper metering of the losses in a segregate manner. Therefore, the Commission was constrained to approve targets for T&D losses instead of distribution losses. While the Petitioner is again highlighting concerns regarding inclusion of transmission losses, no steps or roadmap has been proposed by the Petitioner to assess the transmission losses in the system. This clearly indicates the lack of interest on part of the Petitioner to resolve the concern with respect to segregation of the transmission and distribution losses.

8.4.7 The Commission in its MYT Order for Second Control Period dated July 19, 2011 had observed that:

"It was mutually decided between the HPSEBL and the HPPTCL that the HPSEBL will continue to operate and maintain the transmission lines so vested in the HPPTCL with effect from 10th June 2010. However, a formal agreement in this respect was entered into between the HPPTCL and the HPSEBL on 20th November 2010. In accordance with the terms of the agreement, the HPPTCL was required to pay annual charges to the HPSEBL for O&M of transmission lines. ***This in effect means that in addition to HPSEBL's own EHV network, the operation and maintenance of these***

transmission lines remain with the distribution licensee for all practical purposes. Therefore, the Commission has decided not to set the separate target for intra-transmission losses and the trajectory set out as follows includes the transmission losses on account of lines transferred to the transmission licensee:"

8.4.8 In spite of the Commission directions, appropriate metering arrangement between the transmission and distribution interfaces is still to be undertaken. While the Commission had approved cost to HPPTCL for installation of energy meters to have a greater accuracy for energy balance, no measures have been taken in this regard. Further, no significant addition in intra-state transmission network is planned during the fourth Control Period. Therefore, the Commission has decided to continue with the T&D loss trajectory for the HPSEBL.

8.4.9 Also, the losses submitted by the HPPTCL with regard to transmission system seem to be much lower than that being proposed by the Petitioner. The Commission is aware of the new assets commissioned under the transmission system, however, disintegration of the T&D losses into transmission and distribution losses is not possible without proper metering and availability of information with respect to the losses in the two system. **Therefore, the Petitioner is directed to work-out a specific plan along with the HPPTCL to ensure that details of losses in the system can be segregated into transmission and distribution losses and submit the details of the same along with next tariff petition.**

8.4.10 Further, the Commission observes that T&D losses proposed by the Petitioner are higher in spite of significant amount of capital expenditure proposed during the 5th Control Period including ~Rs. 1900 Cr. towards loss reduction works under the RDSS scheme. Also, the losses have been kept at higher levels as against the targets prescribed under the scheme which is a clear departure from the commitments made with the Central Govt. and any underachievement of loss will result in reduction of subsidy available against the scheme which is unwarranted.

8.4.11 The Commission queried the Petitioner for adequate justification regarding the proposal for high T&D loss, and justification for minimal reduction in year-on-year T&D loss despite of high capital expenditure proposed for 5th Control Period. In response, the Petitioner submitted that the loss has been projected based on the past trends and the targets set under RDSS scheme. Moreover, HPSEBL has large geographical area and has comparatively higher line length per person ratio with respect to other States. Rural areas are far flung from main road and with existing infrastructure, which is at saturation level, HPSEBL cannot cater to the load growth. The schemes proposed in the 5th Control Period will result in reduction in T&D losses and improvement of reliability of Power Supply. However, the results will be available after completion of the schemes and will affect trajectory of next Control Period.

8.4.12 Since this is the start of a new Control Period comprising of five years, and keeping in mind the actual loss levels in previous years, the Commission is of the view that the T&D loss trajectory should be realistic, so that licensee is incentivized for better performance. Therefore, the Commission has taken a fair approach while fixation of the T&D trajectory for the 5th Control Period and has approved losses as per the past trajectory as well as past performance. Also, considering the submissions of the Petitioner with regard to additional losses on account of STU losses due to the growth in the transmission system, the Commission has taken a lenient view and has incorporated an additional loss of 0.50% towards transmission losses to be part of T&D loss targets for the 5th Control Period. However, the Petitioner should also undertake appropriate measures to ensure that proper metering is implemented between all transmission and distribution interface points and data with respect to the same is submitted to the Commission along with the next tariff filing. Further, the Petitioner is required to ensure that it meets the year-on-year loss targets approved by the Commission in order to ensure sustainable tariff for the consumers in the State.

8.4.13 Moreover, The Commission is also of the view that various works which are planned under the RDSS scheme shall be completed during FY25 and FY26 and shall help the Petitioner in reducing its T&D loss in the subsequent years. Therefore, the Commission has retained the losses for FY25 and FY26 in line with the trajectory for FY24 and has included additional transmission loss of 0.50% in the overall T&D target. For subsequent years, the Commission has approved reduction of loss by 0.20% each year for FY27 and FY28 and 0.10% for FY29. Accordingly, the T&D loss trajectory approved for the 5thControl Period is shown in the table below:

Table 167: Approved T&D loss for fifth Control Period

Particulars	FY25	FY26	FY27	FY28	FY29
Approved T&D Loss for HPSEBL	9.50%	9.50%	9.30%	9.10%	9.00%
Loss Reduction	-	-	0.20%	0.20%	0.10%
STU Loss (HPPTCL)	0.50%	0.50%	0.50%	0.50%	0.50%
Total T&D Loss	10.00%	10.00%	9.80%	9.60%	9.50%

8.4.14 The gain/loss arising from the over-achievement / under-achievement in T&D loss shall be treated as per Regulation 11 of HPERC MYT Regulations, 2023 for the 5th Control Period.

8.4.15 Further, Regulation 20 of HPERC MYT Regulations 2023, provides as under:

"20. Treatment of Distribution Loss.- The power purchase requirement of the Distribution Licensee at the Transmission- Distribution interface point, shall be computed by grossing up the sales with the distribution losses approved by the Commission:

Provided that the Commission may stipulate the target distribution losses in accordance with Regulation 15 as part of the Order on Business Plan:

Provided further that the Distribution Licensee shall submit the details of circle-wise distribution losses for the relevant years, in accordance with the formats prescribed by the Commission:

Provided further that the Commission may fix the targets for circle-wise distribution losses separately for the relevant years."

8.4.16 With regard to circle-wise losses, the Commission asked the Petitioner to provide details of actual circle-wise losses for the past years and provide a trajectory for the fifth Control Period. In response, the Petitioner has submitted the actual T&D losses for last four years and current year (upto Q2) as detailed in table below:

Table 168: HPSEBL Submission - Circle-wise T&D losses* for past years

Particulars	FY20	FY21	FY22	FY23	FY24 (upto Q2)
Shimla	9.71	16.47	17.10	15.52	8.18
Rampur	25.63	19.41	19.43	16.42	12.23
Rohru	42.99	39.55	43.08	31.49	28.04
Solan	5.28	10.32	7.07	6.16	8.36
Nahan	11.95	11.40	11.27	8.56	9.31
Hamirpur	18.12	15.42	15.70	14.11	16.32
Bilaspur	16.19	16.66	15.84	11.91	12.32
Mandi	21.98	15.06	18.73	13.90	13.46
Kullu	21.97	24.13	25.08	23.38	17.19
Una	11.48	13.21	11.23	9.22	8.11
Kangra	20.24	17.97	19.14	15.81	15.07
Dalhousie	20.68	22.07	21.47	20.07	21.89
G.Total	**12.08**	**13.95**	**12.59**	**10.59**	**10.93**

Table 169: HPSEBL Submission – Projections for Circle-wise T&D losses for 5th Control Period

Particulars	FY24	FY25	FY26	FY27	FY28	FY29
Shimla	13.20	13.20	13.19	13.18	13.17	13.16
Rampur	14.20	14.20	14.19	14.18	14.17	14.17
Rohru	19.95	19.95	19.94	19.93	19.92	19.92
Solan	2.99	2.99	2.98	2.97	2.96	2.95
Nahan	7.10	7.10	7.09	7.08	7.07	7.06
Hamirpur	11.82	11.82	11.81	11.80	11.79	11.78
Bilaspur	10.55	10.55	10.54	10.54	10.53	10.53
Mandi	11.10	11.10	11.09	11.08	11.08	11.07
Kullu	19.95	19.95	19.94	19.93	19.92	19.91
Una	7.70	7.70	7.69	7.68	7.67	7.66
Kangra	12.90	12.90	12.89	12.88	12.87	12.87
Dalhousie	19.90	19.90	19.89	19.88	19.87	19.87
Total	12.68	12.67	12.66	12.66	12.65	12.67
Total	**8.40**	**8.41**	**8.40**	**8.40**	**8.40**	**8.39**
ES wing	1.91	1.91	1.90	1.89	1.88	1.87
Total at DISCOM Periphery	**10.15**	**10.15**	**10.14**	**10.13**	**10.12**	**10.11**

8.4.17 It is observed that the proposal for circle-wise losses during the fifth Control Period is a simple arithmetic reduction from the estimate of T&D losses for FY 2023-24. Therefore, the same lacks detailing or justification for the proposed reduction. The Commission is of the view that the proposal for circle-wise losses should be a function of the actual losses in the past years along with the proposed capital investment plan across the circles during the Control Period.

However, the proposed circle-wise losses cannot be considered at the moment. **The Commission has, thus, approved an overall T&D loss trajectory for each year of the fifth Control Period. The Petitioner is directed to provide a well-reasoned circle-wise trajectory duly incorporating sales growth in each circle along with capital expenditure works and other aspects as considered relevant and submit the revised circle-wise trajectory for the fifth Control Period at the time of next tariff filing.**

8.5 Energy Requirement

8.5.1 The Commission's estimates of energy requirement at the distribution periphery for each year of the fifth Control Period are based on the sales and T&D loss reduction trajectory approved by the Commission. The Commission's estimates for power requirement are tabulated as follows:

Table 170: Approved Energy Requirement for fifth Control Period

Particulars	FY25	FY26	FY27	FY28	FY29
Sales (MU)	11,947	12,520	13,121	13,752	14,414
Approved Loss (%)	10.00%	10.00%	9.80%	9.60%	9.50%
Energy Requirement at State Periphery for own consumption (MU)	13,275	13,911	14,547	15,212	15,927

8.6 Power Purchase

8.6.1 The power purchase expense is the single largest component in the ARR. Hence, it is imperative that this element of cost is estimated with utmost care based on the most efficient and prudent way of procuring power from the numerous sources and generating stations through long term, short-term arrangements and through bilateral purchase agreements.

8.6.2 Regulation 22 of the HPERC Tariff Regulations, 2023 states the following:

"Power Procurement Planning.- (1) The Distribution Licensee shall prepare a plan for procurement of power (in MW/ MU) to serve the demand for electricity in its area of supply and submit such plan to the Commission for approval:

Provided that such power procurement plan shall be submitted for the Control Period commencing on 1st April, 2024, as part of the Business plan in accordance with Regulation 7 of these Regulations:

Provided further that such power procurement plan may include long term (more than 5 years), medium-term (upto 5 years) and short-term (upto 1 year) sources of power procurement, in accordance with these Regulations.

(2) The power procurement plan of the Distribution Licensee shall comprise the following:-

(a) A quantitative forecast of the unrestricted base load and peak load for electricity within its area of supply;

(b) An estimate of the quantity of electricity supply from the identified sources of power purchase, including own generation, if any;

(c) An estimate of availability of power to meet the base load and peak load requirement:

Provided that such estimate of demand and supply shall be on month-wise basis in Mega-Watt (MW) as well as expressed in Million Units (MU);

(d) Standards to be maintained with regard to quality and reliability of supply, in accordance with the relevant Regulations of the Commission;

(e) Measures proposed for Renewable Purchase Obligation (RPO), energy conservation, energy efficiency, and Demand Side Management;

(f) The requirement for new sources of power procurement, including augmentation of own generation capacity, if any, and identified new sources of supply, based on (a) to (e) above;

(g) The impact of Open Access on load;

(h) The sources of power, quantities and cost estimates for such procurement; and

(i) Impact of Storage capacities including Batteries, Electric Vehicle charging stations etc.:

Provided that the forecast or estimates contained in the long-term procurement plan shall be separately stated for peak and off-peak periods, in terms of quantity of power to be procured (in MU) and maximum demand (in MW):

Provided further that the forecast or estimates for the Control Period from FY2024-25 to FY 2028-29 shall be prepared for each month over the Control Period:

Provided further that the medium-term / short term procurement plan shall be a least cost plan based on available information regarding costs of various sources of supply.

(3) The forecast or estimate shall be prepared using forecasting techniques based on past data and reasonable assumptions regarding the future:

Provided that the forecast or estimate shall take into account factors such as overall economic growth, consumption growth of electricity-intensive sectors, advent of competition in the electricity sector, trends in captive power, impact of loss reduction initiatives, improvement in Generating Station Plant Load Factors and other relevant factors.

(4) Where the Commission has specified a percentage of the total consumption of electricity in the area of a Distribution Licensee to be purchased from co-generation or renewable sources of energy, the power procurement plan shall include the plan for procurement from such sources upto the specified level."

8.6.3 The original petition filed by the Petitioner was not containing details in line with the HPERC Tariff Regulations 2023. The Petitioner was asked to provide the power procurement plan indicating long term (more than 5 years), medium-term (upto 5 years) and short-term (upto 1 year) sources of power procurement in line with Regulation 22 of the HPERC MYT Regulations, 2023. After several reminders, the Petitioner provided a table indicating quantum of medium-term and short-term plans of Power Procurement of HPSEBL from various sources i.e. hydro, nuclear and solar. However, no detailing or narrative regarding the working with respect to computation and demand and supply analysis was provided in the response.

8.6.4 Further, the Commission also asked the Petitioner to submit resource adequacy plan in line with guidelines issued by the Central Government. In response, the Petitioner has provided a resource adequacy plan. The submissions with respect to resource adequacy plan also lack detailed information and has been prepared without any basis and justification regarding the proposed steps of the Petitioner for mitigating the demand-supply gap. The Commission is concerned regarding the lack of seriousness displayed by the Petitioner on the power procurement planning aspect for the period. 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 and average cost of supply per unit. The Commission directs the Petitioner to undertake adequate steps and prepare a detailed power procurement plan with regard to the demand and source-wise power availability for future years. Also, source-wise options for meeting the demand-supply gap need to be deliberated in order to ensure sufficiency of power as well as availability of affordable power for the consumers in the State.

8.6.5 As per the HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2023, power purchase is an uncontrollable parameter and needs to be reviewed each year as part of the Annual Performance Review (APR) based on actual power purchase cost from various sources for past year(s).

8.6.6 The Commission has exercised due caution in estimating power purchase cost of the Petitioner. The Commission has made reasonable assumptions for projecting the quantum of energy available to the HPSEBL for the various sources during the Control Period.

8.6.7 For projection of power purchase units during the fifth Control Period, the Commission has considered the historical data on gross generation and units received by the utility upto FY23. Since, at the time of filing Business Plan Petition, quantum and cost data from all generating stations was available for FY23, the Commission has incorporated the most recent trends in the projections for fifth Control Period.

8.6.8 The following power generating stations have been considered for the purpose of estimation of power availability for the Control Period:

- HPSEBL's own generating stations;
- Purchase from generating stations of Himachal Pradesh Power Corporation Ltd (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 and Waste to Energy Projects;
- New Plants expected to be commissioned during the Control Period;
- Purchase through bilateral short term arrangements;

Allocation and Energy Availability from New Projects

8.6.9 As part of the Petition, the Petitioner has also projected power from new stations such as Parbati II, Vishnugad Piplikoti and NPCIL RAPP 7 and 8. Also, the Petitioner has considered the power from their surrender share in select plants like Chamera III, Parvati-III, Tehri HEP and Koteshwar HEP. Also, power from HPSEBL own generating Station of Uhl-III has also been considered for the fifth Control Period.

8.6.10 Further, the Commission in its data queries asked the Petitioner to submit complete details of the upcoming plants considered for energy projection in the 5th Control period. In response, the Petitioner has provided the details of new upcoming stations as well as the details of stations from which the surrendered capacities have been restored. Details of such project as submitted by the Petitioner are as under:

Sl.	Source/Agency	Status	Tentative CoD/Date of returning	Installed Cap.(MW)	HP Share (%)	MW
Upcoming/Returning ISGS project						
1	Koldam (SOR)-Upcoming	Returning in FY 2024-25	01.11.2024	800.00	3.36	26.88
2	Chamera-III-Surrendered upcoming	Returning in FY 2024-25	01.11.2024	231.00	3.36	7.75
3	Parvati-III-Surrendered upcoming	Returning in FY 2024-25	01.11.2024	520.00	3.36	17.47
4	Tehri HEP-Surrendered upcoming	Returning in FY 2024-25	01.11.2024	1000.00	2.80	28.00
5	Koteshwar HEP-Surrendered upcoming	Returning in FY 2024-25	01.11.2024	400.00	2.51	10.04
6	Parvati-II-Upcoming	Upcoming	April,2024	800.00	3.36	26.88
7	Vishnugad Piplikoti (Upcoming)	Upcoming	December,2026	444.00	4.36	19.36
8	RAPP Unit 7 & 8	Upcoming November,2024 RAPP-7 &December 2025 RAPP-8		1400.00	1.90	26.60
Upcoming Hydro Projects of State Utilities/IPPs/Own						
1	Shongtong Karcham (upcoming)	FY 2026-27	July, 2026	450.00	87.00	391.5
2	Chanju-III (upcoming)	FY 2027-28	July, 2027	48.00	87.00	41.76
3	Deothal Chanju (upcoming)	FY 2027-28	October, 2027	30.50	87.00	26.54
4	IPPs upto 25 MW		FY24 49 MW FY25 16 MW FY26 22.80 MW FY27 66 MW FY28 21 MW FY29 416 MW (50% considered)			
5	Hybrid Solar-Hydro (Sainj HEP)		April2025	100	43.5	43.5
6	Uhl-III-Upcoming	FY 2024-25	June, 2024	100.00	88.00	88.00

Sl.	Source/Agency	Status	Tentative CoD/Date of returning	Installed Cap.(MW)	HP Share (%)	MW
Solar Capacity Addition						
1	Solar Capacity Addition by HPPCL -200 MW during FY 2024-25,300MW 2025-26 & 200MW each year thereon till FY2028-29			200	100	200.00
2	Solar Capacity Addition (131.4 MW through Himurja) w.e.f. FY 24-25			131.4	100	131.40
3	Solar capacity addition already allotted by Himurja under Various scheme i.e.15.4MW + 2MW solar Rooftop addition each year			15.4+2	100	15.40

8.6.11 The Petitioner has submitted that as per letter received from MoP, Govt. of India dated 10.02.2023, it was communicated that the reallocated power to Haryana and Uttarakhand will be restored back to Himachal Pradesh w.e.f. 01.11.2024 i.e. after the completion of five years. Accordingly, the energy from these projects has been considered from 01.11.2024 onwards at a normative PLF.

8.6.12 In line with the submission regarding the capacities and share of power from various new stations and plants from which capacities have been restored, the Commission has projected the availability of power from these stations as per the timelines and restoration date submitted by the Petitioner. Projections with regard to procurement of power from these plants have been covered in the respective sources.

8.6.13 In the following sub sections, methodology and assumptions considered for estimation of power availability from the above-mentioned sources have been discussed.

Allocation and Energy Availability from Own Generating Stations

8.6.14 Based on the existing arrangements between the HPSEBL and GoHP, the Commission has considered 100% allocation from HPSEBL's own generating stations except for those stations where HPSEBL is obligated to supply free power to the GoHP. The Commission has considered energy availability from the HPSEBL's own generating stations based on the design energy considered in Mid Term Performance Review Order for the 4th Control Period (FY20-FY24).

8.6.15 In case of Uhl-III (100 MW), the Petitioner has submitted that the generation is expected in June, 2024. In this regard, the Commission asked the Petitioner to submit supporting documents justifying the preparedness with respect to commissioning of Uhl -III Station (100 MW) and energy availability from June 2024, wherein the Petitioner in replies to the data gaps submitted a detailed report with physical and financial progress of the generating station. The Commission has projected full year generation from Uhl-III considering the design energy of Uhl-III as 398.19 MUs for fifth control period.

8.6.16 The table below summarizes HPSEBL's share, generation and auxiliary consumption considered by the Commission for the projection of power purchase quantum from own generating stations above 25 MW for FY 2023-24 to FY 2028-29 whereas the generation from power projects below 25 MW has been considered under renewable power (non-solar).

Table 171: Allocation and Energy Availability from Own Generating Stations for fifth Control Period

Name of Generating Station	Capacity (MW)	Generation (MUs)	HPSEBL Share (%)	Auxiliary Consumption (%)	Annual Energy available during FY25 to FY29 (MUs)	
					FY25	FY26 to FY29
Bhaba	120.00	464.70	100%	1.20%	459.12	459.12
Bassi	60.00	346.83	100%	0.70%	344.40	344.40
Giri	60.00	289.55	100%	0.70%	287.52	287.52
Larji	126.00	586.82	88%	1.20%	510.20	510.20
Uhl III	100.00	398.19	87%	1.00%	279.68*	342.96
Total Energy Available					**1,880.94**	**1,944.21**

**Note: Commissioning of Uhl -III Station (100 MW) and energy availability from June 2024.*

Allocation and Energy Availability from Firm Share in Central Generating Stations

8.6.17 The State of Himachal Pradesh has firm allocated share in Central Sector Generating Stations (CGS) of National Thermal Power Corporation (NTPC), National Hydroelectric Power Corporation (NHPC), Satluj Jal Vidyut Nigam Limited (SJVNL) and Nuclear Power Corporation Limited (NPCIL).

8.6.18 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 [CEA-GO-17-14(16)/1/2023-NRPC].

8.6.19 In reference to the NTPC generating station, the Petitioner submitted that, it had projected energy availability from NTPC considering a PLF of 60%. The Commission in its queries has sought explanation for the same. In response to the same, the Petitioner submitted that it had considered the availability of these thermal stations at 60% PLF on the basis of past generation records. Further, as per Energy Policy of Himachal Pradesh, State of Himachal has intended to become the first Green State of India. Hence, the HPSEBL is reducing its dependability on thermal power. The Commission has made note of the same while approving the energy availability from the NTPC generating station.

8.6.20 For the purpose of projection of energy for the fifth Control Period, the energy available from NTPChas been computed 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.

8.6.21 In case of gas-based stations (Anta, Auriya and Dadri), the Commission has not considered energy availability for the 5th Control Period due to surrendered capacity share from these plants in line with the projection of the Petitioner.

8.6.22 In case of Koldam SoR, the Commission has considered the average annual generation achieved by the generating station during the last two years (FY22 to FY23) along with share of the Petitioner in the respective plant.

8.6.23 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 (FY22 to FY23), as per details submitted by the Petitioner along with the Petition. In case of new generation station of HEP i.e. Parbati II of NHPC, the Commission has considered the likely commissioning date of September,2024 as confirmed by the Petitioner in response to the query.

8.6.24 In view of the submissions that the share from THDC plants i.e. Tehri and Koteshwar shall be restated from 1.11.2024, the availability of power from these stations has also been considered based on the estimated generation and share of power of the Petitioner in the respective plants. For the upcoming station of Vishnugad Piplikoti, the Commission has considered the power to be available from Dec 2026 as per the submissions of the Petitioner.

8.6.25 Further, as a part of additional submissions, the Petitioner submitted that, Power Purchase Agreement of NAPP and RAPP nuclear power plants has been extended for another 15 years w.e.f. 12.11.2023. Further, the Commission has also asked the Petitioner to submit the current update of commissioning of the new NPCIL plants. In response, the Petitioner has submitted that as per the latest communication received from NPCIL, the expected COD of RAPP-7 is Nov-2024 and RAPP-8 is Dec-2025. The Commission has considered the energy availability from the respective COD for the two new stations of NPCIL for the fifth Control Period.

8.6.26 In addition, the Commission has also considered the submissions of the Petitioner with respect to the stations of Koldam (SOR), Chamera-III and Parvati-III-where the Petitioner had surrendered its share from the generating stations and the share to the State shall be returned from 1.11.2024. Projections with regard to these stations has been undertaken in line with the actual generation in the past year or design energy, as per availability.

8.6.27 The table below summarizes the allocation as well as energy available from CGS during the MYT Control Period.

Table 172: Energy Availability from Central Generating Stations for 5th Control Period (MUs)

Stations	FY25	FY26	FY27	FY28	FY29
NTPC					
Unchahar-I	1.13	1.13	1.13	1.13	1.13
Unchahar-II	68.13	68.13	68.13	68.13	68.13
Unchahar-III	48.46	48.46	48.46	48.46	48.46
Rihand-1 STPS	260.83	260.83	260.83	260.83	260.83
Rihand-2 STPS	248.41	248.41	248.41	248.41	248.41
Singrauli STPS	23.16	23.16	23.16	23.16	23.16
Kahalgaon - II	127.42	127.42	127.42	127.42	127.42
Rihand-3 Units-1,2	267.54	267.54	267.54	267.54	267.54
Dadri-II TPS	25.27	25.27	25.27	25.27	25.27
Koldam SOR	14.69	102.34	102.34	102.34	102.34
Kol dam HEP	456.88	456.88	456.88	456.88	456.88
Unchahar IV	5.71	5.71	5.71	5.71	5.71
Bilhaur	9.39	9.39	9.39	9.39	9.39
Sub-Total (NTPC)	**1,557.01**	**1,644.66**	**1,644.66**	**1,644.66**	**1,644.66**

Stations	FY25	FY26	FY27	FY28	FY29
NPCIL					
NAPP	96.55	96.55	96.55	96.55	96.55
RAPP (V & VI)	108.93	108.93	108.93	108.93	108.93
RAPP (VII)	38.56	93.21	93.21	93.21	93.21
RAPP (VIII)	-	30.90	93.21	93.21	93.21
Sub-Total (NPCIL)	**244.04**	**329.59**	**391.90**	**391.90**	**391.90**
NHPC					
Salal	31.37	31.37	31.37	31.37	31.37
Tanakpur	18.61	18.61	18.61	18.61	18.61
Chamera-I	53.82	53.82	53.82	53.82	53.82
Chamera-II	48.59	48.59	48.59	48.59	48.59
Chamera-III	5.91	33.14	33.14	33.14	33.14
Uri	74.94	74.94	74.94	74.94	74.94
Dhauliganga	43.85	43.85	43.85	43.85	43.85
Parbati-II	104.99	104.99	104.99	104.99	104.99
Parbati-III	12.31	76.52	76.52	76.52	76.52
Sub-Total (NHPC)	**394.39**	**485.82**	**485.82**	**485.82**	**485.82**
THDC					
Tehri SOR	15.85	110.38	110.38	110.38	110.38
Koteshwar SOR	5.68	43.98	43.98	43.98	43.98
Vishnugad Piplikoti	-	-	8.27	76.32	76.32
Sub-Total (THDC)	**21.53**	**154.35**	**162.62**	**230.67**	**230.67**
SJVNL					
Nathpa Jhakri SOR	163.75	163.75	163.75	163.75	163.75
Rampur SOR	46.43	46.43	46.43	46.43	46.43
Sub-Total (SJVNL)	**210.19**	**210.19**	**210.19**	**210.19**	**210.19**
Total CGS Plants	**2,427.16**	**2,824.61**	**2,895.18**	**2,963.23**	**2,963.23**

Allocation and Energy Availability from Equity Share in Generating Plants

8.6.28 The GoHP has equity share of 22% and 26.10% in the Nathpa Jhakri and Rampur HEP respectively. The Commission has considered the average energy generated during FY22 and FY23 for estimating availability from these stations. The table below summarizes the equity share of energy available from NJPS during the fifth MYT Control Period.

Table 173: Allocation and Energy Availability from Equity Share in Generating Stations for 5th Control Period (MUs)

Stations	HPSEBL Share	FY25	FY26	FY27	FY28	FY29
Nathpa Jhakri Equity	22%	1,533.12	1,533.12	1,533.12	1,533.12	1,533.12
Rampur Equity	26%	499.75	499.75	499.75	499.75	499.75
Total		**2,032.87**	**2,032.87**	**2,032.87**	**2,032.87**	**2,032.87**

Energy Availability from Shared Generating Stations

8.6.29 The State of Himachal Pradesh has fixed allocation from Shanan and Shanan (Extension) at 1 MW at 60% PLF and 45 MU respectively which has been considered for projecting the availability from these stations for the fifth Control Period. For power availability from Yamuna and Khara generating stations, the Commission has considered the average generation of last 2 years (FY22 & FY23).

Table 174: Energy Availability from Shared Generating Stations for 5th Control Period (MUs)

Name of Generating Station	HPSEB Share	FY25	FY26	FY27	FY28	FY29
Shanan	Fixed at 1MW	5.26	5.26	5.26	5.26	5.26
Shanan (Extension)	Fixed 45MU	45.00	45.00	45.00	45.00	45.00
Yamuna	24.68%	428.10	428.10	428.10	428.10	428.10
Khara	20%	64.37	64.37	64.37	64.37	64.37
Total		**542.73**	**542.73**	**542.73**	**542.73**	**542.73**

Energy Availability from HPPCL Stations

8.6.30 In line with the submission of the Petitioner, the Commission has considered energy availability from the HPPCL stations of Sainj, Swara Kuddu and Kashang from which the Petitioner has entered into a PPA for supply of power. The units from these stations are projected based on the design energy for the respective stations. Also, the Petitioner has projected energy from upcoming stations of HPPCL i.e. Hybrid Solar-Hydro (Sainj HEP), Shongtong Karcham, Chanju-III and Chanju. However, it is observed that the Petitioner does not have any PPA with HPPCL with regard to supply of power from these upcoming stations.

8.6.31 The Commission has provisionally considered the submissions of the Petitioner in this regard excluding the Hybrid Solar-Hydro (Sainj HEP) as the guidelines provide for procurement of solar power greater than 5 MW through competitive bidding. For projections of power from the other plants (Shongtong Karcham, Chanju-III and Chanju), the Commission has considered the design energy and expected commissioning date of these stations, as submitted by the Petitioner, for projecting the power for the fifth Control Period.

Table 175: Energy Availability from Shared Generating Stations for 5th Control Period (MUs)

Name of Generating Station	Expected Commissioning	FY25	FY26	FY27	FY28	FY29
Kashang	Commissioned	211.28	211.28	211.28	211.28	211.28
Swara Kuddu	Commissioned	331.60	331.60	331.60	331.60	331.60
Sainj (50%)	Commissioned	138.49	138.49	138.49	138.49	138.49
Song tong Karcham	Jul-26	-	-	948.98	1,370.08	1,370.08

Name of Generating Station	Expected Commissioning	FY25	FY26	FY27	FY28	FY29
Chanju-III	Jul-27	-	-	-	104.90	151.45
Chanju	Jul-27	-	-	-	60.34	87.12
Total		**681.37**	**681.37**	**1630.35**	**2216.69**	**2290.01**

Allocation and Energy Availability from IPPs

8.6.32 The total energy available from Baspa-II HEP has been considered based on the design energy as also considered in MYT Order for the fourth Control Period of Baspa by the Commission. 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 176: Energy Availability from Baspa-II HEP for 5th Control Period (MUs)

Station	FY25	FY26	FY27	FY28	FY29
Baspa II	1,050.00	1,050.00	1,050.00	1,050.00	1,050.00
Baspa II Secondary Energy	99.26	99.26	99.26	99.26	99.26
Total Non-solar Renewable Power	**1,149.26**	**1,149.26**	**1,149.26**	**1,149.26**	**1,149.26**

Allocation and Energy Availability from Free Power

8.6.33 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 was fixed by the Commission.

8.6.34 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 and13% 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), Kashang (HPPCL), 20% in Malana, 4.6% in Ranjeet Sagar Dam and 16.23% in Chanju HEP. In addition to this, GoHP is scheduled to receive free power from new stations expected to commission during the fifth Control Period.

8.6.35 However, inspite of the availability of free power in the past years, the Petitioner has submitted that the free power is not available from GoHP for the fifth Control Period. In response to the query, the Petitioner has submitted that GoHP used to sell this free power to HPSEBL at the rate determined by the Commission. However, as per directions received, the free power shall not made available to the Petitioner and therefore it has to make alternate arrangements for arranging the power through short term/ long term arrangements to cater to the power requirements of the consumers in the State.

8.6.36 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 also 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 instead of considering it for financial profits. GoHP is encouraged to review its decision in the interest of the consumers of the State and provide required quantum of free power from select stations in line with the earlier approach.

8.6.37 In view of the uncertainty with respect to availability of free power from the GoHP, the Commission has not projected any units from the free power. The Petitioner is however, required to strongly pursue the matter with the GoHP for continuation of the supply of free power to meet its requirement during the 5th Control Period.

Allocation and Energy Availability from BBMB

8.6.38 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 fifth Control Period.

Table 177: Allocation HPSEBL Share and Energy Availability from BBMB for 5th Control Period (MUs)

Name of Generating Station	HPSEB Share	FY25	FY26	FY27	FY28	FY29
BBMB Old	Fixed 1.2LU/ day	43.80	43.80	43.80	43.80	43.80
BBMB New	7.19%	332.17	332.17	332.17	332.17	332.17
Dehar	5.75%	169.47	169.47	169.47	169.47	169.47
Pong	2.98%	42.39	42.39	42.39	42.39	42.39
Total		**587.83**	**587.83**	**587.83**	**587.83**	**587.83**

Allocation and Energy Availability from Renewable Power (Wind, Hydro and Other)

8.6.39 The Petitioner has not provided any details of power procurement with respect to renewable purchase obligations for the fifth Control Period. In response to the queries, the Petitioner has submitted that in light of various policy measures to promote renewable energy, the Ministry of Power has specified the following RPO Trajectory beyond 2021-22:

Table 178: RPO Targets (Wind, Hydro and Other) for 5th Control Period

FY	Wind	Hydro Purchase Obligation	Other RPO	Total RPO
2022-23	0.81%	0.35%	23.45%	24.61%
2023-24	1.60%	0.66%	24.82%	27.08%
2024-25	2.46%	1.08%	26.37%	29.91%
2025-26	3.36%	1.48%	28.17%	33.01%
2026-27	4.29%	1.80%	29.86%	35.95%
2027-28	5.23%	2.15%	31.43%	38.81%
2028-29	6.16%	2.51%	32.69%	41.36%
2029-30	6.94%	2.82%	33.57%	43.33%

8.6.40 Accordingly, the Petitioner has worked out the envisaged wind RPO target, Hydro RPO, Other RPO and Energy Storage Obligation in terms of energy corresponding to the percentage of each RPO source for the fifth Control Period.

8.6.41 Further, the Petitioner has submitted that there is no working wind power project in the State of Himachal Pradesh as the potential zones/ areas suitable for installation of Wind Power Projects (WPPs) are yet to be identified. Therefore, any shortfall in achievement of 'Wind RPO' in a particular year can be met with excess energy consumed from Hydro Power Plants, which is in excess of 'HPO' for that year and vice versa. Since, HPSEBL has excess surplus power from hydro projects beyond its HPO, the HPSEBL shall meet its wind RPO by adjusting the same against excess hydro power available with it beyond HPO.

8.6.42 The HPERC (Renewable Power Purchase Obligation and its Compliance) Regulations, 2023 have also been issued where the Commission has retained the trajectory of RPPO as specified by the Ministry of Power. The tentative RPPO requirement worked out based on the estimated sales is as follows:

Table 179: Approved tentative RPPO requirement for 5th Control Period

Year	Sales (Mus)	Wind (Mus)	HPO (Mus)	Other RPO (Mus)	Total RPO (Mus)
2024-25	11947	294	129	3,150	**3,573**
2025-26	12520	421	185	3,527	**4,133**
2026-27	13121	563	236	3,918	**4,717**
2027-28	13752	719	296	4,322	**5,337**
2028-29	14414	888	362	4,712	**5,962**

8.6.43 The Petitioner is required to undertake adequate steps for meeting the RPPO with respect to the various sources in line with the RPPO targets in the HPERC (Renewable Power Purchase Obligation and its Compliance) Regulations, 2023 for each year of the fifth Control Period.

Renewable Power (Non-Solar)

8.6.44 The Petitioner owns generating hydro power plants which are lower than 25MW capacity and qualify under the renewable power projects. The Commission has considered availability from these plants based on the availability approved in the MYT Order for the fourth Control Period for HPSEBL Generation Business and Tariff Order for 8 plants was issued on 31 March, 2023 against Petition No.

01/2023 The table given below summarizes HPSEBL's share, generation and auxiliary consumption considered by the Commission for the projection of power purchase quantum from own generating stations (less than 25MW capacity) for the 5th Control Period:

Table 180: Allocation, HPSEBL share and Energy Availability from Own Generating Stations for 5th Control Period (MUs)

Name of Generating Station	Capacity (MW)	Generation (MUs)	HPSEBL Share	Auxiliary Consumption	Annual Energy available (FY25 to FY29)
Andhra	16.95	87.30	100%	1.00%	86.43
Ghanvi	22.50	93.34	88%	1.20%	81.15
Baner	12.00	60.67	88%	1.00%	52.86
Gaj	10.50	38.31	88%	1.00%	33.38
Khauli	12.00	49.95	88%	0.70%	43.65
Binwa	6.00	29.25	100%	0.70%	29.05
Thirot	4.50	17.74	100%	0.90%	23.23
Gumma	3.00	11.83	100%	1.00%	17.93
Holi	3.00	11.83	100%	1.00%	17.34
Bhaba Aug	4.50	17.74	100%	0.90%	12.00
Nogli	2.50	9.85	100%	1.00%	9.75
Rongtong	2.00	7.64	100%	1.00%	7.56
Sal-II	2.00	7.88	100%	1.14%	12.38
Chaba	1.75	7.67	100%	1.00%	7.59
Rukti	1.50	6.54	100%	1.00%	6.47
Chamba	0.45	1.77	100%	1.00%	1.75
Killar	0.30	1.16	100%	0.86%	1.15
Ghanvi-II	10.00	56.30	88%	1.20%	48.49
Ligthi	1.23		100%	[-]	0.21
Billing	0.40		100%	[-]	1.17
Killar	0.30		100%	[-]	0.47
Sach	0.90		100%	[-]	1.69
Sural	0.19		100%	[-]	0.28
Purthi	0.10		100%	[-]	0.14
Total Available from Own Generation					**496.13**

8.6.45 In addition, the Petitioner has PPAs with various SHPs / IPPs / private micro hydel projects. Power from these projects is also considered towards meeting the non-solar renewable obligation of the Petitioner. The summary of SHPs/ private micro hydel projects along with installed capacities is provided below:

Table 181: List of SHEPs and Private Micro Hydel projects along with Installed Capacity

Particular	Capacity (MW)
SHPs selling power at Preferential Tariff	
SHP & Private Micro Hydel - < 5MW	141.35
SHP & Private Micro Hydel - >= 5MW	306.10
Details of SHPs selling power at APPC tariff	
SHP & Private Micro Hydel - < 5MW	3.00
SHP & Private Micro Hydel - >= 5MW	70.00
Grand Total	**520.45**

8.6.46 The Commission sought details of actual generation from these SHPs during the last five years as part of additional clarifications. Based on the information, the Commission has considered the actual availability of power from the various categories of SHPs for FY23 and projected the power for future years considering a 3% escalation in view of the past growth in generation available in Small HEP/ Private Micro less than 5 MW and Small HEP / Private Micro supplying power at REC rate.

8.6.47 In reference to the Small HEP and Micro HEPs, the Commission sought complete details of year-wise additions of new plants and their capacity along with basis for energy projected for the 5th Control Period. In response, the Petitioner submitted the list of new SHPs expected to commission in each year of the fifth Control Period. Further, the Petitioner had clarified that it had projected the energy from these projects at normative PLF of 43% and considering 50% projects to be commissioned as per the details submitted.

8.6.48 It was observed that the list of plants expected to be commissioned during fifth Control Period was prepared by Directorate of Energy, GoHP and included the list of upcoming projects from 5MW to 25 MW during FY25 to FY29. As per the list, following capacities are expected to be commissioned:

Table 182: Proposed capacity of SHPs expected to be Commissioned during fifth Control Period

Particulars	FY25	FY26	FY27	FY28	FY29
Proposed capacity of SHPs (MW)	16	22.80	66	21	416.10

8.6.49 Therefore, the Commission has considered the actual generation of FY23 along with additional generation from small HEPs expected to commission during FY24 and in the subsequent years of the fifth Control Period for the purpose of projecting the power availability from these stations.

8.6.50 In case of power available from micro hydel projects under REC mechanism, the Commission has considered the energy availability during FY23 for projecting the power availability for the 5th Control Period.

8.6.51 The Commission has considered submissions of the Petitioner with respect to the power procured from existing SHEPs during control period and considered the same for 5thControl Period. The table below summarizes energy availability for HPSEBL from own and private small and micro hydel projects:

Table 183: Energy Availability from Small Hydro Own and IPPs/Private Stations

Name of Generating Station	Energy Available to HPSEBL				
	FY25	FY26	FY27	FY28	FY29
Small HEP/ Private Micro <5MW	1,361.57	1,402.42	1,444.49	1,487.82	1,532.46
Small HEP/ Private Micro >5MW	644.34	712.32	867.89	1,020.32	1,118.36
Small HEP/ Private Micro – REC	217.39	223.91	230.63	237.55	244.68
Total Non-solar Renewable Power	**2,223.30**	**2,338.65**	**2,543.01**	**2,745.69**	**2,895.49**

Renewable Power (Solar)

8.6.52 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 w.e.f. 6th June, 2015 against contracted capacity of 20 MW.

8.6.53 In addition, the Petitioner has submitted procurement of power from upcoming solar capacities including:

- Solar Capacity Addition-7.52 MW for FY 2023-24 & 2 MW rooftop addition per annum w.e.f. 2024-25.
- Solar Capacity Addition (131.4 MW through Himurja) w.e.f. FY 24-25 including already allotted projects.
- Solar Capacity Addition by HPPCL -200 MW during FY 2024-25, 300MW 2025-26 & 200MW each year thereon.

8.6.54 The Commission observes that no specific detailing has been provided and the projections from the solar has been made based on adhoc basis without much detailing. The Petitioner was asked to provide further detailing in respect to the solar procurement including the details of projects and expected commissioning specially from the HPPCL plants. In response, the Petitioner provided some additional details regarding the PPAs with the solar capacities allocated by Himurja but has failed to provide any details regarding the solar capacities of HPPCL from which the power has been projected.

8.6.55 The Commission has considered the Himurja allocated solar capacity which is expected to commission during FY24 and FY25 and has projected the energy availability from these stations at the CUF of 20%.

8.6.56 In case of solar procurement from HPPCL, the Petitioner has only provided an MOM held on 29.06.2022 between HPPCL & HPSEBL authorities for procurement of hydro and solar power. However, procurement of power from Kashang, Swara Kuddu and Sainj has been agreed between the parties as part of the MOM while the tie-up with regard to other hydro and solar projects shall be considered later depending on the COD of the respective plants.

8.6.57 Considering that the Petitioner has not submitted any specific details regarding the solar projects from which the procurement of power is being envisaged and no competitive bidding has been undertaken for procurement of such solar power, the Commission directs the Petitioner to undertake procurement of power through competitive bidding from all solar capacities >5 MW as per Government of India guidelines.

8.6.58 The Petitioner had also submitted the resource adequacy plan in response to power procurement planning. The resource adequacy plan lacked detailing and project justification for the additional procurement projected from solar and hydro for demand-supply shortfall for the future years. In response to the additional query, the Petitioner submitted that the Resource Adequacy study for Himachal Pradesh has been carried out by CEA and it had planned to meet future energy requirements as per said plan. As per the summary, it is observed that a quantum of ~500 MW each year has been projected to be procured from solar capacities.

8.6.59 Since no specific steps have been currently taken with regard to procurement of additional solar power, the Commission has considered 300 MW of solar capacity for FY25 and 200 MW of solar capacity each year for the balance years of the Control Period to be tied-up by the Petitioner each year during the fifth Control Period. The energy availability against the capacities have been considered at a CUF of 20%. The Petitioner is directed to initiate the process of procurement of solar power through competitive bidding at the earliest to avoid any gaps in demand and supply position in the State and provide an update on the same within a month of issuance of this Order.

8.6.60 The power procurement from Singrauli Solar and SECI Solar has been continued based on the past two years energy availability from these stations. The solar energy available from various sources during the fifth Control Period is summarized below:

Table 184: Energy Availability from Solar Power (MUs) for fifth Control Period

Sources	FY25	FY26	FY27	FY28	FY29
Singrauli Solar	21.27	21.27	21.27	21.27	21.27
SECI Solar	42.88	42.88	42.88	42.88	42.88
Solar Power	56.99	56.99	56.99	56.99	56.99
Additional Solar (Competitive Bidding)	525.60	876.00	1,226.40	1,576.80	1,927.20
Additional Solar – Himurja	199.64	199.64	199.64	199.64	199.64
Rooftop Solar	5.35	10.60	18.49	29.00	42.14
Total	**851.73**	**1,207.38**	**1,565.67**	**1,926.58**	**2,290.12**

8.6.61 Further, the Commission shall consider the actual Power Purchase at the time of truing up of the respective year.

Allocation and Energy Availability from Other Sources, Bilateral and Short Term Arrangements

8.6.62 Based on the analysis undertaken by the Commission in the above sections, it is observed that the Petitioner shall be in a deficit during the initial two years of the fifth Control Period i.e. FY25 and FY26.

Table 185: Energy Availability from Solar Power (MUs) for fifth Control Period

Sources	FY25	FY26	FY27	FY28	FY29
Sales (MU)	11,947	12,520	13,121	13,752	14,414
Approved Loss (%)	10.00%	10.00%	9.80%	9.60%	9.50%
Energy Requirement at State Periphery for own consumption (MU)	13,275	13,911	14,547	15,212	15,927
Availability (after inter-state losses)	12,630	13,547	15,127	16,343	16,929
Surplus/ (Gap) Energy	**(645)**	**(364)**	**580**	**1,130**	**1,002**

8.6.63 In absence of clarity regarding the availability of free power from GoHP, the Commission has considered the shortfall in power availability to be met through short-term sources. The Petitioner is directed to make all efforts with the GOHP for continuing with the free power from the plants. This would help in meeting the demand-supply gap projected for the initial years and reduce the cost burden of procuring costlier power from the short-term sources or bilateral agreements.

8.6.64 With respect to the expected availability of surplus power in the future which shall be in excess of the demand, the Petitioner is required to undertake proper planning with respect to the power procurement from various sources.

8.6.65 Further, the Petitioner in its replies to queries raised by the Commission has submitted that, it has decided to go for Banking of its summer surplus and received it back in winter after going through the rate received for Sale and Purchase.

8.6.66 For the Control Period, the Commission has considered that the commercially prudent surplus power available during the summer months can be banked to meet the shortfall during the winter months.

8.6.67 However, the Commission feels that in view of the increasing demand and to ensure supply of power, the Petitioner must undertake procurement of power from solar sources at the earliest. This would not only help comply with the RPO commitments but also ensure that the demand is met in a cost effective manner in view of the tariff from such sources.

