First Annual Performance Review Order For 4th MYT Control Period (FY20-FY24)

&

Determination of Tariff for FY21

&

True-up of FY18 of 3rd MYT Control Period

for

Himachal Pradesh State Electricity Board Limited (HPSEBL)

Himachal Pradesh Electricity Regulatory Commission

June 06, 2020

BEFORE THE HIMACHAL PRADESH ELECTRICITY REGULATORY COMMISSION AT SHIMLA
PETITION NO: 05/2020

CORAM
Sh. S.K.B.S. NEGI
Sh. BHANU PRATAP SINGH

IN THE MATTER OF:

Approval of the Aggregate Revenue Requirement (ARR) for FY21 and the First Annual Performance Review (APR) of the Fourth MYT Order for the Control Period (FY20-FY24) under sections 62, 64 and 86 of the Electricity Act, 2003.

AND

IN THE MATTER OF:

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

ORDER

The Himachal Pradesh State Electricity Board Limited (hereinafter called the 'HPSEBL' or 'Petitioner') has filed a petition with the Himachal Pradesh Electricity Regulatory Commission (hereinafter referred to as 'the Commission' or 'HPERC') for First Annual Performance Review Order under Fourth Control Period (FY2019-20 to FY2023-24) and determination of Wheeling and Retail Supply Tariff for FY 2020-21 under Sections 62, 64 and 86 of the Electricity Act, 2003 (hereinafter referred to as "the Act"), read with the HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011 and its amendments (hereinafter referred to as "MYT Regulations, 2011"). In the Petition, HPSEBL has also submitted True-Up of uncontrollable parameters of FY 2017-18.

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

The Commission has determined the ARR of the distribution business of HPSEBL for FY 2020-21 under Fourth MYT Control Period (FY20-FY24) and approved the Wheeling and Retail Supply Tariff for FY 2020-21 in accordance with the guidelines laid down in Section 61 of the Electricity Act, 2003, the National Electricity Policy, the National Tariff Policy and the regulations framed by the Commission that stipulate that the Wheeling and Retail Supply Tariff shall be decided every year taking into account adjustments on account of allowed variations in uncontrollable parameters.

The Commission, in exercise of the powers vested in it under Section 62 of the Electricity Act, 2003, orders that the approved Tariffs together with "Schedule of General and Service Charges" shall come into force w.e.f. 1st June, 2020.

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

In terms of sub-regulation (