8.6.68 Based on the above discussion, the summary of energy availability for the fifth Control Period has been provided in the table below:

Table 186: Summary of Energy Availability for fifth Control Period (in MUs)

Particulars	FY25	FY26	FY27	FY28	FY29
Total Own Generation	2,377	2,440	2,440	2,440	2,440
Total HPPCL	681	681	1,630	2,217	2,290

Particulars	FY25	FY26	FY27	FY28	FY29
Total Free Power	0	0	0	0	0
Total NTPC	1,557	1,645	1,645	1,645	1,645
Total NPCIL	244	330	392	392	392
Total NHPC	394	486	486	486	486
Total THDC	22	154	163	231	231
Total BBMB & Other Shared Stations	1,131	1,131	1,131	1,131	1,131
Total SJVNL & Others	2,243	2,243	2,243	2,243	2,243
Total IPPs and Private SHPs	3,373	3,488	3,692	3,895	4045
Total Solar	852	1,207	1,566	1,927	2,290
Short-term Procurement	645	364	-	-	-
Grand Total	**13,518**	**14,169**	**15,387**	**16,605**	**17,192**

8.6.69 Further, the summary of monthly demand supply positions during the fifth Control Period is shown in the tables below:

Table 187: Monthly Demand Supply Position – FY25

Power Purchase	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
Sales (MU)	932	976	1,006	1,051	1,027	1,015	998	967	975	1,029	1,015	954	11,947
Losses	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Monthly Demand (MU) at State Periphery	1,036	1,085	1,118	1,168	1,141	1,128	1,109	1,074	1,084	1,143	1,128	1,060	13,275
Monthly Availability (MU) at State Periphery	826	1,200	1,513	1,779	1,824	1,545	984	658	586	541	508	666	12,630
Surplus/ (Deficit) Power (MU)	(210)	115	395	611	683	416	(125)	(417)	(498)	(602)	(620)	(394)	(645)

Table 188: Monthly Demand Supply Position – FY26

Power Purchase	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
Sales (MU)	977	1,023	1,054	1,102	1,077	1,064	1,046	1,013	1,022	1,078	1,064	999	12,520
Losses	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Monthly Demand (MU) at State Periphery	1,086	1,137	1,172	1,224	1,196	1,183	1,162	1,126	1,135	1,198	1,182	1,110	13,911
Monthly Availability (MU) at State Periphery	916	1,323	1,609	1,904	1,953	1,639	1,051	689	623	580	547	713	13,547
Surplus/ (Deficit) Power (MU)	(170)	187	437	679	757	456	(111)	(437)	(512)	(618)	(635)	(397)	(364)

Table 189: Monthly Demand Supply Position – FY27

Power Purchase	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
Sales (MU)	994	1,416	1,704	2,212	2,267	1,918	1,229	802	713	665	633	822	15,374
Losses	9.80%	9.80%	9.80%	9.80%	9.80%	9.80%	9.80%	9.80%	9.80%	9.80%	9.80%	9.80%	9.80%
Monthly Demand (MU) at State Periphery	1,136	1,189	1,225	1,280	1,251	1,237	1,215	1,177	1,187	1,253	1,236	1,160	15,547
Monthly Availability (MU) at State Periphery	971	1,387	1,674	2,179	2,232	1,888	1,211	793	705	656	624	806	15,127
Surplus/ (Deficit) Power (MU)	(165)	198	449	899	980	651	(4)	(384)	(482)	(596)	(612)	(355)	580

Table 190: Monthly Demand Supply Position – FY28

Power Purchase	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
Sales (MU)	1,074	1,124	1,158	1,211	1,183	1,170	1,149	1,113	1,122	1,184	1,168	1,097	13,752
Losses	9.60%	9.60%	9.60%	9.60%	9.60%	9.60%	9.60%	9.60%	9.60%	9.60%	9.60%	9.60%	9.60%
Monthly Demand (MU) at State Periphery	1,188	1,243	1,281	1,339	1,309	1,294	1,271	1,231	1,241	1,310	1,292	1,213	15,212
Monthly Availability (MU) at State Periphery	1,129	1,593	1,909	2,289	2,344	1,985	1,281	842	747	697	667	859	16,343
Surplus/ (Deficit) Power (MU)	(59)	350	628	950	1,035	691	10	(389)	(495)	(613)	(625)	(354)	1,130

Table 191: Monthly Demand Supply Position – FY29

Power Purchase	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
Sales (MU)	1,125	1,178	1,214	1,269	1,241	1,226	1,204	1,166	1,176	1,241	1,224	1,149	14,414
Losses	9.50%	9.50%	9.50%	9.50%	9.50%	9.50%	9.50%	9.50%	9.50%	9.50%	9.50%	9.50%	9.50%
Monthly Demand (MU) at State Periphery	1,244	1,301	1,341	1,402	1,371	1,355	1,331	1,289	1,299	1,371	1,352	1,270	15,927
Monthly Availability (MU) at State Periphery	1,191	1,669	1,990	2,340	2,396	2,034	1,325	875	778	729	701	900	16,929
Surplus/ (Deficit) Power (MU)	(52)	368	648	938	1,026	679	(6)	(413)	(521)	(642)	(651)	(369)	1,002

8.6.70 Based on the analysis of month-wise energy demand and supply considering the firm sources, it is observed that the Petitioner shall be in some deficit during the months from October to April while there would be surplus during summer and monsoon months. The Petitioner has proposed to undertake banking arrangements to meet the deficit during winter months. The Commission directs the Petitioner to optimize its power procurement to benefit the Consumers by planning in advance for its surplus/deficit power for FY 2024-25 as well as balance years of the fifth Control Period.

8.7 Capital Investment Plan

8.7.1 The Petitioner has proposed the capital investment plan for the fifth Control Period as part of the Business Plan Petition submitted for the approval of the Commission.

8.7.2 The provisions with regard to Capital Investment Plan are covered under Regulation 7(4) of the HPERC MYT Regulations, 2023 which states the following:-

"***7. Business Plan.-***

…….

(4) The Capital Investment Plan covering the entire MYT Control Period will be submitted in the following two parts:-

(a) Ongoing schemes/works of the previous MYT Control Period (i.e. works / schemes which are under construction or where full payments have not yet been made or where Supply/Work Orders have not been placed). All spillover works will be included in this; and

(b) Schemes to be taken up in the order of priority giving the schedule over the full MYT Control Period. The likely date of completion should also be given. This will also include such schemes which were part of the Capital Investment Plan of the previous MYT Control Period but could not be started and which the Petitioner considers necessary to take up during the present Control Period.

(5) The Petitioner shall submit the Detailed Project Reports (DPRs) for all the schemes as per clauses (a) and (b) of sub-regulation (4) which shall include,-

(a) Purpose of investment;

(b) Broad Technical Specifications of the proposed investment and supporting details; (c) Capital Structure;

(d) Capitalization Schedule;

(e) Financing Plan, including identified sources of investment;

(f) Physical targets;

(g) Cost-benefit analysis;

(h) Prioritization of proposed Investments:

Provided that DPRs will not be necessary for schemes under Rupees ten crore for Distribution Business:

Provided further that the total capital expenditure on non-DPR schemes in any year should not exceed 20% of that for DPR schemes during that year.

(6) The capital investment plan for Distribution Business shall match with,-

(a) Replacement of existing assets;

(b) Meeting load growth;

(c) Technical loss reduction;

(d) Non-technical loss reduction;

(e) Meeting reactive energy requirements;

(f) Customer service improvement; and

(g) Improvement in quality and reliability of supply etc.

(7) The Petitioner shall provide a copy of the proposed Capital Investment Plan for Distribution Business to the State Transmission Utility (STU) for carrying out planning for network augmentation/ strengthening at the time of filing of this plan with the Commission. The copy of approved capital investment plan shall also be sent to the STU by the Petitioner, immediately after approval by the Commission.

(8) The Petitioner shall extend all cooperation to the STU for providing data /information required for carrying out the planning activity effectively.

(9) The Commission shall scrutinize and approve the business plan including capital investment plan taking into consideration the additional information, if any, provided by the petitioner and the objections/suggestions of the key stakeholders."

8.7.3 The Petitioner has submitted a Business Plan for distribution business with details of capital investment to be incurred during each year of the fifth Control Period. The Petitioner has proposed various capital works with a total expenditure of Rs. 7011.80 Cr. during the fifth Control Period, broadly categorized into ongoing and new works. The broad category of capital investment works are as under:

- EHV Schemes
- HT works at 33/11 kV level which include construction of new sub stations, lines, augmentation, renovation and modernization
- General Service Connection (GSC)Scheme
- Rooftop Solar Scheme
- Smart Metering under RDSS
- Loss Reduction Works under RDSS
- World Bank Smart Grid Scheme
- Border Area Scheme
- Vibrant Village Scheme

8.7.4 The capital investment plan as submitted by the Petitioner has been summarized in the table below:

Table 192 Capital Investment Plan proposed by HPSEBL for 5th Control Period (Rs. Cr.)

Particulars		FY25	FY26	FY27	FY28	FY29	TOTAL
A) Ongoing Schemes							
i)	Shimla Circle	17.01	11	0	0	0	28.01
ii)	Solan Circle	13.34	8.23	0	0	0	21.57
iii)	Nahan Circle	4.07	0	0	0	0	4.07
iv)	Rampur Circle	6	4.73	0	0	0	10.73
v)	Rohru Circle	11.58	3	0	0	0	14.58
	Sub-Total South Zone	**52**	**26.96**	**0**	**0**	**0**	**78.96**
vi)	Bilspur Circle	25.86	3	0	0	0	28.86
vii)	Mandi Circle	7.9	2.2	0	0	0	10.1
viii)	Kullu Circle	17.04	11.67	2.22	0	0	30.93

Particulars		FY25	FY26	FY27	FY28	FY29	TOTAL
ix)	Hamirpur Circle	13.34	8.23	0	0	0	21.57
	Sub-Total Central Zone	**64.14**	**25.1**	**2.22**	**0**	**0**	**91.46**
x)	Una Circle	27	16	1	0	0	44
xi)	Kangra Circle	3.23	2.15	0	0	0	5.39
xii)	Dalhousie Circle	22.82	0	0	0	0	22.82
	Sub-Total North Zone	**53.06**	**18.15**	**1**	**0**	**0**	**72.21**
vi)	ES Circle Totu Shimla	106.82	70.1	31.28	20	11.69	239.89
vii)	ES Circle, Hamirpur	23.68	0	0	0	0	23.68
	SUB-TOTAL ES	**130.5**	**70.1**	**31.28**	**20**	**11.69**	**263.57**
	Existing IT Schemes	0	5.18	0	0	0	5.18
	IPDS PHSE-II		4.14	0	0	0	4.14
	Call Center	0	1.04	0	0	0	1.04
	Grand total of ongoing schemes	**299.69**	**145.5**	**34.5**	**20**	**11.69**	**511.37**
B) New Schemes							
i)	Shimla Circle	39.1	41.47	45.29	24.07	15.88	165.81
ii)	Solan Circle	59.57	33.8	36.07	19.09	8.61	157.14
iii)	Nahan Circle	81.63	124.06	76.05	44.43	28.58	354.75
iv)	Rampur Circle	16.32	13.39	10.48	10.19	10.26	60.63
v)	Rohru Circle	17.94	16.68	15.33	10.99	11.02	71.95
	Sub-Total South Zone	**214.57**	**229.39**	**183.21**	**108.77**	**74.34**	**810.28**
vi)	Bilspur Circle	46.11	43.65	43.12	35.19	31.99	200.05
vii)	Mandi Circle	50.94	41.12	38.61	34.65	44.87	210.18
viii)	Kullu Circle	55.06	43.19	34.55	29.5	25.75	188.05
ix)	Hamirpur Circle	100.54	93.01	69.89	67.91	79.68	411.03
	Sub-Total Central Zone	**252.65**	**220.96**	**186.17**	**167.25**	**182.29**	**1009.32**
x)	Una Circle	7	7	7	7	7	35
xi)	Kangra Circle	32.31	29.18	28.5	28.5	28.5	146.99
xii)	Dalhousie Circle	72.87	75.92	71.84	70.43	72.89	363.95
	Sub-Total North Zone	**112.18**	**112.1**	**107.34**	**105.93**	**108.39**	**545.94**
vi)	ES Circle Totu Shimla	77.64	129.35	258.23	229.19	158.52	852.94
vii)	ES Circle, Hamirpur	28.2	28.67	17.3	0	0	74.16
	Sub-total ES	**105.84**	**158.02**	**275.53**	**229.19**	**158.52**	**927.1**
C) New CAPEX Schemes IT Cell							
	Smart Metering Under RDSS	230.2	68.37				298.57
	Computer and Other IT Hardware for HPSEBL Offices	7.05	7.05	7.05			21.16
	Upgradation& replacement of Non-IT Infrastructure of HPSEBL data centre& DRC		2.5	2.5			5

Particulars		FY25	FY26	FY27	FY28	FY29	TOTAL
	Sub-Total -IT Schemes	**237.25**	**77.92**	**9.55**	**0**	**0**	**324.72**
D)	Loss Reduction under RDSS	1,000.00	912				1,912.00
E)	Scheme under HP Power Development Programme under World bank	50	100	150	150	135	585
F)	Border Area Scheme	80	75	75	75	75	380
G)	Vibrant Village Scheme		6.08				6.08
	GRAND TOTAL of New CAPEX to be undertaken	**2052.48**	**1891.47**	**986.8**	**836.14**	**733.54**	**6500.43**
	TOTAL CAPEX (Existing + New)	**2,352.16**	**2,036.97**	**1,021.30**	**856.14**	**745.23**	**7,011.80**

8.7.5 On scrutiny of the Capital Investment Plan, the Commission observed certain deficiencies including data gaps and sought clarification from the HPSEBL through the query letters. The Commission asked the Petitioner to submit DPR, Cost Benefit Analysis (CBA), Board approval and other relevant documents as required in line with the HPERC MYT Regulations, 2023 for all proposed works for the 5th Control Period i.e. FY 2024-25 to FY 2028-29. Also, the Petitioner was asked to explain the relevance and nature of work envisaged under each Scheme.

8.7.6 It is observed that the Petitioner has submitted significant works under EHV Schemes relating with system augmentation works and new works. In the MYT Order dated June 29, 2019, the Commission had directed the Petitioner to share the EHV Planning Report and load flow studies conducted for the proposed EHV works with HPPTCL for future investment planning. However, the Petitioner has not submitted such reports with HPPTCL and has also clarified that the same will be submitted to HPPTCL post approval of the Business Plan.

8.7.7 Also, the Petitioner was directed in the MYT Order of the fourth Control Period to submit necessary details (DPRs, cost estimates, purpose of investment, tentative completion dates etc.) and seek investment approval before initiating new works as per the capital investment plan. However, Petitioner has neither clarified the purpose of various schemes proposed during the Control Period nor provided details of works covered under each head or under various business units (Circles). In response to the several queries and clarifications sought during deficiency notes and TVS, it is observed that the various works proposed by the Petitioner lack any detailed planning and approval from their Board. Additionally, in response to subsequent queries of the Commission, the Petitioner has submitted incremental information (DPR, Cost Benefit Analysis, Purpose of Investment) which were again limited to few works only.

8.7.8 Few schemes against which the Petitioner has submitted considerable amount of capital expenditure i.e. General Service Connection (GSC), Rooftop Solar, works related to IT, etc. also lacked detailed justification, DPR, period of implementation, detailed cost estimate, etc.

8.7.9 The Commission has undertaken scrutiny of various schemes proposed by the Petitioner as part of the Business Plan for 5th Control Period. While approving the capital investment, the Commission has considered information and justifications submitted by the Petitioner in the Business Plan Petition as well as in the subsequent additional submissions and has undertaken detailed analysis as discussed in the subsequent subsections.

Spill-over Schemes

8.7.10 The Petitioner, in addition to capital expenditure proposed for new schemes, has proposed circle wise list of works which will be spilled over from previous Control Period. The Petitioner has proposed spill over works for both operation wing as well as for the EHV wing. The spill over works proposed under EHV wing are mainly associated with system improvement, augmentation of lines and sub stations, renovation and modernisation of existing infrastructure and miscellaneous works. The works proposed under operation wing are mainly system improvement, augmentation of lines and sub stations, renovation and modernisation of existing infrastructure, General Service Connection and miscellaneous works. Besides the works discussed above, the Petitioner has also proposed capex of Rs. 4.14 Cr. and Rs. 1.04 Cr. towards IPDS Ph-II and Call Centre respectively. Accordingly, total capital expenditure proposed for spilled over works is Rs. 511.37 Cr.

8.7.11 The Commission has observed that the details submitted by the Petitioner regarding spilled over works are devoid of proper detailing like actual expenditure till date towards proposed works, start date, tentative completion date, funding and purpose of the investment as directed by the Commission in the MYT Order dated June 29, 2019.

8.7.12 Since, these works have already been initiated by the Petitioner and partial expenditure has been booked. The Commission provisionally approves capital expenditure for spill over works as proposed by the Petitioner. However, the detailed prudence check and appropriate treatment for the same shall be carried out at the time of truing up based on the actual information and data made available.

8.7.13 Spilled over works proposed by the Petitioner for each year of the fifth Control Period is shown in the Table below:

Table 193: Summary of Capital Expenditure for spilled over works approved by the Commission during 5th Control Period (Rs. Cr.)

Particulars	FY25	FY26	FY27	FY28	FY29	Total
ES Wing	130.50	70.10	31.28	20.00	11.69	**263.57**
Operation	169.19	70.21	3.22	0.00	0.00	**242.63**
IPDS Ph-II	-	4.14	-	-	-	**4.14**
Call Centre	-	1.04	-	-	-	**1.04**
Total Old Scheme	**299.69**	**145.49**	**34.50**	**20.00**	**11.69**	**511.37**

EHV Schemes

8.7.14 The Petitioner has submitted list of existing works under ongoing EHV schemes of fourth Control Period during the fifth Control Period. Alongside, the Petitioner has also proposed a list of new EHV works for the fifth Control Period.

8.7.15 The Capital Investment proposed by the Petitioner is Rs. 1,190.66 Cr. for EHV schemes, out of which Rs. 263.57 Cr. is proposed for ongoing schemes. Since works on most of the spillover / ongoing schemes have already been initiated by HPSEBL, the Commission has provisionally allowed capex for ongoing works as proposed by the Petitioner. However, appropriate treatment for the same shall be done at the time of True-up proceedings and schemes to be completed within the schedule.

8.7.16 The capital expenditure proposed by the Petitioner for each year of the Control Period is summarized in the table below:

Table 194: HPSEBL Submission - Summary of Capital Expenditure on EHV Schemes during 5th Control Period (Rs. Cr.)

Particulars	FY25	FY26	FY27	FY28	FY29	Total
Ongoing EHV Schemes – (A)						
ES CIRCLE HAMIRPUR	23.68	0.00	0.00	0.00	0.00	**23.68**
ES CIRCLE SHIMLA	106.82	70.10	31.28	20.00	11.69	**239.89**
Sub Total (A)	**130.50**	**70.10**	**31.28**	**20.00**	**11.69**	**263.57**
New EHV Schemes – (B)						
ES CIRCLE HAMIRPUR	28.20	28.67	17.30	0.00	0.00	**74.16**
ES CIRCLE SHIMLA	77.56	128.74	257.00	227.96	157.58	**848.83**
Sub-Total (B)	**105.76**	**157.40**	**274.29**	**227.96**	**157.58**	**922.99**
Total Capex on EHV Schemes	**236.25**	**227.50**	**305.57**	**247.96**	**169.27**	**1,186.56**

8.7.17 Further, from the list of new EHV works proposed, it was observed that the Petitioner has proposed new schemes at high voltage level for the fifth Control Period including creation of new 66 kV lines, sub-stations etc. Also, the DPRs and other requirements required for these schemes were not provided by the Petitioner.

8.7.18 As part of the MYT Order dated June 29, 2019, the Commission had noted the following:

"The Commission, therefore, does not concur with the views of the Petitioner and is of the view that going forward, all new works of 66kV and above under EHV schemes should to be undertaken by the State Transmission Utility (STU) in the State. Such a process shall ensure that in future years, HPPTCL can gradually assume the role of full-fledged STU in the State and would ensure that duplication of infrastructure does not happen. In this regard, the Petitioner is also directed to share the EHV Planning Report and load flow studies conducted for the proposed EHV works with HPPTCL for future investment planning."

8.7.19 Also, with respect to query regarding the proposal of EHV works, the Petitioner has submitted the following:

a. With regard to approval from HPPTCL, the Petitioner has submitted that the matter is being taken up with HPPTCL.

b. With regard HT/EHV works, the Petitioner has submitted that EHV/HT works has been proposed due to overloading of various EHV Sub-Stations and lines which need to be upgraded / augmented in order to cater to the future load growth and reliability of supply.

c. With respect to sharing of EHV Planning Report and load flow studies to HPPTCL, the Petitioner has submitted that the load flow study and planning report is being shared with HPPTCL.

8.7.20 The Commission sought additional queries and clarifications in this regard and also asked the Petitioner to submit DPR and other requirements for approval of these EHV works. In response, the Petitioner submitted additional information in form of DPRs along with rationale for investment for few schemes. Based on the review of the additional documents submitted by the Petitioner, it is observed that most of these works are not approved by their competent authority/committee.

8.7.21 Based on the clarifications and details submitted by the Petitioner, it is observed that the proposed works under this category were primarily associated with augmentation of lines and sub stations, system improvement and renovation and modernisation. Further, it is observed that the DPRs submitted in support of these works were not of the nature of complete DPRs but in form of internal note and estimates towards such works. Therefore, the Commission has provisionally approved such works which are of the nature of augmentation, and renovation & modernization of the existing EHV system subject to approval of the internal committee and the BOD of the HPSEBL. The Petitioner is required to submit these approvals as part of the subsequent Tariff Petition.

8.7.22 As discussed above, the Petitioner has participated in the RDSS Scheme of Central Government which also includes modernisation works of distribution infrastructure. On the scrutiny of the list of EHV works submitted by the Petitioner, the Commission found that proposed works under EHV scheme are of the nature of system improvement and modernisation works and can form part of modernisation works under RDSS Scheme. It is also understood that Petitioner has proposed various works under modernisation scheme of RDSS which is yet to be sanctioned by the MoP. The Commission is of the view that these works should be funded under RDSS considering the nature of such works. Therefore, the Commission has provisionally classified such works relating with System Improvement, System Augmentation and Renovation & Modernization under RDSS modernisation works while balance works have been retained to be funded as proposed by the Petitioner. Accordingly, the funding of works classified under RDSS has been retained in the ratio of Grant and debt as 90:10, which is similar to funding of loss reduction works under RDSS. **The Petitioner is directed to put in its best efforts for getting the above works relating to System Improvement, System Augmentation and Renovation & Modernization covered under RDSS modernisation works within the targets given so that grants is not converted into loan which will not be passed through by the Commission**.

8.7.23 Also, with respect to query on few large projects under EHV scheme, the has Petitioner clarified that following projects are being executed under Border Area Scheme and may be excluded from the EHV Scheme.

Table 195: List of overlapped works under EHV schemes

Name of Works	Project Cost (Rs. Cr)
Scheme for const. of 66 KV S/C line D/C Towers from 66 KV Sub Station Samdho to Kaza along with const. of 66/22 KV, 2.6.3 MVA Sub-Station Samdho under ES Division Bhabanagar.	164.00
Scheme for const. of 66 KV S/C line D/C Towers from 66 KV Sub Station Samdho to Kaza along with const. of 66/22 KV, 2.6.3 MVA Sub Staion Kaza under ES Division Bhabanagar.	212.00

8.7.24 Accordingly, the Commission has excluded above works from EHV scheme as Border Area Scheme is being approved separately.

8.7.25 As a result, the Commission has analysed the nature of work under each new scheme along with its DPR (for those submitted). While doing so, the Commission has, inter-alia, approved those schemes which include augmentation of 132/11 kV, 66/11kV, 33/11kV transformers at existing sub stations. As discussed above, the Commission has excluded the capex proposed against two works which have been duplicated and already covered under Border Area Scheme.

8.7.26 The Commission believes that ongoing schemes shown by the Petitioner were undertaken after approvals of the same from the Commission. The necessary details with regard to the same shall be made available at the time of Truing up. The capital expenditure for all EHV schemes as approved by the Commission has been summarized in the table below:

Table 196: Capital Expenditure for New EHV Works as approved by the Commission for 5th Control Period (Rs. Cr.)

Sl.	Name of Scheme	FY25	FY26	FY27	FY28	FY29	Total
	Augmentation and System Improvement						
i.	Augmentation of 132/ 33KV, 2X 25/31.5MVA Power Transformers to 132/33KV, 2X50/63MVA at 132/233/11KV Sub-Station Una.	5.00	5.00	4.49	0.00	0.00	14.49
ii.	Augmentation of 2X16/20MVA,132/33 KV, Power transformer to 2X25/31.5MVA 132/33KV, capacity at 132/33/11KV Sub-Station Dehra.	5.00	5.47	0.00	0.00	0.00	10.47
iii.	Prov. 01 No. Additional 220/132KV, 160/200MVA Single Phase Power transformer Bank a/w 220 KV & 132 KV bays and extension of existing 132KV Bus-Bar at 220 KV Sub-Station Nehrian .	15.00	15.00	9.39	0.00	0.00	39.39
iv.	Scheme for Replacement/Augmentation of exiting 25/31.5MVA,220/33kv, 3 Phase Power transformers no.1 with new 25/31.5MVA,220/33kv,3 Phase Power Transformer at	2.00	2.00	2.47	0.00	0.00	6.47

Sl.	Name of Scheme	FY25	FY26	FY27	FY28	FY29	Total
	220/132/33/11kv Sub station Jassure						
v.	Scheme for Augmentation of 33/11KV 2*3.15MVA 3 Phase Power Transformer To 2* 6.3 MVA 3 Phase Power Transformer at 132/33/11KV Sub-Station Fatehpur under ES Division Jassure, HPSEB Ltd. Jassure(H.P)	0.60	0.60	0.46	0.00	0.00	1.66
vi.	Scheme for Augmentation of existing 33/11KV 2*6.3MVA Power Transformer to 33/11KV 2*10 MVA Power Transformers at 132/33/11Kv Sub Station HPSEBL Kandrori.	0.60	0.60	0.49	0.00	0.00	1.69
vii.	Augmentation of existing 16 MVA, 132/33kV, Single-Phase Power Transformer bank to 40 MVA, 132/33kV, 3-phase Power Transformer at 132/33kV Sub-Station Gaura. (EHV Agenda Item No. 86.13)	0.20	1.48	2.95	2.95	2.26	9.84
viii.	Augmentation of 66kV Samoli-Andhra line from Wolf conductor to HTLS conductor	0.08	0.60	1.20	1.20	0.92	4.00
ix.	Augmentation of existing of 66 KV Bus Bar A & B with ACSR Bersimis conductor at 220/66/33/11kv S/Stn. Sub-Division ES Baddi (Katha) under ES Division HPSEBL Nalagarh.	0.46	6.90	4.14	0.00	0.00	11.50
x.	Augmentation of existing 220/66KV, 2x80/100MVA Sub Station by providing additional 220/66KV, 1x80/100 MVA Power Transformer at 220/66KV Sub Station Nangal Upperla.	1.11	16.58	9.95	0.00	0.00	27.63
xi.	Aug of existing 132/33 KV,25/31.5 MVA 3 Phase Transformer and Single Phase 132/33 KV,4x10.5 MVA Transformer bank to 132/33 KV,2x50/63 MVA 3 Phase Power Transformer along with Strengthening of 132 KV Yard at 132/66/33 KV Sub Station Jutog under ES Division HPSEBLTotu	0.44	3.30	6.60	6.60	5.06	21.99
xii.	Scheme for augmentation of existing 132/33 KV, 2×25/31.5 MVA, Three Phase Power Transformers to 132/33 KV, 2×50/63 MVA Three Phase Power Transformers along with strengthening of 33 KV yard at 132/33/11 KV sub-station at Gondpur, PaontaSahib under ES	9.90	0.40	5.94	3.56	0.00	19.80

Sl.	Name of Scheme	FY25	FY26	FY27	FY28	FY29	Total
	Division, HPSEBL, Shaktinagar, Nahan.						
xiii.	Aug. by providing Addl.1x100MVA,220/132 KV Sub Station at Girinager under E.S Division HPSEBL Nahan	31.90	1.28	19.14	11.48	0.00	63.80
xiv.	Aug. of 2x25/31.5 MVA,132/33 KV to 2x50/63 MVA ,132/33 KV Power Transformer at 132/33 KV Sub Station at Johro Kala-Amb under E.S Division HPSEBL Nahan	20.49	0.82	12.29	7.38	0.00	40.98
xv.	Scheme for Revival of Defective Capacitor Banks of various EHV/HV Sub Station under Electrical System Circles Shimla & Hamirpur (under ES & Operation Wing)	0.08	0.62	1.23	1.23	0.94	4.11
	Total Augmentation and System Improvement	**92.85**	**60.63**	**80.74**	**34.41**	**9.19**	**277.81**
	Construction of Substation and Lines						
i.	Construction of 66/11KV 2x20MVA Sub-station near Hill Top Export Park, JharMajri (Barotiwala)	0.59	4.44	8.87	8.87	6.80	29.58
ii.	Construction of 66/11kv 2x20 MVA Substation at Thana under ES Division HPSEBL Nalagarh.	0.78	5.87	11.75	11.75	9.00	39.15
iii.	Construction of 66/33/11 KVGIS Sub Station at Dhana (Bagh Banian) under ES Division HPSEBL Nalagarh.	1.09	8.18	16.37	16.37	12.55	54.56
	Total Construction of Substation and Lines	**2.47**	**18.49**	**36.99**	**36.99**	**28.36**	**123.29**
	Grant Total	**95.32**	**79.12**	**117.73**	**71.39**	**37.54**	**401.10**

Table 197: Summary of Capital Expenditure for EHV schemes as approved by the Commission for 5th Control Period (Rs. Cr.)

Particulars	FY25	FY26	FY27	FY28	FY29	Total
Ongoing EHV Schemes – (A)						
Augmentation, System Improvement, Renovation and Modernisation	51.46	5.25	0.00	0.00	0.00	**56.71**
Construction of Lines and Substations	61.80	60.70	31.28	20.00	11.69	**185.47**
Misc.	17.24	4.15	0.00	0.00	0.00	**21.39**
Sub Total (A)	**130.50**	**70.10**	**31.28**	**20.00**	**11.69**	**263.57**
New EHV Schemes – (B)						
Augmentation, System Improvement, Renovation and Modernisation	92.85	60.63	80.74	34.41	9.19	**277.81**
Construction of Lines and Substations	2.47	18.49	36.99	36.99	28.36	**123.29**
Sub Total (B)	**95.32**	**79.12**	**117.73**	**71.39**	**37.54**	**401.10**

Particulars	FY25	FY26	FY27	FY28	FY29	Total
Total Capex on EHV Schemes (C=A+B)	**225.81**	**149.22**	**149.01**	**91.39**	**49.23**	**664.66**

Capital Expenditure under RDSS

8.7.27 The Petitioner has submitted that it has participated in the Central Govt sponsored RDSS scheme and has proposed works related to loss reduction and smart metering based on the approval.

8.7.28 The Scheme has two components namely Part A – Financial support for Prepaid Smart Metering & System Metering and up-gradation of the Distribution Infrastructure and Part B – Training & Capacity Building and other Enabling & Supporting Activities. The Petitioner has submitted separate Petition before the Commission for approval of RDSS Scheme. Summary of scheme cost submitted by the Petitioner is as under:

Table 198: Summary of RDSS Cost submitted by Petitioner (Rs. Cr.)

Particulars	Total Cost	GoI Grant	Equity
Smart Meter	1,788.49	409.16	1,379.33
Distribution Infra (Loss reduction and Modernisation)	3,069.27	2,762.34	306.93
Total	**4,857.76**	**3,171.50**	**1,686.26**

8.7.29 The Commission, vide Order dated December 28, 2022, has approved RDSS Scheme subject to the following key considerations:

a. The capital expenditure against these works shall be within the overall amount approved by the GoI.

b. The HPSEBL must avail the grant made available by the GoI to the maximum possible extent. In case it was found that the grant could not be availed due to inefficiency on the part of the HPSEBL and the grant gets converted into the loan, any such loan shall not be passed through in the tariff.

c. The HPSEBL in its reply to the queries of the Commission has made it clear that metering works to be executed under RDSS will be implemented under TOTEX mode wherein agency contracted shall be incurring all the capital and operational expenditure and HPSEBL will not have to arrange for any equity. But, in the case of Distribution Infrastructure works, the HPSEBL would have to arrange 10% equity. The source of the same must be informed to the Commission within a month of issuance of this Order.

d. In respect of Metering Works, it must be ensured that the Petitioner must execute these works in such a manner that all the existing Meters in a particular area are replaced with Smart Meters and any new connections in that area are given with Smart Meters only to get the maximum benefits of smart meters.

e. The above Schemes/works shall be restructured in respect of technological intervention and constructed in such a manner that full utilization of latest technology is taken care of so that material cost and manpower requirement during construction as well as during operation and maintenance of the asset is minimized. The complete detail of likely reduction in the staff for metering and billing after implementation of RDSS be shared with the Commission within a month of issuance of this Order so that the Commission is in a position to work out the implication on account of installation of Smart Meters in TOTEX mode. Such reduction has to balance additional cost implications to the Consumers on account of Smart Meters and also additional revenue likely to be accrued to DISCOM on account of implementations of this Scheme. Details for the same be submitted within a month of issuance of this Order.

f. HPSEBL must strive to complete these works within stipulated time so as to avoid the implications of time and cost overruns.

g. The Commission shall get the implementation of Scheme monitored by carrying out the third party audit to ascertain that the works have been carried out as per the submissions made to the Commission.

h. The Commission shall also undertake detailed prudence check at the time of truing up of all the CAPEX works approved. And in case any inefficiency on part of the HPSEBL is found, the Commission shall be constrained to disallow such cost(s).

8.7.30 In the response to the Commission's query, the Petitioner has submitted that in the Business Plan Petition, only loss reduction works have been proposed whereas approval for modernisation works is still pending. The loss reduction works and Smart Metering works have been discussed in details in the para below.

RDSS-Smart Metering

8.7.31 The Petitioner has submitted that prepaid Smart Metering for Consumers, and System Metering at Feeder and Distribution Transformer level with communicating feature along with associated Advanced Metering Infrastructure (AMI) will be done in TOTEX Mode to facilitate reduction of distribution losses and enable automatic measurement of energy flows and energy accounting as well as auditing.

8.7.32 Funding under this Part will be available only if HPSEBL agrees to the operation of smart meters in prepayment mode for consumers, and in accordance with the uniform approach indicated by the Central Government, with implementation in TOTEX mode. Under this mode, a single agency will be contracted for supplying, maintaining, and operating the Metering Infrastructure for the purpose of meter related data and services to HPSEBL. It will make both capital and operational expenditure under DBFOOT (Design, Build, Fund, Own, Operate & Transfer) and will be paid for a portion of its capital expenditure initially and the remaining payment over the O&M period as decided by HPSEBL. Under this scheme, the total Capital Investment proposed by the Petitioner is Rs. 298 Cr. for the fifth Control Period.

8.7.33 Further, the Commission observed that proposed Capex towards Smart Meter is not in line with the approval of the Commission vide Order dated December 28, 2022. Thus, the Petitioner was asked to submit reasons for variation in the proposed Capex and progress status of smart metering works i.e., RFP floated, tender awarded, etc. In response, the Petitioner submitted the following:

a. In the Capex head, the cost towards RDSS Smart Metering PMA and Lumpsum cost of RDSS Smart Metering works has been included. However, the payment towards the meter rental charges has been considered under the A&G expenses.

b. The entire Capex of smart meter is allocated in three financial years i.e. FY24, FY25 and FY26. In the Business plan, only Capex for FY25 & FY26 has been proposed. The Capex of FY24 has not been submitted in the Business Plan as it is not covered in the 5th Control Period. The financial year wise expenditure submitted by the Petitioner is shown in the table below:

Table 199: HPSEBL Submission - Tentative Capex for Smart Meter (Rs. Cr.)

Financial year	Tentative Expenditure for PMA	Lumpsum Cost excluding the Meter Rental	Total tentative expenditure.
FY24	4.6	106.89	111.49
FY25	3.25	226.95	230.20
FY26	1.66	66.70	68.36
Total	**9.51**	**400.54**	**410.05**

c. A tentative increase in the PMA cost is considered as per the RDSS guidelines.

d. Total cost discovered against the RDSS Smart Metering works is Rs. 3,026.78 Cr. which includes the Lumpsum cost and Monthly Meter Rental cost.

e. The lumpsum cost has been considered under the CAPEX head and the Monthly Meter Rental cost has been considered under the A&G expenses as per the accounting process defined in point no. 9 (ix) of the RDSS guiding note, 'Accounting process of AMISP payment wherein it has been mentioned that DISCOM to consider AMISP payments as operational expenditure and accordingly, the same has been claimed under A&G expenses.

f. Further, the CAPEX cost has been bifurcated from FY24 to FY26 based on the assumption that the work will be awarded during the Year FY24. However, the expenditure may spill over to subsequent financial years based on the actual date of award.

8.7.34 The Petitioner has proposed Rs. 298.56 Cr. towards smart metering under RDSS for the 5th Control Period. In response to the Commission's query, the Petitioner submitted that the Petitioner floated tenders for appointment of Advanced Metering Infrastructure Service Provider (AMISP) for Smart Prepaid Metering in South, Central and North Zone (Operation) three times. In the first and second times, none of the bidders were found responsive as per tender criteria. Hence, the Petitioner floated tender third time and cost discovered for all three zones is Rs. 3,026.79 Cr and the matter was place before the BoD on September 26, 2023. Final approval of the same is awaited. On the scrutiny of the information submitted by the Petitioner in the response to the Commission's query, the Commission has approved the phasing of capital investment in line with current status.

8.7.35 Based on the supporting documents, the Commission has found that cost discovered in tender is Rs. 3,026.78 Cr. against approval vide Order dated December 28, 2022 of Rs. 1,788.49 Cr. In the response of the Commission's query, the Petitioner submitted that the cost of Rs. 1,788.49 Cr. was as per the cost approved by Ministry of Power (Govt. of India)/ PFC Ltd, which includes the cost of PMA and Smart Metering works. However, the cost discovered through the open tendering process and subsequent ERA/ negotiation came out to Rs. 3,026.78 Cr. It is submitted that the tenders were floated as per the Standard

Bidding Documents (SBD) of M/s REC Ltd. Further, the Petitioner has submitted that BoD approval of tendered cost of Rs. 3,026.78 Cr. is in the process.

8.7.36 It is observed that the discovered cost of Rs. 3,026.78 Cr. is significantly high as compared with the approval given by the Commission vide Order dated December 28, 2022 towards smart meter works. Also, the Commission understands that the grant available per meter is restricted as per the RDSS guidelines and shall result in additional debt to be undertaken for funding of additional cost. **Therefore, the Petitioner is required to reassess the viability and cost benefit analysis of the smart meter scheme in view of the increased cost as submitted by the Petitioner**. In this section of the Order, the Commission has considered the capex portion of the total expenditure as part of the business plan while the Monthly Meter Rental cost shall be considered under A&G expenses.

8.7.37 The Commission, vide Order dated December 28, 2022 (in the Petition No. 76/ 2022), has already approved capital expenditure with regard to smart metering under RDSS with certain conditions. The relevant extract of the Order is as under:

> *"(c) The HPSEBL in its reply to the queries of the Commission has made it clear that metering works to be executed under RDSS will be implemented under TOTEX mode wherein agency contracted shall be incurring all the capital and operational expenditure and HPSEBL will not have to arrange for any equity. But, in case of Distribution Infrastructure works HPSEBL would have to arrange 10% equity. The source of the same must be informed to the Commission within a month of issuance of this Order.*
>
> *(f) The above Schemes/works shall be restructured in respect of technological intervention and constructed in such a manner that full utilization of latest technology is taken care of so that material cost and manpower requirement during construction as well as during operation and maintenance of the asset is minimized. The complete detail of likely reduction in the staff for metering and billing after implementation of RDSS be shared with the Commission within a month of issuance of this Order so that the Commission is in a position to work out the implication on account of installation of Smart Meters in TOTEX mode. Such reduction has to balance additional cost implications to the Consumers on account of Smart Meters and also additional revenue likely to be accrued to DISCOM on account of implementations of this Scheme. Details for the same be submitted within a month of issuance of this Order."*

8.7.38 Since this scheme is already approved vide Order dated December 28, 2022, and BoD approval is still pending, the Commission has provisionally approved Capex of Rs. 298.56 Cr. However, in view of limited progress on this scheme till date where the appointment of contractor for implementation of the scheme is still pending, the Commission has considered provisionally phasing of installation of smart meters as 30% (Rs. 89.57 Cr.) in FY25 and balance 70% (Rs. 208.99 Cr.) in FY 26. The appropriate treatment of the same shall be done at the time of truing up based on the actual information.

8.7.39 The Capex proposed by the Petitioner and approved by the Commission is summarised in the table below:

Table 200: Capex under Smart Metering – RDSS approved by the Commission (Rs. Cr.)

Particulars	FY25	FY26	FY27	FY28	FY29	Total
Proposed by the Petitioner	230.20	68.37	-	-	-	**298.56**
Approved by the Commission	89.57	208.99	-	-	-	**298.56**

RDSS-Distribution Infrastructure Work

8.7.40 The Petitioner has proposed Rs. 1,912 Cr. towards Loss Reduction Works under RDSS during the 5th Control Period. Under this scheme, works related to loss reduction and system strengthening of 33 kV level and below are eligible. In areas, where 33 kV system does not exist, higher or suitable voltage V shall be permitted. A list of indicative works under this scheme are as under:

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

8.7.41 The Petitioner was asked to provide the status of works initiated under this scheme as significant amount of Capex i.e. Rs. 1000 Cr. has been proposed during FY 2024-25. Further, the Petitioner was asked to clarify whether the proposed works are related with entire distribution infrastructure works (both Loss Reduction Works and Modernisation) or related only with Loss Reduction Works.

8.7.42 In response, the Petitioner has submitted that it had submitted the proposal for RDSS Scheme amounting to Rs. 4,857.76 Cr. for the Commission's approval. The bifurcation of cost between different components is as follows:

a. Smart Metering Works – Rs. 1,788.49 Cr.
b. Loss Reduction Works – Rs. 1,912.20 Cr.
c. Modernization Works – Rs. 1156.19 Cr.

8.7.43 However, the Ministry of Power, Govt. of India has sanctioned amount against Smart Metering Works and Loss Reduction Works only. The sanction against the modernization component is still awaited.

8.7.44 The Petitioner further submitted that the sanctioned loss reduction works have only been as part Business Plan Petition. As and when the modernization works will be sanctioned by the MoP, the same will be submitted to the Commission for consideration. Further, on the scrutiny of the information submitted by the Petitioner in the response to the Commission's query, the Commission has changed the phasing of the capex proposed towards loss reduction work.

8.7.45 As discussed above, the Commission, vide Order dated December 28, 2022 (in the Petition No. 76/ 2022), has already approved capital expenditure under RDSS with certain conditions. The relevant extract of the Order is as under:

"b) The HPSEBL must avail the grant made available by the GoI to the maximum possible extent. In case it was found that the grant could not be availed due to inefficiency on the part of the HPSEBL and the grant gets converted into the loan, any such loan shall not be passed through in the tariff."

8.7.46 Since, this scheme is already approved vide Order dated December 28, 2022, the Commission has provisionally approved Capex of Rs. 1,912 Cr. However, in view of the limited progress on this scheme till date where the appointment of contractor for implementation of the scheme is still pending, the Commission has considered Rs. 500 Cr. in FY25 and Rs. 1,412 Cr. in FY26. The appropriate treatment of the same shall be done at the time of truing up based on the actual information.

8.7.47 The Capex proposed by the Petitioner and approved by the Commission is summarised in the table below:

Table 201: Capex under Smart Metering - RDSS approved by the Commission (Rs. Cr.)

Particulars	FY25	FY26	FY27	FY28	FY29	Total
Proposed by the Petitioner	1,000.00	912.00	-	-	-	**1,912.00**
Approved by the Commission	500.00	1,412.00	-	-	-	**1,912.00**

Rooftop Solar Scheme

8.7.48 It is observed that the Petitioner has submitted Rs. 420 Cr. during the fifth Control Period for promoting Solar Roof Top System (RTS) and provide instant connectivity to the Solar PV rooftop prosumers. In this regard, the Petitioner has kept an amount of Rs. 7 Cr. each year for strengthening of existing infrastructure / additional infrastructure in each circle during the Control Period.

8.7.49 As part of prudence check, the Commission asked the Petitioner to submit BOD approval, DPR, nature of works and funding mechanism of the scheme. In response, the Petitioner submitted that a provision of Rs. 7.00 Cr. per circle per year has been kept for ease in Solar Rooftop connectivity. In order to avoid delay in solar rooftop connectivity where there are constraints in the backup system and it requires immediate strengthening of lines, augmentation of sub-stations etc.

8.7.50 The Petitioner submitted that provision has been made for strengthening of lines, augmentation of sub stations to support Rooftop Solar System. In this regard, the Commission observes that the proposed expenditure under this head is not backed by detailed review of the expected solar rooftop capacity to come up in respective circles or any other major information, and has rather been considered on a notional basis without any detailing regarding estimated capacities, consumers or cost of such works.

8.7.51 Further, it is observed that significant amount of expenditure towards 'strengthening of lines, augmentation of sub stations' has also been proposed under RDSS loss reduction works and list of works proposed under operation wing. Therefore, due to lack of adequate information, it is difficult to classify such works under different schemes and estimate the cost required to be incurred.

8.7.52 Thus, the Commission feels that the proposed capital investment of Rs. 420 Cr. under this scheme is significantly high and has provided an amount of Rs. 25 Cr. each year during the fifth Control Period. Further, the Petitioner may submit details of capital expenditure and seek approval in case the related cost is expected to be significantly higher than that of the approved cost by the Commission. Based on the above, the Commission approves capital expenditure as shown in the table below:

Table 202: Capex Rooftop Solar System approved by the Commission (Rs. Cr.)

Particulars	FY25	FY26	FY27	FY28	FY29	Total
Proposed by the Petitioner	84.00	84.00	84.00	84.00	84.00	**420.00**
Approved by the Commission	25.00	25.00	25.00	25.00	25.00	**125.00**

World Bank Smart Grid Scheme (WBSGS)

8.7.53 The World Bank funded Smart Grid is proposed in 13 towns of Himachal Pradesh under Himachal Hydropower & Renewable Power Sector Development Program. The overall objective of the Smart Grid project is to ensure 24x7 stable supply of electricity to all customers in the selected project areas, reduce AT&C losses and equipment failure rate, and increase the billing and collection efficiency through various smart grid functionalities envisaged in the project. The estimated project cost of this scheme is Rs. 585.85 Cr. with funding from Grant and debt in the ratio of 74:26. which has been envisaged to implement within five years. The important works to be performed under this scheme are as follows:

i. **System Strengthening**: Installations of New Sub stations- 66/11 kV and 33/11kV, Overhead lines- 66kV;33kV;11 kV etc.

ii. **System Automation:** Implementation of SCADA and accessories such as Auto-recloser; RMUs, FRTUs, VCBs, Relay control panels etc.

iii. Implementation of Smart Grid Control Centre with all associated application, Hardware, Software including Servers along with 5 years Facility Management Services etc.

iv. Integration of existing Applications such as ISO Billing, ERP-SAP, GIS etc. with New Applications such as SCADA, OMS, DMS, MMA etc.

8.7.54 As part of prudence check, the Petitioner was asked to clarify whether smart meters are also being installed under this scheme and also submit the details with respect to current status i.e. RFP floated, tender awarded, etc. with respect to works proposed under World Bank Scheme. In response, the Petitioner has submitted that Smart Metering works have not been included in the World Bank Scheme, only infrastructure works including smart devices for improving the quality and reliability of supply have been included under this Scheme. The Petitioner further submitted that RFP for the works will be floated after approval from competent authority.

8.7.55 The Petitioner has filed separate Petition before the Commission for the approval of **'World Bank Smart Grid Scheme'.** Since, the approval against the proposed capital investment plan under this scheme is being processed separately, the Commission has provisionally approved capital investment as proposed by the Petitioner as part of Order in the Business Plan Petition. The appropriate treatment of the same shall be done based on outcome of the proceeding as discussed above.

8.7.56 The Capex proposed by the Petitioner and approved by the Commission towards WBSGS is shown in the table below:

Table 203: Capex for WBSGS approved by the Commission (Rs. Cr.)

Particulars	FY25	FY26	FY27	FY28	FY29	Total
Proposed by the Petitioner	50.00	100.00	150.00	150.00	135.00	**585.00**
Approved by the Commission	50.00	100.00	150.00	150.00	135.00	**585.00**

Border Area Scheme

8.7.57 The Petitioner has submitted that keeping in view the strengthening of upstream infrastructure and to provide quality and reliable power supply to the border area of Himachal Pradesh, Ministry of Power, GoI has approved the scheme of Rs. 380 Cr. with funding pattern as grant and loan arrangement in ratio of 90:10.

8.7.58 As part of prudence analysis, the Commission asked the Petitioner to submit DPR, nature of works and funding mechanism of the scheme. Based on the documents submitted by the Petitioner, it is observed that no detailed DPR has been prepared for Border Area Scheme and the information provided only includes details of associated works and corresponding cost. Also, no approval from the Ministry of Power regarding this scheme has been provided.

8.7.59 As the scheme is crucial in nature in view of the adjoining Border Areas and has been approved by the Ministry of Power, the Commission has provisionally approved capital investment as proposed by the Petitioner. However, appropriate treatment of the same shall be done at the time of truing up of respective year of the Control Period.

8.7.60 The capital investment proposed by the Petitioner and approved by the Commission is shown in the table below:

Table 204: Capex for Border Areas Scheme approved by the Commission (Rs. Cr.)

Particulars	FY25	FY26	FY27	FY28	FY29	Total
Proposed by the Petitioner	80.00	75.00	75.00	75.00	75.00	**380.00**
Approved by the Commission	80.00	75.00	75.00	75.00	75.00	**380.00**

General Service Connection (GSC) Scheme

8.7.61 The Petitioner has proposed total Rs. 1,161.80 Cr. towards General and New service connections. The Commission observes that the Petitioner has proposed very high capital expenditure towards GSC Scheme for the fifth Control Period. The Capex proposed by the Petitioner towards GSC includes Capex for ongoing works (spilled over from fourth Control Period) as well as Capex for new works. In response to the Commission's query, the Petitioner clarified that the scheme covers HT, LT and sub-station works and, inter alia, includes the following works:

- Laying down of new 22/11 kV Lines
- Augmentation & reorganization of 11 kV lines
- New DTRs of 11/0.4kV
- Augmentation of existing DTRs of 11/0.4kV
- Installation of Capacitor Bank
- Laying down of new LT lines
- Augmentation, reorganization and re-conductoring of LT Lines
- Conversion of LT to HT
- Release of New Service Connection
- Replacement, augmentation and reorganization of services
- Metering on LT & HT
- Other works such as providing additional poles, earthing, replacement of CT/PT etc.

8.7.62 As discussed above, the proposed capex for GSC is significantly high. Therefore, the Commission analysed capital expenditure for GSC and found that the Petitioner has incurred approx. Rs. 547 Cr. till December 2023 in the fourth Control Period on GSC scheme translating to annual expenditure of around Rs. 109 Cr. each year. The Commission is of the view that the capex for GSC should be allowed based on the past expenditure undertaken by the Petitioner under such works as with marginal increase, number of consumers will increase on year-to-year basis.

8.7.63 Further with regard to Capex towards GSC works against ongoing scheme, the Petitioner has proposed the same to be completed during FY25 and FY26.The Commission is of the view that works involved in GSC are mainly relating with 11 kV/LT Networks of the Discom, which do not require much time to complete. Thus, the Commission has considered entire spilled over Capex of Rs. 107.18 Cr. towards GSC scheme in FY25.

8.7.64 Based on the above discussions, the Commission has provisionally approved the capex against new works amounting to Rs. 100 Cr. during the first year i.e. FY25 and for balance years of the Control Period, Rs. 125 Cr. has been considered for each year towards GSC works. However, the appropriate treatment for the same shall be done at the time of truing of respective year. The Capex proposed by the Petitioner and provisionally approved by the Commission is shown in the table below:

Table 205: Capital Expenditure for GSC for 5th Control Period (Rs. Cr.)

Particulars	FY25	FY26	FY27	FY28	FY29	Total
Proposed by the Petitioner						
Ongoing Schemes	76.66	29.52	1.00	-	-	**107.18**
New works	214.86	205.94	205.72	201.30	226.81	**1,054.62**
Total	**291.52**	**235.46**	**206.72**	**201.30**	**226.81**	**1,161.80**
Approved by the Commission						
Ongoing Schemes	107.18	-	-	-	-	**107.18**
New works	100.00	125.00	125.00	125.00	125.00	**600.00**
Total	**207.18**	**125.00**	**125.00**	**125.00**	**125.00**	**707.18**

8.7.65 **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.**

IT Scheme

8.7.66 The Petitioner has submitted that IT works have been envisaged to improve efficiency and bring about greater transparency in its operations. HPSEBL has successfully implemented several projects and has proposed to build on the backbone already established to implement new and innovative technologies to provide quality power and services, while simultaneously taking steps to improve revenue buoyancy and higher collection efficiency.

8.7.67 In the overall Capex plan for the fifth Control Period, the Petitioner has proposed an overall capital expenditure of Rs. 21.15 Cr. towards IT initiatives during the fifth Control Period. In response to the query of the Commission, the Petitioner provided DPR and funding mechanism of the scheme. After the scrutiny of the DPRs submitted by the Petitioner, the Commission observed that the proposed works are towards replacement of outdated Computer Hardware with latest one i.e. Desktop Computer, UPS, Scanner cum Printer and High-Speed Scanner to enhance system performance, security and optimizing operational efficiency. The latest computer hardware shall ensure the efficiency to operate SAP CRM, Enterprise/Consumer Portal and Mobile App, SAP FI CA (Contract Accounts Receivable and Payables), SAP Metering and Billing and Temporary Disconnection (TDCO) on Consumer request. The component wise cost as per DPR submitted by the Petitioner is as under:

Table 206: CDPR cost of IT works submitted by the Petitioner (Rs. Cr.)

S. No	Hardware/Equipment	Quantity	Total Price
1	Desktop Computer (Including Operating System)	2000 No.	19.30
2	UPS	2000 No.	1.00
3	Scanner cum Printer	325 No.	0.81
4	High-Speed Scanner	10 No.	0.05
Total estimated cost			**21.15**

8.7.68 On scrutiny, the Commission has found that the proposed works under IT initiatives are necessary for better consumer service. However, it is observed that the Petitioner had also included several IT related works under the modernization works - RDSS scheme which are expected to be undertaken subsequent to the loss-reduction works. In view of the fact that the State of Himachal Pradesh is designated as a special category State and receives significant amount of grant under the central government sponsored schemes, the Petitioner must take all efforts to undertake such works under the RDSS scheme which would help in reducing the tariff impact of such expenditure on the consumers. Accordingly, the Commission has provisionally approved the capital investment of Rs. 21.15 Cr. towards IT initiatives as proposed by the Petitioner. However, funding pattern of this scheme is considered in ratio of Grant and debt as 90:10, similar to funding pattern of RDSS scheme. The appropriate treatment of the capital investment and corresponding funding shall be done at the time of truing up of respective years based on actual data.

8.7.69 The capital investment proposed by the Petitioner and approved by the Commission towards IT initiatives is shown in the table below:

Table 207: Capex for IT Initiatives approved by the Commission (Rs. Cr.)

Particulars	FY25	FY26	FY27	FY28	FY29	Total
Proposed by the Petitioner	7.05	7.05	7.05	-	-	**21.15**
Approved by the Commission	7.05	7.05	7.05	-	-	**21.15**

Upgradation and replacement of Non IT Infra

8.7.70 The Petitioner has proposed Rs. 5 Cr. towards replacement of non IT Infra. In the response to the Commission query, the Petitioner has submitted DPR of the scheme. On scrutiny of the DPR, it is observed that proposed works are towards replacement and upgradation of Air Conditioning System, Fire Detection System, Water Level Detector, Rodent Repellent System, UPS, Power System etc. at DC and DRC. As mentioned in the DPR, these proposed components are old aged and required frequent maintenance which results in higher AMC. Though the submitted DPR is not approved by the competent authority, but these works are necessary for smooth functioning of DC & DRC.

8.7.71 Also, it is observed that the Petitioner had also included such works under the modernization works of RDSS scheme which are expected to be undertaken subsequent to the loss-reduction works. In view of the fact that the State of Himachal Pradesh is designated as a special category State and receives significant amount of grant under the central government sponsored scheme, the Petitioner must take all efforts to undertake such works under the RDSS scheme which would help in reducing the tariff impact of such expenditure on the consumers. Accordingly, the Commission has provisionally approved the capital investment towards upgradation and replacement of Non IT Infra as Rs. 5 Cr. as proposed by the Petitioner. However, appropriate treatment of the same shall be done at the time of truing up of respective years.

HV Scheme

8.7.72 The Petitioner has proposed new and ongoing HV works for each electrical circle for the fifth Control Period as summarized in the table below. These include construction of new 33/11kV sub station and lines, 22 kV Control Points, augmentation of 33/11 kV substations and lines& renovation and modernization of 33/11 kV substation/control points along with ongoing works from the fourth Control Period.

8.7.73 After scrutinization of the works proposed under operation wing by the Petitioner, the Commission has segregated the proposed works based on the nature of works and classified under the broader category like Augmentation and System Improvement, Construction of Sub station & Lines, General Service Connection, Rooftop Solar, Building Works and Miscellaneous.

8.7.74 The Commission sought additional queries and clarifications in this regard and also asked the Petitioner to submit DPR and other requirements for approval of these HV works. In response, the Petitioner submitted additional information in form of DPRs along with rationale for investment for few schemes. Based on the review of the additional documents submitted by the Petitioner, it is observed that most of these works are not approved by their competent authority. Further, it is observed that the DPRs submitted in support of these works were not of the nature of complete DPRs but in form of internal note and estimate towards such works.

8.7.75 As discussed above, the Petitioner has participated in the RDSS Scheme of Central Government which also includes modernisation works of distribution infrastructure. On the scrutiny of the list of HV works submitted by the Petitioner, the Commission has found that proposed works under HV scheme are of the nature of system improvement and modernisation works and can form part of modernisation works of RDSS Scheme. It is also understood that Petitioner has proposed various works under modernisation scheme of RDSS which is still to be sanctioned by MoP. The Commission is of the view that these works should be funded under RDSS considering the nature of such works. Therefore, the Commission has provisionally classified such works relating with System Improvement, System Augmentation, Renovation and Modernization under RDSS modernisation works while balance works have been retained to be funded as proposed by the Petitioner. Accordingly, the funding of works classified under RDSS has been retained in the ratio of Grant and debt as 90:10, which is similar to funding of loss reduction works under RDSS. **The Petitioner is directed to put in its best efforts for getting the above works relating with System Improvement, System Augmentation, Renovation and Modernization covered under RDSS modernisation works. In case these works are not approved under RDSS, the works above 66 kV shall be executed by HPPTCL**.

8.7.76 Based on the above discussion and considering that majority of woks are covered under RDSS modernisation scheme, the Commission provisionally approves capital expenditure proposed under HV works. However, the appropriate treatment of the same shall be done at the time of truing up. **The Commission directs the Petitioner to submit necessary details (DPRs, cost estimates, purpose of investment, completion dates etc.) within three months of issuance of the Order.**

8.7.77 The capital expenditure proposed by the Petitioner and approved by the Commission towards HV scheme for the fifth Control Period is summarised in the table below:

Table 208: Summary of Capex for HV Schemes for 5th Control Period (Rs. Cr.)

Particulars	FY25	FY26	FY27	FY28	FY29	Total
Proposed by the Petitioner						
Ongoing Schemes	92.53	40.69	2.22	0.00	0.00	**135.44**
New works	280.53	272.52	187.00	96.65	54.21	**890.91**
Total	**373.06**	**313.21**	**189.22**	**96.65**	**54.21**	**1026.36**
Approved by the Commission						
Ongoing Schemes	92.53	40.69	2.22	0.00	0.00	**135.44**
New Schemes						
Construction of Substation and Lines	141.51	158.22	108.23	47.49	26.71	**482.16**
Augmentation and System Improvement (covered under RDSS modernisation)	91.82	80.09	57.79	37.98	20.02	**287.70**
Building Works	35.93	27.61	16.42	6.90	2.76	**89.61**
Miscellaneous	11.27	6.60	4.57	4.29	4.72	**31.45**
Sub-total New Schemes	**280.53**	**272.56**	**187.00**	**96.65**	**54.21**	**890.91**
Total	**373.06**	**313.21**	**189.22**	**96.65**	**54.21**	**1026.36**

8.7.78 Based on the discussions above with respect to each scheme, the Commission, has provisionally considered a total amount of Rs. 5,736.18Cr. against Rs. 7,011.80 Cr. proposed by the Petitioner towards capital expenditure during the fifth Control Period as summarized in the table below:

Table 209: Capital Expenditure approved by the Commission (Rs. Cr.)

Particulars	FY25	FY26	FY27	FY28	FY29	Total
Ongoing Schemes						
EHV Schemes	130.50	70.10	31.28	20.00	11.69	263.57
HV Schemes	62.01	70.21	3.22	0.00	0.00	135.44
IPDS Ph-II	0.00	4.14	0.00	0.00	0.00	4.14
Call Centre	0.00	1.04	0.00	0.00	0.00	1.04
GSC	76.66	29.52	1.00	0.00	0.00	107.18
Total Ongoing Works (A)	**299.69**	**145.49**	**34.50**	**20.00**	**11.69**	**511.37**
New Schemes						
EHV Schemes	**95.32**	**79.12**	**117.73**	**71.39**	**37.54**	**401.10**
Augmentation, System Improvement, Renovation and Modernisation	92.85	60.63	80.74	34.41	9.19	277.81
Construction of Lines and Substations	2.47	18.49	36.99	36.99	28.36	123.29
HV Schemes	**280.53**	**272.52**	**187.00**	**96.65**	**54.21**	**890.91**
Construction of Substation and Lines	141.51	158.22	108.23	47.49	26.71	482.16
Augmentation and System Improvement	91.82	80.09	57.79	37.98	20.02	287.70
Building Works	35.93	27.61	16.42	6.90	2.76	89.61

Particulars	FY25	FY26	FY27	FY28	FY29	Total
Miscellaneous	11.27	6.60	4.57	4.29	4.72	31.45
GSC	100.00	125.00	125.00	125.00	125.00	600.00
Rooftop Solar	25.00	25.00	25.00	25.00	25.00	125.00
RDSS Smart Metering	89.57	208.99	0.00	0.00	0.00	298.56
RDSS Loss Reduction	500.00	1,412.00	0.00	0.00	0.00	1,912.00
World Bank	50.00	100.00	150.00	150.00	135.00	585.00
Border Area	80.00	75.00	75.00	75.00	75.00	380.00
Vibrant Village	0.00	6.08	0.00	0.00	0.00	6.08
Computer and other IT hardware	7.05	7.05	7.05	0.00	0.00	21.15
Upgradation and replacement of Non IT Infra	0.00	2.50	2.50	0.00	0.00	5.00
Total New Works (B)	**1227.47**	**2313.26**	**689.28**	**543.04**	**451.75**	**5224.81**
Grant Total (A+B)	**1527.16**	**2458.75**	**723.78**	**563.04**	**463.44**	**5736.18**

8.7.79 During the review of capital investment proposal for the fifth Control Period, the Commission observed that the Petitioner has not carried out sufficient planning for the Control Period. The Commission in the previous MYT Order directed the Petitioner to submit complete details of capital investment for the 5th Control Period. Despite the direction of the Commission, the Petitioner was only able to provide part details. **The Commission has taken a strict view of such a callous approach of the Petitioner with respect to capital investment which is one of the most important aspects for the distribution utility**. Therefore, the Petitioner is required to adhere to the following set of directives:

a. The Petitioner is directed to submit the complete details of the proposed schemes along with the cost benefit analysis and obtain the scheme-wise approval (excluding the central sponsored schemes like RDSS and World Bank Smart Grid Scheme, Border Area Scheme etc.) in accordance with the provisions of the Regulations for the capital expenditure to be incurred during each year of the 5thControl Period as per the annual investment plan drawn for the purpose.

b. In these submissions, the licensee shall also indicate the sources of funding including its own contribution, debt, grant and consumer contribution.

c. The licensee shall streamline its process for decision making, financing, tendering and contracting to enhance its capacities for speedy execution of schemes for cost efficiency and quality of service enhancement.

d. The Petitioner shall submit the quarterly progress report of actual capital investment within one month of the respective quarter. The licensee is required to separately furnish details of IDC against each scheme.

e. The Petitioner must also submit a short descriptive note for each work stating the purpose of investment, expected benefits and expected COD along with quarterly physical and financial progress reports.

f. The licensee shall undertake only such works as considered viable based on the cost benefit analysis.

g. Submission of detailed note on schemes which have been provisionally approved by the Commission for the fifth Control Period accompanied by DPR, time-frame for implementation, funding, approvals, other relevant documents.

h. **The licensee shall ensure timely completion and compliance of the loss reduction targets as well as various other conditions associated with RDSS schemes. In case the licensee fails to get any grant converted into loan due to non-compliance of any condition, the Commission shall not allow any such loan as pass through in the ARR.**

i. The Commission shall review the capital investment for each year during the true up based on the actual capital investment carried out by the Petitioner.

8.8 GFA and Means of Financing

GFA and Means of Finance for Fourth Control Period

8.8.1 The Commission had approved capital expenditure and capitalization for each year of the fourth Control Period i.e. FY20-FY24. As part of the Business Plan, the Petitioner has submitted the actual capital expenditure and capitalization for four years (FY 2019-20 to FY 2022-23) of the fourth Control Period which has been scrutinised by the Commission. Since, fourth Control Period is not completed yet, the Commission shall true-up the controllable parameters in line with the audited accounts and undertake detailed scrutiny of the various schemes in the subsequent tariff order. However, the information with respect to the capex and capitalisation provided by the Petitioner for fourth Control Period has been analyzed and reviewed to arrive at opening GFA, CWIP and related component i.e., equity and loan for projection of fifth Control Period.

8.8.2 The details of approved and actual capital expenditure and capitalization for four years (FY 2019-20 to FY 2022-23) of the fourth Control Period for the distribution business is summarized in table below:

Table 210: Summary of approved vis-a-vis actual capex and capitalisation of 4th Control Period (Rs. Cr.)

Particulars	FY20	FY21	FY22	FY23	FY24
Approved Capital Investment	583.68	557.05	555.76	388.12	388.12
Actual Capital Investment	643.82	663.57	715.71	625.71	662.20*
Approved Capitalisation	568.63	564.00	560.71	491.67	450.25
Actual Capitalisation	540.73	365.82	945.13	786.89	659.64*

**Based on the average of pervious three years' actual data*

8.8.3 In order to arrive at the opening value of GFA and corresponding components i.e., Equity, Debt and Grants for fourth Control Period, the Commission has adopted the following approach:

a. Closing GFA of FY 2018-19 as approved by the Commission in the true-up of controllable parameters for 3rd Control Period as part of the Mid-Term Performance Review (MTPR) Order dated March 29, 2022 is considered as opening GFA for the fourth Control Period.

b. GFA addition (capitalisation during the year) for four year (FY 2019-20 to FY 2022-23 of the 4th Control Period has been considered provisionally. The detailed scrutiny and prudence of the same shall be carried out at the time of truing-up of the controllable parameters based on the audited accounts of the respective years of the fourth Control Period.

c. For FY2023-24, capital expenditure and capitalisation are considered based on the average of the actual capital expenditure and capitalisation for the past four years i.e. FY 2019-20 to FY 2022-23.

d. Funding of the capitalization during the fourth Control Period has been considered provisionally based on the scheme-wise funding pattern for the respective schemes as per details submitted by the Petitioner and prudence check of the Commission.

8.8.4 Based on the above discussions the Commission has provisionally considered capital expenditure and capitalization for the 4th Control Period as reflected in the table below.

Table 211: Capex and Capitalization considered for fourth Control Period (Rs. Cr.)

Particulars	FY20	FY21	FY22	FY23	FY24*	Total
Capital Expenditure	643.82	663.57	715.71	625.71	662.20	3,311.01
Capitalization	540.73	365.82	945.13	786.89	659.64	3,298.21
Grants & Consumer Contribution	202.91	137.28	354.67	295.29	247.54	1,237.70
Debt	292.56	197.93	511.36	425.74	356.89	1,784.47
Equity	45.26	30.62	79.10	65.86	55.21	276.04

* *Considered based on average of last four years*

Table 212: Provisionally approved GFA for fourth Control Period (Rs. Cr.)

Particulars	FY20	FY21	FY22	FY23	FY24
Opening GFA	6,072.56	6,613.28	6,979.11	7,924.24	8,711.13
Addition	540.73	365.82	945.13	786.89	659.64
Closing GFA	**6,613.28**	**6,979.11**	**7,924.24**	**8,711.13**	**9,370.77**

GFA and Means of Finance for Fifth Control Period

8.8.5 For ongoing works, the Petitioner has submitted that Capex as well as capitalisation shall be similar for respective year of the 4^{th} Control Period. However, for new works proposed, capitalisation will be undertaken in the following ratio:

Table 213: HPSEBL Submission- Phasing ratio for Capitalization of Proposed Capex

FY25	FY26	FY27	FY28	FY29
20%	25%	25%	15%	15%

8.8.6 Based on the above ratio, the Petitioner has proposed year wise capitalisation, as shown in the table below:

Table 214: HPSEBL Submission- Proposed Capitalization for 5^{th} Control Period (Rs. Cr.)

Particulars	FY 25	FY26	FY 27	FY 28	FY 29	Total
Capitalization Ratio	20%	25%	25%	15%	15%	100%
Capitalization Plan for New Schemes (A)	1300.09	1625.11	1625.11	975.07	975.07	6500.44
Capitalization of investments prior to FY24 (B)	299.69	145.50	34.50	20.00	11.69	511.37
Total Capitalization (A+B)	1599.78	1770.61	1659.61	995.07	986.76	7011.81

8.8.7 The Commission has observed that the proposed capitalization schedule is based on a phasing ratio of the capital expenditure to be incurred during the fifth Control Period. In view of the diverse nature of the schemes and works which are spread across the divisions and circles, the exact completion and capitalization of each scheme is difficult to be ascertained.

8.8.8 The Commission has considered the opening CWIP for fifth Control Period as arrived above. Further, for approving the capitalization for each year of the fifth Control Period, capitalization of 40% of the total of opening CWIP and capital expenditure has been considered based on the actual capitalization undertaken during the past years.

8.8.9 Based on the above, the Commission has determined the following capitalization schedule for the investments proposed during the 5thControl Period. The Commission would like to clarify that capitalization approved for the fifth Control Period is provisional and is subjected to true-up on the basis of actual capital investment made and the schemes commissioned by the Petitioner during each year of the fifth Control Period. The capitalisation approved by the Commission is shown in the table below:

Table 215: Approved Capitalization for the 5th Control Period (Rs. Cr.)

Particulars	FY25	FY26	FY27	FY28	FY29
Opening CWIP	1,227.28	1,652.66	2,466.85	1,914.38	1,486.45
Add: Capital Investment during the year	1,527.16	2,458.75	723.78	563.04	463.44
Less: Capitalization @40%	1,101.78	1,644.57	1,276.25	990.97	779.96
Closing CWIP	**1,652.66**	**2,466.85**	**1,914.38**	**1,486.45**	**1,169.94**

8.8.10 Based on the approved capitalization and capital expenditure as discussed above, the opening and closing GFA for the fifth Control Period is provided below:

Table 216: GFA approved for 5th Control Period (Rs. Cr.)

Particulars	FY25	FY26	FY27	FY28	FY29
Opening GFA	9,370.77	10,472.54	12,117.11	13,393.36	14,384.33
Addition	1101.78	1644.57	1276.25	990.97	779.96
Closing GFA	**10,472.54**	**12,117.11**	**13,393.36**	**14,384.33**	**15,164.29**

8.8.11 The Petitioner must ensure that it has streamlined its audited accounts with the capitalization reports generated from SAP system and consolidated the asset capitalization certificates for HT works at the time of final truing up for subsequent years and truing-up of the controllable parameters. Further, **the Petitioner is directed to ensure that the annual capitalisation reports of each true-up year are prepared in advance before the tariff filing process is initiated along with their asset capitalization certificates for HT works issued by competent authority. In the absence of such details, the Commission may disallow any asset addition during the year at the time of true-up.**

8.8.12 With regard the funding of the capitalization, the Petitioner has proposed funding of the capitalization by means of grant / consumer contribution, debt and equity in the ratio of 5%, 76% and 19% respectively. As part of the prudence check and analysis, the Commission asked the Petitioner to submit scheme-wise funding details. In response to the queries, the Petitioner has submitted following details.

Table 217: HPSEBL Submission - Funding pattern for 5th Control Period (Rs. Cr.)

Name of Project/ Scheme	Funding Pattern			
	Debt (%)	Equity (%)	Grant (%)	Consumer Contribution
New Capex Schemes (Circles /Zones)	76%	19%	-	5%
Smart Meter under RDSS	100%	-	-	-
RDSS Loss Reduction	10%	-	90%	-
World Bank Scheme	26%	-	74%	-
Border Area Scheme	10%	-	90%	-
Vibrant Village Scheme	10%	-	90%	-

8.8.13 With regard to funding of Smart Meter works under RDSS, the Petitioner has proposed 100% funding from debt. However, while approving the RDSS scheme the Commission has noted certain conditions, which is as under:

"c) The HPSEBL in its reply to the queries of the Commission has made it clear that metering works to be executed under RDSS will be implemented under TOTEX mode wherein agency contracted shall be incurring all the capital and operational expenditure and HPSEBL will not have to arrange for any equity. But, in case of Distribution Infrastructure works HPSEBL would have to arrange 10% equity. The source of the same must be informed to the Commission within a month of issuance of this Order.

f) The above Schemes/works shall be restructured in respect of technological intervention and constructed in such a manner that full utilization of latest technology is taken care of so that material cost and manpower requirement during construction as well as during operation and maintenance of the asset is minimized. The complete detail of likely reduction in the staff for metering and billing after implementation of RDSS be shared with the Commission within a month of issuance of this Order so that the Commission is in a position to work out the implication on account of installation of Smart Meters in TOTEX mode. Such reduction has to balance additional cost implications to the Consumers on account of Smart Meters and also additional revenue likely to be accrued to DISCOM on account of implementations of this Scheme. Details for the same be submitted within a month of issuance of this Order."

8.8.14 As per guidelines of MoP, the scheme is self-financing model. Owing to the implementation of the prepaid Smart metering on PPP mode through TOTEX (CAPEX+OPEX) model, the DISCOM will not have to pay upfront for the capital expenditure. The PPP partner (AMISP) will provide prepaid Smart metering services on DBFOOT (Design Build Fund Own Operate & Transfer) mode, which includes funding as well. In order to support the DISCOMs in timely implementation of Smart Metering works, a GOI grant of Rs. 1350/- per consumer meter for special category States and Rs. 900/- per consumer meter for other than special category States has been sanctioned. DISCOMs will be able to cover the balance costs other than the provided grant through increased revenue as a result of improved billing and collection efficiency facilitated by the prepaid metering. Thus, this would be without any additional burden on consumers. Accordingly, the Smart Metering implementation is self-sustaining and, no extra cost be passed on to the consumers. Hence, the Commission, considering the guidelines of Ministry of Power, has considered 100% funding from grant.

8.8.15 The summary of scheme wise funding pattern considered by the Commission while approving means of finance for capitalisation during 5th Control Period is in the following para.

Funding of EHV Works:

8.8.16 As discussed above, the Commission has provisionally classified works relating with System Improvement, System Augmentation and Renovation & Modernization under RDSS modernisation works while balance works have been retained to be funded as proposed by the Petitioner. Accordingly, the funding of works classified under RDSS has been retained in in ratio of Grant and debt as 90:10, which is similar to funding of loss reduction works under RDSS.

Funding of RDSS Smart Metering

8.8.17 As discussed above, the Commission while approving the RDSS scheme in its Order dated December 28, 2022, had taken into cognizance that the scheme will be executed through TOTEX mode and hence, agency contracted shall be incurring all the capital and operational expenditure. Accordingly, the Commission has considered 100% funding from grant.

Funding of Loss Reduction Works

8.8.18 Funding pattern of loss reduction works has been considered as submitted by the Petitioner i.e. grant: debt – 90:10.

Funding of World Bank Scheme

8.8.19 Funding pattern of loss reduction works has been considered as submitted by the Petitioner i.e. grant: debt – 74:26.

Funding of Border Area Scheme

8.8.20 Funding pattern of Border Area Scheme has been considered as submitted by the Petitioner i.e. grant: debt – 90:10.

Funding of Vibrant Village Scheme

8.8.21 Funding pattern of Vibrant Village Scheme has been considered as submitted by the Petitioner i.e. grant: debt – 90:10.

Funding of Computer and IT Hardware including replacement of Non-IT Infra

8.8.22 As discussed above, the Commission has provisionally considered these works to be funded under RDSS modernisation and accordingly, considered funding pattern as grant: debt – 90:10.

Funding of HV Works:

8.8.23 As discussed above, the Commission has provisionally classified works relating with System Improvement, System Augmentation and Renovation & Modernization under RDSS modernisation works while balance works have been retained to be funded as proposed by the Petitioner. Accordingly, the funding of works classified under RDSS has been retained in the ratio of Grant and debt as 90:10, which is similar to funding of loss reduction works under RDSS.

Funding of Ongoing Works/ Spilled over Works:

8.8.24 The funding pattern of ongoing works has been computed based on the actual scheme wise capitalisation and corresponding funding pattern submitted by the Petitioner, which is in the ratio of Debt:Equity:Grant as 54:8:38 on consolidated basis.

Funding of GSC:

8.8.25 The Commission has considered funding of GSC as proposed by the Petitioner, which is as follows:

Table 218: Funding pattern of GSC approved for 5th Control Period (Rs. Cr.)

Particulars	For ongoing works	For new works
Debt	54%	76%
Equity	8%	19%
Grant	38%	5%

Funding of Rooftop Solar Scheme:

8.8.26 The funding pattern of Rooftop Solar Scheme is considered as submitted by the Petitioner, which is in the ratio of Debt:Equity:Grant as 76:19:5.

8.8.27 Based on the above discussion, the Commission as approved scheme wise funding pattern as shown in the table below:

Table 219: Scheme wise funding approved for 5th Control Period (Rs. Cr.)

Particulars	Funding pattern	FY25	FY26	FY27	FY28	FY29
New Capex Scheme		**316.18**	**360.92**	**316.20**	**245.66**	**212.55**
Debt	76%	240.29	274.30	240.31	186.70	161.54
Equity	19%	60.07	68.58	60.08	46.68	40.38
Grant	0%	0.00	0.00	0.00	0.00	0.00
CC	5%	15.81	18.05	15.81	12.28	10.63
RDSS - Smart Meter		**89.57**	**208.99**	**0.00**	**0.00**	**0.00**
Debt	0%	0.00	0.00	0.00	0.00	0.00
Equity	0%	0.00	0.00	0.00	0.00	0.00
Grant	100%	89.57	208.99	0.00	0.00	0.00
CC	0%	0.00	0.00	0.00	0.00	0.00
RDSS - Loss Reduction		**500.00**	**1,412.00**	**0.00**	**0.00**	**0.00**
Debt	10%	50	141.2	0	0	0
Equity	0%	0	0	0	0	0
Grant	90%	450	1270.8	0	0	0
CC	0%	0	0	0	0	0
World Bank Scheme		**50.00**	**100.00**	**150.00**	**150.00**	**135.00**
Debt	26%	13	26	39	39	35.1
Equity	0%	0	0	0	0	0

Particulars	Funding pattern	FY25	FY26	FY27	FY28	FY29
Grant	74%	37	74	111	111	99.9
CC	0%	0	0	0	0	0
Border Area Scheme		**80.00**	**75.00**	**75.00**	**75.00**	**75.00**
Debt	10%	8	7.5	7.5	7.5	7.5
Equity	0%	0	0	0	0	0
Grant	90%	72	67.5	67.5	67.5	67.5
CC	0%	0	0	0	0	0
Vibrant Village Scheme		**0.00**	**6.08**	**0.00**	**0.00**	**0.00**
Debt	10%	0.0	0.6	0.0	0.0	0.0
Equity	0%	0.0	0.0	0.0	0.0	0.0
Grant	90%	0.0	5.5	0.0	0.0	0.0
CC	0%	0.0	0.0	0.0	0.0	0.0
Computer and IT Hardware including replacement of IT		**7.05**	**9.55**	**9.55**	**0.00**	**0.00**
Debt	10%	0.71	0.96	0.96	0.00	0.00
Equity	0%	0.00	0.00	0.00	0.00	0.00
Grant	90%	6.35	8.60	8.60	0.00	0.00
CC	0%	0.00	0.00	0.00	0.00	0.00
Augmentation / System Improvement Scheme		**184.68**	**140.71**	**138.53**	**72.38**	**29.20**
Debt	10%	18.47	14.07	13.85	7.24	2.92
Equity	0%	0.00	0.00	0.00	0.00	0.00
Grant	90%	166.21	126.64	124.68	65.14	26.28
CC	0%	0.00	0.00	0.00	0.00	0.00
Ongoing Scheme		**299.69**	**145.49**	**34.50**	**20.00**	**11.69**
Debt	54%	162.14	78.72	18.67	10.82	6.32
Equity	8%	25.08	12.18	2.89	1.67	0.98
Grant	38%	112.46	54.60	12.95	7.51	4.39
CC		0.00	0.00	0.00	0.00	0.00
Total		**1527.16**	**2458.75**	**723.78**	**563.04**	**463.44**
Debt	32%	492.61	543.35	320.28	251.26	213.38
Equity	6%	85.16	80.75	62.97	48.35	41.36
Grant	61%	933.58	1816.60	324.72	251.15	198.07
CC	1%	15.81	18.05	15.81	12.28	10.63

8.8.28 Based on the above, the Commission has arrived at a consolidated funding pattern for the entire capitalization approved for the 5th Control Period. The financing of the additional GFA during the fifth Control Period on overall basis is summarized in the Table below:

Table 220: Means of the financing of GFA considered by the Commission for 5th Control Period (Rs. Cr.)

Mean of Finance	Funding Pattern on consolidated basis
Grant & CC	63%
Debt	32%
Equity	6%

8.8.29 Based on the above, the Commission has approved capitalization during the fifth Control Period as shown in the table below:

Table 221: Funding approved by the Commission for 5th Control Period (Rs. Cr.)

Particulars	FY25	FY26	FY27	FY28	FY29	Total
Grant/ Consumer Contribution/ Deposit Works	690.8	1031.2	800.2	621.4	489.0	3,632.65
Debt	349.7	522.1	405.1	314.6	247.6	1,839.10
Equity	61.2	91.3	70.9	55.0	43.3	321.77
Total Capitalization	**1,101.78**	**1,644.57**	**1,276.25**	**990.97**	**779.96**	**5,793.52**

8.9 Human Resources Plan

8.9.1 As per Regulation 30 of the HPERC MYT Regulations, 2023,

"…….

(n) Presently, the State of Himachal Pradesh is having only one DISCOM i.e. HPSEBL and its per unit employee cost is one of the highest in the country. Therefore, the HPSEBL must take prior approval of the Commission before going for any fresh recruitment. Otherwise, the cost on such account shall not be approved by the Commission.

……."

8.9.2 In accordance with the provision of the Regulations, the Petitioner is required to submit a detailed recruitment plan for the subsequent Control Period as part of its Business Plan filing. The Petitioner has submitted recruitment and retirement details for previous years as well as projection for each year of the 5th Control Period.

8.9.3 The recruitment details submitted by the Petitioner is shown in the table below:

Table 222: HPSEBL Submission – breakup of Recruitments made by HPSEBL during previous years

Sl.	Name of category	FY17	FY18	FY20	FY21	FY22	FY23
1	Assistant Engineer (E) /IT			84			76
2	Junior Engineer (E)	235	32				
3	Junior Engineer(C/M)	26					
4	Junior Draftsmen					93	
5	Computer Operator	5					
6	Steno Typist			1	7		
7	Superintendent (D/A)			10			
8	Junior Office Assistant (IT)	310	101	83			

Sl.	Name of category	FY17	FY18	FY20	FY21	FY22	FY23
9	Lineman			85		7	
10	SSA			43		6	163
11	Electrician					8	112
12	T/Mate	774	48	515	1340	110	57
13	Helper(S/Stn)	245		130	350	9	43
14	Helper(M&T)	25					
15	Helper (PH)(E)	138		41	18		1
16	Helper (PH)(HM)	85			53		
17	Junior Office Assistant (Accounts)	125		4	1	74	
18	Junior Engineer (IT)		10				
19	Company Secretary		1				
20	Driver				7	11	
21	ASK				1	90	
22	Fitter HM					1	25
23	Peon(D/W)					262	
24	Chowkidar(D/W)					15	
25	SCC (D/W)					11	
26	Law Officer (Gr-II)						3
27	Electrician (M&T)						22
28	Electrician (PH)(E)						22
Total		**1968**	**192**	**996**	**1777**	**697**	**524**

8.9.4 The Petitioner has also submitted the expected retirement plan at each level for the fifth Control Period. A summary of the total retirements each year is summarized in table below:

Table 223: HPSEBL Submission - Retirement Plan of entire HPSEBL for 5th Control Period

Designation	FY25	FY26	FY27	FY28	FY29
Total Retirements	894	779	685	559	476

8.9.5 The Commission asked the Petitioner to submit class wise opening value of number of employee, recruitment and retirement details. In response, the Petitioner has submitted the followings:

Table 224: HPSEBL Submission -Class wise details Control Period

Particulars	Opening value (1.4.2023)	Recruitment during the year	Retirement	Closing value
	A	B	C	D=A+B-C
Own Employee				
Class-I	1079	76	215	940
Class-II	541		77	464
Class-III	7727	347	511	7563
Class-IV	6176	101	68	6209
Total (E)	**15523**	**524**	**871**	**15176**
Outsourced Employee				
Outsourced Employee (F)	3061			3061

Particulars	Opening value (1.4.2023)	Recruitment during the year	Retirement	Closing value
	A	B	C	D=A+B-C
Total (G=E+F)	**18584**	**524**	**871**	**18327**

8.9.6 It is observed that the Petitioner has proposed total 4226 number of new employees to be recruited during the 5th Control Period. The level wise recruitment details submitted by the Petitioner is as under:

Table 225: HPSEBL Submission -Proposed recruitment for 5th Control Period

Sr. No	Name of category	FY25	FY26	FY27	FY28	FY29
i.	Assistant Engineer (E) /IT	23	23	23	23	23
ii.	Junior Engineer (E)	45	45	45	45	45
iii.	Computer Operator	9	8	0	0	0
iv.	Steno Typist	2	2	2	2	2
v.	Junior Office Assistant(IT)	100	100	100	100	100
vi.	Lineman	16	16	16	16	16
vii.	SSA	24	24	24	24	24
viii.	Electrician	15	15	15	15	15
ix.	T/Mate	897	897	50	50	82
x.	Helper(S/Stn)	300	150	30	30	43
xi.	Helper(M&T)	10	13	5	5	5
xii.	Helper (PH)(E)	70	30	30	30	21
xiii.	Helper (PH)(HM)	34	20	20	17	0
xiv.	Junior Office Assistant (Accounts)	20	20	20	20	20
xv.	Junior Engineer (IT)	1	1	1	1	1
xvi.	Peon(D/W)	26	26	26	26	26
xvii.	Electrician (PH)(E)	2	2	2	2	2
Total		**1594**	**1392**	**409**	**406**	**425**

8.9.7 Despite several direction of the Commission in regard to reduction of employee cost as well as rationalisation the manpower from dying units to other areas, the Petitioner has been continuously recruiting new employees. It is observed that the employee cost of HPSEBL is higher in comparison of the per unit employee cost of neighboring states and across all major states in India. On the contrary, the Petitioner is proposing to add additional 4226 number of employees during the Control Period inspite of the fact that several IT related and process automation infrastructure works including SAP billing, ERP, etc., which have been carried out in the past under the various Central Govt and other schemes. Also, the Petitioner is undertaking significant Capex under RDSS scheme where automation and modernization of network would ensure lower number of manpower requirement. However, such aspects have not been incorporated by the Petitioner in its proposal.

8.9.8 Also, the Petitioner in previous Order has been directed to reduce the employee cost and submit roadmap for reduction of Employee costs. The relevant extract of the directive is as under:

"10.3.17 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."*

8.9.9 However, no such roadmap has been submitted by the Petitioner till date. Also the details of employee to be recruited during 5th Control Period is not approved by the competent authority. In the absence of concrete roadmap and proper details with the justification, the Commission has not approved new recruitment for the 5th Control Period. Further, with respect to retirement of employee, the Commission has considered retirement of employees during 5th Control Period as proposed by the Petitioner. The recruitment and retirement of employee during 5th Control Period is shown in the table below:

Table 226: Approved HPSEBL Submission -Proposed recruitment for 5th Control Period

Particulars	FY25	FY26	FY27	FY28	FY29
Recruitment /Addition	0	0	0	0	0
Retirement	894	779	685	559	476

8.9.10 The Commission directs the Petitioner to undertake a detailed assessment of its manpower requirements in its various departments and limit the workforce in the dying departments as to better utilize its existing manpower in other areas of necessity. Further, the Petitioner must also look at outsourcing of services and manpower requirement which could be more cost effective in the longer term.

8.10 Quality of Supply and Services

8.10.1 As per the Regulation 7 of the HPERC MYT Regulations, 2023 the Petitioner is required to submit Plan for improving quality and reliability of power supply. The Commission asked the Petitioner to submit reliability indices (i.e. SAIFI, CAIDI, CAIFI) for past period as well as projection for the 5th Control Period.

8.10.2 The Petitioner has neither submitted the past details with respect to the quality of supply parameters as part of the Business Plan nor provided any projections for the fifth Control Period. Based on the query of the Commission, the following trajectory for Supply and Wires availability was submitted by the Petitioner:

Table 227: HPSEBL Submission – Proposed Trajectory of Quality of Supply parameters for 5th Control Period

Particulars		FY 24 (Approved)	FY25	FY26	FY27	FY28	FY29
SAIFI							
	Urban	28	25	24.5	24	23.5	23
	Rural	115	105	104	103	102	101
SAIDI							
	Urban	896	775	755	735	715	695
	Rural	1725	1470	1420	1400	1370	1350
CAIFI							
	Urban	11	10	9.5	9	8.5	8
	Rural	33	31	30.5	30	29.5	29
CAIDI							
	Urban	32	31	30.816	30.625	30.426	30.217
	Rural	15	14	13.654	13.592	13.431	13.366
Hours of Supply							
	Urban	23.71	23.72	23.73	23.74	23.75	23.76
	Rural	21.65	21.98	22	22.2	22.4	22.6

8.10.3 The Commission observed that projection of reliability indices is not based on the reliability indices approved by the Commission for FY24 rather based on any basis and past achievement in this regard. Also, the Petitioner has not submitted any detailing with regard to the proposed trajectory or actual value achieved during the past years with regard to the parameters of reliability indices. In response to the Commission's query, the Petitioner has submitted that actual reliability indices from FY19 to FY23 as under:

Table 228: HPSEBL Submission – Actual reliability parameters during 4th Control Period

Particulars	FY19	FY20	FY21	FY22	FY23
SAIDI	2146	1876	1586	1479	1528
SAIFI	0.75	0.75	0.75	0.74	20.32
CAIDI	2878	2517	2125	2010	75
CAIFI	0.0122	0.0128	0.0157	0.0179	27.10

8.10.4 The Commission has gone through the details submitted by the Petitioner and has observed inconsistencies in the past years. It was observed that the actual figure of performance parameters was significantly high in comparison to previous norms. Also, significant variations are observed in FY 2022-23 nos. with respect to all the indices values which has also not been explained by the Petitioner.

8.10.5 The Commission feels that a detailed scrutiny of the past numbers would require to be undertaken before a trajectory is specified for the fifth Control Period.

8.10.6 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. from next year onwards. In case of non-submission of such data, the Commission shall take strict action under the provisions of Electricity Act, 2003.

8.11 Performance Parameters

8.11.1 As per HPERC MYT Regulations, 2023, the Petitioner is required to provide trajectory for AT&C loss, Billing Efficiency and Collection efficiency. Thus, the Commission asked the Petitioner to submit actual AT&C loss, Billing Efficiency and Collection efficiency from FY19 to FY23 as well as projection for 5th Control Period as per the Regulations. In response, the Petitioner has submitted each of these parameters, which is shown in the table below:

Table 229: HPSEBL Submission –actual AT&C loss, Billing Efficiency & Collection Efficiency

Particulars	FY19	FY20	FY21	FY22	FY23
Billing Efficiency	88.41%	87.89%	85.98%	87.25%	89.43%
Collection efficiency	97.89%	95.1%	103.98%	106.93%	100.27%
AT&C Losses	13.46%	16.42%	14.02%	12.75%	10.57%

Table 230: HPSEBL Submission -AT&C loss, Billing Efficiency & Collection Efficiency for 5th Control Period

Performance Parameter	FY25	FY26	FY27	FY28	FY29
Billing efficiency	89.85%	89.86%	89.87%	89.88%	89.89%
AT&C Loss	10.15%	10.14%	10.13%	10.12%	10.11%
AT&C Loss with STU loss @0.75%	10.83%	10.82%	10.81%	10.80%	10.79%

8.11.2 The Petitioner has submitted that actual collection efficiency during the last three years i.e. FY 21 to FY23 is over 100%. Moreover, the Petitioner has also submitted that capital investment envisaged towards smart metering, IT projects and World Bank Scheme shall continue to support the Petitioner in achieving high collection efficiency. Thus, the Commission considering the actual collection efficiency and capital investment towards IT Projects World Bank Scheme along with the proposal of the Petitioner, approves 100% collection efficiency for each year of the Control Period.

8.11.3 With respect to AT&C loss, the Petitioner has submitted AT&C loss based on losses of distribution network and AT&C losses considering STU losses of 0.75%, as shown in the above table. The Commission has already deliberated on T&D losses in the Business Plan Chapter of this Order. Based on the approved trajectory of T&D loss and approved collection efficiency of 100% for each year of the Control Period, the Commission approves AT&C loss equals to T&D loss for the 5th Control Period.

8.11.4 Further, based on approved T&D losses the Commission has approved billing efficiency. The approved trajectory for all above discussed parameters is shown in the table below:

Table 231: Approved Trajectory of AT&C loss, Billing Efficiency & Collection Efficiency for 5th Control Period

Performance Parameter	FY25	FY26	FY27	FY28	FY29
Collection efficiency	100%	100%	100%	100%	100%
Billing efficiency	90.00%	90.00%	90.20%	90.40%	90.50%

Performance Parameter	FY25	FY26	FY27	FY28	FY29
AT&C Loss	10.00%	10.00%	9.80%	9.60%	9.50%

9 ANALYSIS OF AGGREGATE Revenue REQUIREMENT (ARR) FOR FIFTH CONTROL PERIOD

9.1 Background

9.1.1 The MYT Framework as defined under Regulation 4 of the HPERC MYT Regulations, 2023 states as follows:

"***4. Multi Year Tariff (MYT) Framework.- (1)*** *The Commission shall determine the tariff for distribution business under a Multi Year Tariff framework with effect from 1st April, 2024.*

(2) The Multi-Year Tariff framework shall be based on the following elements, for calculation of Aggregate Revenue Requirement and expected revenue from tariff and charges for Distribution Business:-

(a) A detailed Business Plan based on the Operational Norms and trajectories of performance parameters specified in the MYT Regulations, year wise for the Control Period, shall be submitted by the applicant for the Commission's approval;

(b) Based on the Business Plan, the applicant shall submit a Petition with the forecast of Aggregate Revenue Requirement and expected revenue from existing tariff and charges for each year of the Control Period, and the Commission shall approve the tariff for each year of the Control Period;

(c) The mechanism for pass-through of approved gains or losses on account of uncontrollable factors will be as specified by the Commission in these Regulations;

(d) The mechanism for sharing of approved gains or losses arising out of controllable factors will be as specified by the Commission in these Regulations;

(3) The norms specified under these Regulations are the ceiling norms and this shall not preclude the licensee from agreeing to improved norms of operation. In case the improved norms are agreed to, such norms shall be applicable for determination of tariff.

9.1.2 In line with the HPERC MYT Regulations, 2023, the Commission has approved the Business Plan for the 5th Control Period FY25 to FY29 in the previous Chapter.

9.1.3 In this Chapter, the Commission has analysed the MYT Petition and subsequent submissions made by the Petitioner towards the ARR of each year during the 5th Control Period from FY25 to FY29. The claim of the Petitioner has been analysed based on the actual performance during the past Control Period and provisions under the MYT Regulations, 2011 and its amendments.

9.1.4 Similar to the Business Plan submitted by the Petitioner, the Commission has observed several deficiencies in the MYT Petition submitted by the Petitioner and held several rounds of technical validation to validate the data furnished by the Petitioner. The Petitioner in its responses to the queries, provided additional data on various financial parameters and revised its claim due to several inadvertent errors in their ARR claim for the Control Period, which has been discussed at length in the subsequent sections.

9.1.5 For determination of the ARR for each year of the 5th Control Period, the Commission has considered the approved sales / demand forecast, T&D loss, energy requirement, power procurement plan, capital expenditure and capitalization schedule, funding plan, etc. as part of the Business Plan for the 5th Control Period in the Business Plan chapter of this Order. In accordance with the provisions of the HPERC MYT Regulations, 2023, Business Plan approved for the 5th Control Period and audited accounts / provisional numbers for past years, the Commission has projected the following ARR parameters for the 5th Control Period:

- Power purchase cost
- Operation and Maintenance Expenses (including Employee Expenses, A&G expense and R&M expense)
- Capital related costs like return on equity, interest on capital loans, depreciation
- Interest on working capital
- Non –tariff income

9.1.6 The methodology adopted by the Commission for approval of each ARR parameter is detailed in the subsequent sections.

9.2 Energy Sales

9.2.1 As discussed in the chapter on Business Plan, the Commission has analyzed year-on-year variations in sales as well as the short term, medium term and long term trends in sales and computed the CAGR for different lengths of time (2 years, 3 years, 4 years, 5 years) for all categories of consumers. The Commission has also computed the average consumption levels per consumer, average load per consumer and load factor for each category in the last 5 years. The energy sales thus projected has combined the effect of anticipated load growth, consumer growth and average load factor. Finally, the Commission has projected month-on-month energy sales for each category based on the seasonal trends in the last 3-5 years. The year wise projection of sales for 5th Control Period is shown in the table below:

Table 232: Energy Sales (in MU) projected for 5th Control Period

S.No.	Category	FY25	FY26	FY27	FY28	FY29
		Proj.	Proj.	Proj.	Proj.	Proj.
1.	Domestic	2,820	2,974	3,136	3,307	3,488
2.	NDNC	192	200	208	216	225
3.	Commercial	777	813	850	889	930
4.	Temporary	58	58	58	58	58
5.	Small Power	92	93	95	97	99
6.	Medium Power	118	124	130	136	143
7.	Large Power	6,798	7,125	7,468	7,827	8,204

S.No.	Category	FY25	FY26	FY27	FY28	FY29
		Proj.	Proj.	Proj.	Proj.	Proj.
8.	Govt. Irrigation & Water Pumping	800	833	867	902	939
9.	Public Lighting	12	12	12	13	13
10.	Irrigation & Agriculture	96	99	102	105	109
11.	EV Charging Station	12	13	15	17	20
11.	Bulk Supply	174	177	180	183	186
12.	**Total**	**11,947**	**12,520**	**13,121**	**13,752**	**14,414**

9.3 Transmission and Distribution Loss

9.3.1 In the Business Plan section of this Order, the Commission has deliberated the detailed approach and methodology for approval of the T&D loss for 5th Control Period. The Commission has approved T&D loss for 5th Control Period considering the actual achievement in the past years, capital investment approved towards loss reduction works and guidelines of the Central Government issued in this regard, as under:

Table 233: Approved T&D loss for fifth Control Period

Particulars	FY25	FY26	FY27	FY28	FY29
Approved T&D Loss for HPSEBL	9.50%	9.50%	9.30%	9.10%	9.00%
Loss Reduction	-	-	0.20%	0.20%	0.10%
STU Loss (HPPTCL)	0.50%	0.50%	0.50%	0.50%	0.50%
Total T&D Loss	10.00%	10.00%	9.80%	9.60%	9.50%

9.3.2 The gain/loss arising from the over-achievement / under-achievement in T&D loss shall be treated as per Regulation 11 of the HPERC MYT Regulations, 2023 for the 5th Control Period.

9.4 Energy Requirement

9.4.1 The Commission's estimates of energy requirement at distribution periphery for each year of the fifth Control Period are based on the sales and T&D loss reduction trajectory approved by the Commission. The Commission's estimates for power requirement are tabulated as follows:

Table 234: Approved Energy Requirement for fifth Control Period

Particulars	FY25	FY26	FY27	FY28	FY29
Sales (MU)	11,947	12,520	13,121	13,752	14,414
Approved T&D Loss for HPSEBL	9.50%	9.50%	9.30%	9.10%	9.00%
STU Loss (HPPTCL)	0.50%	0.50%	0.50%	0.50%	0.50%
Approved Loss (%)	10.00%	10.00%	9.80%	9.60%	9.50%
Energy Requirement at State Periphery for own consumption (MU)	13,275	13,911	14,547	15,212	15,927

9.5 Power Purchase Cost

9.5.1 The Commission has analysed the demand-supply situation during the 5th Control Period at length in the previous chapter on Business Plan for the 5th Control Period. The Commission has considered design energy, historical data on gross generation and allocation of power from various generation sources to arrive at the quantum of energy available to the Petitioner during the Control Period from various stations.

9.5.2 The following power generating stations have been considered for the purpose of estimation of power availability for the Control Period:

- HPSEBL's own generating stations
- Purchase from generating stations of HPPCL's;
- 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 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 the Control Period;
- Purchase through bilateral short term arrangements;

9.5.3 The power availability projected by the Commission from various sources as part of the Business Plan is summarized in table below:

Table 235: Summary of Energy Availability for 5th Control Period (in MUs)

Particulars	FY25	FY26	FY27	FY28	FY29
Total Own Generation	2,377	2,440	2,440	2,440	2,440
Total HPPCL	681	681	1,630	2,217	2,290
Total Free Power	0	0	0	0	0
Total NTPC	1,557	1,645	1,645	1,645	1,645
Total NPCIL	244	330	392	392	392
Total NHPC	394	486	486	486	486
Total THDC	22	154	163	231	231
Total BBMB & Other Shared Stations	1,131	1,131	1,131	1,131	1,131
Total SJVNL & Others	2,243	2,243	2,243	2,243	2,243
Total IPPs and Private SHPs	3,373	3,488	3,692	3,895	4,045
Total Solar	852	1,207	1,566	1,927	2,290
Short-term Procurement	645	364	-	-	-
Grand Total	**13,518**	**14,169**	**15,387**	**16,605**	**17,192**

9.5.4 In the following sub sections, the Commission has estimated the cost of the projected power purchase quantum along with certain assumptions thereon, from each of the above sources. While doing so, the Commission has exercised due caution in analysing the recent trends and available tariff orders of the stations.

9.5.5 The tariff for Central Generating Stations (CGS) is determined by Hon'ble Central Electricity Regulatory Commission (CERC) for a Control Period of five years. The last tariff approved by Hon'ble CERC is for the Control Period FY 2019-24. It is observed that the new CERC (Terms and Conditions of Tariff) Regulations, 2024 for determination of tariff for CGS for the Control Period 2024-29 are still to be issued and post that the tariff orders with annual fixed and energy charges shall be determined by the CERC for the period 2024-29. In absence of the tariff orders for other CGS, the Commission has considered appropriate assumptions for projecting the power purchase cost for the fifth Control Period which are detailed in the write-up of respective sources.

Generation Cost of HPSEBL Own Generating Stations

9.5.6 The tariff Petition for HPSEBL's own generating stations for the fifth Control Period has not been filed. In the absence of the tariff for these stations, the Commission has continued with the AFC determined for FY24 with an escalation of 5% y-o-y for determining the power purchase cost during the fifth Control Period from these stations. However, in case of Bhabha and Larji HEP, the expected increase in tariff has been considered at 10% per annum in view of the additional capitalization impact. The actual tariff as determined by the Commission for these stations shall be considered at the time of truing-up for the respective stations. In case of Uhl-III, the Commission has considered a provisional tariff of Rs. 5.00 per unit in the 5th Control Period.

9.5.7 Further, the generic tariff of Rs. 2.25 per unit as approved by the Commission in its Order dated 15.01.2014 against Petition No. 54/2013 has been considered for the balance eight stations, i.e. Ghanvi, Khauli, Thirot, Gumma, Holi, Bhabha Aug, Sal-II, Killar, Billing, Sach, Sural and Purthi. Further, in case of Ghanvi-II HEP, the Commission has considered the Tariff of Rs. 3.16 per unit as approved in the Project Specific Levelized Tariff for Ghanvi-II HEP vide Order dated 28.09.2022 in Petition No. 27/2022.

Cost of GoHP Free Power

9.5.8 As per Commission's Order dated 15.03.2024, the purchase rate of free power available to HPSEBL from GoHP has been fixed at Rs. 2.60 per unit for FY25. Since the Commission has not considered any free power of GoHP during the Control Period, the power purchase cost against the same has not been considered. However, any GoHP free power procured by the Petitioner during FY25 is to be done as per the approved rate of Rs. 2.60 per unit.

Cost of Power from NTPC Stations

9.5.9 In case of NTPC generating station, the Hon'ble CERC has issued tariff order for some of the generating station for the period of FY 2019-24. The Commission has considered the Fixed Cost for FY24 as approved by the Hon'ble CERC for such stations and projected the fixed charges for the ensuing years of the fifth Control Period (FY25 to FY29) by considering an escalation of 3% y-o-y escalation. In case of energy charges, the Commission has considered the charges equivalent to FY 2022-23 with 3% y-o-y escalation for the ensuing years.

9.5.10 Further, in the absence of Tariff Orders of the respective years for some of the Central Generating Stations, the Commission has considered fixed and energy charges equivalent to FY 2022-23 with 3% y-o-y escalation on fixed and variable charges respectively for the 5^{th} Control Period.

9.5.11 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 FY23, as submitted by HPSEBL in Form 4a. An escalation of 3% has been applied for coal and gas based plants to arrive at the variable cost for subsequent years.

Cost of Power from NHPC Stations

9.5.12 As reasoned earlier, the Hon'ble CERC has issued tariff order for some of the generating station of NHPC for the period of FY 2019-24. The Commission has considered the Fixed Cost as approved by the Hon'ble CERC for Salal, Tanakpur, Chamera-III, Dhauliganga, Dulhasti and Sewa.

9.5.13 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 2022-23 with 3% y-o-y escalation on fixed and variable charges respectively.

9.5.14 In case of new stations, the Commission has considered a provisional tariff of Rs. 5.00 per unit for NHPC stations. The same shall be trued-up as per actual.

Cost of Power from NPCIL Stations

9.5.15 The Commission has considered energy charges for the various NPCIL stations for FY 2022-23 with an escalation of 3% p.a. on the energy charges for the 5^{th} Control Period.

9.5.16 In case of RAPP VII & VIII plants, the Commission has considered a provisional tariff of Rs. 5.00/ per unit for the entire period of 5^{th} Control Period.

Cost of Power from BBMB and Other Shared Stations

9.5.17 The cost of power from BBMB, Dehar, Pong and Shanan has been considered based on the actual power purchase cost during FY23 submitted by the Petitioner. For subsequent years, the Commission has considered an escalation of 3% on the per unit charges.

9.5.18 For Yamuna stations, cost of power purchase for FY24 has been considered based on the charges approved by the Uttarakhand Electricity Regulatory Commission (UERC) in the 'Tariff Order on True Up for FY 2021-22, Annual Performance Review FY 2022-23 and Annual Fixed Charges for FY 2023-24 for UJVN Ltd.' dt. 30.03.2023. For subsequent years of the Control Period, the Commission has escalated the charges approved by the UERC by 3%.

9.5.19 In case of Khara HEP, the actual power purchase cost during FY23 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

9.5.20 As reasoned earlier, the Hon'ble CERC has issued tariff order for the generating station of SJVNL for the period of FY 2019-24. Considering the same, the Commission has considered the Fixed Cost as approved by the Hon'ble CERC.

9.5.21 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 FY23 as submitted by the Petitioner.

Cost of Power from THDC Stations

9.5.22 As reasoned earlier, the Hon'ble CERC has issued tariff order for r the period of FY 2019-24 for THDC generating stations. Considering the same, the Commission has considered the fixed cost and variable charge as approved by the Hon'ble CERC.

9.5.23 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 FY23 as submitted by the Petitioner.

9.5.24 In case of new stations, the Commission has considered a provisional tariff of Rs. 5.00 per unit for THDC Vishnugad Piplikoti station. The same shall be trued-up as per actual.

Cost of Power from HPPCL Stations

9.5.25 The Commission has considered a provisional rate of Rs. 5.00 per unit for the HPPCL stations of Kashang, Sainj and Swara Kuddu. The same shall be trued-up based on the actual tariff determined for these stations for the fifth Control Period. Also, for the new and upcoming hydro stations of HPPCL, a provisional rate of Rs. 5.00 per unit has been considered for the fifth Control Period.

Cost of Power from IPPs and Private SHPs

9.5.26 The tariff order for BASPA HEP is also under process and therefore the Commission has considered a provisional tariff Rs. 1.55 per unit for each year of the fifth Control Period. The Commission shall true-up the same as per the final tariff issued for the BASPA-II plant. Further, the Commission has also considered cost towards secondary energy based on the PPA provisions. Additional cost towards higher availability from Baspa plant has also been considered.

9.5.27 For projecting the power purchase cost from private SHPs, average rate of power from private SHP during FY23 has been considered along with existing quantum of power being available from various private SHPs during the fifth Control Period. An escalation of 2% p.a. has been considered on the average rate of SHPs.

Cost of Power from Solar Plants

9.5.28 The Petitioner has been procuring bundled power from Singrauli Solar power plant. The Commission has considered the cost of thermal power (15 MW) in the previous sections. For solar power of 15 MW, a rate of Rs. 7.87 per unit has been considered as per the actual rate in FY23. Similarly, as per the claim of the Petitioner, power from SECI has been considered at a rate of Rs.5.50 per unit for the fifth Control Period.

9.5.29 In addition to the solar power being procured by HPSEBL from Singrauli solar power plant and SECI, additional quantum has been considered from Himurja allocated solar capacity which is considered at Rs. 3.65 per unit and additional solar quantum from competitive bidding at a rate of Rs. 3.00 per unit.

Price for purchase of power by Discom without green attributes under REC mechanism

9.5.30 The Hon'ble Central Electricity Regulatory Commission 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 - Renewable Energy Certificates (RECs).

9.5.31 The aforesaid Regulations provided that a generating company engaged in generation of electricity from Renewable Energy sources shall be eligible to apply for registration for issuance of and dealing in 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.

9.5.32 Accordingly, the Himachal Pradesh Electricity Regulatory Commission notified by the Himachal Pradesh Electricity Regulatory Commission (Renewable Power Purchase Obligation and its Compliance) Regulations, 2010 (HPERC REC Regulations, 2010), which were published in the Rajpatra, Himachal Pradesh, dated 29th May, 2010 which have subsequently been amended from time to time.

9.5.33 However, on 9th May, 2022, the Central Electricity Regulatory Commission (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.

9.5.34 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 availed any (i) waiver of or concessional transmission charges or (ii) waiver of or concessional wheeling charges.

9.5.35 Accordingly, the Himachal Pradesh Electricity Regulatory Commission has notified the Himachal Pradesh Electricity Regulatory Commission (Renewable Power Purchase Obligation and its Compliance) Regulations, 2023 on 24th February, 2023 repealing the HPERC RPO 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."

9.5.36 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.

9.5.37 Accordingly, this rate comes out to be Rs. 2.60 per unit for purchase of electricity by the Distribution Licensee, under REC mechanism during FY 2024-25.

9.5.38 The Commission has considered the rate determined above for all the years of the fifth Control Period for the purpose of procurement of power by Discom without green attributes under REC mechanism. This rate shall be revised each year based in the APR petition and shall be trued-up accordingly.

Source-wise Power Purchase Cost

9.5.39 Based on the principles discussed above, the table below summarizes power purchase cost of each plant approved for the fifth Control Period.

Table 236: Power Purchase Summary approved for 5th Control Period

Name of the Plant	FY25			FY26			FY27			FY28			FY29		
	Units (MU)	Cost (Rs. Cr.)	Rate (Rs./kWh)	Units (MU)	Cost (Rs. Cr.)	Rate (Rs./kWh)	Units (MU)	Cost (Rs. Cr.)	Rate (Rs./kWh)	Units (MU)	Cost (Rs. Cr.)	Rate (Rs./kWh)	Units (MU)	Cost (Rs. Cr.)	Rate (Rs./kWh)
Own generation															
Bhaba	459.12	47.70	1.04	459.12	52.47	1.14	459.12	57.71	1.26	459.12	63.48	1.38	459.12	69.83	1.52
Bassi	344.40	22.16	0.64	344.40	23.26	0.68	344.40	24.43	0.71	344.40	25.65	0.74	344.40	26.93	0.78
Giri	287.52	41.84	1.46	287.52	43.93	1.53	287.52	46.13	1.60	287.52	48.44	1.68	287.52	50.86	1.77
Andhra	86.43	13.18	1.52	86.43	13.84	1.60	86.43	14.53	1.68	86.43	15.25	1.77	86.43	16.02	1.85
Ghanvi	81.15	18.26	2.25	81.15	18.26	2.25	81.15	18.26	2.25	81.15	18.26	2.25	81.15	18.26	2.25
Baner	52.86	12.86	2.43	52.86	13.51	2.56	52.86	14.18	2.68	52.86	14.89	2.82	52.86	15.63	2.96
Gaj	33.38	10.69	3.20	33.38	11.22	3.36	33.38	11.78	3.53	33.38	12.37	3.71	33.38	12.99	3.89
Larji	510.20	71.35	1.40	510.20	78.48	1.54	510.20	86.33	1.69	510.20	94.96	1.86	510.20	104.46	2.05
Khauli	43.65	9.82	2.25	43.65	9.82	2.25	43.65	9.82	2.25	43.65	9.82	2.25	43.65	9.82	2.25
Binwa	29.05	7.54	2.60	29.05	7.92	2.73	29.05	8.31	2.86	29.05	8.73	3.00	29.05	9.16	3.15
Thirot	23.23	5.23	2.25	23.23	5.23	2.25	23.23	5.23	2.25	23.23	5.23	2.25	23.23	5.23	2.25
Gumma	17.93	4.03	2.25	17.93	4.03	2.25	17.93	4.03	2.25	17.93	4.03	2.25	17.93	4.03	2.25
Holi	17.34	3.90	2.25	17.34	3.90	2.25	17.34	3.90	2.25	17.34	3.90	2.25	17.34	3.90	2.25
Bhaba Aug	12.00	2.70	2.25	12.00	2.70	2.25	12.00	2.70	2.25	12.00	2.70	2.25	12.00	2.70	2.25
Nogli	9.75	3.78	3.88	9.75	3.97	4.07	9.75	4.17	4.27	9.75	4.38	4.49	9.75	4.59	4.71
Rongtong	7.56	3.11	4.11	7.56	3.26	4.31	7.56	3.43	4.53	7.56	3.60	4.76	7.56	3.78	4.99
Sal-II	12.38	2.78	2.25	12.38	2.78	2.25	12.38	2.78	2.25	12.38	2.78	2.25	12.38	2.78	2.25
Chaba	7.59	2.69	3.54	7.59	2.82	3.72	7.59	2.96	3.90	7.59	3.11	4.10	7.59	3.27	4.30
Rukti	6.47	0.60	0.92	6.47	0.63	0.97	6.47	0.66	1.02	6.47	0.69	1.07	6.47	0.73	1.12
Chamba	1.75	0.59	3.36	1.75	0.62	3.52	1.75	0.65	3.70	1.75	0.68	3.88	1.75	0.71	4.08
Killar	1.15	0.26	2.25	1.15	0.26	2.25	1.15	0.26	2.25	1.15	0.26	2.25	1.15	0.26	2.25
Ghanvi II	48.49	15.32	3.16	48.49	15.32	3.16	48.49	15.32	3.16	48.49	15.32	3.16	48.49	15.32	3.16
Ligthi	0.21	0.05	2.25	0.21	0.05	2.25	0.21	0.05	2.25	0.21	0.05	2.25	0.21	0.05	2.25
Billing	1.17	0.26	2.25	1.17	0.26	2.25	1.17	0.26	2.25	1.17	0.26	2.25	1.17	0.26	2.25
Killar	0.47	0.11	2.25	0.47	0.11	2.25	0.47	0.11	2.25	0.47	0.11	2.25	0.47	0.11	2.25
Sach	1.69	0.38	2.25	1.69	0.38	2.25	1.69	0.38	2.25	1.69	0.38	2.25	1.69	0.38	2.25
Sural	0.28	0.06	2.25	0.28	0.06	2.25	0.28	0.06	2.25	0.28	0.06	2.25	0.28	0.06	2.25
Purthi	0.14	0.03	2.25	0.14	0.03	2.25	0.14	0.03	2.25	0.14	0.03	2.25	0.14	0.03	2.25

Name of the Plant	FY25			FY26			FY27			FY28			FY29		
	Units	Cost	Rate	Units	Cost	Rate	Units	Cost	Rate	Units	Cost	Rate	Units	Cost	Rate
	(MU)	(Rs. Cr.)	(Rs./kWh)	(MU)	(Rs. Cr.)	(Rs./kWh)	(MU)	(Rs. Cr.)	(Rs./kWh)	(MU)	(Rs. Cr.)	(Rs./kWh)	(MU)	(Rs. Cr.)	(Rs./kWh)
Uhl-III-Upcoming	279.68	139.84	5.00	342.96	171.48	5.00	342.96	171.48	5.00	342.96	171.48	5.00	342.96	171.48	5.00
Total - Own Generation	**2,377.06**	**441.11**	**1.86**	**2,440.34**	**490.61**	**2.01**	**2,440.34**	**509.95**	**2.09**	**2,440.34**	**530.92**	**2.18**	**2,440.34**	**553.65**	**2.27**
HPPCL															
Kashang	211.28	105.64	5.00	211.28	105.64	5.00	211.28	105.64	5.00	211.28	105.64	5.00	211.28	105.64	5.00
Sawra Kuddu	331.60	165.80	5.00	331.60	165.80	5.00	331.60	165.80	5.00	331.60	165.80	5.00	331.60	165.80	5.00
Sainj (87%) @ 50%	138.49	69.24	5.00	138.49	69.24	5.00	138.49	69.24	5.00	138.49	69.24	5.00	138.49	69.24	5.00
Song tong Karcham	-	-		-	-		948.98	474.49	5.00	1,370.08	685.04	5.00	1,370.08	685.04	5.00
Chanju-III (upcoming)	-	-		-	-		-	-		104.90	52.45	5.00	151.45	75.72	5.00
Chanju	-	-		-	-		-	-		60.34	30.17	5.00	87.12	43.56	5.00
Total - HPPCL	**681.37**	**340.68**	**5.00**	**681.37**	**340.68**	**5.00**	**1,630.35**	**815.18**	**5.00**	**2,216.69**	**1,108.34**	**5.00**	**2,290.01**	**1,145.00**	**5.00**
NTPC - Thermal															
Unchahar-I	1.13	0.71	6.26	1.13	0.42	3.69	1.13	0.43	3.80	1.13	0.44	3.91	1.13	0.45	4.03
Unchahar-II	68.13	40.38	5.93	68.13	21.54	3.16	68.13	22.15	3.25	68.13	22.79	3.34	68.13	23.44	3.44
Unchahar-III	48.46	30.46	6.29	48.46	15.35	3.17	48.46	15.78	3.26	48.46	16.24	3.35	48.46	16.70	3.45
Rihand-1 STPS	260.83	66.21	2.54	260.83	47.87	1.84	260.83	49.26	1.89	260.83	50.69	1.94	260.83	52.16	2.00
Rihand-2 STPS	248.41	65.31	2.63	248.41	45.05	1.81	248.41	46.27	1.86	248.41	47.53	1.91	248.41	48.83	1.97
Singrauli STPS	23.16	5.71	2.46	23.16	3.78	1.63	23.16	3.88	1.68	23.16	3.99	1.72	23.16	4.09	1.77
Kahalgaon - II	127.42	65.74	5.16	127.42	33.78	2.65	127.42	34.73	2.73	127.42	35.70	2.80	127.42	36.71	2.88
Rihand-3 Units-1,2	267.54	84.46	3.16	267.54	81.06	3.03	267.54	83.42	3.12	267.54	85.85	3.21	267.54	88.35	3.30
Dadri-II TPS	25.27	14.76	5.84	25.27	3.89	1.54	25.27	4.00	1.58	25.27	4.12	1.63	25.27	4.25	1.68
Koldam SOR	14.69	8.61	5.86	102.34	59.22	5.79	102.34	61.00	5.96	102.34	62.83	6.14	102.34	64.71	6.32

Name of the Plant	FY25			FY26			FY27			FY28			FY29		
	Units (MU)	Cost (Rs. Cr.)	Rate (Rs./kWh)	Units (MU)	Cost (Rs. Cr.)	Rate (Rs./kWh)	Units (MU)	Cost (Rs. Cr.)	Rate (Rs./kWh)	Units (MU)	Cost (Rs. Cr.)	Rate (Rs./kWh)	Units (MU)	Cost (Rs. Cr.)	Rate (Rs./kWh)
Kol dam HEP	456.88	247.15	5.41	456.88	254.56	5.57	456.88	262.20	5.74	456.88	270.06	5.91	456.88	278.17	6.09
Unchahar IV	5.71	3.89	6.81	5.71	2.76	4.84	5.71	2.84	4.98	5.71	2.92	5.12	5.71	3.01	5.27
Bilhaur	9.39	4.70	5.00	9.39	4.70	5.00	9.39	4.70	5.00	9.39	4.70	5.00	9.39	4.70	5.00
Total NTPC	**1,557.01**	**638.08**	**4.10**	**1,644.66**	**573.95**	**3.49**	**1,644.66**	**590.66**	**3.59**	**1,644.66**	**607.86**	**3.70**	**1,644.66**	**625.58**	**3.80**
NPCIL	-	-		-	-		-	-		-	-				
NAPP	96.55	30.58	3.17	96.55	31.49	3.26	96.55	32.44	3.36	96.55	33.41	3.46	96.55	34.42	3.56
RAPP (V & VI)	108.93	45.34	4.16	108.93	46.70	4.29	108.93	48.10	4.42	108.93	49.54	4.55	108.93	51.03	4.68
RAPP (VII)	38.56	19.28	5.00	93.21	46.60	5.00	93.21	46.60	5.00	93.21	46.60	5.00	93.21	46.60	5.00
RAPP (VIII)	-	-		30.90	15.45	5.00	93.21	46.60	5.00	93.21	46.60	5.00	93.21	46.60	5.00
Total NPCIL	**244.04**	**95.20**	**3.90**	**329.59**	**140.25**	**4.26**	**391.90**	**173.75**	**4.43**	**391.90**	**176.16**	**4.50**	**391.90**	**178.65**	**4.56**
NHPC															
Salal	31.37	9.09	2.90	31.37	9.26	2.95	31.37	9.43	3.01	31.37	9.61	3.06	31.37	9.79	3.12
Tanakpur	18.61	8.72	4.69	18.61	8.98	4.83	18.61	9.25	4.97	18.61	9.53	5.12	18.61	9.81	5.27
Chamera-I	53.82	13.71	2.55	53.82	14.12	2.62	53.82	14.54	2.70	53.82	14.98	2.78	53.82	15.42	2.87
Chamera-II	48.59	12.63	2.60	48.59	13.00	2.68	48.59	13.39	2.76	48.59	13.79	2.84	48.59	14.21	2.92
Chamera-III	5.91	4.35	7.35	33.14	16.20	4.89	33.14	16.66	5.03	33.14	17.12	5.17	33.14	17.61	5.31
Uri	74.94	17.67	2.36	74.94	18.10	2.41	74.94	18.53	2.47	74.94	18.98	2.53	74.94	19.45	2.59
Dhauliganga	43.85	12.78	2.91	43.85	13.15	3.00	43.85	13.53	3.09	43.85	13.93	3.18	43.85	14.34	3.27
Parbati-II	104.99	52.49	5.00	104.99	52.49	5.00	104.99	52.49	5.00	104.99	52.49	5.00	104.99	52.49	5.00
Parbati-III	12.31	6.16	5.00	76.52	38.26	5.00	76.52	38.26	5.00	76.52	38.26	5.00	76.52	38.26	5.00
Total NHPC	**394.39**	**137.59**	**3.49**	**485.82**	**183.56**	**3.78**	**485.82**	**186.09**	**3.83**	**485.82**	**188.69**	**3.88**	**485.82**	**191.37**	**3.94**
THDC												-			-
Tehri SOR	15.85	6.49	4.10	110.38	28.10	2.55	110.38	28.94	2.62	110.38	29.81	2.70	110.38	30.70	2.78
Koteshwar SOR	5.68	3.18	5.59	43.98	14.47	3.29	43.98	14.90	3.39	43.98	15.35	3.49	43.98	15.81	3.59
Vishnugad Piplikoti	-	-		-	-		8.27	4.14	5.00	76.32	38.16	5.00	76.32	38.16	5.00

Name of the Plant	FY25			FY26			FY27			FY28			FY29		
	Units (MU)	Cost (Rs. Cr.)	Rate (Rs./kWh)	Units (MU)	Cost (Rs. Cr.)	Rate (Rs./kWh)	Units (MU)	Cost (Rs. Cr.)	Rate (Rs./kWh)	Units (MU)	Cost (Rs. Cr.)	Rate (Rs./kWh)	Units (MU)	Cost (Rs. Cr.)	Rate (Rs./kWh)
Sub-Total (THDC)	**21.53**	**9.67**	**4.49**	**154.35**	**42.56**	**2.76**	**162.62**	**47.97**	**2.95**	**230.67**	**83.31**	**3.61**	**230.67**	**84.67**	**3.67**
Other CG and shared stations												-			-
BBMB Old	43.80	4.47	1.02	43.80	4.61	1.05	43.80	4.74	1.08	43.80	4.89	1.12	43.80	5.03	1.15
BBMB New	332.17	30.82	0.93	332.17	31.75	0.96	332.17	32.70	0.98	332.17	33.68	1.01	332.17	34.69	1.04
Dehar	169.47	20.44	1.21	169.47	21.06	1.24	169.47	21.69	1.28	169.47	22.34	1.32	169.47	23.01	1.36
Pong	42.39	2.70	0.64	42.39	2.78	0.66	42.39	2.87	0.68	42.39	2.95	0.70	42.39	3.04	0.72
Shanan (available to HPSEB)	5.26	0.79	1.50	5.26	0.81	1.54	5.26	0.84	1.59	5.26	0.86	1.64	5.26	0.89	1.68
Shanan Ext (available to HPSEB)	45.00	3.44	0.76	45.00	3.54	0.79	45.00	3.65	0.81	45.00	3.76	0.83	45.00	3.87	0.86
Yamuna	428.10	69.22	1.62	428.10	71.95	1.68	428.10	74.79	1.75	428.10	77.76	1.82	428.10	80.85	1.89
Khara	64.37	3.64	0.57	64.37	3.76	0.58	64.37	3.89	0.60	64.37	4.02	0.62	64.37	4.15	0.65
Sub-Total (BBMB & Other Shared Stations)	**1,130.57**	**135.53**	**1.20**	**1,130.57**	**140.26**	**1.24**	**1,130.57**	**145.16**	**1.28**	**1,130.57**	**150.25**	**1.33**	**1,130.57**	**155.53**	**1.38**
SJVNL															
Nathpa Jhakri SOR	163.75	40.35	2.46	163.75	41.56	2.54	163.75	42.80	2.61	163.75	44.08	2.69	163.75	45.41	2.77
Nathpa Jhakri Equity	1,533.12	359.45	2.34	1,533.12	370.22	2.41	1,533.12	381.32	2.49	1,533.12	392.75	2.56	1,533.12	404.53	2.64
Rampur SOR	46.43	24.18	5.21	46.43	24.85	5.35	46.43	25.54	5.50	46.43	26.26	5.65	46.43	26.99	5.81
Rampur Equity	499.75	224.17	4.49	499.75	230.41	4.61	499.75	236.84	4.74	499.75	243.46	4.87	499.75	250.29	5.01
Sub-Total (SJVNL)	**2,243.05**	**648.14**	**2.89**	**2,243.05**	**667.04**	**2.97**	**2,243.05**	**686.51**	**3.06**	**2,243.05**	**706.56**	**3.15**	**2,243.05**	**727.21**	**3.24**
Others															
Luhri	-	-		-	-		-	-		-	-				
Small HEP/ Private Micro<5MW	1,361.57	394.86	2.90	1,402.42	406.70	2.90	1,444.49	418.90	2.90	1,487.82	431.47	2.90	1,532.46	444.41	2.90
Small HEP/ Private Micro>5MW	644.34	216.50	3.36	712.32	239.34	3.36	867.89	291.61	3.36	1,020.32	342.83	3.36	1,118.36	375.77	3.36

Name of the Plant	FY25			FY26			FY27			FY28			FY29		
	Units	Cost	Rate	Units	Cost	Rate	Units	Cost	Rate	Units	Cost	Rate	Units	Cost	Rate
	(MU)	(Rs. Cr.)	(Rs./kWh)	(MU)	(Rs. Cr.)	(Rs./kWh)	(MU)	(Rs. Cr.)	(Rs./kWh)	(MU)	(Rs. Cr.)	(Rs./kWh)	(MU)	(Rs. Cr.)	(Rs./kWh)
Small HEP/ Private Micro - REC	217.39	56.52	2.60	223.91	58.22	2.60	230.63	59.96	2.60	237.55	61.76	2.60	244.68	63.62	2.60
Baspa - II	1,050.00	162.75	1.55	1,050.00	162.75	1.55	1,050.00	162.75	1.55	1,050.00	162.75	1.55	1,050.00	162.75	1.55
Baspa - II Secondary Energy	99.26	41.49	4.18	99.26	41.79	4.21	99.26	42.11	4.24	99.26	42.43	4.27	99.26	42.76	4.31
Sub-Total (Others)	**3,372.56**	**872.11**	**2.59**	**3,487.90**	**908.80**	**2.61**	**3,692.27**	**975.33**	**2.64**	**3,894.95**	**1,041.24**	**2.67**	**4,044.75**	**1,089.31**	**2.69**
Solar															
Singrauli Solar	21.27	16.74	7.87	21.27	16.74	7.87	21.27	16.74	7.87	21.27	16.74	7.87	21.27	16.74	7.87
SECI Solar	42.88	23.59	5.50	42.88	23.59	5.50	42.88	23.59	5.50	42.88	23.59	5.50	42.88	23.59	5.50
Solar Power	56.99	21.37	3.75	56.99	21.31	3.74	56.99	21.31	3.74	56.99	21.26	3.73	56.99	21.20	3.72
Additional Solar (Competitive Bidding)	525.60	157.68	3.00	876.00	262.80	3.00	1,226.40	367.92	3.00	1,576.80	473.04	3.00	1,927.20	578.16	3.00
Additional Solar - Himurja	199.64	69.87	3.50	199.64	69.87	3.50	199.64	69.87	3.50	199.64	69.87	3.50	199.64	69.87	3.50
Rooftop Solar	5.35	1.95	3.65	10.60	3.87	3.65	18.49	6.75	3.65	29.00	10.59	3.65	42.14	15.38	3.65
Sub-Total (Solar)	**851.73**	**291.21**	**3.42**	**1,207.38**	**398.19**	**3.30**	**1,565.67**	**506.18**	**3.23**	**1,926.58**	**615.08**	**3.19**	**2,290.12**	**724.94**	**3.17**
Short-Term Purchase															
Market Purchase	644.97	337.58	5.23	364.04	190.54	5.23	-	-		-	-	-	-	-	-
Sub-Total (Purchase)	**644.97**	**337.58**	**5.23**	**364.04**	**190.54**	**5.23**	**-**	**-**		**-**	**-**	**-**	**-**	**-**	**-**
Sub-Total (Sale)	**-**	**-**		**-**	**-**		**-**	**-**		**-**	**-**	**-**	**-**	**-**	**-**
Gross Units	**13,518.28**	**3,946.90**	**2.92**	**14,169.07**	**4,076.44**	**2.88**	**15,387.25**	**4,636.79**	**3.01**	**16,605.22**	**5,208.42**	**3.14**	**17,191.88**	**5,475.92**	**3.19**

9.6 PGCIL & HPPTCL Charges

9.6.1 PGCIL Charges have been approved for the Control Period based on the actual inter-state transmission charges paid by the Petitioner during FY23 (after netting off amount recoverable from GoHP share of transmission charges towards free power) with an escalation of 5% each year.

9.6.2 Further, the HPPTCL tariff order is still under process and the actual transmission cost for each year of the fifth Control Period shall be known post issuance of the Order. Therefore, the Commission has provisionally considered the claim of the Petitioner in this regard for each year of the fifth Control Period. The summary of the PGCIL and HPPTCL transmission charges approved for fifth Control Period are summarized in table below:

Table 237: Approved PGCIL & HPPTCL Charges for 5th Control Period (Rs. Cr.)

Particulars	FY25	FY26	FY27	FY28	FY29
PGCIL Charges	525.49	551.77	579.36	608.32	638.74
HPPTCL Charges	200.87	210.83	221.28	232.27	243.80
Total Transmission Charges	**726.36**	**762.59**	**800.64**	**840.59**	**882.54**

9.7 Other Power Purchase related Charges

9.7.1 The SLDC charges are considered on provisional basis. In addition, an amount of Rs. 2.92 Cr. has been allowed towards proportionate allocation of charges payable by LTOA/MTOA consumers on account of ULDC arrear bills based on the submission of SLDC. This amount has been allowed as one-time expense for FY25 on a provisional basis subject to further scrutiny of this amount by the Petitioner.

9.7.2 The Short-Term Open Access charges (STOA) have been approved based on the actual open access charges submitted by the Petitioner for FY23 with an annual escalation of 3% each year. The same would be trued-up along with other power purchase cost, based on actual amount paid. The summary of SLDC charges and open access charges are provided in table below:

Table 238: Approved SLDC & STOA Charges for 5th Control Period (Rs. Cr.)

Particulars	FY25	FY26	FY27	FY28	FY29
SLDC Charges	6.13	6.65	7.48	6.68	8.26
Additional one-time SLDC charge	2.92				
Open Access Charges	37.89	39.02	40.19	41.40	42.64
Total	**46.94**	**45.67**	**47.67**	**48.08**	**50.90**

9.7.3 Further, the summary of Power Purchase along with the transmission charges is shown as below:

Table 239: Power Purchase Expenses for Supply in the State

Particular	FY25	FY26	FY27	FY28	FY29
Cost of Own Generation	441.11	490.61	509.95	530.92	553.65
Cost of electricity purchase from HPPCL	340.68	340.68	815.18	1,108.34	1,145.00
Cost of electricity purchase from outside State	2,827.53	3,054.61	3,311.66	3,569.16	3,777.26
Cost of Power from Short-term sources	337.58	190.54	-	-	-
Inter-State Charges					
PGCIL 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
SLDC Charges	9.05	6.65	7.48	6.68	8.26
Total	**4,720.20**	**4,884.71**	**5,485.10**	**6,097.09**	**6,409.36**

9.8 Operation and Maintenance (O&M) Expenses

9.8.1 HPERC MYT Regulations, 2023 provides the following for determination of O&M expenses:

"30. Operation & Maintenance Expenses.- (1) The O&M expenses shall be on the following norms:-

(a) The Commission shall stipulate a separate trajectory of norms for each of the components of O&M expenses viz., Employee cost, Repairs &Maintenance (R&M) expense and Administrative & General (A&G) expense: Provided that such norms may be specified for a specific Distribution Licensee or a class of Distribution Licensees;

(b) Norms shall be defined in terms of combination of number of personnel per 1000 consumers and number of personnel per sub-station along with annual expenses per personnel for Employee expenses; combination of A&G expense per personnel and A&G expense per 1000 consumers for A&G expenses and R&M expense as percentage of gross fixed assets for estimation of R&M expenses;

…….

(l) Based on the proposal submitted by the licensee, the Commission shall fix the norms for the said purposes which shall be taken into account for determining the trajectories for various components of O&M expenses for the remaining years of the control period;

(m) Till such time the norms are fixed by the Commission, the trajectory for various components of O&M expenses shall be submitted by the licensee and approved by the Commission taking into consideration the actual costs of the licensee for the previous years in accordance with the provisions of these Regulations; and

……."

9.8.2 As per Regulation 30 of the HPERC MYT Regulations, 2023, the Petitioner is required to propose separate trajectories of norms for each component of O&M expenses i.e. Employee cost, R&M expense and A&G expense based on the followings:

(a) **Employee Expenses:** Combination of number of personnel per 1000 consumers and number of personnel per sub-station along with annual expenses per personnel.

(b) **A&G Expenses:** Combination of A&G expenses per personnel and A&G expenses per 1000 consumers.

(c) R&M expense as percentage of gross fixed assets for estimation of R&M expenses.

9.8.3 The Commission asked the Petitioner to submit the norms of O&M expenses as per the provisions of MYT Regulations, 2023. Instead of proposing the norms, the Petitioner has submitted that the Petition has been filed before the Commission prior to notification of the HPERC MYT Regulations, 2023. However, Regulation 30 (1) (m) also provides for approval of the O&M expenses taking into consideration the actual cost of the licensee for the previous years. Accordingly, the O&M Expenses (Employees Cost, R&M Cost, A&G Expenses) have been estimated based on the actual expenses for the last year and revised expenses for FY24 with application of the inflation factor/ k factor as applicable for projections in future years. Further, the employees' cost has been revised based on the escalation factor for three years average as per provisions of HPERC MYT Regulations, 2023.

9.8.4 The Commission observed that few of key information required for framing of norms based O&M are not available or details with respect to such parameters are not available in a segregated manner i.e. function wise details of employee, , function wise employee cost, details of physical infrastructure etc dully certified by the Statutory Auditor/Cost Auditor and approved by the Board of Directors as per Regulation 5(3) of HPERC MYT Regulations, 2023. In the absence of a proposal of the Petitioner in line with the requirements of the Regulations and also in the absence of adequate details for framing the norms, the Commission has considered past year actuals for the purpose of approving each element of the O&M expenses.

9.8.5 The escalation factor to be applied for projecting the O&M parameters has been considered as per the HPERC MYT Regulations, 2023. The Commission has calculated the Consumer Price Index (CPI inflation) and Wholesale Price Index (WPI inflation) based on the average increase in the CPI and WPI respectively for immediately preceding three years before the base year. The summary of the escalations considered for projection of O&M elements for the fifth Control Period is provided in table below:

Table 240: CPI and WPI rates considered by the Commission

Year	Average CPI Index	Increase in CPI Inflation	Average WPI Index	Increase in WPI Inflation
FY19	299.92		119.79	
FY20	322.50	7.53%	121.80	1.68%
FY21	338.69	5.02%	123.38	1.29%
FY22	356.06	5.13%	139.41	13.00%
FY23	377.62	6.05%	152.53	9.41%
Average increase in previous three years (FY21 to FY23)		**5.40%**		**7.90%**

9.8.6 Further, the Petitioner has proposed additional expenditure under the heads of R&M and A&G expenses for the fifth Control Period. During the tariff proceedings, the Commission has enquired into the nature and purpose of each of these new heads before approving the same. The detailed approach adopted by the Commission for approval of O&M expenses has been discussed in subsequent sections.

9.9 Employee Cost

9.9.1 The Petitioner has proposed employee expenses for Control Period based on the actual expenses for the last year and revised expensed for FY24 with application of the inflation factor for projections in future years in accordance with provision of Regulation 30 (1) (m) of HPERC MYT Regulation, 2023. The summary of employee cost proposed by the Petitioner is as under:

Table 241: HPSEBL submission – summary of Employee Cost proposed for 5th Control Period (Rs. Cr.)

Particulars	FY 25	FY 26	FY 27	FY 28	FY 29
Salary and allowance	991	1,162	1,269	1,386	1,499
Other Staff Cost	168	165	162	160	158
Total Salary & other cost (A)	**1,159**	**1,326**	**1,431**	**1,546**	**1,657**
Terminal Benefits (B)	1,803	2,193	2,273	2,355	2,397
Gross Employee Expenses (C= A+B)	**2,962**	**3,520**	**3,704**	**3,901**	**4,054**
Employee Expenses capitalized (D)	67	79	83	88	91
Net Employee Expenses (E=C-D)	**2,895**	**3,440**	**3,620**	**3,813**	**3,962**

9.9.2 Moreover, as part of the prudence check, the Commission has found that the proposed employee expenses include arrear towards employee and pensioners, which is as under:

Table 242: HPSEBL submission –Provisions towards Employee Cost proposed for 5th Control Period (Rs. Cr.)

Particulars	FY 25	FY 26	FY 27	FY 28	FY 29
Employee Arrear 6th Pay Commission	13.00	89.00	89.00	89.00	76.00
Pension- Arrear 6th Pay Commission	57.00	380.00	380.00	380.00	323.00
Total Provisions	**70.00**	**469.00**	**469.00**	**469.00**	**399.00**

9.9.3 Further, the Petitioner has submitted break-up of employee cost across generation, distribution, S&I and Projects across divisions for last three years. The information provided by the Petitioner is not as required as per the provisions under Regulation 5(3) of HPERC MYT Regulations, 2023. However, for analysis purpose the Commission has provisionally considered the breakup of employee cost across generation, distribution, S&I and project division as submitted by the Petitioner.

Projection of salary and other costs

9.9.4 The Commission has therefore, considered actual employee expenses for FY23 as per the base for projecting the employee cost for the fifth Control Period. Further, the Commission has adopted the alternative approach of determining employee expenses based on historical costs as laid down in Regulation 30(2) of the HPERC MYT Regulations, 2023 and using the formula:

$EMP_n = (EMP_b * (CPI_{inflation})+Provision$

9.9.5 The Commission analysed human resource plan submitted by the Petitioner and found certain lacuna in the same. Further, the Petitioner was asked to submit a detailed human resource plan for the distribution business which shall include, inter alia, opening employees, retirements each year, number of employees required to be recruited, etc. The Commission has observed that the Petitioner kept on revising the human resource plan in each subsequent reply asked by the Commission. Also, the Petitioner has not submitted roadmap to reduce employee cost as directed by the Commission. As discussed in the Business Plan Chapter of this Order, the Commission has not approved any new recruitment for the 5th Control Period.

9.9.6 However, considering the retirements submitted by the Petitioner for each year of the fifth Control Period, the Commission has considered impact of retirement while computing the employee cost. Thus taking into consideration the number of retirements each year, a retirement factor has been used for projection of employee cost as shown in the table below:

Table 243: Retirement factor considered for approval of Employee Cost for 5th Control Period

Particulars	FY25	FY26	FY27	FY28	FY29
Retirement factor	-5.89%	-5.45%	-5.07%	-4.36%	-3.88%

9.9.7 Accordingly, the Commission has computed gross employee expenses (salary & other allowance and other staff cost) for each year of the Control Period based on the following approach:

(a) Actual employee expenses (salary and other costs relating to existing employees) of distribution business and EHV business of FY23 has been considered as base year value;

(b) The base year value as arrived above has been escalated with the applicable increase in CPI Index to arrive the estimated employee expenses for FY24. The employee expenses thus arrived for FY24 has been considered and escalated with average increase in CPI index during previous three years.

(c) The average increase in CPI inflation for immediate preceding three years i.e. FY21 to FY23, as shown in the Table 240 above has been considered.

(d) The retirement of employees, as shown in the Table 243 has been considered.

(e) The provision of arrears as submitted by the Petitioner has been considered.

9.9.8 With regards to employee expenses capitalised, the Petitioner has considered the average capitalization rate of 2.25% for projection of employee expenses capitalization during the 5th Control Period. The Commission has computed percentage of employee expenses capitalised to the total cost of employee (excluding provisions and terminal benefits) of FY23, which comes out as 6.35%. Further, considering the same rate, the Commission has approved employee expenses to be capitalised for each year of the 5th Control Period. However, the actual employee expenses capitalised will be considered at the time of true up of the respective years based on audited accounts.

Projection of Terminal Benefits

9.9.9 The Petitioner has proposed terminal benefits for the 5th Control Period considering the six month actual expenses towards terminal benefits incurred during FY24 and applying 7% YoY escalation. In response to the Commission's query, the Petitioner submitted that the escalation of terminal benefit has been taken @7% based on the analogy adopted by the Commission in MYT Order of the 4th Control Period.

9.9.10 In the absence of any specific break-up of terminal benefits across the various functions of the Petitioner, the Commission has considered the estimated terminal benefits of FY24 based on the actual of six month data. It is observed that while the increase in pension and terminal liabilities have not followed any specific trend, the five-year CAGR of these expenses is approximately 7%. Therefore, the Commission feels it adequate to continue with the projection of terminal benefits based on an escalation factor of 7% per annum (based on historical growth). Any changes in the terminal liabilities shall be considered as per actual at the time of true-up for the respective years in line with the HPERC MYT Regulations, 2023.Further, over and above the base terminal benefits the Commission has also approved provision of arrears towards pensioners as proposed by the Petitioner.

9.9.11 Further, with respect to terminal benefits relating with Generation, BVPCL, Projects and S&I, the Petitioner was directed to record these expenses properly. In response to the reply of the directive, the Petitioner has submitted that HPSEBL is in the process of rationalizing the pension contributions from various units and the same is likely to be completed by March, 2025.

9.9.12 With respect to pension for generation employees, the Petitioner was not able to provide any break-up / assessment of pension against generation and BVPCL, Projects and S&I.

9.9.13 Further, 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 state that the terminal benefits of HPSEBL are required to be apportioned between the time period of Pre-Transfer Scheme and Post-Transfer Scheme and the return approved on GoHP equity share as well as pension contribution of employees on deputation in commissioned projects and in the BVPCL, Projects and S&I is to be adjusted against the terminal benefits component (Pre-Transfer Scheme) of the employee cost of HPSEBL. In the absence of these details, the Commission has netted off the terminal benefits for the pension contribution for generation employees and the BVPCL, Projects and S&I. The Commission has considered the pension contribution against these businesses considering the value of FY24 based on

H1 actuals with an annual escalation of 7% for subsequent years of the fifth Control Period, as under:

Table 244: Terminal Benefits approved for 5th Control Period (Rs. Cr.)

Particulars	FY25	FY26	FY27	FY28	FY29
Terminal Benefits	1644.85	1760.04	1883.294	2015.1808	2156.3037
Pension- Arrear 6th Pay Commission	57.00	380.00	380.00	380.00	323.00
Total Terminal Benefits	**1,701.85**	**2,140.04**	**2,263.29**	**2,395.18**	**2,479.30**
Return on GoHP Equity approved for Generation and Distribution	47.50	47.50	47.50	47.50	47.50
Less Terminal Labilities towards Generation	18.79	20.11	21.51	23.02	24.63
Less Terminal Labilities towards projects and S&I	2.87	3.07	3.28	3.51	3.76
Net Terminal Benefits	**1,632.69**	**2,069.36**	**2,191.00**	**2,321.15**	**2,403.41**

9.9.14 Based on the above discussions, the Commission has approved employee expenses for the 5th Control Period, as shown in the table below:

Table 245: Employee Expenses approved for 5th Control Period (Rs. Cr.)

Particulars	FY25	FY26	FY27	FY28	FY29
Salary and allowance	817.78	814.93	815.37	821.93	832.68
Other Staff Cost	109.13	108.75	108.81	109.68	111.12
Employee Arrear 6th Pay Commission	13.00	89.00	89.00	89.00	76.00
Terminal Benefits for Distribution Business	1,632.69	2,069.36	2,191.00	2,321.15	2,403.41
Gross Employee Expenses	**2,572.60**	**3,082.04**	**3,204.18**	**3,341.76**	**3,423.21**
Less: Employee expense capitalised	56.31	59.35	58.87	58.67	58.70
Net Employee Expenses	**2,516.29**	**3,022.69**	**3,145.30**	**3,283.09**	**3,364.51**

9.10 Repairs and Maintenance (R&M) Expense

9.10.1 As per Regulation 30 (3) of HPERC MYT Regulations, 2023, the R&M expenses are determined based on the following formula:

$R\&M_n = K_b * GFA_n$

Where,

R&Mn: Repairs & Maintenance expense for nth year
GFAn: Opening Gross Fixed Assets for nth year
Kb: Percentage point as per the norm/trajectory

9.10.2 The Commission has already discussed the broad approach for consideration of opening GFA and GFA addition for each year of the fourth Control Period in the GFA section of this Order. For computation of percentage point (K), the Commission has considered opening GFA for previous three years i.e. FY21, FY22 and FY23. Based on the facts, information and actual expenses of IT related R&M expenses booked in the audited accounts, the Commission has observed that in the past periods the IT related expenses booked in the audited accounts includes both previous year expenses and future year expenses because the Petitioner pay the contractors based on the contract agreements. Thus, it varies year on year basis. Therefore, the Commission is of the view that IT related R&M expenses should be excluded from base R&M expenses to arrive percentage point (K factor) and allow these expenses separately. Accordingly, percentage point has been computed based on net R&M expenses (excluding IT related R&M expenses) for previous three years i.e. FY21, FY22 and FY23. The net R&M expenses computed by the Commission is shown in the table below:

Table 246: Net R&M expenses computed by the Commission

Particulars	FY21	FY22	FY23
Total R&M Expenses	**93.09**	**141.60**	**128.73**
Adjustment:			
IT Related R&M Expenses for the year	*17.23*	*57.98*	*51.70*
IT Related R&M Expenses for previous year	*24.91*	*-17.23*	*0.00*
Net R&M Expenses	**50.95**	**100.85**	**77.03**

9.10.3 Based on the above discussions, the Commission has computed K-factor as 1.06% based on the average of actual net R&M expenses for distribution business in the last three years (FY21, FY22& FY23) as a percentage of opening GFA of the respective years. The K factor determined as percentage of GFA is summarized below:

Table 247: K Factor approved by the Commission for 5th Control Period

Particulars	FY21	FY22	FY23
Opening GFA (Rs. Cr.)	6,613.28	6,979.11	7,924.24
Net Actual R&M Expense (Rs. Cr.)	50.95	100.85	77.03
R&M as % of GFA (%)	0.77%	1.45%	0.97%
Average K Factor (%)		**1.06%**	

9.10.4 In addition to R&M expenses relating to electric infrastructure, the Petitioner has also proposed IT related R&M expenses for each year of the Control Period, which are shown in the table below:

Table 248: HPSEBL Submission – R&M Expenditure proposed for IT Cell (Rs. Cr.)

Particulars	FY25	FY26	FY27	FY28	FY29
Facility Management Services Charges (FMS)					
FMS SAP ERP Project	5.52	6.08	6.68	7.35	8.09
FMS of SAP ISU Billing System of HPSEBL	7.26	7.98	8.78	9.66	10.63
FMS Towards IT System at DC and DRC of HPSEBL	1.40	1.54	1.69	1.86	2.00
FMS Towards Non IT Systems at DC and DRC of HPSEBL	0.33	0.35	0.37	0.39	0.41
FMS of Video Conferencing Project of HPSEBL	0.02	0.02	0.03	0.03	0.03
Annual Technical Support (ATS)					
ATS towards SAP Licenses procured for SAP ERP and ISU Billing system	11.84	11.84	11.84	11.84	11.84

Particulars	FY25	FY26	FY27	FY28	FY29
ATS of Security System					
i) Intuition prevention system (IPS)	1.58	1.74	1.92	2.11	2.32
ii) Firewall		0.13	0.29	0.32	0.35
iii) Web and Email gateway	0.31	1.38	1.52	1.67	1.84
iv) Advanced Persistent Threat Solution	0.87	0.96	1.05	1.16	1.27
v) End point security solution and Antivirus for Servers	0.26	0.29	0.32	0.35	0.39
vi) Antivirus and End Point Smart Protection for PCs/Desktops	0.15	0.17	0.19	0.20	0.23
Misc	**4.11**	**2.75**	**2.94**	**3.20**	**3.48**
Total R&M IT Cell	**33.65**	**35.23**	**37.62**	**40.14**	**42.88**

9.10.5 With regard IT related R&M expenses, the Commission observed that proposed expenses are towards Facility Management Services Charges (FMS), Annual Technical Support (ATS) and miscellaneous works. The Commission asked the Petitioner to submit bifurcation of proposed R&M works as ongoing works & new works. Also, sought the clarification from the Petitioner that IT related expenses proposed under R&M expenses are not overlapping with IT related expenses proposed under A&G expenses. In response to the Commission's query, the Petitioner submitted that all the works proposed under R&M of IT Cell for 5th Control Period are ongoing works and are not overlapping with any proposed scheme.

9.10.6 Moreover, as part of the prudence check, the Commission has also analysed IT related R&M expenses of past periods and found that the actual IT related R&M expenses from FY20 to FY23 are Rs. 162 Cr. against approved amount of Rs. 80 Cr. i.e. in the past period IT related R&M expenses have increased in comparison of approved amount. Further, the Commission has also observed that in the past period the IT related expenses booked in the audited accounts include both previous year expenses and future year expenses because the Petitioner pay the contractors based on the contract agreements. Thus, the Commission has approved IT related R&M expenses based on the average R&M expenses of previous three years i.e. IT related R&M expenses from FY21 to FY23, which come out Rs. 44.86 Cr. Accordingly, the Commission has provisionally approved Rs. 44.86 Cr. towards IT related R&M expenses for each year of the Control Period. The appropriate treatment of the same shall be done at the time of True Up based on the audited accounts of the respective year.

9.10.7 However, 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 directed 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.

9.10.8 The summary of R&M Expenses approved by the Commission for the Control Period is shown in the table below:

Table 249: R&M Expenses approved by the Commission for 5th Control Period (Rs. Cr.)

Approved	FY25	FY26	FY27	FY28	FY29
Opening GFA	9,370.77	10,410.41	11,998.58	13,235.79	14,198.14
Average K Factor (%)	1.06%	1.06%	1.06%	1.06%	1.06%
Gross R&M Expense	**99.57**	**111.27**	**128.75**	**142.31**	**152.84**
Add: IT related R&M expenses	44.86	44.86	44.86	44.86	44.86
Total R&M Expenses	**144.43**	**156.14**	**173.61**	**187.17**	**197.70**

9.11 Administrative and General (A&G) Expense

9.11.1 As per Regulation 30 (4) of the HPERC MYT Regulations, 2023, the A&G expenses are determined based on the following formula:

$A\&G_n = (A\&G_b * WPI_{inflation}) + \text{Provision}$

Where: A&Gn: A&G expense for the year n

A&Gb: A&G expense as per the norm/trajectory

WPI inflation: Average increase in the Wholesale Price Index (WPI) for immediately preceding three years

Provision: Cost for initiatives or other one-time expenses as proposed by the Distribution Licensee and validated by the Commission.

9.11.2 The Commission has computed gross A&G expenses based on average of actual gross A&G expenses of past three years i.e. FY 21 to FY23. The approach adopted by the Commission is as follows:

(a) Actual gross A&G expenses for FY 23 have been considered and then adjusted non-recurring expenses i.e. Rental Charges of smart meters, REC Charges and legal charges.

(b) Further, net A&G expenses of FY23 have been escalated with the escalation factor considering average increase in Whole-sale Price Index (WPI) of previous three years, to arrive A&G expenses of FY24.

(c) A&G expenses computed above (FY 24) has been further escalated with required WPI Index to arrive A&G expenses for each year of the 5th Control Period.

9.11.3 The base year A&G expenses, WPI considered and gross A&G expenses computed by the Commission are shown in the table below:

Table 250: WPI Inflation considered by the Commission for computation of A&G expenses for 5th Control Period

Year	FY19	FY20	FY21	FY22	FY23
Average WPI Index	119.79	121.80	123.38	139.41	152.52
Increase in WPI		1.68%	1.29%	13.00%	9.40%
Three-year average increase (FY21 to FY23)	**7.90%**				

Table 251: Gross A&G expenses for past periods considered by the Commission (Rs. Cr.)

Particulars	FY23	WPI	FY24
Total Gross A&G expenses (A)	94.04		
Adjustment:			
Rental Charges of smart meters	17.77		
REC Charges	18.05		
Legal charges	5.82		
Total Adjustment (B)	41.64		
Gross A&G expenses (C=A-B)	**52.40**	**7.90%**	**56.54**

9.11.4 Based on the gross A&G expenses computed above and average increase in WPI Inflation as per HPERC MYT Regulations, 2023, the Commission has computed A&G expenses for each year of the 5th Control Period, which are shown in the table below:

Table 252: Gross A&G expenses approved for 5th Control Period (Rs. Cr.)

Particulars	FY25	FY26	FY27	FY28	FY29
Gross A&G Expenses	61.01	65.82	71.02	76.63	82.69

9.11.5 The Petitioner has also proposed Rs. 1,614.83 Cr. towards IT related A&G expenses for the 5th Control Period which are relating to monthly rental against smart meter installed under IPDS Shimla / Dharamshala, rental charges against smart meter under RDSS, SMS Gateway, Bharat Bill Payment System (BBPS) service charges, MPLS Connection at Field Locations, Point to Point Replication link between Data Center (DC) & Disaster Recovery Center (DRC), etc. The Commission observed that the Petitioner has proposed IT related expenses under R&M expense also and asked the Petitioner to clarify that nature of IT related expenses proposed under R&M expenses and A&G expenses. In response, the Petitioner clarified that while the ATS, Annual Maintenance Charges (AMC) and Facility Management Services (FMS) charges for the data centre are booked under R&M, the connectivity and bandwidth charges for the data centre are being booked under A&G heads and the costs proposed under IT cell are shown in table below:

Table 253: HPSEBL Submission- IT related A&G Expenses for the 5th Control Period (Rs. Cr.)

Particulars	FY25	FY26	FY27	FY28	FY29	Total
Monthly Rental against Smart Metering -IPDS Shimla / Dharamshala	16.54	16.54	16.54	16.54	16.54	82.70
Rental charges against smart metering under RDSS	50.00	335.43	343.57	344.35	345.13	1418.48
E-Office	0.59	0.59	0.59	0.59	0.59	2.95
Licensees	0.10	0.10	0.10	0.12	0.12	0.54
SMS Gateway	8.00	8.00	8.00	8.00	8.00	40.00
Payment Gateway Service Charges	1.06	1.17	1.29	1.41	1.41	6.34
BBPS Service Charges	5.20	5.72	6.29	6.92	6.92	31.05
MPLS Connection at Field Locations	2.73	3.01	3.32	3.64	4.02	16.72

Particulars	FY25	FY26	FY27	FY28	FY29	Total
Point to Point Replication link between DC & DRC	0.05	0.06	0.07	0.07	0.08	0.33
Internet Leased Lines at DC and DRC	0.06	0.06	0.07	0.07	0.08	0.34
Point to Point Connectivity with HIMSAN Data Center Kasumpti from E-Office	0.05	0.06	0.07	0.07	0.08	0.33
Other Misc IT Services (IT Security Audit, CSC/LMK Charges, Elect. Charges etc)	2.83	2.91	3.00	3.10	3.21	15.05
A&G IT Infra	**87.21**	**373.65**	**382.91**	**384.88**	**386.18**	**1,614.83**

9.11.6 The Commission also observed that major expenses proposed for IT related A&G expenses are towards meter rent charges for smart meter under IPDS and RDSS. The Commission further observed that meter rental charges against IPDS is in line with the actual meter rental charges claimed in the True Up of FY23, which is as per audited accounts.

9.11.7 With respect to meter rental charges for smart meters under RDSS, the Commission has deliberated above (in the Capex section) that there is limited progress in the implementation of smart meter scheme under RDSS. Thus, considering the limited progress, the Commission has considered provisionally phasing of installation of smart meters as 30% during FY25 and balance 70% to be installed in FY26. Further, BOD approval is still in progress for the approval of the cost of smart meters discovered through tender. Therefore, for projection of rental charges towards smart meter under RDSS, the Commission has considered Rs. 90.83 /Meter/Month as per meter rent charge being paid under IPDS. Based on the above, the monthly meter rental charges for smart meter under RDSS is computed for each year of the Control Period, as shown in the table below:

Table 254: Computation Smart Meter Rent for RDSS for the 5th Control Period (Rs. Cr.)

Particulars	Total Meters	FY25	FY26	FY27	FY28	FY29
Total Meter under RDSS (Nos.)	2841908					
Meter Rent (Rs. /Meter/Month)	90.827					
Phasing of Meters (%)	0%	30%	70%			
Year wise Installation of Meters (Nos.)	0	852572	1989336			
Meter Rent	**0.00**	**46.46**	**201.34**	**216.82**	**216.82**	**216.82**

9.11.8 Further, with regard to the high A&G charges, the Commission agrees that the increase in these charges is mainly due to the installation of Smart Meters as it has operational expenditure component attached to it as per the provisions of the scheme. But, at the same time, the Commission is of the view that there should be significant savings in the employee cost on account of lesser manpower requirement but due to the poor planning by HPSEBL, benefits of Smart Metering have not been achieved. **The Commission hereby directs the Petitioner that it should demonstrate the notional savings on this account while filing the tariff petition for the next financial year.**

Otherwise, the Commission shall be constrained to disallow this cost and it will not be passed through to the Consumers of the State.

9.11.9 Further, other than meter rental chargers towards smart meter, the Petitioner has also proposed IT related A&G expenses for E-Office, SMS Gateway, BBPS Service Charges, MPLS Connection at Field Locations, Lok Mitra Kendras (LMK) Charge, Point to Point Replication link between DC & DRC and miscellaneous. During the prudence analysis it was observed that certain elements which are claimed under IT related A&G expenses i.e. BBPS Service Charges, LKM, Point to Point Replication link between DC & DRC are already part of base A&G expenses considered for computation of gross A&G expenses. However, the Commission is of the view that these expenses will increase with increase in the IT implementation. Also, ensuring safety measures is a critical aspect for which the Petitioner should undertake adequate steps. In view of these additional expenses, the Commission has provisionally considered an additional IT and safety related expenses of Rs. 10 Cr. for each year of the Control Period. The Petitioner is required to furnish details of actual expense against the additional provision allowed under the A&G expense at the time of truing-up. In the absence of adequate details, the Commission shall be constrained to additional provision while approving the A&G expense for the respective year.

9.11.10 Based on the above, A&G expenses approved for the 5th Control Period is summarised in the table below.

Table 255: A&G Expense approved for the 5th Control Period (Rs. Cr.)

Particulars	FY25	FY26	FY27	FY28	FY29
A&G Expense	61.01	65.82	71.02	76.63	82.69
IT Related Expenses					
Monthly Rental against Smart Metering - IPDS Shimla / Dharamshala	16.54	16.54	16.54	16.54	16.54
Rental charges against smart metering under RDSS	46.46	201.34	216.82	216.82	216.82
Additional IT expenses	10.00	10.00	10.00	10.00	10.00
Total IT related A&G expenses	**73.00**	**227.88**	**243.36**	**243.36**	**243.36**
Total A&G Expense	**134.01**	**293.70**	**314.39**	**320.00**	**326.05**

9.11.11 With regard to the provision approved under A&G expenses by the Commission, the Petitioner is directed to separately furnish the details of amount of connectivity charges, name of the vendor, description of the expenditure incurred in the respective year along with similar details of previous three years at the time of true-up. In the absence of these details, the Commission shall be constrained to disallow these provisional expenses in the A&G expenses.

9.12 Depreciation

9.12.1 The Regulation 32 of HPERC MYT Regulations, 2023 provides for computation of Depreciation, the relevant extract of the Regulation is as under:

"32. Treatment of Depreciation.

(a) Depreciation shall be calculated for each year of the control period on the original cost of the fixed assets of the corresponding year;

(b) Depreciation shall not be allowed on assets funded by capital subsidies, consumer contributions or grants;

© The rate of depreciation for each of the components of the fixed assets based on the useful life of the assets shall be as given in Annexure – II:

Provided the salvage value of the any category of assets defined at Annexu–e - II shall be 10% of the initial cost of the asset;

(d) The rate of depreciation should be based on Straight Line Method (SLM) over the useful life of the assets, after factoring the salvage value of the assets: Provided that Land shall not be treated as a depreciable asset and its cost shall be excluded while computing 90% of the original cost of the asset;

(e) The distribution licensees having fixed asset records for the assets procured before [3]1st March, 2024 shall have one time option to adopt the new rates for the older assets, if opted by the distribution licensee: Provided that, in case the distribution licensee does not have an asset record to assess the date of commissioning of assets as per the categorization provided in Annexure – II, the Commission shall allow the existing method of depreciation on the assets already commissioned till the issue of last tariff Order:

Provided that record of the assets being commissioned by the Distribution licensee during the ongoing FY subsequently shall be properly maintained by the Distribution licensee and the computation of depreciation of such assets shall be in accordance with clause (c) above;

(f) Depreciation shall be charged from the first year of operation of the asset: Provided that in case the operation of the asset is for a part of the year, depreciation shall be charged on proportionate basis; and (g) A provision of replacement of assets shall be made in the capital investment plan."

9.12.2 The Commission has computed depreciation considering the provisions of above Regulations. The Commission has discussed the methodology for arriving at the opening GFA and GFA addition each year of the fifth Control Period in the Business Plan section of this Order. The opening and closing balance of GFA of the distribution business is shown in the table below:

Table 256: GFA approved for 5th Control Period (Rs. Cr.)

Particulars	FY25	FY26	FY27	FY28	FY29
Opening GFA	9,370.77	10,472.54	12,117.11	13,393.36	14,384.33
Addition	1101.78	1644.57	1276.25	990.97	779.96
Closing GFA	**10,472.54**	**12,117.11**	**13,393.36**	**14,384.33**	**15,164.29**

9.12.3 Further, the Regulation 32 (b) of the above Regulation provides that depreciation shall not be allowed on assets funded by capital subsidies, consumer contributions or grants. Accordingly, the Commission has reduced the amount of depreciation towards assets created from grants / consumer contribution and subsidies for approving the depreciation for the fifth Control Period.

9.12.4 With regard to the rate of depreciation, the Petitioner has computed an average depreciation rate of 4.51% based on the allocated depreciation and assets towards distribution business for FY23. However, this statement including allocation of assets and depreciation has been prepared internally and not supported by a Fixed Asset Register. Therefore, the claim with respect to depreciation for the 5th Control Period is not found to be in line with the HPERC MYT Regulations, 2023.

9.12.5 In the MYT Order dated June 29, 2019, the Commission has directed the Petitioner to prepare Fixed Asset Register (FAR). However, the Petitioner has not completed the preparation of FAR till date. In the absence of requisite information, the Commission has computed average rate of depreciation as 4.08% considering opening assets, closing assets and depreciation as per the audited accounts of FY23. **The Commission directs the Petitioner to complete the ongoing exercise of preparing its Fixed Asset Register for distribution business and submit it by 30th April, 2024, positively so as to avoid any action in this regard.**

9.12.6 The summary of the GFA and depreciation approved by the Commission for the fifth Control Period is shown in table below:

Table 257: Depreciation approved by the Commission for the 5th Control Period (Rs. Cr.)

Particulars	FY25	FY26	FY27	FY28	FY29
Total GFA					
Opening GFA	9,370.77	10,472.54	12,117.11	13,393.36	14,384.33
Addition	1101.78	1644.57	1276.25	990.97	779.96
Reduction					
Closing GFA	**10,472.54**	**12,117.11**	**13,393.36**	**14,384.33**	**15,164.29**
Assets created from Grants/ Consumer Contribution					
Opening GFA	3,747.42	4,438.26	5,469.44	6,269.67	6,891.03
Addition	690.84	1,031.18	800.24	621.36	489.05
Closing GFA	4,438.26	5,469.44	6,269.67	6,891.03	7,380.08
Depreciation on Total Assets	**405.05**	**461.11**	**520.73**	**567.01**	**603.16**
Less:					
Depreciation on Assets created from Grants/ Consumer Contribution	167.09	202.24	239.62	268.64	291.31
Net Depreciation	**237.96**	**258.87**	**281.11**	**298.37**	**311.85**

9.13 Interest and Financing Charges

Interest on Capital Loan

9.13.1 For the purpose of claiming interest on capital loans, the Petitioner has considered the interest cost on outstanding loans, interest on new capex loans proposed for the fifth Control Period and as well as interest on UDAY Bonds.

9.13.2 The Commission has computed interest on loan based on the provisions of HPERC MYT Regulations, 2023. The Commission has considered grant, debt & equity ratio for the assets capitalized as 59:36:6 as discussed above. For projecting the interest on capital loans, the Commission has considered the closing loan balances as per the truing-up of controllable parameters of the third Control Period, loan balances approved against capitalisation provisionally considered by the Commission for the fourth Control Period and the approved financing plan for the additional capitalization during the 5th Control Period.

9.13.3 With regard rate of interest, Regulation 33 of HPERC MYT Regulations, 2023, provides the rate of interest on long term loan to be considered as the weighted average rate of interest of the actual long term loan portfolio. The relevant extract is as under:

"33. Treatment of Interest on loan.

…….

(g) The rate of interest shall be the weighted average rate of interest calculated on the basis of actual loan portfolio at the beginning of each year of the control period, in accordance with terms and conditions of relevant loan agreements, or bonds or non-convertible debentures:

……."

9.13.4 Further, it is observed that the interest claimed by the Petitioner is on account of all long-term loans which include REC, PFC, KFW, RGGVY, ADB and Unsecured, etc. These loans comprise of both short-term and capital loans. The Commission asked the Petitioner to submit source wise interest on loan paid during FY23 along with opening balance, closing balance and repayment during the year. In response, the Petitioner submitted details as asked by the Commission. Based on the information the Commission has computed the weighted average rate of interest as 9.85% considering details of capital loan portfolio submitted by the Petitioner. Any interest or outstanding towards short-term loans and UDAY bonds have been excluded while determining the weighted average rate of interest.

9.13.5 With regard interest on UDAY Bonds, the Petitioner vide additional submission submitted revised computation of interest and finance charges excluding the provision of Rs. 183.51 Cr., 160.61 Cr., Rs. 138.47 Cr., Rs. 115.91 Cr. and Rs. 92.29 Cr. made for FY25, FY26, FY27, FY28 and FY29 respectively towards interest on UDAY loan. The Petitioner further submitted that since, the interest is neither allowed by HPERC nor being paid by the HPSEBL, the same has been excluded from the interest and finance charges. Also, during the TVS, the Petitioner clarified that the licensee is in discussion with GoHP for repayment of UDAY bond and for the time being neither interest nor principal amount of UDAY loan is being paid. However, due to lack of clarity from the GoHP, the Petitioner has been booking provision of interest in the audited accounts.

9.13.6 The Commission, vide MTPR Order dated March 29, 2022, excluded the amount of interest on the UDAY bonds for FY23 and FY24 and directed the Petitioner 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. The relevant extract of the Order is as under:

"13.5.9 However, the same has not been done till date in line with the agreement resulting in additional burden on the Consumers of the State. The Commission feels that one of the main purposes of the UDAY scheme was the financial turnaround of the DISCOMs. If the burden of Bond's repayment and its interest cost are still to be borne by the DISCOM then the DISCOM will not be able to come out from its losses and its financial viability will gets severely hampered. Therefore, the Commission feels it appropriate to exclude the amount of interest on the UDAY bonds for FY 2023 and FY 2024. The Petitioner is directed to take up the matter with the State Government for taking over the interest and repayment liabilities of these bonds and reimburse the interest paid on these bonds"

9.13.7 In line with the submissions of the Petitioner to exclude the amount of interest on UDAY bonds as well as the approach adopted by the Commission in the MTPR Order dated March 29, 2022, the Commission has excluded the amount of interest on the UDAY bonds form each year of the 5th Control Period. **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.**

9.13.8 The total statement of interest charges approved by the Commission are shown in the table below:

Table 258: Interest on long term loan approved for 5th Control Period (Rs. Cr.)

Particulars	FY 25	FY 26	FY 27	FY 28	FY 29
Opening Loan	1,441.96	1,553.75	1,816.93	1,940.95	1,957.16
Loan addition during the year	349.75	522.05	405.13	314.57	247.59
Repayment (Equals to approved Depreciation)	237.96	258.87	281.11	298.37	311.85
Closing Loan	1,553.75	1,816.93	1,940.95	1,957.16	1,892.89
Interest Rate	9.85%	9.85%	9.85%	9.85%	9.85%
Interest Expense	**147.50**	**165.96**	**185.03**	**191.93**	**189.57**

Interest on Working Capital

9.13.9 In the original Petition, the Petitioner has submitted the computation of working capital requirement and interest thereon based on the HPERC MYT Regulations, 2011. The Commission asked the Petitioner to submit working capital requirement as per HPERC MYT Regulations, 2023. In response, the Petitioner has submitted revised working. Further, the Petitioner vide additional submissions submitted revised working capital requirement and Interest on Working Capital (IoWC).

9.13.10 The working capital requirement has been computed based on the Regulation 34 of HPERC MYT Regulations, 2023, which states as under:

"**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;

© Maintenance spares @ 40% of R&M expenses for one month; and

Less:

(d) Security deposits from consumers, if any:

……."

9.13.11 Also, while computing the working capital requirement, the Petitioner has considered the impact of prepaid meters. As discussed in the capital investment section of this Order, tendering process of smart meter under RDSS has been delayed as the Petitioner is to appoint an agency for implementation of smart meters across the State. Thus, at this stage, consideration of the impact of smart meters would not be possible. Hence, the Commission has not considered impact of smart meters under working capital requirement. The appropriate treatment shall be done at the time of True Up based on the actual information.

9.13.12 Based on the approved O&M Expenses, expected revenue from sale of electricity, consumer security deposits and provisions of HPERC MYT Regulations, 2023, the Commission approves the working capital requirement for the 5thControl Period.

9.13.13 With regard the 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:

……."

9.13.14 Accordingly, the Commission has arrived rate of interest applicable for working capital as 12.15% (one year MCLR -8.65% and 350 basis points) and the detailed computation is shown in the table below:

Table 259: Working Capital Requirement approved by the Commission for 5th Control Period (Rs. Cr.)

Particulars	FY25	FY26	FY27	FY28	FY29
O&M Expenses for one month	232.89	289.38	302.78	315.86	324.02
Revenue from sale of electricity equivalent to 2 months average billing	661.19	737.82	810.23	878.21	914.47
Maintenance Spares 40% of the R&M expense for one month netted off for provisions and terminal benefits	57.77	62.45	69.44	74.87	79.08
Less: Consumer Security Deposit	458.4	404.46	72.77	89.4	106.57

Particulars	FY25	FY26	FY27	FY28	FY29
Working Capital Requirement	**493.46**	**685.19**	**1109.68**	**1179.53**	**1211.00**
Rate of Interest on Working Capital	12.15%	12.15%	12.15%	12.15%	12.15%
Interest on Working Capital	**59.95**	**83.25**	**134.83**	**143.31**	**147.14**

9.13.15 With introduction of smart meters, the requirement for working capital for the Petitioner is expected to reduce significantly. Accordingly, the interest on working capital shall also reduce and the same shall be considered at the time of truing-up for the respective years.

Interest on Consumer Security Deposit

9.13.16 The Petitioner has projected interest on consumer security deposit for 5th Control period based on the average amount of security deposit per consumer of FY23 and number of consumers projected during each year of the control period. The interest rate has been considered as the average interest rate paid during FY24 based on provisional accounts.

9.13.17 While computing the Interest on Consumer Security Deposit, the Petitioner has also considered the impact of prepaid smart meters from FY 25 onwards. However, till date, the purchase of Smart Meters under RDSS is under Process.

9.13.18 With regard to impact of prepaid smart meters on the consumer security deposit, as discussed in the capital investment section, there is limited progress on installation of smart meters under RDSS. Also, the Petitioner has submitted that purchase of smart meters under RDSS is under process. Therefore, at this stage it is difficult to assess the impact of prepaid smart meter on consumer security deposit.

9.13.19 The Commission has adopted following approach for computation of consumer security for the 5th Control Period:

(a) Considered opening value of security deposit for FY24 equals to closing value of security deposit of FY23 as approved in the True Up of FY23.

(b) Addition of Security deposit during FY24 is computed based on three-year average of security deposit added during the year, wherein mid-year (FY22) value is arrived based on the average of last 3 years Trued-Up values i.e. FY21 to FY23. The mid-year value of security deposit then escalated with 3 year CAGR of 27.27%.

(c) Security deposit arrived above i.e. Rs. 54.34 Cr. is considered for each year of the Control Period. However, the appropriate treatment of the shame shall be done at the time of true up based on audited accounts.

9.13.20 Further, proviso to 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."

9.13.21 Accordingly, the Commission has considered rate of interest as Bank Rate notified by the Reserve Bank of India (RBI).

9.13.22 Based on the above, the Commission has approved interest on consumer security deposit, as shown in the table below:

Table 260: Interest on Consumer Security Deposit approved by the Commission for 5th Control Period (Rs. Cr.)

Particulars	FY25	FY26	FY27	FY28	FY29
Opening consumer security deposit	571.07	625.41	679.75	734.08	788.42
Addition during the year	54.34	54.34	54.34	54.34	54.34
Closing consumer Security Deposit	625.41	679.75	734.08	788.42	842.76
Interest Rate	6.75%	6.75%	6.75%	6.75%	6.75%
Interest to be paid on Security Deposit	**40.38**	**44.05**	**47.72**	**51.38**	**55.05**

9.13.23 Besides interest on consumer security deposit, interest on working capital and interest on loan, the Commission has also approved LC charges as proposed by the Petitioner for each year of the fifth Control Period.

Table 261: Total Interest and Finance Charges approved by the Commission for 5th Control Period (Rs. Cr.)

Particulars	FY25	FY26	FY27	FY28	FY29
Interest Expense	147.50	165.96	185.03	191.93	189.57
Interest on Working Capital	59.95	83.25	134.83	143.31	147.14
Interest to be paid on Security Deposit	40.38	44.05	47.72	51.38	55.05
LC Charges	6.30	6.30	6.30	6.30	6.30
Total Interest and Finance Charges	**254.14**	**299.56**	**373.87**	**392.93**	**398.06**

9.14 Non-tariff and Other Income

9.14.1 The Petitioner has submitted that non-tariff income of HPSEBL comprise of delayed payment charges, interest on staff loans and advances, interest on investment, income from trading, O&M Charges recovery from HPPTCL, income from wheeling charges, Miscellaneous Receipts, PLC receipts etc. The Commission observed the Petitioner has proposed non-tariff income for FY25 based on the same claimed for FY23.

9.14.2 Regulation 37 of the HPERC MYT Regulations, 2023 states as:

"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."

9.14.3 Accordingly, the Commission has computed non-tariff income for 5th Control Period as per the provisions of above Regulations.

9.14.4 Also, the Commission vide Tariff Order dated March 29, 2022 has abolished the meter rent charges, which was earlier considered under non tariff income. Thus, the Commission has excluded income towards Meter Rent while computing average non tariff income for previous three years. Based on the above, the Commission has considered net non-tariff income for previous three years i.e. FY21, FY22 and FY23 and adjusted with Delayed Payment Surcharge and Meter Rent.

9.14.5 Based on the above discussion, the Commission has considered non-tariff income for each year of the 5th Control Period. However, the appropriate treatment of the same shall be done at the time of true up based on the audited accounts of the respective year. The approved non-tariff income for the 5th Control Period is shown in the table below:

Table 262: Non-Tariff & Other Income approved by the Commission for 5th Control Period (Rs. Cr.)

Particulars	FY25	FY26	FY27	FY28	FY29
Non-Tariff Income	**158.56**	**158.38**	**158.44**	**156.79**	**157.44**

9.15 Aggregate Revenue Requirement

9.15.1 Based on the above discussion, the Commission has approved Aggregate Revenue Requirement for distribution business as shown in table below:

Table 263: Aggregate Revenue Requirement approved by the Commission for 5th 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**

9.15.2 In addition to Distribution ARR of Rs. 7,934.28 Cr. approved for FY25, the Commission has considered the following adjustment in the ARR for FY25:

(a) Impact of True-up on account of uncontrollable parameters for FY 2022-23 along with carrying cost

9.15.3 The Commission has approved a revenue surplus of Rs. 164.20 Cr. (along with carrying cost) towards provisional truing-up of uncontrollable parameters for FY 2022-23 respectively which has been carried forward and adjusted in ARR of FY 2024-25.

(b) Provision of arrears towards HPPCL Plants

The Petitioner has made provision of Rs. 250 Cr. for arrears in respect of HPPCL plants. In this regard, the Commission is of the view that the claimed amount is on higher side. The Commission has approved a provisional tariff while approving the PPAs of the HPPCL Plants for Kashang HEP, Swara Kuduu and Sainj respectively. HPPCL has filed Petitions for approval of capital cost and tariff of these stations, which are under consideration of the Commission. The Commission has made a provision of Rs. 108.80 Cr. towards likely arrears on account of issuance of tariff orders of the HPPCL plants.

(c) Provision of arrears towards Central Generating Stations

The Petitioner has made provision towards bills of arrears of Central Generating Stations (NPCL, NTPC and SJVN) as Rs. 430 Cr. Against the proposal of the Petitioner, the Commission has considered provisions towards arear bills of central generating stations as Rs. 231.82 Cr. on pending issuance of Central Generating Stations tariff order by CERC for the period FY 2019-24.

9.15.4 Considering the above adjustments and approved ARR for FY25, the revenue requirement for FY25 is summarized below:

Table 264: Total Aggregate Revenue Requirement including adjustment and provisions approved by the Commission for FY25 (Rs. Cr.)

Particulars	Amount Approved
Annual Revenue Requirement for FY25	**7,934.28**

Add: Adjustments and Provisions	
Adjustment of True-up surplus of FY23	-164.20
Provision of arrears towards HPPCL Plants	108.80
Provision of arrears towards Central Generating Stations	231.82
Total Revenue Requirement for FY25	**8,110.70**

9.16 Allocation of Distribution ARR into Wheeling and Retail Supply

9.16.1 As part of the original Petition, the Petitioner has submitted that the total ARR has been divided into wheeling ARR and retail supply based on the approach adopted by the Commission during fourth Control Period.

9.16.2 The Commission observes that 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 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."

9.16.3 The Commission also observed that the Petitioner has not submitted segregation of ARR between wheeling Business and Retail Supply as per the provisions of above Regulations. During the TVS, the Petitioner clarified that segregation of ARR between Wheeling Business and Retail Supply is under process therefore for FY25, segregation has been submitted based on approach adopted by the Commission.

9.16.4 Further, Regulation 39 of HPERC MYT Regulations, 2023, provides for 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."

9.16.5 The Petitioner was asked to submit segregation of ARR into Wheeling Business and Retail Supply. In response, the Petitioner submitted that the allocation statement for segregation of ARR into Wheeling and Retail business has been submitted based on the suggestions of the committee constituted under the chairmanship of CE (Commercial). The Commission has considered the allocation statement for FY25 as submitted by the Petitioner. However, form next year i.e. FY26 onwards, the Petitioner shall submit allocation statement as per the Provisions of the above Regulations. **The Petitioner 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.**

9.16.6 The allocation statement approved by the Commission in the MYT Order for fifth Control Period is as under:

Table 265: 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%

9.16.7 The summary of Wheeling and Retail Supply ARR for the Control Period is shown as follows:

Table 266: Approved ARR of Wheeling Business for FY25 (Rs. Cr.)

Particulars	Amount
Operation & Maintenance Costs	1,961.18
Interest & Financing Charges	142.32
Depreciation	223.68
Return on Equity	85.81
Less: Wheeling charges recovered from short-term OA Consumers	0.00
Aggregate Revenue Requirement	**2,412.99**

Table 267: Approved ARR of Retail Supply Business for FY25 (Rs. Cr.)

Particulars	Amount
Power Purchase Expenses for Supply in the State	4,720.20
Operation & Maintenance Costs	833.55

Particulars	Amount
Interest & Financing Charges	111.82
Depreciation	14.28
Less: Non-Tariff & Other Income	-158.56
Aggregate Revenue Requirement	**5,521.29**

10 Tariff Philosophy and Design

10.1 Tariff Principles

10.1.1 The philosophy of Tariff determination is primarily guided by the principles enshrined in Section 61 of the Electricity Act, 2003, Himachal Pradesh Electricity Regulatory Commission (Multi Year Wheeling Tariff & Retail Supply Tariff) Regulations, 2023 as amended from time to time, National Tariff Policy and the National Electricity Policy.

10.1.2 The Commission has notified the HPERC (Multi Year Wheeling Tariff & Retail Supply Tariff) Regulations, 2023 on 29th November, 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;"

10.1.3 For the tariff design, the Commission, for retaining the tariff across all categories within +/-20% in the previous Orders had also derived the strength from the principles stated in the Tariff Policy, 2016. For the Control Period, the Commission shall endeavor to further rationalize the tariff in order to reduce any further cross-subsidy. In doing so, the interest of both consumers as well long-term sustainability of the Petitioner shall be balanced.

10.1.4 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 2024-25.

10.1.5 However, Sub-regulations (e) of the above Regulations state 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-of-supply computation.

Category-wise sales have been allocated to different voltages proportionately based on the information made available by the Petitioner for FY 2022-23.

As the Petitioner has failed to submit authentic information on losses at different voltage level, the Commission has considered reasonable loss for respective voltage level upon the sales.

In the absence of voltage-wise cost of study, segregation of cost has been done based on reasonable estimates as detailed in subsequent Sections.

Methodology:

10.1.6 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.

10.1.7 Losses in the distribution system have been allocated based on the voltage level, ranging from 3.5% for EHV level, 7% for HT level and 15% for LT level.

10.1.8 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.

10.1.9 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.

10.1.10 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 220 kV till 11 kV).

10.2 Sales at Various Voltage Level

10.2.1 Based on the voltage-wise sales data provided by the Petitioner for FY 2022-23, the Commission has apportioned the voltage level sales for FY 2024-25 as provided in the table as follows:

Table 268: Estimated Sales at different Voltage Levels for FY25 (MU)

Particulars	Total Sales (MU)	EHT (>=66 kV)	HT (33kV)	HT (>11 kV &<33kV)	LT (<11 kV)
Sales apportioned at different voltage levels	100%	24%	13%	28%	35%
Total Sales (within State)	**11,947**	**2,923**	**1,539**	**3,289**	**4,196**

10.2.2 The cost to serve at different voltage level as calculated on this basis is indicated in the following table:

Table 269: Cost to Serve for FY25

Particulars	Generation bus bar	>=66 kV	>=11 kV	< 11 kV	Total
Energy Input (MU)	11,947.3	11,947.3	9,023.9	4,196.3	
Loss (MU)		-	-	-	-
Sales at respective level (MU)		2,923.4	4,827.6	4,196.3	11,947.3
Cost at respective level (Rs. Cr.)	4,720.2	1,080.6	1,181.3	952.1	7,934.3
Cost Allocation (Rs. per unit)					
Power Purchase Cost		2.91	2.70	2.00	
Cost of Losses		0.22	0.31	0.51	
Transmission & Open Access Charges		0.64	0.64	0.64	
Distribution Cost (>=66kV)		0.97	0.90	0.90	
Distribution Cost (>=11 kV to <= 33KV)			1.39	1.31	
Distribution Cost (< 11 kV)				2.27	
Cost of Serve Model		**4.74**	**5.95**	**7.64**	**6.64***

** Rs. 6.64 per unit is the average cost of supply without considering past gap and carrying cost*

10.2.3 The above cost does not include the impact of the expenses pertaining to the past periods which have been approved at Rs. 164.20 Cr of surplus amount on account of Truing-up of uncontrollable parameters of FY 2022-23 along with carrying cost, provisioning of Rs. 108.80 Cr for payment of arrears towards HPPCL Plants and Rs. 231.82 Cr towards arrears towards Central Generating Stations. These amounts shall also have to be adjusted to the above stated costs and shall increase the average cost of supply marginally by about 15 Paise per unit. The total average cost of supply including these provisions adds up to Rs. 6.79 per unit.

10.2.4 The Commission would like to clarify here that these calculations have been made only for indicative purposes and for assessing the trends and not for fixing the Tariffs.

10.2.5 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 2024-25 of the fifth Control Period.

10.2.6 The average cost of supply computed for FY 2024-25 is provided in the table below:

Table 270: Average Cost of Supply for FY25 based on approved ARR

Particulars	FY25
Approved Aggregate Revenue Requirement (Rs. Cr.)	**7,934.28**
Less: Sale of Surplus Power (Rs. Cr.)	0.00
Net Aggregate Revenue Requirement (Rs. Cr.)	**7,934.28**
Projected Sales (MUs)	11,947.28
Average Cost of Supply (Rs. /unit)	**6.64**

10.2.7 As stated above, the average cost of supply for FY 2024-25 works out to be Rs. 6.64 per unit which does not include the prior period and other adjustments. Considering the adjustments, the average cost of supply comes out to be Rs. 6.79 per unit.

10.3 Revenue from Existing Tariff

10.3.1 The Commission has computed the revenue from various categories as per the sales approved for FY 2024-25 and the existing applicable Tariff in the respective categories. The summary of the estimated revenue for the FY 2024-25 is summarized in table below:

Table 271: Revenue for FY25 based on Existing Tariff

Consumer Category	Sales (MUs)	Revenue (Rs. Cr.)
Industrial Power Supply		
Small Industries	91.64	66.34
Medium Industries	117.67	71.13
Large Industries	6,797.69	3,925.20
Domestic	2,820.28	1,499.74
Irrigation and Drinking Water	896.79	541.04
Commercial	776.85	507.06
Bulk Supply	173.63	108.02
Non-Domestic Non-Commercial	191.72	121.03
Public Lighting	11.79	6.59
Temporary	57.73	53.23
EV Charging Stations	11.50	6.69
Total	**11,947.28**	**6,906.07**

10.4 Revenue from Sale of Power Outside State

10.4.1 The Petitioner has reflected demand-supply deficit during the fifth Control Period, with some minor energy surplus in FY 2028-29.

10.4.2 Based on the energy balance projected for FY 2024-25, the Commission observes that there would be no surplus power from the long-term sources. Therefore, no revenue from sale of surplus power is envisaged for FY 2024-25.

10.4.3 For the balance years, the Commission has considered revenue against the same. For determining the revenue from the sales of surplus power, the Commission has considered an average rate of Rs. 4.00 per unit which shall be revised in subsequent APR Orders based on the market rates for short-term power.

10.4.4 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 such surplus power at competitive rate in order to reduce the burden on the Consumers. Any variation in the rate and quantum of surplus power shall be considered at the time of final Truing-up based on actual and prudence check.

10.5 Revenue Surplus/Gap at Existing Tariff for FY25

10.5.1 Taking into account the revenue from sale within State at existing Tariffs, revenue estimated from sale of power outside State for FY 2024-25 is as follows:

Table 272: Revenue Surplus/ Gap for FY25 based on Existing Tariff (Rs. Cr.)

Parameters	Amount
Approved Aggregate Revenue Requirement	**7,934.28**
Add:	
Impact of True Up of Un-Controllable parameters FY23	-164.20
Provision of arrears towards HPPCL Plants	108.80
Provision of arrears towards Central Generating Stations	231.82
Total Revenue Requirement for FY25	**8,110.70**
Revenue from Sale of Power outside the State (excluding contingency power)	0.0
Revenue from Sale of Power within the State at Existing Tariff	6,906.07
Total Revenue	**6,906.07**
Revenue Surplus/ (Gap)	**(1,204.63)**

10.5.2 Considering the revenue from existing Tariff, a revenue gap of Rs. 1,204.63 Cr. is observed for FY 2024-25. This revenue gap also takes into account the adjustments on account of Truing-up of uncontrollable parameters for FY 2022-23 along with carrying cost, provisional impact of revision of tariff for Central Generating Stations and HPPCL plants.

10.5.3 Therefore, with a view to align the average realization with the average cost of supply for various Consumer categories, in line with the road map prescribed in the Tariff Regulations and also to compensate for the above-mentioned revenue gap, the Commission is reviewing the Tariff for various categories in this Order as detailed below:

10.6 Changes in Tariff Structure

10.6.1 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

10.6.1 In view of the significant gap, the Commission has approved increase in energy charges by a rate of approximately one rupee per unit for all categories of the Consumers for FY 2024-25. However, in view of the negative growth in the electricity consumption of the SMEs in the recent years, the Commission has increased the tariff for SMEs by only 75 paisa per unit. The Commission is of the opinion that the growth of small and medium enterprises is very important for the overall employment generation in the State and also for the long-term sustainability of the Petitioner as well. There has been no effective increase to the Consumers of the State as the same shall be neutralized by the GoHP by providing the additional subsidy to the HPSEBL.

Night Time Concession

10.6.2 The Petitioner has submitted that the past trend during night hours indicate that demand is more than availability. Therefore, considering the high volatility of the present power exchange rates for night and evening peak, the Petitioner has submitted that additional Night Time Concession allowed vide 2nd APR Order dated 31.05.2021 @Rs. 30 paise per unit to Industrial and IDWPS Consumers may be withdrawn.

10.6.3 The Commission observes that the Petitioner has not provided details with regard to the financial impact due to night time concession and has only indicated the energy gap during Apr-Oct 23. In absence of detailed working as well surplus availability during summer months, the Commission has retained the night -time concession.

Rebate on Prepaid Metering

10.6.1 The Petitioner has also submitted that the rebate of 3% for prepayment meter as per Tariff order for FY 2023-24 is on higher side and same is proposed to be reduced and made equivalent to late payment surcharge or rebate on advance payment for power purchase, whichever is lower, adding that the proposed rebate shall be available only to the consumers to whom prepayment meter with remote disconnection/ re-connection facility can be installed.

10.6.2 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. However, the Commission agree to the submission of the Petitioner that rebate of 3% for prepaid meter is on higher side. The Commission believes that the Consumers are required to be incentivised for opting to prepaid meters. Keeping above in mind, the Commission has revised the existing rebate of 3% to 1.5% on the tariff for the Consumers with prepaid mode of operation in line with the rate of late payment surcharge. Regarding the query with respect to uniform rebate on prepaid, the Commission decides that the rate of 1.5% for availing rebate for prepaid meter shall be applicable for FY 2024-25 and, the same shall be uniform for all category of the Consumers.

Rebate in Energy Charges in Retail Supply to Industrial Consumers

10.6.3 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.

10.6.4 Further, definition of expansion has not been defined since the consumer is claiming increase in contract demand as expansion. However, it has been noticed in the past that the consumer gets contract demand reduced permanently and thereafter after 2-3 months, consumer applies for increase in contract demand and claims 15% rebate for three years as per tariff order. Due to this, other consumers of HPSEBL has to cross subsidize the same. In case of multiple revisions, litigations are increasing as rebate has been given for a period of three years for each expansion.

10.6.5 Some of the Industrial Associations have also raised the point of cross subsidized tariff to the majority of industries due to this provision during last State Advisory Meeting and has requested to remove the provision from the Tariff Order.

10.6.6 From study of growth rate, there seems to be no impact on the growth of new industries since normal growth has been experienced in the last six years.

10.6.7 Therefore, the HPSEBL has requested that the existing rebate being allowed as per previous Order(s) be continued. However, no provision on account of above shall be continued in current MYT/ Tariff Order.

10.6.8 The Commission is of the view that the rebate to Industrial Consumers as given in the earlier Tariff Orders has helped in the growth of the energy sales in the State. It is well known fact that the operational cost to serve the Industrial Consumers is less due to the fact that the concentrated large load has to be served at a single location. Also, the technical losses to serve these Consumers are on the lower side as most of the Industrial Consumers are availing supply at higher voltages. The growth in the Industrial consumption is good for the DISCOM till the point the marginal cost of procurement of additional power is less than the average cost of supply. Presently, the fixed cost of the HPSEBL is much higher than its variable cost considering the fact that most of its power purchases are from the hydro sources and also O&M, Depreciation, Interest Cost and Return on Equity costs are also of the fixed nature. The marginal cost for the HPSEBL shall be the additional cost of power procurement to meet the load growth.

10.6.9 The Commission feels that this marginal cost shall remain lower to the average cost of supply considering the fact that HPSEBL shall continue to procure power from hydro and solar sources in future. The preferential Tariff of these sources at the present is generally lower than the average cost of supply of the HPSEBL. The Commission is of the view that there has been no ambiguity in the tariff Order regarding implementation of the provisions of rebate to the industrial consumers. In view of the above, the Commission decides to continue with the rebate being provided presently to the Industrial category of the Consumers for FY 2024-25 as well.

10.6.10 Further, the Commission in this Tariff Order is allowing 15% rebate on additional energy consumption over and above the maximum of the yearly consumptions of the last three financial years only for those industries having operation for more than three years in the State of HP. It is also to clarify that if any industrial consumer is availing the benefit of reduced energy charges in case of the increase in their contract demand, such consumer shall not be eligible for availing the benefit of this new rebate scheme introduced in this Order. The quantity of additional energy consumption for the purpose of the rebate will be worked out at the end of the financial year. The amount of rebate will be calculated multiplying the quantum of additional energy consumption to the 15% rate of normal energy charges for the corresponding tariff category as determined by the Commission for the period applicable. But the same cannot be linked with the Industrial Policy of the GoHP.

Deletion of Clause-Q of General Conditions of Tariff

10.6.11 The Petitioner has submitted that the sub-clause (iii) of Clause Q provides for charging the rates under the relevant category of commercial supply for lighting load during off season depending upon the contract demand to be availed by the consumer during such period.

10.6.12 For implementation of the same, the change of category is involved to charge at commercial rate. HPSEBL has requested to mention the rate of commercial supply for the rate to be charged during off season for light load.

10.6.13 The Commission has noted the concern raised by the Petitioner in implementation of the Tariff provision relating to the Seasonal Industries. The rate of the commercial supply as requested by the Petitioner shall be as per the Order of the Commission from time to time. There should not be any confusion in this regard. However, the Commission is of the view that there is no need to change the category of the Seasonal Industries to the Commercial Category. The Petitioner can incorporate the relevant Tariff of Commercial Category for the Seasonal Industries in its software for the off season. Further, the tariff of the off season industries is also included in the tariff schedule of this Order to overcome the practical issue being faced by the Petitioner. However, if the Petitioner still is not able to avoid manual intervention, the Commission shall review this in the next year Tariff fixation after taking the views of all the stakeholders involved.

Amendment in Clause H: Lower Voltage Supply Surcharge LVSS

10.6.14 The Petitioner has submitted reference of following explanation with regard to Clause H: Lower Voltage Supply Surcharge LVSS w.e.f. First APR of 4th Control Period:

"1) The revised provisions of standard supply voltage under the HPERC Electricity Supply Code have been notified and new connections shall be released on that basis.

2) Here the expression for each level of step down as an example shall mean that in a particular case if the Standard Supply Voltage is 33kV and the Actually Availed Supply Voltage is less than 11 kV, then the number of step downs shall be two (2) and the rate of LVSS applicable shall be 8% (5%+3%). Similarly, if the Standard Supply voltage is 132 kV or 220 kV and actual availed supply voltage is 33 kV LVSS shall be applicable @4% (2%+2%)."

Prior to this period the provision was as under:

"1) In case of voltage based tariffs, the tariff applicable at the standard supply voltage or at the lower voltage (i.e. voltage at which connection is actually availed), whichever of the two is higher, shall be applicable and the LVSS shall be levied in addition to the said tariff.

2) The revised provisions of standard supply voltage under the HPERC Electricity Supply Code have been notified and new connections shall be released on that basis. In cases of existing connections, the applicability of LVSS shall be determined, subject to relaxation clause (6) below, on the basis of the revised provisions.

3) 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 or 220 kV and actual availed supply voltage is33 kV LVSS shall be applicable @4%."

10.6.15 The Petitioner has submitted that the tariff applicability may be clearly defined which is presently being levied on the supply voltage being availed by the consumer with levy of LVSS on the amount so derived. Also, the Petitioner has requested to amend the clause 1 of explanation so as to avoid any manipulations.

10.6.16 The Commission observes that there is no ambiguity in the applicability of the tariff, as stated by the Commission in the relevant Tariff Orders. However, this issue may be addressed at the time of review of the HPERC Supply Code. Thus, no change is being made regarding the same.

Amendment in Clause Q of General Conditions of Tariff and Schedule of Tariff-Rebate for Prepaid Consumers Clause No. P

10.6.17 The Petitioner has submitted that at present rebate of 3% on energy charges has been made applicable for all the consumers availing prepaid facility. As per Provisions of Section 47 (5) of Electricity Act,2003, the distribution licensee is not entitled to require security if the person requiring the supply is prepared to take supply through a prepayment meter.

10.6.18 The meter to be operated in prepaid mode should be capable of auto disconnection and reconnection on account of exhausting the amount and recharge respectively. However, the meters connected through CT/PT Units do not presently have the facility for auto disconnection/reconnection.

10.6.19 Due to inclusion of this provision, the consumers having load above 50 KW provided with CT/PT meters are not adhering to the revision of Security as per the provisions of HEPRC (Security Deposit) Regulations, 2004 and approaching for prepaid mode along with refund of security.

10.6.20 The Petitioner has requested to amend the words "All the consumers" with the words "Consumers having connected load less than or equal to 50 KW)"

10.6.21 The Commission noted that the issue raised by the Petitioner is relating to the provisions of the HEPRC (Security Deposit) Regulations, 2004, as amended from time to time. The Petitioner is advised to file the separate petition giving all details of the issues so that the Commission is able to decide the matter by taking holistic approach.

Rate of Green Power for FY 2024-25

10.6.22 In the ARR for FY 24, an amount of Rs. 0.28 has been fixed for consumers availing green energy from HPSEBL.

10.6.23 The Petitioner has submitted that in order to give certificate of 100% green energy to the consumer, HPSEBL will have to arrange for the Green Energy for the consumer in each time slot which is not available to HPSEBL particularly in the lean season. Accordingly, HPSEBL will have to arrange for green power from the market or to purchase REC in order to covert the power to green for which additional financial implication is involved.

10.6.24 The Petitioner has proposed to revise the green energy rate fixed by Commission i.e. Rs. 0.28 per unit, to the REC rate of the preceding months for succeeding month power to be made available to the consumer or as may be considered appropriate by Commission.

10.6.25 Ministry of Power, Government of India vide notification dated 06th 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. The Commission had determined the rate of this green energy for FY 2023-24 in the 4th APR Order dated 31.03.2023 based on various assumptions and approach as detailed in the mentioned Order.

10.6.26 In view of the various assumptions involved in the working, the Commission has undertaken a review of the approach adopted for determination of the rate of green power. It is felt that the differential between the rate of RE power and Conventional power is a better proxy for determination of the rate for green power. Therefore, 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.

10.6.27 The total power purchase cost of the Petitioner from RE sources, as estimated by the Commission for FY 2024-25 is Rs. 3227.01 Cr. against 11,788 Mus, which translates into average power purchase rate of Rs. 2.74 per unit. The cost of power purchase from thermal sources estimated for FY 2024-25 is Rs. 382.32 Cr. against 1,085 MUs resulting in average rate of Rs. 3.52 per unit. 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 as well. 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 per unit, over and above, the Tariff fixed by the Commission, in this Order for the relevant category of the Consumers.

10.7 Approved Tariff

10.7.1 The Commission has retained the Tariff structure as per the Fourth APR Order dated 31.03.2023 for FY 2023-24. However, it is clarified that domestic consumers without having NOC/ approval from the government authorized agencies/ statutory authorities, shall be required to bear the rate of 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. The changes in Tariff have been reflected as covered in subsequent para as below:

DS: Domestic Supply

10.7.2 The existing Schedule is applicable to Consumers using electrical energy for lights, fans, heaters, cooking ranges, ovens, refrigerators, air conditioners, stereos, radios, televisions, mixers, grinders, electric iron, sewing/ embroidery/ knitting machines, domestic pumping sets and other domestic appliances in a single private house/flat, garage used for personal light motor vehicle or any other residential premises; Religious places with connected load up to 5 kW; Monasteries and Nunneries; Panchayat Ghars with connected load up to 5 kW; Patwarkhanas and Kanungoo Bhawans (Government Buildings only) with connected load up to 5 kW; Community Gausadans, Goshalas and Cow Sanctuaries not registered with Gow Sewa Ayog with connected load up to 20kW; Orphanages, homes for old people and homes for destitute; Working Women Hostels, Hostels attached to the educational institutions, if supply is given separately to each hostel and the electricity charges are recovered from the students; Leprosy Homes run by charity and un-aided by the Government; Heritage hotels; Residential paying guests; Incredible India bed-and-breakfast; "Home Stay Units" in rural areas duly registered with the District Tourism Development Officer; and Offices of the Himachal Pradesh Senior Citizen Forum; M.E.S and other 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) No compounding will be permissible. For Residential Societies, which wish to take a single point supply, this would be permitted, and the Energy Charges would be divided by the number of such units to determine the relevant slab. Thus, if there are 10 dwelling units in a Society and the energy consumption in a month is 3,500 units, the first 1,250 (125*10) units would be charged at*

*Rs 5.60 per kWh, the next 1,750 (175*10) at Rs 6.00 per unit and the balance 500 units at Rs. 6.25 per unit. Fixed Charge shall be Rs. (85x10).*

10.7.3 The Commission has increased the existing Tariff for Domestic Category as under:

Table 273: Existing and Approved Tariff for Domestic Category

Description	Existing		Approved	
Units/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)	3.72	55.00*	4.72	55.00*
0-125	4.37	85.00	5.60	85.00
126-300	5.27	85.00	6.00	85.00
301 & above	5.87	85.00	6.25	85.00

**Fixed Charge for tribal and difficult areas is also fixed at Rs. 40/month irrespective of consumption*

#Heritage hotels, Incredible India bed-and-breakfast, homestay units in rural areas are to be charged under domestic category as per the HP Tourism Policy with Energy Charges for such Consumers to be levied at 30% higher than the net Energy Charges payable (net off subsidy) by the Consumers in the respective slab

@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 the rate of 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.

10.7.4 The Commission is continuing with the approach followed during the previous Tariff Orders whereby it had extended the benefit of lower electricity Tariff available for BPL households, and very poor and marginalized Consumers, in line with the principles laid out in Electricity Act, 2003, National Electricity Policy and National Tariff Policy.

10.7.5 The applicable rebates and surcharges for this category have been detailed in Part II of Annexure I of this Order.

NDNC : Non Domestic Non Commercial Supply

10.7.6 This Schedule is applicable to Government and Semi Government Offices; Government – Hospitals, Primary Health Centers, Dispensaries and Veterinary Hospitals; Educational Institutions viz. Schools, Universities, ITIs, Colleges, Centre for Institute of Engineers, Sports Institutions, Mountaineering Institutions and allied sports, Libraries, Hostels and Residential Quarters attached to the educational institutions; Private Medical Colleges with Attached Hospitals but user charges as per Govt. Hospital rates, if supply is given at single point; Religious places such as Temples, Gurudwaras, Mosques, Churches with connected load greater than 5 kW; Sainik and Government Rest Houses, Government Museums, Anganwari worker training centers, Mahila Mandals, village community centers; Hospitals run on charity basis; Government Hospitals (including libraries, hostels and residential quarters attached to these establishments), Primary Health Centers, Dispensaries and Veterinary Hospitals; Sarais and Dharamsalas run by Panchayats and Municipal Committees or by Voluntary Organizations; and Panchayat Ghars with connected load greater than 5 kW; Patwar Khanas and Kanungoo Bhawans (Government buildings only) with connected load greater than 5 kW; Office of Lawyers and Government recognized Non-Government Organizations (NGOs); Lifts operating under Group Housing Societies, Apartments; 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'

10.7.7 The Commission has increased the existing Tariff for NDNCS category as shown in the table below:

Table 274: Existing and Approved Tariff for NDNC Category: Up to 20kVA

Slab	Existing		Approved by Commission	
	Energy Charges (Rs. /kWh)	Fixed Charges (Rs. /con/month)	Energy Charges (Rs. /kWh)	Fixed Charges (Rs. /con/month)
Up to 20kVA	5.42	145.00	6.42	145.00

Table 275: 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	5.16	-	140	6.16	-	140

10.7.8 The applicable rebates and surcharges for this category have been detailed in Part II of Annexure I of this Order.

CS: Commercial Supply

10.7.9 This Schedule is applicable to Consumers for lights, fans, appliances like pumping sets, central air conditioning plants, cold storages, lifts, heaters, embroidery machines, printing press, power press and small motors in all Commercial premises such as shops, business houses, cinemas, clubs, banks, private offices, private hospitals, petrol pumps, hotels/motels, welding sets, service stations, private nursing homes, private rest/guest houses, private research institutions, private coaching institutions, private museums, dry cleaning, garages and private auditoriums, departmental stores, restaurants, lodging and boarding houses, shopping malls and multiplexes. This Schedule will also include all other categories, which are not covered by any other Tariff Schedule.

10.7.10 The Commission has increased the existing Tariff for the Commercial Supply category as shown in the tables below:

Table 276: Existing and Approved Tariff for Commercial Supply (CS) Category: Up to 20kVA

Slab	Existing		Approved by Commission	
	Energy Charges (Rs. /kWh)	Fixed Charges (Rs. /con/month)	Energy Charges (Rs. /kWh)	Fixed Charges (Rs. /con/month)
Up to 20kVA	5.52	145.00	6.52	145.00

Table 277: 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	5.31	-	110	6.31	-	110
Above 100kVA	5.21	-	170	6.21	-	170

10.7.11 The applicable rebates and surcharges for this category have been detailed in Part II of Annexure I of this Order.

SIP: Small Industrial Power Supply

10.7.12 This Schedule is applicable to Industrial Consumers with Contracted Demand not exceeding 50 kVA including Pumps (other than irrigation pumping), Atta Chakkis, and also for supply to Information Technology Industry, limited only to IT Parks recognised by the State/Central Government. The Industrial type of Agricultural loads with connected load falling in the above-mentioned range and not covered by Schedule "IDWPS" shall also be charged under this Schedule.

10.7.13 The Commission has increased the existing Tariff for the SIP category as shown in the table below:

Table 278: 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	5.17 (Rs. /kWh)	155	-	5.92 (Rs. /kWh)	155	-
Above 20kVA - 50kVA	5.06 (Rs/kVAh)	-	100	5.81 (Rs/kVAh)	-	100

10.7.14 For new industries, which have come into production between 01.06.2020 to 31.05.2021, the Energy Charges shall be 10% lower than the approved Energy Charges for the respective category for a period of 3 years.

10.7.15 For new industries, which have come into production from 01.06.2021 onwards, the Energy Charges shall be 15% lower than the approved Energy Charges for the respective category for a period of 3 years.

10.7.16 For existing industries which have undergone expansion during 01.06.2020 to 31.05.2021, Energy Charges shall be 10% lower than the approved Energy Charges corresponding to the respective category for a period of three years for quantum of energy consumption corresponding to proportionate increase in Contract Demand.

Provided that such expansion, if undertaken during 01.06.2021 to 31.03.2024 and/or shall be undergoing expansion on or after 01.04.2024, 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.

10.7.17 The above-mentioned rebate on Energy Charges shall be applicable during normal and peak hours. In case of night hours, night-time concession shall only apply.

10.7.18 For those industries having operation for more than three years in the State and are the electricity consumers of the HPSEBL, the energy charges shall be 15% lower than the approved Energy Charges for the respective category for quantum of energy consumption corresponding to additional energy consumption over and above that of maximum of the yearly consumptions of the last three financial years only. The quantity of additional energy consumption for the purpose of the rebate will be worked out at the end of the financial year. The amount of rebate will be calculated multiplying the quantum of additional energy consumption to the 15% rate of normal energy charges for the corresponding tariff category as determined by the Commission for the period applicable. It is also to clarify that in case any industrial consumer is availing the benefit of reduced energy charges in case of the increase in their contract demand shall not be eligible for availing the benefit of this new rebate introduced from 01.04.2024.

10.7.19 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-Q of General Conditions of Tariff.

10.7.20 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

10.7.21 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.

10.7.22 The Commission has increased the existing Tariff for the MIP category as shown in the table below:

Table 279: 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	5.06	-	120	5.81	-	120

10.7.23 For new industries, which have come into production between 01.06.2020 to 31.05.2021, the Energy Charges shall be 10% lower than the approved Energy Charges for the respective category for a period of 3 years.

10.7.24 For new industries, which have come into production from 01.06.2021 onwards, the Energy Charges shall be 15% lower than the approved Energy Charges for the respective category for a period of 3 years.

10.7.25 For existing industries, which have undergone expansion during 01.06.2020 to 31.05.2021, Energy Charges shall be 10% lower than the approved Energy Charges corresponding to the respective category for a period of three years for quantum of energy consumption corresponding to proportionate increase in Contract Demand.

Provided that such expansion, if undertaken during 01.06.2021 to 31.03.2024 and/or shall be undergoing expansion on or after 01.04.2024, 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.

10.7.26 The above-mentioned rebate on Energy Charges shall be applicable during normal and peak hours. In case of night hours, night-time concession shall only apply.

10.7.27 For those industries having operation for more than three years in the State and are the electricity consumers of the HPSEBL, the energy charges shall be 15% lower than the approved Energy Charges for the respective category for quantum of energy consumption corresponding to additional energy consumption over and above that of maximum of the yearly consumptions of the last three financial years only. The quantity of additional energy consumption for the purpose of the rebate will be worked out at the end of the financial year. The amount of rebate will be calculated multiplying the quantum of additional energy consumption to the 15% rate of normal energy charges for the corresponding tariff category as determined by the Commission for the period applicable. It is also to clarify that in case any industrial consumer is availing the benefit of reduced energy charges in case of the increase in their contract demand shall not be eligible for availing the benefit of this new rebate introduced from 01.04.2024.

10.7.28 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-Q of General Conditions of Tariff.

10.7.29 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

10.7.30 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".

10.7.31 The Commission has increased the existing Tariff for the Large Industrial Power Supply category as shown in the table below:

Table 280: Existing and Approved Tariff for Large Industrial Power Supply Category

Slab	Existing			Approved		
	Energy Charges (Rs/kVAh)	Fixed Charges (Rs/con/ month)	Demand Charge (Rs/kVA/ month)	Energy Charges (Rs/kVAh)	Fixed Charges (Rs/con/ month)	Demand Charge (Rs/kVA/ month)
EHT						
220 kV and above	4.66		425.00	5.66		425.00
132 kV	4.71		425.00	5.71		425.00
66 kV	4.76		425.00	5.76		425.00
HT-1 (up to 1 MVA)	5.06	-	250.00	6.06	-	250.00
HT-2 (More than 1 MVA)	4.81	-	400.00	5.81	-	400.00

10.7.32 For new industries, which have come into production between 01.06.2020 to 31.05.2021, the Energy Charges shall be 10% lower than the approved Energy Charges for the respective category for a period of 3 years.

10.7.33 For new industries which have come into production from 01.06.2021 onwards, the Energy Charges shall be 15% lower than the approved Energy Charges for the respective category for a period of 3 years.

10.7.34 For existing industries which have undergone expansion during 01.06.2020 to 31.05.2021, Energy Charges shall be 10% lower than the approved Energy Charges corresponding to the respective category for a period of three years for quantum of energy consumption corresponding to proportionate increase in Contract Demand.

Provided that such expansion, if undertaken during 01.06.2021 to 31.03.2024 and/or shall be undergoing expansion on or after 01.04.2024, 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.

Example: In case of Contracted Demand is increased by an industry from 2 MVA to 3 MVA, the monthly units consumption for the purpose of lower Energy Charges shall be considered in proportion of the Original Contracted Demand and Increased Contracted Demand. i.e., in case the monthly consumption is 6 LUs, the lower Energy Charges shall be applicable on 2 LUs while 4 LUs shall be billed at the regular Energy Charge.

10.7.35 The above-mentioned rebate on Energy Charges shall be applicable during normal and peak hours. In case of night hours, night-time concession shall only apply.

10.7.36 For those industries having operation for more than three years in the State and are the electricity consumers of the HPSEBL, the energy charges shall be 15% lower than the approved Energy Charges for the respective category for quantum of energy consumption corresponding to additional energy consumption over and above that of maximum of the yearly consumptions of the last three financial years only. The quantity of additional energy consumption for the purpose of the rebate will be worked out at the end of the financial year. The amount of rebate will be calculated multiplying the quantum of additional energy consumption to the 15% rate of normal energy charges for the corresponding tariff category as determined by the Commission for the period applicable. It is also to clarify that in case any industrial consumer is availing the benefit of reduced energy charges in case of the increase in their contract demand shall not be eligible for availing the benefit of this new rebate introduced from 01.04.2024.

10.7.37 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-Q of General Conditions of Tariff.

10.7.38 The applicable rebates and surcharges for this category have been detailed in Part II of Annexure I of this Order.

BS: Bulk Supply

10.7.39 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.

10.7.40 The Commission has increased the existing Tariff for the Bulk Supply category as shown in the table below:

Table 281: 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	5.26	-	250.00	6.26	-	250.00
HT	4.76	-	350.00	5.76	-	350.00
EHT	4.56	-	350.00	5.56	-	350.00

10.7.41 The applicable rebates and surcharges for this category have been detailed in Part II of Annexure I of this Order.

SLS: Street Lighting Supply

10.7.42 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.

10.7.43 The Commission has increased the existing Tariff for Street Lighting category as shown in the table below.

Table 282: 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)
5.37	145.00	6.37	145.00

10.7.44 The applicable rebates and surcharges for this category have been detailed in Part II of Annexure I of this Order.

TS: Temporary Metered Supply

10.7.45 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.

10.7.46 The Commission has increased the existing Tariff for Temporary Supply category as shown in the table below:

Table 283: Existing and Approved Tariff for Temporary Meter Category (up to 20kVA)

Slab	Existing		Approved	
	Energy Charges (Rs. /kWh)	Fixed Charges (Rs. /con/mth)	Energy Charges (Rs. /kWh)	Fixed Charges (Rs. /con/mth)
Up to 20kVA	7.42	200.00	8.42	200.00

Table 284: Existing and Approved Tariff for Temporary Meter Category (above 20kVA)

Slab	Existing			Approved by Commission		
	Energy Charges (Rs/kVAh)	Fixed Charges (Rs/con/mth)	Demand Charge (Rs/kVA/ mth)	Energy Charges (Rs/kVAh)	Fixed Charges (Rs/con/ mth)	Demand Charge (Rs/kVA/ mth)
Above 20kVA	6.76	-	400.00	7.76	-	400.00

10.7.47 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.

10.7.48 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

10.7.49 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.

10.7.50 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.

10.7.51 The Commission has increased the existing Tariff for this category as shown in the tables below:

Table 285: 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	4.12	105.00	5.12	105.00

10.7.52 The two-part Tariff applicable for IDWPS for connected load above 20 kVA shall be as shown in the table as follows:

Table 286: Existing and Approved Tariff for IDWPS above 20kVA

Slab	Existing			Approved		
	Energy Charges (Rs/kVAh)	Fixed Charges (Rs/con/mth)	Demand Charge (Rs/kVA/mth)	Energy Charges (Rs/kVAh)	Fixed Charges (Rs/con/mth)	Demand Charge (Rs/kVA/mth)
LT	5.46	-	100.00	6.46	-	100.00
HT	5.06	-	300.00	6.06	-	300.00
EHT	4.66	-	400.00	5.66	-	400.00

10.7.53 The applicable rebates and surcharges for this category have been detailed in Part II of Annexure I of this Order.

RT: Railway Traction

10.7.54 The Commission has increased the existing Tariff for Railway Traction as shown in the table below:

Table 287: 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)
5.16	-	400.00	6.16	-	400.00

10.7.55 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

10.7.56 This Schedule applies to Public Electric Vehicle Charging Stations set up for providing Electric Vehicle Charging facilities on commercial basis.

Table 288: Existing and Approved Tariff for EV Charging Station

Existing		Approved	
Energy Charges (Rs. /kWh)	Fixed Charges (Rs. /con/mth)	Energy Charges (Rs./kWh)	Fixed Charges (Rs. /con/mth)
5.82	-	6.79	-

10.7.57 The average revenue realization as percentage of average cost based on the Tariff approved for FY 2023-24 is provided below:

Table 289: Average realization as % of Average CoS for FY25

Consumer Category	FY25 (Approved Tariff)
Industrial Power Supply	100%
Domestic	93%
Irrigation and Drinking Water	104%
Commercial	111%
Non-Domestic Non-Commercial	108%
Bulk Supply	107%

10.8 Overall Revenue-Expenditure Position of HPSEBL at Approved Tariff

10.8.1 The Commission has computed the revenue surplus/ gap for FY 2024-25 based on the approved ARR and approved Tariff which is given in the table below:

Table 290: Projected Revenue at Approved Tariff and Revenue Surplus/ (Gap) for FY25

Parameters	Amount (Rs. Cr.)
Small Industries	73.63
Medium Industries	80.42
Large Industries	4,612.09
Domestic	1,784.34
Irrigation and Drinking Water	633.10
Commercial	586.22
Bulk Supply	125.74
Non-Domestic Non-Commercial	140.92
Public Lighting	7.77
Temporary	59.00
EV Charging Stations	7.81
Projected Revenue at Approved Tariff for FY25	**8,111.05**
Total Approved ARR (including prior period adjustments)	**8,110.70**
Revenue from Sale of Power within the State at Approved Tariff	8,111.05
Revenue from Sale of Surplus Power outside the State	0.00
Total Revenue	**8,111.05**
Revenue Surplus / (Gap)	**0.35**

10.8.2 Based on the above table, it is observed that the Petitioner would be able to meet the approved ARR and the actual surplus shall be determined at the time of Truing-up for FY 2024-25 and adjusted in subsequent Tariff Order. Further, any amount received by HPSEBL during FY 2024-25 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.

10.9 Subsidy by Government of Himachal Pradesh

10.9.1 The Commission has determined the tariff for various consumer categories based on the ARR approved. The revised tariff without subsidy for FY 2024-25 is as under:

Table 291: Approved Energy Charge (without Subsidy)

Particulars	Slabs	Units/month	Approved Energy Tariff for FY25 (Rs/kWh)*
Domestic consumers	Lifeline Consumers	0-60	4.72
	1st Slab	0-125	5.60
	2nd Slab	0-125	5.60
		126-300	6.00

Particulars	Slabs	Units/month	Approved Energy Tariff for FY25 (Rs/kWh)*
	3rd Slab	0-125	5.60
		126-300	6.00
		Above 300	6.25#
Agricultural consumers			5.12
Non-Domestic Non-Commercial	0-20 kVA	-	6.42
	Above 20 kVA	-	6.16
Commercial	0-20 kVA	-	6.52
	>20-100kVA	-	6.31
	Above 100 kVA	-	6.21
Small Industrial	0-20 kVA	-	5.92
	>20 kVA	-	5.81
Medium Industrial	51-100 kVA	-	5.81
Large Industry	EHT – 220 kV and above	-	5.66
	EHT – 132 kV and above	-	5.71
	EHT – 66 kV and above	-	5.76
	HT 1	-	6.06
	HT 2	-	5.81
Irrigation and drinking water supply	LT	-	6.46
	HT	-	6.06
	EHT	-	5.66
Bulk Supply	LT	-	6.26
	HT	-	5.76
	EHT	-	5.56
Street lighting		-	6.37
Temporary Supply	0-20 kVA	-	8.42
	>20-200 kVA	-	7.76
Railways		-	6.16
EV Charging			6.79

**For consumers governed under 2-part tariff, subsidy will be in Rs./kVAh*

#Domestic consumers without having NOC/ approval from TCP/ Municipalities/ government authorized agencies/ statutory authorities, shall be required to bear the rate of 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.

10.9.2 The GoHP in its letter dated 12.03.2024 to HPERC has clarified that the Government shall be continuing with the subsidy declared in FY 2023-24 to the various categories of consumer for the FY 2024-25. Therefore, the Commission has continued with the subsidy levels as per the letter of the GoHP.

10.9.3 Further, the Govt. of Himachal Pradesh vide letter dated 13.03.2024 has committed to provide additional support to neutralize the impact of increase in electricity tariff through additional subsidy. Accordingly, the existing and additional subsidy requirement is summarized below:

Table 292: Subsidy rates approved by GoHP for FY 2024-25 (Rs. per unit)

Particulars	Slabs	Units/month	GoHP Subsidy for FY25 (Rs./kWh)	Additional Govt. Subsidy for FY25 (Rs./kWh)*
Domestic consumers	Lifeline Consumers	0-60	3.72	1.00
	1st Slab	0-125	4.37	1.23
	2nd Slab	0-125	2.30	1.23
		126-300	1.10	0.73
	3rd Slab	0-125	2.30	1.23
		126-300	1.10	0.73
		Above 300#	0.65	0.38
Agricultural consumers	For the agricultural consumers under IDWPS category, the energy charges shall be Rs. 0.30 per kWh upto the contract demand of 20kVA			1.00
Non-Domestic Non-Commercial	0-20 kVA	-	-	1.00
	Above 20 kVA	-	-	1.00
Commercial	0-20 kVA	-	-	1.00
	>20-100kVA	-	-	1.00
	Above 100 kVA	-	-	1.00
Small Industrial	0-20 kVA	-	-	0.75
	>20 kVA	-	-	0.75
Medium Industrial	51-100 kVA	-	-	0.75
Large Industry	EHT	-	-	1.00
	HT 1	-	-	1.00
	HT 2	-	-	1.00
Irrigation and drinking water supply	LT	-	-	1.00
	HT	-	-	1.00
	EHT	-	-	1.00
Bulk Supply	LT	-	-	1.00
	HT	-	-	1.00
	EHT	-	-	1.00
Street lighting		-	-	1.00
Temporary Supply	0-20 kVA	-	-	1.00
	>20-200 kVA	-	-	1.00
Railways		-	-	1.00
Electric Vehicle		-	-	0.97

**For consumers governed under 2-part tariff, subsidy will be in Rs./kVAh*

 # Domestic consumers without having NOC/ approval from TCP/ Municipalities/ government authorized agencies/ statutory authorities, shall be required to bear the rate of 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.

10.9.4 In accordance with provisions of Section 65 of the Electricity Act, 2003 and in terms of Sub-regulation (5) of Regulation 42 of the Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for MYT Wheeling Tariff and

Retail Supply Tariff) Regulations, 2023 in giving effect to the subsidy, the Commission hereby makes the following provisions:

a. The effective energy charges for all consumer categories as proposed by the GoHP after accounting for Government subsidy, shall be as given in the table below:-

Table 293: Subsidized Effective Energy Charge

Particulars	Slabs	Units/month	Approved Energy Tariff for FY25 (Rs/kWh)*	Total GoHP Subsidy for FY25 (Rs./kWh)*	Effective Energy Tariff after subsidy (Rs/kWh)*
Domestic consumers	Lifeline Consumers	0-60	4.72	4.72	Nil
	1st Slab	0-125	5.60	5.60	Nil
	2nd Slab	0-125	5.60	3.53	2.07
		126-300	6.00	1.83	4.17
	3rd Slab	0-125	5.60	3.53	2.07
		126-300	6.00	1.83	4.17
		Above 300	6.25#	1.03	5.22
Agricultural consumers			5.12	4.82	0.30
Non-Domestic Non-Commercial	0-20 kVA	-	6.42	1.00	5.42
	Above 20 kVA	-	6.16	1.00	5.16
Commercial	0-20 kVA	-	6.52	1.00	5.52
	>20-100kVA	-	6.31	1.00	5.31
	Above 100 kVA	-	6.21	1.00	5.21
Small Industrial	0-20 kVA	-	5.92	0.75	5.17
	>20 kVA	-	5.81	0.75	5.06
Medium Industrial	51-100 kVA	-	5.81	0.75	5.06
Large Industry	EHT – 220 kV and above	-	5.66	1.00	4.66
	EHT – 132 kV and above	-	5.71	1.00	4.71
	EHT – 66 kV and above	-	5.76	1.00	4.76
	HT 1	-	6.06	1.00	5.06
	HT 2	-	5.81	1.00	4.81
Irrigation and drinking water supply	LT	-	6.46	1.00	5.46
	HT	-	6.06	1.00	5.06
	EHT	-	5.66	1.00	4.66
Bulk Supply	LT	-	6.26	1.00	5.26
	HT	-	5.76	1.00	4.76
	EHT	-	5.56	1.00	4.56
Street lighting		-	6.37	1.00	5.37
Temporary Supply	0-20 kVA	-	8.42	1.00	7.42
	>20-200 kVA	-	7.76	1.00	6.76
Railways		-	6.16	1.00	5.16

Particulars	Slabs	Units/month	Approved Energy Tariff for FY25 (Rs/kWh)*	Total GoHP Subsidy for FY25 (Rs./kWh)*	Effective Energy Tariff after subsidy (Rs/kWh)*
EV Charging			6.79	0.97	5.82

**For consumers governed under 2-part tariff, subsidy will be in Rs./kVAh*

 # Domestic consumers without having NOC/ approval from TCP/ Municipalities/ government authorized agencies/ statutory authorities, shall be required to bear the rate of 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.

b. Further, the GoHP shall provide subsidy against the Fixed Charges for Domestic Consumers as shown below:

Table 294: Subsidized Effective Fixed Charge

Particulars	Slabs	Units/month	Approved Fixed Charges for FY25 (Rs/conn./month)	GoHP Subsidy for FY25 (Rs./conn./ month)	Effective Fixed Charges after subsidy (Rs/kWh)
Domestic Consumers	Lifeline Consumers	0-60	55	55	Nil
	1st Slab	0-125	85	85	Nil
	2nd Slab	126-300	85	-	85
	3rd Slab	Above 300	85	-	85

c. With respect to agricultural Consumers under Irrigation and Drinking Water Pumping Supply (IDWPS) category, the Energy Charges shall be Rs 0.30 per kWh to the Consumer category up to Contract Demand up to 20 kVA. These revised Energy Charges on the account of Government subsidy would only be applicable to agricultural and allied activities, and which are paid for by individuals/ user groups but shall not be applicable for government supply.

d. Subsidy in case of Prepaid Consumers shall be applicable as per respective category and slabs.

e. The above revised Tariffs in respect of all categories of Consumers shall be effective from April 1, 2024. HPSEBL shall give appropriate adjustments in Consumer bills for the subsidy amount.

f. In case the GoHP/ HPSEBL want to change the level of subsidy provided to above classes/ categories of Consumers, they shall inform the Commission accordingly for necessary changes.

10.9.5 The Commission Orders that subsidy amount shall be paid in advance to the HPSEBL as per the provisions of Section 65 of the Electricity Act, 2003, and reconciled after every quarter. HPSEBL is directed to submit quarterly report regarding the payment of subsidy as well as the outstanding amount; if any. Further, in case the State Government fails to pay the subsidy, as per the provisions of Section 65 of the Act, the Tariffs in respect of above two categories shall stand reverted back to the original Tariff, as approved by the Commission in this Tariff Order.

11 Open Access and Renewable Power Purchase Obligation

11.1 Introduction

11.1.1 The Commission has permitted Open Access to all the generators irrespective of installed capacity and to all the Consumers having Contract Demand above 1 MVA. The Commission has also made enabling provisions for availing the Open Access in its HPERC MYT Regulations, 2023 by segregation of the ARR of the Distribution Licensee in to the ARR for Retail Supply and Wheeling Supply. Accordingly, the Wheeling Tariff and Retail Supply Tariffs are being determined by the Commission for each year of the Control Period.

11.1.2 Based on the wheeling ARR approved under para 9.16, the average wheeling charges for FY 2024-25 are as below:

Table 295: Wheeling Charges for FY25

Particulars	Amount
Total ARR for Wheeling Business approved for FY25 (Rs. Cr.)	2,412.99
Approved Energy Sales (MU)	11,947.28
Average Wheeling Charge (paisa per unit)	**202**

11.1.3 The above computed average wheeling charge of 202 paisa 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.

2.1.1 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."

2.1.2 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 based on the suggestions of the committee constituted under the chairmanship of CE (Commercial). The Commission has considered the allocation statement for FY25 as submitted by the Petitioner.

2.1.3 Further, Regulation 39 of HPERC MYT Regulations, 2023, provides for 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"

11.1.4 The Petitioner was asked to submit segregation of ARR into Wheeling Business and Retail Supply. In response, the Petitioner has submitted that the allocation statement for segregation of ARR into Wheeling and Retail business has been submitted based on the suggestion of the committee constituted under the chairmanship of CE (Commercial). The Commission has considered the allocation statement for FY25 as submitted by the Petitioner. However, from next year i.e. FY26 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 as per the Regulation 6 of the HPERC MYT Regulations, 2023 from next year onwards.

11.1.5 The various charges payable by the Consumers availing open access have been determined in this chapter.

11.2 Wheeling Charges

11.2.1 The distribution system of HPSEBL consists of lines and associated equipment at various voltage levels of EHV, HV and LV connected with the generating stations, HPPTCL system and the Consumers of HPSEBL. Accordingly, the charges for 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. The Commission in the fifth Control Period has approved capacity-based Wheeling Charges for long-term and medium-term open access Consumers based on the limited data made available by the Petitioner.

11.2.2 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.

11.2.3 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

11.2.4 The Petitioner in its Petition has submitted that the sales of FY 2024-25 at EHT, HT and LT voltage-levels are to be apportioned as per the following table:

Table 296: Estimated Voltage-wise sales as submitted by the Petitioner for FY25 (MU)

Category	220 kV	132 kV	66 kV	HT (33kV)	HT (>=11 kV &<33kV)	LT (<11 kV)
Sales	546	1,434	956	1,545	3,303	4,214
Voltage-wise sales (%)	4.55%	11.95%	7.97%	12.88%	27.53%	35.12%

11.2.5 Based on the information of actual sales available for FY 2022-23 at various voltage levels, the Commission has worked out and apportioned the estimated sales for FY 2024-25 at different voltage-levels as presented in the table below:

Table 297: Estimated Sales at different Voltage Levels for FY25 (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%*	*4.55%*	*11.95%*	*7.97%*	*13%*	*28%*	*35%*
Total (within State)	**11,947**	**544**	**1,428**	**952**	**1,539**	**3,289**	**4,196**

11.2.6 Further, the estimated energy generated by the various generators connected at different voltage level has been considered additionally.

Cost Segregation and Methodology

11.2.7 The Commission in MYT Order for fourth Control Period (FY 2020 to FY 2024) dated 29.06.2019 had segregated the cost at each voltage level based on certain relevant parameters including the pattern of usage of the system by Consumers at various voltages. In its Petition, the Petitioner has considered the allocation ratio approved by the Commission in the previous Tariff Order dated 31.03.2023 for allocating Wheeling ARR in absence of voltage-wise cost of assets.

11.2.8 In the previous Order dated 31.03.2023, the Commission had noted the following:

"9.2.8 In response to the directive of the Commission regarding the voltage-wise/category-wise cost of supply study, the Petitioner had submitted a report on voltage-wise cost of supply as part of the previous Tariff proceedings. The Commission on reviewing the report submitted by the Petitioner found several anomalies and lacunas within the report. Accordingly, the Commission highlighted the shortcomings and asked the Petitioner to submit a revised report on voltage-wise/category-wise cost of supply. However, the Petitioner is yet to submit the revised report."

11.2.9 The Commission, thus in the absence of any adequate details related to voltage-wise assets, has continued with the methodology adopted in MYT Order for fourth Control Period to allocate Wheeling cost among different voltage levels. While determining the allocation ratio for different voltage levels, the Commission has continued with the allocation ratio as submitted in the Petition for FY24.

11.2.10 To arrive at the cost of Wheeling at the various voltage levels, the total Wheeling ARR at various voltage levels has been apportioned to different voltage levels (i.e., EHT, HT and LT) in the following ratio, as also submitted by the Petitioner:

Table 298: 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%

11.2.11 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.

11.2.12 The power handled at each voltage level has been estimated taking into account the demand of HPSEBL and generating capacity connected. The Petitioner has submitted the details of capacity of generators at different voltage levels as represented below:

Table 299: 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**

11.2.13 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 300: 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)	**223.48**	**645.64**	**344.64**	**776.01**	**692.78**	**821.73**
Consumer Demand	*103.48*	*271.64*	*181.09*	*292.76*	*625.73*	*798.38*
Generator Injection	*120.00*	*374.00*	*163.55*	*483.25*	*67.05*	*23.35*
Estimated Energy Flow (Mus)	**1,122.05**	**3,229.65**	**1,739.80**	**3,867.06**	**3,611.88**	**4,308.77**
Consumer Energy Flow	543.89	1,427.72	951.81	1,538.76	3,288.83	4,196.27
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

11.2.14 The approved wheeling charges as determined by the Commission are tabulated as follows:

Table 301: Approved Wheeling Charges for Open Access Consumers for FY25- Short Term Customers

Sl.	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.)		2,412.99					
B	Cost apportioned (%)		4.16%	9.09%	3.75%	21.00%	29.00%	33.00%
C	Cost apportioned (Rs. Cr.)	A*B	100.38	219.29	90.54	506.73	699.77	796.29
D	Cost allocation brought forward from the next higher voltage block) (Rs. Cr.)	(E-(F x H/1000))		93.65	251.57	298.62	542.39	675.09
E	**Total Allocation (Rs. Cr.)**	**C+D**	**100.38**	**312.93**	**342.11**	**805.35**	**1,242.2**	**1,471.4**
F	Estimated Energy (MUs)		1,122.1	3,229.7	1,739.8	3,867.1	3,611.9	4,308.8
G	Total Energy Flow (MUs)		17,879	16,757	13,527	11,788	7,921	4,309
H	**Wheeling Charges (Paisa per unit)**	**H= E*1000 /G**	**6**	**19**	**25**	**68**	**157**	**341**

Table 302: Approved Wheeling Charges for Open Access Consumers for FY25- Long Term and Medium-Term Customers

Sl.	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.)		2,412.99					
B	Cost apportioned (%)		4.16%	9.09%	3.75%	21.00%	29.00%	33.00%
C	Cost apportioned (Rs. Cr.)	A*B	100.38	219.29	90.54	506.73	699.77	796.29
D	Cost allocation brought forward from the next higher voltage block) (Rs. Cr.)	As per previous table		93.65	251.57	298.62	542.39	675.09
E	**Total Allocation (Rs. Cr.)**	**C+D**	**100.38**	**312.93**	**342.11**	**805.35**	**1,242.2**	**1,471.4**
F	Estimated Load (MW)		223.5	645.6	344.6	776.0	692.8	821.7
G	Total Demand Flow (MW)		3,504	3,281	2,635	2,291	1,515	822
H	**Wheeling Charges (Rs. Per MW per month)**	**H= (E*10^7)/G/12**	**23,871**	**79,486**	**101,189**	**293,000**	**683,476**	**1,492,160**

11.2.15 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.

11.2.16 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 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.

11.2.17 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.

11.2.18 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.

11.2.19 The Wheeling Charges being determined above shall be applicable prospectively from 01.04.2024 till the determination of the fresh rate.

11.3 Wheeling Charges for Renewable Generator

11.3.1 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 2024-25. 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.

11.3.2 It is observed that as per Amended Hydro Power Policy of Govt. of Himachal Pradesh dated 15.05.2018, the GoHP has decided to waive off open access charges payable by hydro projects having capacity of up to 25 MW, which shall be Commissioned after the date of notification i.e. 15.05.2018, for use of Intra-state transmission network. It is clarified that the Petitioner shall be required to recover the Wheeling Charges from these generators as fixed by the Commission in this Order. Further, the RE generators may claim the reimbursement of these charges from the GoHP as per the said notification.

11.4 Additional Surcharge

11.4.1 The Commission had determined the Additional Surcharge of 86 paisa for the Consumers availing short-term open access vide its Tariff Order for FY 2023-24 in Tariff Order dated March 31, 2023.

11.4.2 The Petitioner along with the present Tariff Petition, has made an application for determination of additional surcharge of 96.65 paisa per unit for FY 2024-25. The summary of the Petitioner's submissions has already been covered in Chapter 5.

11.4.3 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.

Table 303: Additional Surcharge Approved by the Commission for FY25 (Paisa/Unit)

Particulars	Power Purchase Units (MU)
Power Purchase Units (MU) (A)	12,873
Fixed Cost towards Power Purchase Cost (Rs. Cr.) (B)	773.73
Additional Surcharge for (Paisa /Unit) (C=B/A*1000)	60

11.4.4 The additional surcharge being determined above shall be applicable prospectively from 01.04.2024 till the determination of the fresh rate.

11.5 Cross Subsidy Surcharge

11.5.1 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.

11.5.2 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

11.5.3 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

11.5.4 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 2024-25 is tabulated below:

Table 304: Approved Cross Subsidy Surcharge for Long-Term & Medium-term Open Access Consumers

Sl.	Description of Consumers	Cross Subsidy Surcharge (S) (Rs./ unit)	20% of Cross Subsidy Surcharge (Rs./ unit)	20% of the Tariff applicable to respective category (Rs./unit)	Minimum of (B) & (C) (Rs./ unit)
		(A)	(B)	(C)	(D)
1	Large Industrial Power Supply EHT Consumers	2.64	0.53	1.29	**0.53**
2	HT 2 Consumers	2.32	0.46	1.34	**0.46**
3	Irrigation & Drinking Water Supply Category - EHT Consumers	3.03	0.61	1.37	**0.61**
4	Irrigation & Drinking Water Supply Category - HT Consumers	1.87	0.37	1.45	**0.37**
5	Bulk Supply Category - EHT Consumers	3.16	0.63	1.39	**0.63**
6	Bulk Supply Category - HT Consumers	1.80	0.36	1.43	**0.36**

Cross subsidy surcharge for Short-Term Open Access Consumers

11.5.5 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.

11.5.6 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 305: Cross Subsidy Surcharge for Short-Term Open Access Consumers during Time of the Day

Sl.	Description of Consumers	Cross-subsidy surcharge for part of the day	
		Non-Peak Hours (Rs./unit)	Peak Hours (Rs./unit)
1.	Large Industrial Power Supply EHT Consumers	0.53	0.80
2.	HT 2 Consumers	0.46	0.71
3.	Irrigation & Drinking Water Supply Category - EHT Consumers	0.61	0.79
4.	Irrigation & Drinking Water Supply Category - HT Consumers	0.37	0.49

Sl.	Description of Consumers	Cross-subsidy surcharge for part of the day	
		Non-Peak Hours (Rs./unit)	Peak Hours (Rs./unit)
5.	Bulk Supply Category - EHT Consumers	0.63	0.68
6.	Bulk Supply Category - HT Consumers	0.36	0.41

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

11.5.7 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.

11.5.8 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 fifth 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.

11.6 Infrastructure Development Charges

11.6.1 The Commission has notified HPERC (Recovery of Expenditure for supply of Electricity) Regulations, 2012 vide Notification No. HPERC/419 dated 18.5.2012 which has been published in the Rajpatra, HP on 23.5.2012.

11.6.2 For the Infrastructure Development Charge (IDC), the Petitioner has filed Petition separately, which is under consideration of the Commission. The existing charges of IDC shall be continued till the same is revised by the Commission.

11.6.3 However, the Commission directs the Petitioner to utilize the IDC amount on priority instead of taking equity towards various Capital Expenditure Schemes.

11.7 Distribution Losses

11.7.1 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 306: 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%

11.7.2 The losses at LT are for indicative purposes only as no open access may actually be availed on LT.

11.7.3 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.

11.8 Renewable Power Purchase Obligation (RPPO)

11.8.1 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 2024-25 is given in the table below:

Table 307: 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 2024-25	29.91%	2.46%	1.08%	26.37%

11.8.2 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.

12 DIRECTIONS AND ADVISORIES

12.1 Background

12.1.1 As part of the Business Plan and MYT Petition for the fifth Control Period i.e. FY25-FY29, 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.

12.1.2 The following table summarizes the compliance status of directives given by the Commission in 4th APR Order dated 31.03.2023, against which the Petitioner is mandated to submit timely compliance status:

No.	Directives issued in the 4th APR order dated 31.03.2023	Status of Compliance submitted by the Petitioner	Commission's Remark
1.	**Outstanding Dues:** The Commission directed the Petitioner to provide detailed action plan to recover such outstanding dues towards the various Consumers of the period, greater than 1 year along with the issues and amount involved, within a period of three months of issuance of this Order (120 crore).	HPSEBL is continuously monitoring the cases of outstanding dues at the highest level. The amount outstanding greater than one year ending October 2023 is Rs 56.52 Crore and litigation/dispute amount is Rs. 47.11 Cr. only. Further, in response to query of Commission to submit a road map to recover outstanding dues, the Petitioner has submitted that the HPSEBL is monitoring the cases of outstanding amount at highest level and the matter is being taken up with Govt. Departments on monthly basis to clear the outstanding amount.	The Petitioner is required to provide updated status regarding the same 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. The directive is being continued.
2.	**Scheme Wise Approval of HT and EHV Schemes:** The Petitioner is directed to take scheme-wise approval of each HT and EHV scheme separately along with supporting documents. In the absence of prior approval, the Commission shall not consider the cost of such schemes for the purpose of Tariff determination. The Petitioner must also share the EHV Planning Report and load flow studies conducted for the proposed EHV works with HPPTCL for future investment planning. The Petitioner is also directed to ensure that new works of 66kV and above under EHV schemes should be undertaken by the State Transmission Utility (STU) in the State, failing which it may lead to disallowance of capital cost.	In this context, the Scheme wise CAPEX approved for each EHV scheme along with physical and financial progress is being submitted along with MYT petition. Further, it is worthwhile to mention here that approval for execution of any new EHV scheme/Proposal at present time has not been granted by the Commission. In addition to this it is also submitted that in order to cater new load requirements & power evacuation constrains due to upcoming Solar Power Projects & Hydro Electric Projects where creation of new EHV system is required in the State, the matter is regularly taken up with STU i.e., HPPTCL for further planning after carrying out load flow studies. Further, in response to a query to submit the EHV Planning report, the Petitioner submitted that no EHV Schemes are being executed without prior approval of HPERC and NOC from STU.	The Commission has noted down the compliance of the Petitioner.
3.	**Record keeping of pension and terminal liabilities:** The Petitioner is directed to take up	HPSEBL is in the process of rationalizing the pension contributions from various units and	The Commission observes that with the automation of the systems, the Petitioner

<table>
<tr><th>No.</th><th>Directives issued in the 4th APR order dated 31.03.2023</th><th>Status of Compliance submitted by the Petitioner</th><th>Commission's Remark</th></tr>
<tr><td></td><td>this matter on priority and maintain proper records against pension contribution made by different Units viz Generation, BVPCL, Projects and S&I etc. and submit the same with subsequent Tariff Petition. Compliance of the same shall be reported within two months from the issuance of this Order.</td><td>the same is likely to be completed by March, 2025.</td><td>should not have any problem in complying to this directive. Keeping in view the request of the Petitioner, the Commission directs to comply with the directive within 6 months of the issue of this order.</td></tr>
<tr><td>4.</td><td>Record keeping of pension and terminal liabilities: Also, the Petitioner is directed to provide separately the details of pension and terminal benefits dues and actual amount received from other Organizations where the HPSEBL employees have been deployed and submit the same with subsequent Tariff Petition.</td><td>Compliance already submitted and noted by the Commission.</td><td>The compliance is noted.</td></tr>
<tr><td>5.</td><td>Detail of Capital Works & Capitalization: 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.</td><td>Capital Expenditure and Capitalization for the year 2022-23:-
<table>
<tr><th>Schemes</th><th>Capital Expenditure (In Cr.)</th><th>Capitalization (In Cr.)</th></tr>
<tr><td>Distribution Scheme</td><td>455.90</td><td>632.76</td></tr>
<tr><td>ES Wing</td><td>167.28</td><td>152.29</td></tr>
<tr><td>PCA/Mtc. Division Shimla</td><td>26.62</td><td>1.39</td></tr>
<tr><td>Generation Scheme</td><td>17.46</td><td>37.09</td></tr>
<tr><td>Total</td><td>667.26</td><td>823.53</td></tr>
</table>
As on 31/03/2023 a sum of Rs. 1264.43 Cr. is pending for Capitalisation. Further, the relevant record w.r.t Capitalisation of assets i.e. put to use certificate assets commissioning</td><td>The Petitioner has submitted the partial details. Therefore, the directive is being continued.</td></tr>
</table>

No.	Directives issued in the 4th APR order dated 31.03.2023	Status of Compliance submitted by the Petitioner	Commission's Remark
		certificate are available with concerned executive offices.	
6.	**Separate Account Heads for different Business Units:** The Petitioner is directed to initiate preparation of detailed accounts for each business unit by maintaining separate account heads for each business unit and allocation of common costs across each business unit. The Petitioner is further directed to provide all subsequent accounts complying to the above direction of the Commission and the same should strictly be adhered to in the submission of next Tariff filing.	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. Since the segment-wise information will be certified by Cost Auditor and therefore the requirement of segregation of accounts from April 1, 2024 may not be required. Moreover, the process will take more time and HPSEBL is in the process of segregating the accounts, therefore, the same may be enforced from April, 2026. Subsequently, the Petitioner submitted: In this context, it is submitted that the HPSEBL is submitting the detail of expenses parameters into Distribution, Generation, Electrical System and PCA wing. Further, the allocation of the common cost i.e. the cost pertaining to Head Office Profit Centers is being allocated into the various business segment of the Company. Since, the allocation of the Cost and Income of the centralized functions involves analysis of the expenditure booked under each GL which involves multiple transactions.	Last year the Petitioner submitted that to allocate the common cost among all the business units the draft Memorandum has been prepared and is under consideration. The proposal shall be finalized from the next Financial Year. However, this year the Petitioner has not complied the direction of the Commission. The Petitioner has mentioned that transactions of each business unit can be segregated as transaction of these unit can be easily identified in the SAP with the help of individual profit centre/ cost. In this situation the Commission finds no reason why accounts of each business unit can not be segregated from 01.04.2024. The HPERC (Multi Year Wheeling Tariff & Retail Supply Tariff) Regulations, 2023. Mandates 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. The directive is being continued.

<table>
<tr><th>No.</th><th>Directives issued in the 4th APR order dated 31.03.2023</th><th>Status of Compliance submitted by the Petitioner</th><th>Commission's Remark</th></tr>
<tr><td></td><td></td><td>The said exercise is about to be completed by 01.03.2024 and thereafter, the same will be got certified from the Statutory Auditor/Cost Auditor by 12.03.2024.</td><td></td></tr>
<tr><td>7.</td><td>Segregation of Wheeling and Retail: The Commission observes that in spite of the obligation of the Petitioner as per Regulation 5(1) of the MYT Regulations 2011 to segregate the accounts of the licensed business into wheeling business and retail supply business, the Petitioner has not made any efforts in this direction and has continued with the allocation statement provided by the Commission. The Petitioner is directed to segregate its accounts into wheeling business and retail supply business from FY 2022-23 onwards. ARR for FY 2023-24 should contain these details separately.</td><td>As per the directions of the HPERC, now HPSEBL have to provide an Allocation Statement to apportion costs and revenues to respective businesses for the period prior to 31stMarch, 2023 based on the Allocation Statement shall be based on actual data: Provided that the accounts shall necessarily be segregated from 1st April, 2024.
Further, for segregation of the ARR of Wheeling and Retail Supply Business, the committee constituted under the chairman ship of CE(Commercial) have already submitted the detailed report (Copy enclosed) and have suggested the following allocation statement;
<table>
<tr><th>Particulars</th><th>Wheeling</th><th>Retail Supply</th></tr>
<tr><td>Power Purchase Expenses</td><td>0%</td><td>100%</td></tr>
<tr><td>PGCIL Charges</td><td>0%</td><td>100%</td></tr>
<tr><td>HPPTCL Charges</td><td>0%</td><td>100%</td></tr>
<tr><td>SLDC Charges</td><td>0%</td><td>100%</td></tr>
<tr><td>Open Access Charges</td><td>0%</td><td>100%</td></tr>
<tr><td>Employee Expenses</td><td>72%</td><td>28%</td></tr>
<tr><td>R&M Expenses</td><td>71%</td><td>29%</td></tr>
</table></td><td>Regulation 6 of the HPERC MYT Regulations, 2023 mandate the Petitioner to submit allocation statement approved by the Board of Directors. The relevant extract of the Regulations is as under:
"6. Segregation of ARR of Wheeling and Retail Supply Business.
……..
(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."

The Petitioner is required to submit allocation as per the Regulations.

Further, from 1st April, 2024 onwards the Petitioner is necessarily required to be segregated as per the provisions of the HPERC Regulations.</td></tr>
</table>

<table>
<tr><th>No.</th><th>Directives issued in the 4th APR order dated 31.03.2023</th><th>Status of Compliance submitted by the Petitioner</th><th>Commission’s Remark</th></tr>
<tr><td></td><td></td><td><table>
<tr><td>A&G Expenses</td><td>35%</td><td>65%</td></tr>
<tr><td>Interest and Financing Charges</td><td>56%</td><td>44%</td></tr>
<tr><td>Depreciation</td><td>94%</td><td>6%</td></tr>
<tr><td>Return on Equity</td><td>100%</td><td>0%</td></tr>
<tr><td>Non-tariff Income</td><td>0%</td><td>100%</td></tr>
<tr><td>Wheeling Charges</td><td>100%</td><td>0%</td></tr>
</table></td><td></td></tr>
<tr><td>8.</td><td>Approval for Short-Term Power Procurement:
The Petitioner is required to take regular approvals for any power purchase exceeding 5% limit for each of the quarter of FY 2022-23. In the absence of such submissions/ approvals, power purchase beyond 5% shall be disallowed by the Commission.</td><td>Information/Details of any power purchase exceeding 5% limit for each quarter is being shared with the Executive Director (Tariff).</td><td>The compliance is noted.</td></tr>
<tr><td>9.</td><td>SAIFI & SAIDI: The Commission directs the Petitioner to compile the requisite data and submit reports on parameters such as SAIDI, SAIFI, wheeling and supply availability, etc. along with Truing-up for respective years.</td><td>Standards of Performance (SoP) reporting under HPERC (Distribution Performance Standards) Regulations, 2010-Reports of reliability indices & Performa (A to R) for FY 2022-23 were shared with the Executive Director (Tech.) vide this office letter No. HPSEBL/CE(Comm.)/SERC-31/2023-24-3675 dated 24.07.2023 and even file No. 4264-66 dated 05.08.2023.</td><td>The compliance is noted. Online monitoring of these parameters has to be ensured.</td></tr>
<tr><td>10.</td><td>Separate Account for AMC & ATS charges: The Petitioner is directed to maintain separate account head for AMC and ATS related charges and provide details along with adequate supporting documents.</td><td>Already intimated and compliance noted by the Commission.</td><td>The compliance is noted.</td></tr>
<tr><td>11.</td><td>Fixed Asset Register (FAR): The Commission directs the Petitioner to complete the ongoing exercise of preparing its Fixed Asset Register for distribution business prior to November 2019</td><td>The matter was discussed during meeting held on dated 04.09.2023 wherein the Commission revised the date for completion of FAR updation work to 31st March, 2024 & directed</td><td>The Petitioner is directed to complete the completion of FAR updation work by 30th April, 2024 and accordingly submit the compliance to the Commission.</td></tr>
</table>

No.	Directives issued in the 4th APR order dated 31.03.2023	Status of Compliance submitted by the Petitioner	Commission's Remark
	and submit the same to the Commission within 3 months from the date of issue of this Order.	the HPSEBL to ensure that all assets are tagged through GIS and submit a report thereon accordingly.	
12.	**Payment of bilateral charges towards PKATL Assets:** The Petitioner is directed to take up adequate representations to CERC and other stakeholders which would immediately prevent the incidence of these annual Fixed Charges on HP State alone. Also, the Petitioner is required to take steps for reversal of the charges against these assets in the past years. The Petitioner is directed to provide a status report of the various steps undertaken in this regard along with supporting documents in the subsequent Tariff filing. Also, the Commission shall review the matter based on initiatives undertaken by HPSEBL in this regard in the subsequent Tariff Orders and at the time of Truing up for FY 2022-23 while approving this amount.	The execution petition was filed before the APTEL to direct the CERC to take decision and accordingly CERC has decided in the favour of HPSEBL on account of Principle amount. The Review petition for refund of interest is being filed before CERC.	The compliance is noted
13.	**Payment of bilateral charges towards PKATL Assets:** The Petitioner is also directed to take all required steps (including discussion at the management level and co-ordination with HPPTCL) to ensure completion of the downstream transmission network by October 2022 failing which the Commission shall be constrained to disallow these charges from 1st November 2022.	The matter is continuously taken/discussed in the meetings conducted between HPSEBL & HPPTCL. Subsequently, the Petitioner submitted that the compliance intimated vide additional submission to 2nd query of Business Plan. The response of the Petitioner is as below: *"Hon'ble CERC has directed that the transmission charges of (i) LILO of both circuits of Karcham Wangtoo Abdullapur 400 kV D/C (Quad Moose) line at Kala Amb (on multi Ckt towers); (ii) Establishment of a 7 x 105 MVA (1-ph.), 400/220 kV GIS substation at Kala Amb and (iii) FSC (40% Series Compensation-n 400 kV Karcham- Kala Amb quad D/C line at Kala Amb ends) shall be serviced with effect from the date of their*	The compliance is noted

No.	Directives issued in the 4th APR order dated 31.03.2023	Status of Compliance submitted by the Petitioner	Commission's Remark
		commercial operation through the PoC mechanism of the Sharing Regulations, 2010 and in terms of Regulations 5 to 8 of the Sharing Regulations, 2020 with effect from 1.11.2020. CTUIL is directed to implement the order accordingly within one month from the date of issue. *CTUIL has reimbursed the charges paid for the PKATL system in second bill of quarter-4 FY2022-23 issued in July 2023 amounting to Rs.330,94,98,493& Second bill for Quarter-1 of FY2023-24 amounting to Rs.14,36,37,915/- for Period from July, 2017 to June, 2023 total amounting to Rs.345,31,36,408/-. And share of Charges payable by HPSEBL has been cumulatively billed in second bill which is around 12 Crs."*	
14.	**Curtailment of Reactive load charges:** The Petitioner is directed to ensure that the Field Units undertake strict vigilant action for curtailing of Reactive Load Charges. The status report in this regard be submitted to the Commission within three months of issuance of this Order. In case strict action is not taken by the Petitioner in this regard, these charges shall be disallowed from FY 2022-23 onwards.	Reactive load factor charges remains on receivable side however for further improvement 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 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. Also, the Petitioner submitted that in future the report shall be submitted in time.	The Petitioner has submitted that there was net receivable on account of the Reactive load factor charges. But, the complete status report with regard to the same has not been submitted to the Commission. The directive is being continued.
15.	**Additional Surcharge:** 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	Requisite details are being submitted with True up of FY 2022-23 under Power Purchase.	The Petitioner has only complied with the part directive of providing details of power procured from UI for FY 2022-23. However, no submission has been made with respect to steps undertaken for proper scheduling of power and providing the status of the same.

No.	Directives issued in the 4th APR order dated 31.03.2023	Status of Compliance submitted by the Petitioner	Commission's Remark
	clarified that due to hydro dependency of the state, the quantum of additional surcharge is high. The Commission feels that with proper tools for scheduling the high variance and additional surcharge could be controlled and Petitioner should take steps to eliminate incidence of additional surcharge. The Petitioner, is therefore, directed to undertake adequate steps for proper scheduling of power and provide status of the same to Commission along with next Tariff Petition. Also, Petitioner is directed to provide information of UI units, total amount paid/ received, additional surcharge paid, etc. in subsequent true-up for each year.		The Petitioner is directed to follow the directions of the Commission in the letter and spirit. The directive is being continued.
16.	**Employee Cost:** The employee cost of the Petitioner is one of the highest in the country. The Commission in its previous Orders has given various directives in this regard for curtailment of the employee cost, but no concrete action has been taken by the Petitioner in this regard. The Commission in the last Order had asked the Petitioner to submit an efficiency improvement plan for next five years with an aim to reduce its employee cost by 1% every year. However, the Petitioner has ignored the directive of the Commission. Consumers of the State cannot be made to pay higher cost of electricity due to inefficiencies in system of the Petitioner. The Petitioner has failed to take any action to control the employee cost in spite of continuous directions issued by the Commission. In one of the Tariff Orders, the Commission has even pointed out some of the units which seem redundant due to change in systems. The Petitioner, however, has not taken any action in this regard.	The matter was discussed during the meeting held on 04.09.2023 wherein HPSEBL informed that in the first phase, proposal for the restructuring of Civil Wing of the HPSEBL was placed before the Whole Time Directors of the HPSEBL for consideration and decision in its 127th meeting held on 10th August, 2023 where the same was got approved. In pursuance to the same, the HPSEBL has already issued Order for abolishment of 286 posts under the Civil Wing. HPSEBL informed the Commission that restructuring the HPSEBL is a continuous process and the management is committed to bring down the high employee cost and concrete steps in this regard shall be taken in a phased manner.	The Commission is of the view that the Petitioner is not taking this directive of the Commission in a serious manner. The Commission has dealt with this issue separately in this Order. The Petitioner cannot pass on unproductive costs of employees in some of its units to the consumers. In fact the Petitioner has failed to bring down per unit cost of employees which is highest in the country. The Petitioner is directed to follow the directions of the Commission in complete letter and spirit. The directive is being continued.
17.	**Employee Cost:** Considering that the Petitioner has undertaken several IT/OT initiatives such as SAP ISU billing, SAP ERP, etc. which should have	Details of recruitment and retirement plan for 5th control period is being submitted with	The Commission noted that in the garb of allowing the technical manpower requirement in the past, the Petitioner is

No.	Directives issued in the 4th APR order dated 31.03.2023	Status of Compliance submitted by the Petitioner	Commission's Remark
	reduced the requirement of manpower deployed under various departments. HPSEBL should review the deployment of human resources in its various functions afresh. Further, in view of the above, the Commission directs the Petitioner that no new recruitment except for engineering and technical manpower should be undertaken by the Petitioner. In case of 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 employee cost of the Petitioner in the next Tariff Order.	Business plan for 5th Control Period (FY2024-25 to FY 2028-29).	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. The directive is being continued.
18.	**Consumer Awareness:** It is observed that the Consumers are not aware of the schemes and functions carried out by the Petitioner. Therefore, the Petitioner is directed that such Consumer awareness programme be carried out 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 this 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 Commission has noted that the directive is not being fully complied with. However, the partial compliance is noted. The directive is being continued.
19.	**Delay in Commissioning of UHL-III HEP:** The Commission has noted that the Commissioning of Uhl-III project has been deferred multiple times by the Petitioner. It seems there is no professional control in execution of this project. Further, it looks like that the project has unending Commissioning schedule. In this regard, the Petitioner is directed to ensure that the project is constructed and Commissioned as per HPERC (Terms and Conditions for Determination of Hydro Generation Supply Tariff) Regulations, 2011 and amendments	The Proposed plan for the commissioning of the project is as under: Completion of restoration works of penstock including additional works existing reach of the surface penstock. — 31st March, 2024 Water filling — 30th April, 2024	The Discom is directed to submit status of activities as per the schedule submitted by them. The directive is being continued.

No.	Directives issued in the 4th APR order dated 31.03.2023	Status of Compliance submitted by the Petitioner	Commission's Remark
	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.	Testing & commissioning of Machine unit (3 Nos. — May and June, 2024 The status report of various ongoing restoration and rehabilitation works in respect of Uhl-III is submitted with petition.	
20.	**Circle wise T&D Losses:** 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.	Compliance stand submitted to HPERC vide letter No. HPSEBL/CE(Comm.)/SERC-11/2023-24-2367 dated 13.06.2023. However, the same is being submitted in the Energy Balance table of True up of FY 2022-23 as per Audited Balance Sheet for FY 2022-23.	The Commission has noted that the Circle wise T&D losses of few of the Circles are still above 20% which is not acceptable. The Commission hereby 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 more than 20%, within 3 months of issuance of this tariff order positively. 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%.
21.	**Accounting for Transmission and Distribution Loss:** The Commission directs the Petitioner to undertake separate accounting for Transmission losses of its 66 kV and above network and Distribution losses of its 33kV and below network. Further, the Petitioner is also required to account for the HPPTCL network and own network losses separately.	HPSEBL has taken the matter with HPPTCL to inform their losses but in the absence of reply HPSEBL has taken 0.75 % losses on the notional bases on energy available at HP periphery. HPSEBL is further monitoring the losses of electrical system and distribution system separately. HPSEBL is also conducting yearly energy audit from third party.	The accounting of T&D losses at the different voltage levels is very much essential so as to have target measures to reduce the losses. The segregation of the HPSEBL and STU transmission losses are very much essential for transparency and proper energy accounting. The metering of the older assets of the STU transferred from the erstwhile HPSEB is with the Petitioner only. Therefore, there should not be any issue with respect to the same. The directive is being continued. The Petitioner is directed to complete the study and segregate the losses for the HPPTCL

No.	Directives issued in the 4th APR order dated 31.03.2023	Status of Compliance submitted by the Petitioner	Commission's Remark
			network within three months of issuance of this order positively.
22.	**Response to Stakeholder Queries:** It is observed that on several occasions the observations made by the stakeholders are specific and based on the content of the Petition. However, the Petitioner has provided similar response to such observations. On previous occasions as well, the Commission had highlighted that the Petitioner should provide adequate qualitative and quantitative response to the stakeholder's comments and objections. The Commission takes strong note of the non-compliance with respect to several directives of the Commission in the previous Tariff Orders. The Petitioner is directed to ensure that proper and adequate responses are provided to the comments of stakeholders from subsequent Tariff Petitions.	The compliance already intimated and noted by the Commission.	The compliance is noted. But, the Commission has noted that the Petitioner during this year's tariff proceedings has not responded to the objections and suggestions of the stakeholders in appropriate manner. Therefore, the directive is being continued.
23.	**Inventory of Meters and allied equipment:** In view of the submission of the stakeholders that Consumers are forced to buy the energy meters due to unavailability of meters with the Petitioner, the Commission is of the view that it is one of the prime duty of the Licensee to give electricity connection to the Consumers within the stipulated timeframe. It has come to notice of the Commission that the electricity connection is not released due to non-availability of the meter and, sometimes it happens that a Consumer is forced to buy the energy meter. If a Consumer can purchase the meter from the market so can the Licensee as well. Moreover, a meter is the main equipment from the perspective of DISCOM. Therefore, the Commission directs the Petitioner to ensure adequate stock of meters and allied equipment available with it and also it should be ensured	New meters are not being purchased by HPSEBL in view of provision of smart meter under RDSS. No consumers are being forced to purchase energy meter and its allied equipments from market. In response to the additional query, the Petitioner provided the following status of pending application ending December,2023: Domestic: 28658 Commercial: 5695 NDNCS: 577 SIPS: 267 MIPS: 46 LIP:40 IDWPS: 386 SLS: 28 AS: 979 Bulk: 21	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 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. Therefore, the directive is being continued.

No.	Directives issued in the 4th APR order dated 31.03.2023	Status of Compliance submitted by the Petitioner	Commission's Remark
	that the Consumers are not forced to buy the metering equipment.	Temporary: 992 EV Charging: 2 **Total : 37691**	
25.	**Tariff Structure:** The issue of giving separate domestic connections for residential colonies of the industries can only be possible if it is possible to segregate the same from industries by way of separate feeder/ metering. HPSEBL is directed to look into the matter and detailed report in this regard be submitted within 3 months of issuance of this Order. The Commission shall take a view in this matter subsequently in the next Tariff Order.	The Compliance already sent and noted by Commission	The compliance is noted.
26.	**Procurement of new vehicles:** 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.	The Compliance already sent and noted by Commission	This directive is continued and no new vehicles be procured by the Discom. This activity can be outsourced. The directive is being continued.
27.	**Management of Surplus Energy:** 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	The matter was discussed during meeting held on dated 04.09.2023 wherein details were submitted before the Commission. HPSEBL is implementing the directive in letter and spirit.	The Petitioner has not submitted any report in the matter as directed. Therefore, the directive is being continued.

No.	Directives issued in the 4th APR order dated 31.03.2023	Status of Compliance submitted by the Petitioner	Commission's Remark
	of ToD Tariff dispensation, along with its next Tariff Petition.		
28.	**Energy Audit:** 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.	Energy Audit report is being submitted with True up of FY 2022-23.	As part of the additional queries, the Petitioner has submitted copy of quarterly and annual energy audit report for FY 2022-23 as submitted to BEE. The compliance is noted. The Petitioner is directed to submit the energy audit report for the respective true-up in its subsequent tariff filing.
29.	**Timely submission of Reports and Compliance of directives:** 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.	The Commission has noted that the Petitioner is not submitting the study reports in a time bound manner as per the directions of the Commission. Therefore, the directive is being continued.
30.	**Model Sub-division:** 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 2024-25, the reports shall be submitted regularly on quarterly basis.	The directive is being continued.
31.	**Double (multiple) feeder supply of electricity:** 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	The provision for supplying quality and reliable supply to the consumers has been made in the RDSS and World Bank funded scheme. Also, the Petitioner submitted that the provision for supplying quality and reliable supply has been made in the various schemes. At present no such demand for double supply neither has been received nor there is a provision in the Supply Code for double supply to the consumers.	The report as desired by the Commission has not been made available. The Petitioner is required to submit a detail report on this issue within three months of issuance of this Order.

No.	Directives issued in the 4th APR order dated 31.03.2023	Status of Compliance submitted by the Petitioner	Commission's Remark
	be submitted to the Commission within three months from the date of issuance of this Order.		
32.	**Free Power Purchase:** In view of comparatively lower price of GoHP free power, the Petitioner is directed to approach GoHP to source its free power from the Central Sector Generating Stations as well on full year basis. This would be win-win situation to all the stakeholders involved, viz. GoHP, HPSEBL and the Consumers of the State. By selling some quantum of free power to HPSEBL, GoHP shall ensure the stable and assured return as the short-term market sale currently being undertaken by GoHP is subject to various risks involved. In this Order, the Commission has projected GoHP free power from those stations only which are connected with STU/HPSEBL system as HPSEBL has not come up with any proposal for additional GoHP power tied up. However, HPSEBL must strive hard for adding more GoHP power in its portfolio on long term basis.	HPSEBL has not taken any free power in the 5th Control Period MYT business Plan. In response to the query, the Petitioner also mentioned that HPSEBL is continuously requesting GoHP for supply of free power.	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 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.
33.	**Compliance to decisions of CGRF/ Ombudsman:** Few stakeholders have highlighted that decisions of Electricity Forum or the Ombudsman in the form of relief / refund are not implemented by the Petitioner. The stakeholders have raised a serious issue of non-compliance of the Orders of the Statutory Authorities made under Electricity Act, 2003. The Commission directs the Petitioner to look into the matter and any casual approach on its part shall be viewed seriously and dealt as per the Act and under relevant provisions of the HPERC Regulations.	Decisions of CGRF/Ombudsman implemented by HPSEBL in letter & spirit.	The compliance is noted
34.	**Principal and Interest payment towards UDAY Bonds:** One of the main purposes of the UDAY scheme was the financial turnaround of	HPSEBL is continuously taking up the matter with H.P. Govt. and matter is still under process at Govt. level.	The Commission has noted the response of the Petitioner. The Commission has not allowed any interest and repayment to the

No.	Directives issued in the 4th APR order dated 31.03.2023	Status of Compliance submitted by the Petitioner	Commission's Remark
	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.		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. The Petitioner is directed to take up the matter again with the GoHP.
35.	**Voltage Wise Cost of Supply:** With respect to the directive to undertake and submit a Voltage-wise Cost of Supply, HPSEBL has submitted a report to the Commission. Based on the review of the report, several inconsistencies were observed including the base year for the study which was FY2016-17. The Commission directs the Petitioner to update the report based on the observation and the key concerns raised on the report. This updated study be completed within six months of issue of this Tariff Order and its recommendations be included in the Tariff Petition for the next financial year.	The matter is under the consideration of HPSEBL.	The Petitioner should update the Commission on this issue within three months of the issuance of this Order.
36.	**Proposal for revision in Security Deposit for Pre-paid** Consumers: With respect to changes in security deposit for prepaid Consumers, the Petitioner is directed to submit a proposal to the Commission within 1 month of issuance of this Order in line with the provisions of the applicable Regulations.	There is no provision in the Electricity Act as per sub-Section 5 of section 47 for Security from pre-paid consumers.	The compliance is noted
37.	**Subsidy payments by Government of Himachal Pradesh**: The Commission directs that subsidy amount shall be paid in advance to the HPSEBL as per the provisions of Section 65 of the Electricity Act, 2003, and reconciled after every quarter. HPSEBL is directed to submit	Compliance in respect of status of subsidy payment upto 2nd Quarter for FY 2023-24 has already been sent to the HPERC vide letter No. HPSEBL/CE(Comm.)/SERC-11/2023-24-4703 dated 22.08.2023 and even file No. 7770 dated 07.11.2023.	The compliance is noted. However, the Petitioner is directed that in case the State Government fails to pay the subsidy, as per the provisions of Section 65 of the Act, the Tariffs announced after subsidy shall stand reverted back to the original Tariff, as

No.	Directives issued in the 4th APR order dated 31.03.2023	Status of Compliance submitted by the Petitioner	Commission's Remark
	quarterly report regarding the payment of subsidy as well as the outstanding amount; if any, to the Commission. In case the State Government fails to pay subsidy in time, interest on such outstanding amounts shall be recoverable by the Petitioner. Further, in case the State Government fails to pay the subsidy, as per the provisions of Section 65 of the Act, the Tariffs announced after subsidy shall stand reverted back to the original Tariff, as approved by the Commission in this Tariff Order.		approved by the Commission in this Tariff Order.
38.	**E-Reverse bidding:** The Petitioner is directed to follow E-reverse bidding for all Engineering Procurement and Construction works of value of more than Rs. 1 Cr. as already directed by Commission as per the letter no. HPERC-F(1)-27/2021-3156-57 dated 10.02.2022.	Compliance in this regard was shared with the Commission alongwith amended Delegation of Financial Powers.	The compliance is noted
39.	**Proposal to discourage the use of Diesel Generator (DG) Sets:** The Petitioner is directed to submit a proposal along with next year Tariff filings to discourage the use of DG sets in the State.	The reliability and quality of supply system improvement will be made through RDSS & world Bank Scheme which will discourage the use of DG sets.	The compliance is noted
40.	**Non-compliance to Directives:** The Commission concurs with the views of the stakeholders regarding non-compliance by the Petitioner in regard to several directives issued by the Commission in the past. Despite several queries and reminders, the Petitioner has been able to comply or provide partial information for majority of the directives while no details/compliance has been noted for the balance directives. The Commission takes serious view on the Petitioner's approach for not complying to the directives and directs the Petitioner to take up the compliance to directives in a sincere manner.	All efforts are being made by HPSEBL to ensure the timely submission of compliance of all directives issued by the Commission.	The compliance is noted. However, the Commission noted that the directives of the Commission are not being complied in letter and spirit by the Petitioner.
10.3.2`	RPPO Compliance: The Commission directs the Petitioner to undertake procurement of sufficient	The compliance report of FY2023-24 upto December 2023 is as under:-	The compliance is noted.

<table>
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<tr><td></td><td>renewable power or REC certificates to meet any shortfall in the RPO requirement for FY 2023-24 in line with the Himachal Pradesh Electricity Regulatory Commission (Renewable Power Purchase Obligation and its Compliance) Regulations, 2023 notified on 24th Feb 2023.</td><td>The Himachal Pradesh Electricity Regulatory Commission under HPERC (RPPO & Its Compliance), Regulations, 2023 has specified the RPO trajectory for FY 2022-23 and onwards. On the basis of specified trajectory, the minimum quantum of purchases in percentage required to be met from the renewable energy sources of the total consumption under each of the category for FY 2023-24 till its 3rd Quarter is depicted as under:

Table-1
<table>
<tr><th>Description</th><th>Wind RPO</th><th>HPO</th><th>Other RPO</th><th>ESO</th></tr>
<tr><td>Total Consumption (MU)</td><td>9542.683</td><td>9542.683</td><td>9542.683</td><td>9542.683</td></tr>
<tr><td>%age RPO</td><td>1.60 %</td><td>0.66%</td><td>24.82 %</td><td>1.00%</td></tr>
<tr><td>RPO (energy in MU)</td><td>152.683</td><td>62.982</td><td>2,368.494</td><td>95.427</td></tr>
</table>

The status of RPO compliance against the RPO specified under Table-1 for the first three Quarters of FY 2023-24, is tabulated hereunder:

Table-2
<table>
<tr><th>Description</th><th>Wind RPO</th><th>HPO</th><th>Other RPO</th><th>ESO</th></tr>
<tr><td>Total Consumption (MU)</td><td>9542.683</td><td>9542.683</td><td>9542.683</td><td>9542.683</td></tr>
<tr><td>%age RPO</td><td>1.60%</td><td>0.66%</td><td>24.82%</td><td>1.00 %</td></tr>
<tr><td>RPO (in terms of energy)(MU)</td><td>152.683</td><td>62.982</td><td>2,368.494</td><td>95.427</td></tr>
<tr><td>Apportion of ESO(MU)</td><td>5.638</td><td>2.326</td><td>87.463</td><td></td></tr>
</table>
</td><td></td></tr>
</table>

<table>
<tr><th>No.</th><th>Directives issued in the 4th APR order dated 31.03.2023</th><th>Status of Compliance submitted by the Petitioner</th><th>Commission's Remark</th></tr>
<tr><td></td><td></td><td>
<table>
<tr><td>Total RPO (MU)</td><td>158.321</td><td>65.308</td><td>2,455.957</td><td></td></tr>
<tr><td>RPO Achieved (MU)</td><td>0.00</td><td>504.965</td><td>7688.073</td><td>0</td></tr>
<tr><td>Surplus(+)/ Deficit (-)</td><td>-158.321</td><td>439.657</td><td>5,232.116</td><td>0</td></tr>
<tr><td>Net surplus(+)/ Deficit(-) after adjustment of WPO with surplus in HPO and permissible adjustment of ESO</td><td>0.000</td><td>+281.336</td><td>+5,232.116</td><td>0.00</td></tr>
</table>
Since HPSEBL has no tie ups with wind energy generators, HPSEBL will not be able to make compliance of the Wind RPO directly from wind source. However, the RPPO regulations 2023 provides that any shortfall in achievement of 'Wind RPO' in a particular year can be met with excess energy consumed from Hydro Power Plants, which is in excess of 'HPO' for that year and vice versa.
It is further added that at present HPSEBL doesn't have any storage facility in the State for storage of renewable energy, hence is not in a position to make compliance of the same by storing the renewable energy. However, the aforesaid RPPO regulations provides that in case the Obligated Entity fails to meet ESO, a quantum equivalent to the percentage be fixed by the Central Commission for such purpose, or in case no such %age has been fixed, a 200%, of such shortfall for that year shall be apportioned to various categories under Table-
</td><td></td></tr>
</table>

No.	Directives issued in the 4th APR order dated 31.03.2023	Status of Compliance submitted by the Petitioner	Commission's Remark
		1 in the ratio of RPPOs for each category in respect of obligated entity for the relevant year. After making adjustments and making compliance of RPPO as shown in Table -2, HPSEBL still has surplus of 281.36 MU in HPO and surplus of 5232.116 MU in Other RPO, upto 3rd quarter of FY 2023-24.	
10.3.3	Notification of CERC's hearing dates to the affected parties in the State: Whenever the CERC conveys the hearing dates to the Distribution Licensees affecting the Consumers of the State, the HPSEBL is directed to notify the same on its website for the benefit of the people of the State. Further, the stakeholders are also advised to be vigilant themselves as well.	The directive has been implemented and the schedule of hearing of CERC is being updated as and when modified by CERC in the HPSEBL website under Citizen Interface.	The compliance is noted
10.3.4 & 10.3.5	Load factor Study: 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	Load factor study is being carried out and report shall be submitted separately.	The Load factor study report as directed by the Commission has not been submitted yet. The Petitioner is directed to submit the same by 30th June, 2024. The directive is being continued.

No.	Directives issued in the 4th APR order dated 31.03.2023	Status of Compliance submitted by the Petitioner	Commission's Remark
	proposal of introducing load factor-based Tariff in future after doing consultations with all stakeholders involved. The Petitioner is directed to conduct a Load factor study of the DISCOM within six months before the next control period and 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.		
10.3.6 & 10.3.7	Steps for reduction of additional surcharge under DSM Regulations: 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 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.	HPERC has notified Draft regulations for DSM. The steps shall be taken in line with the provision of the Regulations. It is submitted that HP Govt. has notified a single Independent Entity HPEMC for management and trade of power.	The Petitioner had informed earlier that it had 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. Therefore, the directive is being continued.

No.	Directives issued in the 4th APR order dated 31.03.2023	Status of Compliance submitted by the Petitioner	Commission's Remark
	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. The Commission 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 at such high rates in the future.		
10.3.8	SLDC certified units from own generating stations: The Commission has considered the actual energy units based on the CE (Generation) for FY 2021-22. However, the Petitioner is directed to provide SLDC certified units from own generating power houses from the next True-up onwards.	The matter was taken up the SLDC by HPSEBL and it has been intimated by SLDC that they are not having any mechanism of verification of own generation by HPSEBL.	The Commission is not satisfied with the response of the Petitioner. If there is no mechanism existing at the moment then the same should be devised. The directive is being continued.
10.3.9	Audited numbers for Division-wise break-up: 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	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. The segment wise balance sheet will accordingly be submitted with Statutory Auditor certification from the next true up order.	The partial compliance is noted.However, The directive is being continued.

No.	Directives issued in the 4th APR order dated 31.03.2023	Status of Compliance submitted by the Petitioner	Commission's Remark
	observed that the same are not audited and has been prepared internally by the finance team of HPSEBL. The Petitioner is directed to get the Division-wise accounts break-up audited by the Statutory Auditor for the next True-up year.		
10.3.10	Details with respect to R-APDRP Part A and Part B schemes of Govt. of India: 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 requisite details is enclosed with the petition. The interest amount capitalized w.e.f. FY 2011 to FY 22 is Rs. 59.28 Cr and amount of interest credit allowed by Central Govt. as grant is Rs. 61.75 Cr. The interest amount capitalized w.e.f. FY 2012 to FY 2018 under APDRP(Part-A) is Rs. 24.70 Cr.	The compliance is noted. The Commission shall review the same during True up of the controllable parameters.
10.3.11	Details with respect to overbooking in Revenue for FY 2020-21: The Petitioner is directed to provide Statutory Auditor certificate explaining the issue and whether the revenue for FY 2020-21 was overbooked to the extent of Rs. 5.22 Cr. and the subsidy has not been received against the same from GoHP during the year or in the subsequent years. The Petitioner is also required to clarify the reason for not seeking the subsidy from the Government with respect to the same.	In this context, it is submitted that in pursuance to accounting principles, the revenue for the FY 2020-21 was recognized on assessment basis i.e. by following accrual concept of accounting. Further, revenue from operations is considered on the basis of assessment basis in the tariff petition and accordingly the ARR of the FY2020-21 was reduced to the same extent whereas the said amount remains unrecovered as till date the said amount is still lying in the "BH 28.627-Demand Charges waived off Hotels –Rest houses". Moreover, clarification that whether the certificate is to be availed from statutory	The compliance is noted

No.	Directives issued in the 4th APR order dated 31.03.2023	Status of Compliance submitted by the Petitioner	Commission's Remark
		Auditor or Independent Chartered Accountant was also sought as the accounts for FY 2020-21 were already audited by the Statutory Auditor. Since, the HPERC have already allowed the said amount in the true up order of the FY 2020-21, the said amount was not demanded as subsidy from the State Government. The requisite certificate from CA is submitted with true up petition.	
10.3.12	Effective implementation of the Smart Energy Meters in the State 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 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.	The directions imparted by Commission is 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. In response to a query of the Commission, the Petitioner submitted that the operational cost of Smart meter for an year is Rs. 16.54 Cr (@Rs. 90.827 per month).	The Commission has noted the response of the Petitioner. However, 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.
10.3.13	Approval of the Commission for any power purchase from sources other than approved:	HPSEBL has approached the Commission for approval of additional power purchase from IEX through long-term contracts.	The compliance is noted. However, the Petitioner should note that it must take approval of the Commission at least ten days prior to the procurement of any power from sources other than approved.

No.	Directives issued in the 4th APR order dated 31.03.2023	Status of Compliance submitted by the Petitioner	Commission's Remark
	The Petitioner is required to take prior approval of the Commission for any power purchase 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. The price of such power procured shall be capped at the Average cost of Supply determined by the Commission in this Order. 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.		
10.3.14	Issue of Long-Term Sustainability of HPSEBL: 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 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 HPSEBL,	HPSEBL is striving hard to increase the operational efficiencies and reducing the employee cost by rationalization of existing strengths. The matter regarding UDAY is continuously being taken with HP Govt.	The Commission is not satisfied with the compliance submitted by the Petitioner. 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.

No.	Directives issued in the 4th APR order dated 31.03.2023	Status of Compliance submitted by the Petitioner	Commission's Remark
	GoHP and GoI. But the same has not happened till date. This has adverse impact on the balance sheet of the Company. The Commission vide its letter No. HPERC/F(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. 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.		

No.	Directives issued in the 4th APR order dated 31.03.2023	Status of Compliance submitted by the Petitioner	Commission's Remark
10.3.17	Roadmap for reduction of Employee costs: 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.	The matter was discussed during the meeting held on 04.09.2023 wherein the Executive Director (Pers.), HPSEBL was informed that It was informed that in the first phase, proposal for the restructuring of Civil Wing of the HPSEBL was placed before the Whole Time Directors of the HPSEBL for consideration and decision in its 127th meeting held on 10th August, 2023 where the same was got approved. In pursuance to the same, the HPSEBL has already issued Order for abolishment of 286 posts under the Civil Wing. The Managing Director, HPSEBL informed the Commission that restructuring the HPSEBL is a continuous process and the management is committed to bring down the high employee cost and concrete steps in this regard shall be taken in a phased manner.	The Petitioner was directed to submit road map for reduction of employee cost within one month of issuance of the Tariff Order of FY 23. In response to additional query in this regard, the Petitioner submitted that the details of employees being retired / recruited during the 5th Control Period has already been submitted with Business Plan. Since no clarity is being provided by the Petitioner with regard to the roadmap, the directive is being continued.
10.3.18	Strengthening of Power System in the Kala Amb area: The issue of quality and reliability of power supply in the Kala Amb area has been a cause of concern for quite some time now. The transmission and distribution system strengthening has not happened as per the plan. The Commission directs the Petitioner to come	The HPPTCL is constructing 220/132/33kV (200MVA, 220/132kV + 63MVA, 132/33kV) Sub-Station Andheri in the Kala Amb area. The proposal for connecting the existing 33kV lines with the under construction 132/33kV, 63MVA, Sub-Station has been proposed by HPSEBL. Further, connectivity of the existing 132kV Transmission lines with the said sub-station will be executed by HPPTCL.	The Commission is not satisfied with the response of the Petitioner. However, the compliance is noted.

No.	Directives issued in the 4th APR order dated 31.03.2023	Status of Compliance submitted by the Petitioner	Commission's Remark
	up with a sound proposal within one month from the date of issuance of current Tariff Order for FY 2023-24 for strengthening of Power System in the Kala Amb area.	Stage-I FCA approval in respect of *"Construction of 220 kV MCT line from 400/220 kV PGCIL Sub station Arandwala to proposed 220/132/33 kV HPPTCL Sub-Station Andheri at Kala Amb District Sirmour HP"* has been granted to HPPTCL on dated 13.06.2023. The load of 23 MVA at 33 kV level shall be available to HPSEBL at Andheri Sub-Station after Stage-II FCA approval. Forest clearance in respect of "*132 kV MCT line on 220kV MCTs with ACSR Zebra conductor from 220/132 kV Substation proposed at Andheri to Tower No. 20/21 of existing 132 kV Jamta-Kala Amb transmission line at Kala Amb Distt. Sirmour (HP)"* is still pending. In addition to above, laying & termination of 2nd Circuit of 132kV D/C Davni-Johron (Kala Amb) Transmission line is being executed by HPPTCL which is still pending due to space constraints for additional 132 kV bay at 132/33/11 kV Sub-Station Kala Amb. HPSEBL has requested HPPTCL to convene the meeting of **STU Coordination Committee-Technical** to discuss the issue related to termination of additional circuit at 132/33/11 kV Sub-Station Kala Amb, however date for the same has not been confirmed yet. The proposal for providing additional 100MVA, 220/132kV Power Transformer at 220/132/33kV Sub-Station Giri Nagar has been proposed by HPSEBL under State-PSDF. Above information has already been discussed during meeting held on dated 04.09.2023.	
10.3.19	Power Procurement Strategy and Banking arrangements: The Commission advised HPSEBL to re-examine its decision on banking arrangement because as	HPERC vide APR Order dated 31.03.2023 has considered the HPSEBL submission petition to meet its winter deficit with banking arrangement (Clause 7.6.41 to 7.6.45, relevant clauses enclosed) and advice to optimize its power procurement to benefit the	The compliance is noted. However, the Petitioner is directed that in case they intends to do banking in future then it should take prior approval from the Commission.

No.	Directives issued in the 4th APR order dated 31.03.2023	Status of Compliance submitted by the Petitioner	Commission's Remark
	per the current scenario, the rates of sale of energy in Power market are quite high. The Commission also directs the Petitioner to act on sound commercial principles in future and not to adopt this method of banking of electricity. Yet, in case the DISCOM intends to do banking in future it should take prior approval from the Commission.	consumer by planning in advance for its surplus/deficit of power for FY 2023-24 Accordingly, HPSEBL has called tenders for all three segments i.e. for Procurement of power, Sale of power & Banking of power. The outcome of the tender were received as under:- 1. Banking Tender:- i) RTC RTC premium @ 21.28% ii) RTC/Day premium @08.89% iii)Night/Night premium @ 29.35% iv) RTC/RTC advance banking premium @ 15.52% 2. RE Sale Tender:- i) RTC sale-sale price from 3.00 to 6.36 per unit ii) Night RE sale average sale price 3.00 to 6.94 per unit 3. Tender for Bilateral purchase:- i) RTC procurement from Rs. 7.98 to 13 per unit ii) Day procurement-No offer received iii) Night power procurement-@ Rs. 10 per unit. The above outcome has deliberated in the 40 standing committee meeting held on 01.03.2023, wherein it was decided to go for the banking tender. The same was approved by the competent authority of HPSEBL. The agreements stand submitted in the present petition for kind consideration of the Commission.	
10.3.20	Load Forecasting for planning of Power Procurement: HPSEBL informed the Commission that a Scheme amounting to about Rs. 6 Crore per year has been framed for load-forecasting of short term, medium term and long-term through	HPSEBL has been entrusted with the task to provide uninterrupted 24x7 power supply to all the consumers having total yearly demand around 13000 MU (Peak Demand of around 2100 MW during winter season). To fulfill its mandate, HPSEBL has tied up power from various sources under long term power	In response to a query by the Commission, the Petitioner has submitted that load forecasting planning as framed earlier by the HPSEBL has been cancelled, same has to be now done by HPSLDC in line with CERC Indian Electricity Grid Code Regulation, clause no. 5.11.2

No.	Directives issued in the 4th APR order dated 31.03.2023	Status of Compliance submitted by the Petitioner	Commission's Remark
	software. The Petitioner is directed to review the proposal and hire an expert consultant for exact load forecasting instead of any proposal of a Scheme having high cost on year-to-year basis.	purchase agreements. These sources include thermal generating stations installed outside the State, nuclear projects installed outside the State, solar projects installed within the State and outside the state, hydro power projects within the State & outside the State. Total contracted capacity of HPSEBL as on date is 2861.90MW. HPSEBL have long term power purchase arrangements from various sources i.e., hydro generation (90.80%), thermal/gas generation (5.6%), solar generation (2.56%) & nuclear generation (1.01%). Out of the above energy mix, major source is hydro generation. Load forecasting for FY 2023-24 has been considered at 4% growth rate to last year demand based on weighted Average growth rate of last three years which comes around 12965 MUs. However the same shall be revisited/deliberated in upcoming Standing Committee Meetings to be held regularly to discuss the current power scenario and appropriate action shall be initiated accordingly. Hydro generation projects have the peak generation of upto 110% during the Summer/Monsoon months and this generation falls to 15 to 20% during winter months due to snow-clad hills. During winter months, even large hydro generating stations are operated during peak hours i.e. morning peak & evening peak only owing to reduced discharges. Accordingly, winter deficit continues to be there as the normal generation in winter months reduces to the range of 15 to 20% to that of peak generation (summer month) spanning a year.	(Development of Software for Demand Forecasting) same is attached as Annexure-BTVS-8. The compliance is noted.

No.	Directives issued in the 4th APR order dated 31.03.2023	Status of Compliance submitted by the Petitioner	Commission's Remark
		Power availability for FY 2023-24 has been considered based on weighted Average availability of last three years from tied up projects which is around 11993 MUs. Therefore, there is net shortfall of 972 MUs in the current financial year (Annexure-A). HPSEBL has been mandated to purchase power of hydro projects upto 25 MW capacity, solar projects upto 5MW capacity and WTE projects on HPERC determined tariff which are also considered in HPSEBL power availability. There is also a proposal to make mandatorily purchase power from State Govt. Entity upcoming solar projects to be installed/commissioned in the state. Major energy mix is hydro generation (90.80%) and this generation falls to 15 to 20% during winter months. Therefore HPSEBL is in surplus of 2187 MUs during monsoon/summer months whereas in deficit of 3158 MUs during winter months. After making year ahead planning, the fluctuations in demand and availability observed during real time operations due to a no. of reasons, such as special day effect, outages, shut downs, natural calamities etc., HPSEBL makes real time power management from available resources i.e., booking of URS/surrendering of power, regulation of power houses to the extent possible, disposal/arrangement of power at IEX/PXIL, OD/UD from/to Grid etc. HPSEBL is making all out efforts to arrange/dispose power in most economical and efficient way keeping in view the Grid security and reliability.	

No.	Directives issued in the 4th APR order dated 31.03.2023	Status of Compliance submitted by the Petitioner	Commission's Remark
10.3.21	**High T&D losses:** 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. 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.	Compliance stand submitted to HPERC vide letter No. HPSEBL/CE(Comm.)/SERC-11/2023-24-2367 dated 13.06.2023.	The Commission observes that merely sending a letter does not meant that the directive has been complied. The T&D losses of few of the Circles of the HPSEBL are still more than 20%. The directive is being continued.
10.3.22	**Subsidy Payments through Direct Benefits Transfer:** 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 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 GoHP. The Commission directs the Petitioner to take matter with GoHP for further clarification on the aforementioned points and the same should be	Process in phased manner is under progress. Aadhaar Linking is proposed in Solan Disttt. for DBT scheme.	The partial compliance is noted. The directive is being continued.

No.	Directives issued in the 4th APR order dated 31.03.2023	Status of Compliance submitted by the Petitioner	Commission's Remark
	updated/submitted to the Commission accordingly.		
10.3.24	**Status of UDAY Scheme with respect to conversion of government loan into grant and equity as per the tripartite agreement:** 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.	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.	The Petitioner is required to expedite the process and submit progress report in this regard by 30th June, 2024, positively. The directive is being continued.
10.3.25	**Utilization of Hamirpur Transmission Bays:** Regarding non-utilization of two number of bays by HPSEBL at Hamirpur Sub-station of the PGCIL, the Transmission charges for these bays amounting to Rs.68 Lakh/ Annum is being charged from HPSEBL through bilateral billing till utilisation of these bays by 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 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 towardsJalandher and 2 Nos bays towards Mattansidh end). The remaining 2 No bays have been constructed but not utilized in any Sub-station of HPSEBL. 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.	HPSEBL is making efforts for surrendering the bays but CTUIL is not allowing the same.	The Petitioner is required to expedite the same and if need arises may approach the Hon'ble CERC/ Hon'ble APTEL. The Petitioner to submit progress report in this regard by 30th June, 2024, positively. The directive is being continued.

No.	Directives issued in the 4th APR order dated 31.03.2023	Status of Compliance submitted by the Petitioner	Commission's Remark
10.3.26	**Segregation of Account Heads for different Business Units:** The Commission directs the Petitioner to segregate its account into different businesses and also the Licensed Distribution Business Accounts be segregated into Wheeling Business and Retail Supply Business units from FY 2023-24 onwards, so that the provisions can be implemented from the next Control Period (FY25-FY29).	In this context, 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. Since the segment-wise information will be certified by Cost Auditor and therefore the requirement of segregation of accounts from April 1, 2024 may not be required. Moreover, the process will take more time and HPSEBL is in the process of segregating the accounts, therefore, the same may be enforced from April, 2026.	In subsequent response, the Petitioner has submitted that the said exercise is about to be completed by 01.03.2024 and thereafter, the same will be got certified from the Statutory Auditor/Cost Auditor by 12.03.2024. The Petitioner is to comply the directive by 30th April, 2024. The directive is being continued.

12.2 New Directives

Power Procurement Planning

12.2.1 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.

12.2.2 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.

Procurement of Renewable Power

12.2.3 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.

Short-term Power procurement

12.2.4 It has been seen that due to poor planning, 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.

Non allocation of the GoHP Free Power to the HPSEBL

12.2.5 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 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 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 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.

Manpower Planning, Reorganization and Recruitment of Regular & Outsourced Employees

12.2.6 (a) 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.

12.2.7 (b) The Commission directs the Petitioner to 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.

Load Forecasting and Network Planning

12.2.8 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.

GoHP Subsidy

12.2.9 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. 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 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.

Approval for Capital Works

12.2.10 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.

12.2.11 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.

12.2.12 **With regard to EHV & HV works, the Commission directs the Petitioner to submit necessary details (DPRs, cost estimates, purpose of investment, approvals, date of award, completion schedule, etc.) of all spillover works and new works by 30th June, 2024, positively.**

Modernization works under RDSS

12.2.13 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.**

Demonstration of savings on account of Smart metering

12.2.14 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 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 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.

Separate Accounts for different Business Units with proper allocation of the common costs along with segregation of Wheeling and Retail Supply Business

12.2.15 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.

Reliability and Quality of Power Supply indices

12.2.16 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. 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.

Separate Account code for IT related expenses

12.2.17 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.

Fixed Asset Register

12.2.18 The Commission directs the Petitioner to complete the ongoing exercise of preparing its Fixed Asset Register for distribution business by 30th April, 2024, positively and submit the compliance by the 1st week of May, 2024.

Online tendering process for all works above rupees fifty thousand

12.2.19 Commission vide letters dated 07.12.2022 and 31.12.2022 respectively issued directions to 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.

12.2.20 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.

12.2.21 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.

12.2.22 Now, it has come to the notice of commission that 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.

12.2.23 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 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.

Loading of the Distribution Transformers beyond 75% capacity

12.2.24 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.

Proper response to the objections of Stakeholders

12.2.25 The Commission strongly feels that the Petitioner should respond to the observations of the stakeholders in a responsible manner. The Commission also observes that the Petitioner has responded to the objections of the stakeholders in a very casual manner. Such attitude of the Petitioner is not acceptable at all. The Commission in the past has also pointed out about this to the Petitioner. The Commission hereby directs the Petitioner to respond to the queries of the stakeholders in future on analytical basis based on facts and figures by addressing each and every aspect of the comments in a sensible manner rather than giving a casual reply.

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 2024** 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 2024** which was in force with effect from 1st April 2023 except in such cases where 'Special Agreements' have otherwise been entered into for a fixed period, by HPSEBL with its Consumers. Street Lighting Agreements shall, however, not be considered as 'Special Agreements' for this purpose and revised Tariff as per Schedule **'SLS'** of this Schedule of Tariff shall be applicable.

D. This Schedule of Tariff is subject to the provisions of **'Schedule of General and Service Charges' (Appendix – A)** and related Regulations notified by the Commission, from time to time.

E. Force Majeure Clause: In the event of a force majeure event, as defined in Himachal Pradesh Electricity Supply Code, 2009, as amended from time to time, the Consumer shall be entitled to proportionate reduction in Demand Charge or any other Fixed 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%
66 kV	33 kV	2%
≥ 132 kV	66 kV	2%

EXPLANATION:

1) *The revised provisions of standard supply voltage under the* Himachal Pradesh Electricity Supply Code, 2009, as amended from time to time, *have been notified and new connections shall be released on that basis.*

2) *Here the expression "for each level of step down" as an example shall mean that in a particular case, if the Standard Supply Voltage is 33kV and the Actually Availed Supply Voltage is less than 11 kV, then the number of step downs shall be two (2) and the rate of LVSS applicable shall be 8% (5%+3%). Similarly, if the Standard Supply voltage is >=132 kV and actual availed supply voltage is 33 kV, 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 viz 50 kVA for LT supply, 2200 kVA for 11 kV or 22 kV supplies, 10000 kVA for 33 kV and 12000 kVA for 66 kV supplies.*

I. Lower Voltage Metering Surcharge (LVMS): In respect of Consumers, for whom the metering (for maximum demand (kVA) or energy consumption (kWh or kVAh) or both) instead of being done on the higher voltage side of the transformer at which the supply had been sanctioned by the HPSEBL, is actually done on the lower voltage side of the transformer due to non-availability of higher voltage metering equipment or its unhealthy operation, such Consumers shall in addition to other charges, be also charged "Lower Voltage Metering Surcharge" (LVMS) at the rate of 2% on the amount of only the Energy Charges billed.

J. Late Payment Surcharge (LPS): Surcharge for late payment shall be levied at the rate of 1.5% per month or part thereof, on the outstanding amount excluding electricity duty/ taxes for all the Consumer categories.

K. Supply during peak load hours: The following additional conditions shall be applicable for use of Power during peak load hours (6:30 PM to 10 PM) in case of the Consumers covered under small Industrial Power supply, medium Industrial Power supply, large Industrial Power supply and irrigation and drinking 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. Demand Charge (DC): 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. Contract Demand Violation Charge (CDVC): In the event, the actual Maximum

Demand (in kVA) recorded on the energy meter during any consecutive 30 minute block period, exceeds the Contract Demand (in kVA), the Consumer shall be charged 'Contract Demand Violation Charges' (CDVC) (in Rs/ kVA) at a rate which shall be three (3) times the rate of the Demand Charges (DC) (referred to in para '**L**') to the extent the violation 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. *Night-Time Concession (NTC):* Night-Time Concession (in Rs/kVAh) on consumption of energy (in kVAh) from 22:00 hours to 06:00 hours shall be available to two part Tariff Consumers falling under the Category to which such concession has been allowed as per Part-II – Schedule of Tariff, at the rates fixed in the relevant Consumer Category under the Schedule of Tariff. However, such Consumers must be provided with suitable tri-vector meters capable of recording energy during different times of the day.

P. *Rebate for Prepaid Consumers:* A rebate of 1.5% on the Energy Charge shall be applicable for all the Consumers availing prepaid meter facility.

Q. Seasonal Industries: In this Schedule, unless the context otherwise provides, Seasonal Industries mean the industries which by virtue of their nature of production, work only during a part of the year, continuously or intermittently up to a maximum period of 7.5 months in a year, such as atta chakkis, saw mills, tea factories, cane crushers, irrigation water pumping, rice husking/hullers, ice factories, ice candy plants and such other factories as may be approved and declared as seasonal by the HPSEBL from time to time. The provisions under this clause shall also be applicable for such hotels in the Lahaul Spiti, Kinnaur and Pangi 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.

R. <u>Power Factor Surcharge (PFS):</u>

i) If at any point of time, the Power factor of Consumers, to whom Power Factor Surcharge is applicable as per Part-II 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.

S. Replacement of Defective/Missing/damaged Shunt Capacitors -

In accordance with Himachal Pradesh Electricity Supply Code, 2009, as amended from time to time.

T. Temporary Revision of Contract Demand:

In accordance with Himachal Pradesh Electricity Supply Code, 2009, as amended from time to time.

U. Sanction of Contract Demand:

In accordance with Himachal Pradesh Electricity Supply Code, 2009, as amended from time to time.

V. The General Conditions Of Tariff Contained in Part-I, the Schedule Of Tariff Contained in Part -II of this Annexure and General and Service charges contained in Appendix to this Tariff Order shall be read and applied in conjunction with the relevant provisions of Himachal Pradesh Electricity Supply Code, 2009, as amended from time to time;

W. Wherever specific provisions have been provided in this Tariff Order, the same shall prevail over General Provisions;

X. The Tariffs and charges provided in this Tariff Order are applicable only to the Consumers of the HPSEBL;

Y. HPSEBL shall provide suitable meters capable of recording the parameters for billing purposes as per the Tariff structure under respective Schedules.

Z. In case any dispute 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 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 20kW;

i) Monasteries and Nunneries;

j) Heritage Hotels approved under HP Government's Heritage Tourism Policy, 2017;

k) Residential Paying Guests;

l) Incredible India Bed-and-breakfast as per GoI, Ministry of Tourism guidelines;

m) "Home Stay Units" in rural areas duly registered with the District Tourism Development Officer;

n) Offices of the Himachal Pradesh Senior Citizen Forum;

o) Personal Garage for parking of personal light motor vehicle;

p) For Industrial Consumer which are under PDCO due to non-payment of dues or sick closed units with maximum connected load of 20 kW for lighting and security purpose only till regular connection is restored (Pre-paid meter provisionally); and

q) 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) *No compounding will be permissible. For residential societies which wish to take a single point supply, this would be permitted, and the Energy Charges would be divided by the number of such units to determine the relevant slab. Thus, if there are 10 dwelling units in a society and the energy consumption in a month is 3500 units, the first 1250 (125*10) units would be charged at Rs 5.60 per kWh, the next 1750 (175*10) at Rs 6.00 per unit and the balance 500 units at Rs. 6.25 per unit. Fixed Charge shall be Rs. (85*10).*

2 **Character of Service:** *Applicable as per the relevant provisions of Himachal Pradesh Electricity Supply Code, 2009, as amended from time to time.*

3 **Single Part Tariff**

A) 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	
0-125	85.00
126-300	85.00
Above 300	85.00

a) Energy Charges

Description	Slabs (kWh per month)	Energy Charge (Rs./kWh)
Lifeline Consumers	0-60	4.72
Other Consumers	0-125	5.60
	126-300	6.00
	Above 300	6.25

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 slabs of 0-125; 126-300; and above 300 kWh per month respectively will apply.

2. *Heritage hotels, Incredible India bed-and-breakfast, homestay units in rural areas are to be charged under Domestic Category with Energy Charges for such Consumers to be levied at 30% higher than the net Energy Charges payable (net off subsidy) by the Consumers in the respective slab.*

3. *For MES and other 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 the rate of 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.*

4. **Lower Voltage Supply Surcharge (LVSS):** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

5. **Lower Voltage Metering Surcharge (LVMS)*:*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

6. ***Late Payment Surcharge (LPS):*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

7. ***Night Time Concession (NTC):*** *Not Applicable.*

8. ***Power Factor Surcharge (PFS):*** *Not Applicable.*

9. ***Disturbing* Load Penalty (DLP):** *Applicable as per the provisions under 'Part-1 General Conditions of Tariff'.*

10. ***Rebate for Prepaid Consumers:*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'*

***SCHEDULE* - NON-DOMESTIC NON-COMMERCIAL SUPPLY (NDNCS)**

1. Applicability

This Schedule is applicable to the following Consumers:

a) Government and semi-Government offices;

b) Educational Institutions viz. Schools, Universities, ITIs, Colleges, Centre for Institute of Engineers, Sports Institutions, Mountaineering Institutions and allied sports and Libraries, Hostels and Residential Quarters attached to the Educational Institutions, Private Medical Colleges with attached Hospital and with user charges as per Govt. Hospital rates, if supply is given at single point;

c) Religious places such as Temples, Gurudwaras, Mosques, Churches etc. with connected load greater than 5kW;

d) Sainik and Govt. 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)	6.42

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)	6.16

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. ***Night Time Concession (NTC):*** *Not Applicable.*

10. ***Power Factor Surcharge (PFS):*** *Not Applicable.*

11. ***Disturbing Load Penalty (DLP):*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

12. ***Peak Load Charges (PLC):*** *Not Applicable.*

13. ***Rebate for Prepaid Consumers:*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'*

<u>SCHEDULE – COMMERCIAL SUPPLY (CS)</u>

1 Applicability

This Schedule is applicable to Consumers for lights, fans, appliances like pumping sets, central air conditioning plants, cold storages, lifts, heaters, embroidery machines, printing press, Power press and small motors in all commercial premises such as shops, business houses, cinemas, clubs, banks, private offices, private hospitals, petrol pumps, hotels/motels, welding sets, servicing stations, private nursing homes, private rest/guest houses, private research institutions, private coaching institutions, private museums, dry cleaning, garages and private auditoriums, departmental stores, restaurants, lodging and boarding houses, shopping malls and multiplexes.

This Schedule shall also include all other categories which are not covered by any other Tariff Schedule.

<u>Note:</u> *Resale of electricity to tenants, adjoining houses and to other parties is strictly prohibited.*

2. In case of hotels in tribal areas of Lahaul-Spiti, Kinnaur and Pangi, seasonal Tariff as described in Part-I of Annexure-I shall be applicable.

3. **Character of service:** *Applicable as per provisions under* Himachal Pradesh Electricity Supply Code, 2009, as amended from time to time.

4. **Single Part Tariff for Contract Demand ≤ 20 kVA**

a) Fixed Charges (Charges-1)

Fixed Charges (Rs/month)	145.00

b) Energy Charges (Charges-2)

Energy Charges (Rs./kWh)	6.52

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 kVA but up to 100 kVA)	6.31
Above 100 kVA	6.21

C) Demand Charges (Charges-3)

Demand Charges (Rs/kVA/month)	
>20 kVA ≤ 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.

5 **Lower Voltage Supply Surcharge (LVSS):** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

6. ***Lower Voltage Metering Surcharge (LVMS):*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

7. ***Late Payment Surcharge (LPS):*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

8. ***Contract Demand Violation Charge:*** *Applicable as specified under 'Part-1 General Conditions of Tariff'.*

9. ***Night Time Concession (NTC):*** *Not Applicable.*

10. ***Power Factor Surcharge (PFS):*** *Not Applicable.*

11. ***Disturbing Load Penalty:*** *Applicable as specified under 'Part-1 General Conditions of Tariff' of this Annexure I.*

12. ***Peak Load Charges (PLC):*** *Not Applicable.*

13. ***Rebate for Prepaid Consumers:*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'*

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)	5.92

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)	5.81

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. 7.11/kVAh

6. **Lower Voltage Supply Surcharge (LVSS):** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

7. **Lower Voltage Metering Surcharge (LVMS):** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

8. **Late Payment Surcharge (LPS):** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

9. **Contract Demand Violation Charge:** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

10. **Night Time Concession (NTC):** *Applicable for the Consumers having Contract Demand of more than 20kVA, as per provisions under 'Part-1 General Conditions of Tariff', at the following rates:*

    (i) 110 Paise/kVAh for consumption during night hours for the month of June, July and August 2024;

    (ii) 70 Paise/kVAh for other months.

11. **Power Factor Surcharge (PFS):** (1) *Applicable as per provisions under 'Part-1 General Conditions of Tariff' for the Consumers covered under single part Tariff.*

    (2) Not applicable for Consumers covered under two-part Tariff

12. **Disturbing Load Penalty (DLP):** *Not Applicable.*

14. **Factory lighting and colony supply:** All consumption for bonafide factory lighting i.e., energy consumed in factory premises including factory building, its offices, stores, time keeper office, canteen, library, staff dispensary, welfare center and factory yard lighting shall be charged under this Tariff Schedule. The consumption for bonafide use of residential/staff quarters and street lighting of the colony shall also be charged under this Tariff Schedule if supply is taken at a single point. Such consumption shall be charged for the energy consumed at the following rates:

    a) During normal times and night time: Normal rate subject to the condition that the night time concession as per Clause 10 above, shall be given on consumption during night time.

    b) During peak load hours: The rates (demand and energy) applicable for peak load hours shall be charged.

    If supplies for colony and/or its residences are taken separately, the same shall be charged as per the relevant Consumer categories of this Schedule of Tariff.

15. **Rebate for New and Expansion Industries:**

    a. For new industries, which have come into production between 01.06.2020 to

31.05.2021, the Energy Charges shall be 10% lower than the approved Energy Charges for the respective Category for a period of 3 years.

b. For new industries, which have come into production from 01.06.2021 onwards, the Energy Charges shall be 15% lower than the approved Energy Charges for the respective Category for a period of 3 years.

c. For existing industries, which have undergone expansion during 01.06.2020 to 31.05.2021, Energy Charges shall be 10% lower than the approved Energy Charges corresponding to the respective Category for a period of three years for quantum of energy consumption corresponding to proportionate increase in Contract Demand.

   Provided that such expansion, if undertaken during 01.06.2021 to 31.03.2024 and/or shall be undergoing expansion on or after 01.04.2024, 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.

d. The above-mentioned rebate on Energy Charges shall be applicable during normal and peak hours. In case of night hours, night-time concession shall only apply.

e. For those industries having operation for more than three years in the State and are the electricity consumers of the HPSEBL, the energy charges shall be 15% lower than the approved Energy Charges for the respective category for quantum of energy consumption corresponding to additional energy consumption over and above that of maximum of the yearly consumptions of the last three financial years only. The quantity of additional energy consumption for the purpose of the rebate will be worked out at the end of the financial year. The amount of rebate will be calculated multiplying the quantum of additional energy consumption to the 15% rate of normal energy charges for the corresponding tariff category as determined by the Commission for the period applicable. It is also to clarify that in case any industrial consumer is availing the benefit of reduced energy charges in case of the increase in their contract demand shall not be eligible for availing the benefit of this new rebate introduced from 01.04.2024.

f. 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-Q of General Conditions of Tariff.

16. Rebate for Prepaid Consumers***:*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'*

SCHEDULE - MEDIUM INDUSTRIAL POWER SUPPLY (MIP)

1. Applicability

This Schedule is applicable to Industrial Consumers with Contract Demand above 50 kVA but not exceeding 100 kVA including pumps (other than irrigation pumping), tokas, cane crushers, Atta Chakkis, 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)	5.81

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. 6.91

5. Lower Voltage Supply Surcharge (LVSS): *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

6. Lower Voltage Metering Surcharge (LVMS): *Applicable as per provisions under*

'Part-1 General Conditions of Tariff'.

7. **Late Payment Surcharge (LPS):** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

8. **Contract Demand Violation Charge:** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

9. **Night Time Concession (NTC):** *Applicable as per provisions under 'Part-1 General Conditions of Tariff', at the following rates:*

   (i) 110 Paise/kVAh for consumption during night hours for the month of June, July and August 2024;

   (ii) 70 Paise/kVAh for other months.

10. **Power Factor Surcharge (PFS):** *Not Applicable.*

11. **Disturbing Load Penalty (DLP):** *Not Applicable.*

12. **Factory lighting and Colony Supply:** *All consumption for bonafide factory lighting i.e., energy consumed in factory premises including factory building, its offices, stores, time keeper office, canteen, library, staff dispensary, welfare center and factory yard lighting shall be charged under this Tariff Schedule. The consumption for bonafide use of residential/staff quarters and street lighting of the colony shall also be charged under this Tariff Schedule, if supply is taken at a single point. Such consumption shall be charged for the energy consumed at the following rates:*

   a) During normal times and night time: Normal rate subject to the condition that the night time concession as per Clause 9 above, shall be given on consumption during night time.

   b) During peak load hours: The rates (demand and energy) applicable for peak load hours shall be charged.

   If supplies for colony and/or its residences are taken separately, the same shall be charged as per the relevant Consumer categories of this Schedule of Tariff.

13. **Rebate for New and Expansion Industries:**

   a. For new industries, which have come into production between 01.06.2020 to 31.05.2021, the Energy Charges shall be 10% lower than the approved Energy Charges for the respective Category for a period of 3 years.

   b. For new industries, which have come into production from 01.06.2021 onwards, the Energy Charges shall be 15% lower than the approved Energy Charges for the respective Category for a period of 3 years.

   c. For existing industries, which have undergone expansion during 01.06.2020 to

31.05.2021, Energy Charges shall be 10% lower than the approved Energy Charges corresponding to the respective Category for a period of three years for quantum of energy consumption corresponding to proportionate increase in Contract Demand.

Provided that such expansion, if undertaken during 01.06.2021 to 31.03.2024 and/or shall be undergoing expansion on or after 01.04.2024, 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.

d. *The above-mentioned rebate on Energy Charges shall be applicable during normal and peak hours. In case of night hours, night-time concession shall only apply.*

e. *For those industries having operation for more than three years in the State and are the electricity consumers of the HPSEBL, the energy charges shall be 15% lower than the approved Energy Charges for the respective category for quantum of energy consumption corresponding to additional energy consumption over and above that of maximum of the yearly consumptions of the last three financial years only. The quantity of additional energy consumption for the purpose of the rebate will be worked out at the end of the financial year. The amount of rebate will be calculated multiplying the quantum of additional energy consumption to the 15% rate of normal energy charges for the corresponding tariff category as determined by the Commission for the period applicable. It is also to clarify that in case any industrial consumer is availing the benefit of reduced energy charges in case of the increase in their contract demand shall not be eligible for availing the benefit of this new rebate introduced from 01.04.2024.*

f. *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-Q of General Conditions of Tariff.*

14. Rebate for Prepaid Consumers: *Applicable as per provisions under 'Part-1 General Conditions of Tariff'*

SCHEDULE - LARGE INDUSTRIAL POWER SUPPLY (LIPS)

1. Applicability

This Schedule is applicable to all other Industrial Power Consumers with Contract Demand exceeding 100 kVA including Tele-communication Towers and Information Technology industry (limited only to IT parks recognized by the State/Central Govt.) and not covered by Schedule "IDWPS".

2. Character of Service: *Applicable as per relevant provisions of Himachal Pradesh Electricity Supply Code, 2009, as amended from time to time.*

3. Two Part Tariff

a) Fixed Charges (Charges-1)

Description	Fixed Charge s(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	5.66
132 kV	5.71
66 kV	5.76
HT-1 (Contract Demand up to and including 1MVA)	6.06
HT-2 (Contract Demand above 1 MVA)	5.81

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)

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	400.00

1 MVA)	

Note: Demand Charges would be levied on the actual maximum recorded demand in a month in any 30-minute interval in a month or 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	6.96
HT-1	7.16
HT-2	7.16

5. Lower Voltage Supply Surcharge (LVSS): *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

6. Lower Voltage Metering Surcharge (LVMS): *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

7. Late Payment Surcharge (LPS): *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

8. Contract Demand Violation Charge: *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

9. Night Time Concession (NTC): *Applicable as per provisions under 'Part-1 General Conditions of Tariff' of this Annexure I at following rates:-*

(i) 110 Paise/kVAh for consumption during night hours for the month of June, July and August 2024;

(ii) 70 Paise/kVAh for other months.

10. Power Factor Surcharge (PFS): *Not Applicable*.

11. Disturbing Load Penalty (DLP): *Not Applicable*

12. Factory lighting and colony supply: All consumption for bonafide factory lighting i.e., energy consumed in factory premises including factory building, its offices, stores, time keeper office, canteen, library, staff dispensary, welfare Centre and factory yard lighting shall be charged under this Tariff Schedule. The consumption for bonafide use of residential/staff quarters and street lighting of the colony shall also be charged under this Tariff Schedule if supply is taken at a single point. Such consumption shall be charged for the energy consumed at the following rates:

a) During normal times and night time: Normal rate subject to the condition that the night time concession as per Clause 9 above, shall be given on consumption during night time.

b) During peak load hours: The rates (demand and energy) applicable for peak load hours shall be charged.

If supplies for colony and/or its residences are taken separately, the same shall be charged as per the relevant Consumer Categories of this Schedule of Tariff.

13. Rebate for New and Expansion Industries:

a. For new industries, which have come into production between 01.06.2020 to 31.05.2021, the Energy Charges shall be 10% lower than the approved Energy Charges for the respective Category for a period of 3 years.

b. For new industries, which have come into production from 01.06.2021 onwards, the Energy Charges shall be 15% lower than the approved Energy Charges for the respective Category for a period of 3 years.

c. For existing industries, which have undergone expansion during 01.06.2020 to 31.05.2021, Energy Charges shall be 10% lower than the approved Energy Charges corresponding to the respective Category for a period of three years for quantum of energy consumption corresponding to proportionate increase in Contract Demand.

   Provided that such expansion, if undertaken during 01.06.2021 to 31.03.2024 and/or shall be undergoing expansion on or after 01.04.2024, 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.

d. Example: In case of Contracted Demand is increased by an industry from 2 MVA to 3 MVA, the monthly units consumption for the purpose of lower Energy Charges shall be considered in proportion of the Original Contracted Demand and increased Contracted Demand. i.e., in case of the monthly consumption is 6 LUs, the lower Energy Charges shall be applicable on 2 LUs while 4 LUs shall be billed at the regular Energy Charge.

e. The above-mentioned rebate on Energy Charges shall be applicable during normal and peak hours. In case of night hours, night-time concession shall only apply.

f. For those industries having operation for more than three years in the State and are the electricity consumers of the HPSEBL, the energy charges shall be 15% lower than the approved Energy Charges for the respective category for quantum of energy consumption corresponding to additional energy consumption over and above that of maximum of the yearly consumptions of the last three financial years only. The quantity of additional energy consumption for the purpose of the rebate will be worked out at the end of the financial year. The amount of rebate will be calculated multiplying the quantum of additional energy consumption to the 15% rate of normal energy charges for the corresponding tariff category as determined by the Commission for the period applicable. It is also to clarify that in case any industrial consumer is availing the benefit of reduced energy charges in case of the increase in their contract demand shall not be eligible for availing the benefit of this new rebate introduced from 01.04.2024.

g. 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-Q of General Conditions of Tariff.

14. Rebate for Prepaid Consumers: *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

SCHEDULE - IRRIGATION AND DRINKING WATER PUMPING SUPPLY (IDWPS)

1 Applicability

This Schedule is applicable to connections for water and irrigation pumping and also covers all consumption for bona fide Pump House lighting. This Schedule is also applicable to Private Irrigation loads in individual/ society's names, green houses, poly houses, mushroom growing, processing facilities for agriculture, poultry farms and sheds, pond fish culture in farmer's own agricultural land, fisheries, horticulture, floriculture and sericulture etc. where all such activities are undertaken by agricultural land holders and temporary agricultural loads such as wheat threshers and paddy threshers. This Schedule shall also be applicable to sewerage treatment plants and Cow sanctuaries and Gaushala registered with 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)	5.12

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	6.46

Description	Energy Charges (Rs./kVAh)
HT	6.06
EHT	5.66

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.

Notes:

a) *Government of HP subsidy under this Category would only be applicable to agricultural Consumers having Contract Demand of upto 20 kVA only irrespective of the voltage levels at which they are connected.*

5. Peak load charges (PLC)

Description	Energy Charges (Rs./kVAh)
LT	7.36
HT	7.16
EHT	6.96

6. Lower Voltage Supply Surcharge (LVSS): *Applicable as specified under 'Part-1 General Conditions of Tariff'.*

7. *Lower Voltage Metering Surcharge (LVMS):* *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

8. *Late Payment Surcharge (LPS):* *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

9. *Contract Demand Violation Charge:* *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

10. *Night Time Concession (NTC):* *Applicable as per provisions under 'Part-1 General Conditions of Tariff', at the following rates:*

(i) 70 Paise/kVAh for consumption during night hours for the month of June, July and August 2024;

(ii) 50 Paise/kVAh for other months.

11. *Power Factor Surcharge (PFS):* *(1) Applicable as per provisions under 'Part-1 General Conditions of Tariff' for the Consumers covered under single part Tariff.*

(2) Not applicable for Consumers covered under two-part Tariff

12. ***Disturbing Load Penalty (DLP):*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

13. ***Factory lighting and colony supply:*** *All consumption for bonafide factory lighting i.e., energy consumed in factory premises including factory building, its offices, stores, time keeper office, canteen, library, staff dispensary, welfare Centre and factory yard lighting shall be charged under this Tariff Schedule. The consumption for bonafide use of residential/staff quarters and street lighting of the colony shall also be charged under this Tariff Schedule, if supply is taken at a single point. Such consumption shall be charged for the energy consumed at the following rates:*

a) During normal times and night time: Normal rate subject to the condition that the night time concession as per Clause 10 above, shall be given on consumption during night time.

b) During peak load hours : The rates (demand and energy) applicable for peak load hours shall be charged.

If supplies for colony and/or its residences are taken separately, the same shall be charged as per the relevant Consumer Categories of this Schedule of Tariff.

14. Rebate for Prepaid Consumers: *Applicable as per provisions under 'Part-1 General Conditions of Tariff'*

<u>SCHEDULE - BULK SUPPLY (BS)</u>

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 Govt. Hospital rates, Departmental/Private Colonies, Group Housing Societies, A.I.R Installations, Aerodromes, Bus Stands with single point connection and other similar Establishments/Institutions where further distribution to various residential and non-residential buildings is to be undertaken by the Consumer, for its own bona fide use and not for resale to other Consumers with or without profit. However, in case of MES, this Schedule shall continue to apply till such time MES do not avail Open Access.

2. Character of service: *Applicable as per relevant provisions of Himachal Pradesh Electricity Supply Code, 2009, as amended from time to time.*

3. Two Part Tariff

a) Fixed Charges (Charges-1)

Fixed Charges (Rs/month)	
LT	Nil
HT	Nil
EHT	Nil

b) Energy Charges (Charges-2)

Description	Energy Charges (Rs./kVAh)
LT	6.26
HT	5.76
EHT	5.56

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. ***Night Time Concession (NTC):*** *Not applicable.*

9. ***Power Factor Surcharge (PFS):*** *Not Applicable.*

10. ***Disturbing* Load Penalty (DLP):** *Not Applicable.*

11. ***Peak Load* Charges (PLC):** *Not Applicable.*

12. ***Rebate for Prepaid Consumers:*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'*

SCHEDULE - STREET LIGHTING SUPPLY (SLS)

1 Applicability

This Schedule is applicable for Street Lighting System including Traffic Control Signal Systems on roads and Park lighting in Municipalities, Nagar Panchayats, SADA areas and Panchayats.

2 Character of service: *Applicable as per relevant provisions of Himachal Pradesh Electricity Supply Code, 2009, as amended from time to time.*

3. Single Part Tariff

a) Fixed 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. ***Night Time Concession (NTC):*** *Not Applicable.*

9. ***Power Factor Surcharge (PFS):*** *Not Applicable.*

10. ***Disturbing Load Penalty (DLP):*** *Not Applicable.*

11. ***Rebate for Prepaid Consumers:*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'*

SCHEDULE - TEMPORARY METERED SUPPLY (TMS)

1 Applicability

This Schedule is applicable to all loads of temporary nature including exhibitions, touring talkies, circuses, fairs, melas, marriages, festivals, temporary supply for construction purposes including civil works by Government departments and other similar purposes for temporary needs only. This Schedule shall also include connections for which NOC from the relevant authorities i.e., Panchayat, Municipalities, Town and Country Development Authority (by whatever name called) has not been provided by the Consumer. However, this Schedule is not applicable to wheat threshers & Paddy threshers, which shall be covered under Irrigation & Drinking Water Pumping Supply even for temporary connection.

2 Character of service: *Applicable as per relevant provisions of Himachal Pradesh Electricity Supply Code, 2009, as amended from time to time.*

3 Single Part Tariff for Contract Demand ≤ 20 kVA

a) Fixed Charges (Charges-1)

Fixed Charges (Rs/month)	200.00

b) Energy Charge (Charges-2))

Energy Charges (Rs./kWh)	8.42

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)	7.76

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. ***Night Time Concession (NTC):*** *Not Applicable.*
10. ***Power Factor Surcharge (PFS):*** *Not Applicable.*
11. ***Disturbing Load Penalty (DLP):*** *Not Applicable.*
12. ***Peak Load Charges (PLC):*** *Not Applicable.*
13. ***Rebate for Prepaid Consumers:*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'*

SCHEDULE – RAILWAY TRACTION

1 Applicability

This Schedule is applicable to Railways for Traction Loads.

2 Character of service

Standard Supply Voltage (AC 50 Hz)	≥ 66kV

3 Two Part Tariff for Contract Demand > 20 kVA

a) Fixed Charges (Charges-1)

Fixed Charges (Rs/month)	Nil

b) Energy Charges (Charges-2)

Energy Charges (Rs./kVAh)	6.16

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. ***Night Time Concession (NTC):*** *Not applicable.*
9. ***Power Factor Surcharge (PFS)*****:** *Not Applicable.*
10. **Disturbing Load Penalty (DLP):** *Not Applicable.*
11. **Peak Load Charges (PLC):** *Not Applicable*.
12. ***Rebate for Prepaid Consumers:*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'*

SCHEDULE – EV Charging 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	6.79 (Rs./kWh)

13. Lower Voltage Supply Surcharge (LVSS): *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

14. *Lower Voltage Metering Surcharge (LVMS*): *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

15. *Late Payment Surcharge (LPS):* *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

16. *Contract Demand Violation Charge:* *Not Applicable*

17. *Night Time Concession (NTC):* *Not applicable.*

18. *Power Factor Surcharge (PFS):* *Not Applicable.*

19. *Disturbing* Load Penalty (DLP): *Not Applicable.*

20. *Peak Load* Charges (PLC): *Not Applicable.*

21. *Rebate for Prepaid Consumers:* *Applicable as per provisions under 'Part-1 General Conditions of Tariff'*

Appendix-A: Schedule of General and Service Charges

S. No.	Description	Approved by the Commission
1. Particulars:		
A. Meter Inspection and Testing Charges (Challenge of Correctness of Meter by Consumer)		
(i)	Single Phase	Rs. 100/- per meter
(ii)	Poly phase (LT)	Rs. 300/-
(iii)	HT or special meter (MDI or Trivector meter)	Rs. 550/-
		Rs. 1100/- with CT/PT combined unit
Note: This amount shall be deposited by the Consumer along with his application for the inspection of the meter and will be refunded to him in case the meter is not found to be correct within the prescribed limits.		
B. Testing Charges of Transformers or other equipment of Consumer or Private Party		
(I)	Protective Relays:	
	Testing including current and Time Setting of protective relays	Rs. 1100/- per Relay
(II)	Power and Distribution Transformers	
(a)	Insulation resistance tests of winding	Rs. 770/- per Transformer
(b)	General checking of breather and other accessories	Rs. 400/- per Transformer
(c)	Dielectric strength test of oil	Rs. 300/- per Transformer
(d)	Testing of buchuolz relay and temperature indicators functioning	Rs. 800/- each
(III)	Circuit Breaker 400 volts and 11/33kV	
	General checking of breaker and testing of the tripping mechanism	Rs. 800/- each
(IV)	Current transformer and Potential transformers and meters:	
(a)	Testing of single-phase LT current transformer	Rs. 300/- each
(b)	Current Testing of 3 phase LT current transformer	Rs. 440/- each
(c)	Testing of single phase 11kV & 33kV CTs	Rs. 550/- each
(d)	Testing of three phase 11kV & 33kV CTs	Rs. 1100/- each
(e)	Testing & recalibration of single-phase LT energy meter	Rs. 90/- per meter
(f)	Testing & recalibration of three phase energy meter w/o CT	Rs. 330/- per meter
(g)	Testing & recalibration of three phase energy meter With CT	Rs. 660/- per meter
(h)(i)	Testing & recalibration of HT/EHT metering equipment	Rs. 2000/- per meter

S. No.	Description		Approved by the Commission
(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
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 man power required (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. 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: -			

S. No.	Description	Approved by the Commission
(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.
(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		

S. No.	Description	Approved by the Commission
(i)	Small Industrial Power Supply Consumers (Contract Demand< = 50 kVA)	Rs. 500/-
(ii)	Medium Industrial Power Supply Consumers (Contract Demand > 50 kVA and < = 100 kVA)	Rs. 1000/-
(iii)	Large Industrial Power Supply Consumers (Contract Demand > 100 kVA)	Rs. 1500/-
(iv)	All other categories of Consumers	Rs. 250/-
5. Fuse replacement:		
	Replacement of fuse(s) pertaining to HPSEBL/ Consumer	Rs. 50/-
6. Testing Consumer's installation:		
(i)	The first test and inspection of a new installation or of an extension to the existing installation	Nil
(ii)	For every subsequent visit for the test and inspection of a new installation or of an extension to the existing installation	
(a)	Single Phase LT	Rs. 100/-
(b)	Three phase (LT)	Rs. 200/-
(c)	Three phase (HT)	Rs. 500/-
	Note:- These charges shall be deposited by the Consumer in advance before every subsequent visit for inspection of installation	
7. Replacement of meter card:		
(i)	Domestic/NDNCS/Commercial	Rs. 10/- in each case
(ii)	All other categories of Consumers	Rs. 10/- in each case
8. Replacement of meter glass:		
(i)	Replacement of broken glass of meter cup board when the Consumers is considered to have broken it	Rs. 100/-
(ii)	Replacement of broken or cracked glass of meter when there is no evidence of Consumer having broken it or tempered with the meter	Rs. 100/-
(iii)	Replacement of broken glass of meter when the Consumer has tempered with or broken by Consumer:	
(a)	Single phase	Rs. 500/-* or the actual cost of meter whichever is higher
(b)	Three phase	Rs. 1500/- *or the actual cost of meter, whichever is higher.

S. No.	Description	Approved by the Commission
	Note-1: This amount will be charged without prejudice to the right of HPSEBL to take any other action or impose penalty on the Consumer as per the prevailing rules. Since in such cases, the meter has to be sent to M&T lab, the meter changing charges shall be levied additionally.	
	* This is without prejudice to HPSEBL's right to recover the estimated cost of theft of energy. Principles of natural justice shall invariably be followed and opportunity of being heard given to the Consumer before levying such charge.	
9. Supply of duplicate copies of the bills/ review of bills:		
(i)	Review of bills (all Categories)	Nil
(ii)	Supply of duplicate copies of bills	
(a)	Domestic/NDNCS/Commercial	Rs. 5/-
(b)	Medium and large Power supply	Rs. 5/-
(c)	All other categories	Rs. 5/-
(iii)	Supply of duplicate copies of Demand notice:	
(a)	Domestic Consumers	Rs. 10/-
(b)	Non-residential Consumers	Rs. 10/-
(c)	Small Industrial and Agriculture Consumers	Rs. 10/-
(d)	Medium Industrial Consumers	Rs. 10/-
(e)	Large Industrial and other categories of Consumers	Rs. 10/-
(iv)	Supply of detailed print out of the meter recording	Rs. 50/-
10. Attendants for functions		
	Deputing attendants (line staff) for all functions.	
	(Per Attendant per day per function limited to 8 hours/day)	Rs. 250/-
11. Cost of Application/Agreement Form and wiring Contractor's test report forms:		
	For all categories	Nil
12. Processing fee for change in Contract Demand		
	Fee for change in Contract Demand (CD)	Rs. 25/- per kVA of the changed quantum of CD
13. Disconnection Charges (to be paid by authority / agency Ordering disconnection*#)		
(I)	Small Industrial Power Supply Consumers (Contract Demand< = 50 kVA)	Rs. 500/-
(ii)	Medium Industrial Power Supply Consumers (Contract Demand > 50 kVA and < = 100 kVA)	Rs. 1000/-

S. No.	Description	Approved by the Commission
(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.* *Note: These charges shall also be applicable for Consumers requesting disconnection.* *#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) **Member**	**(YASHWANT SINGH CHOGAL)** **Member Law**	**(DEVENDRA KUMAR SHARMA)** **Chairman**

Shimla

Dated: March 15, 2024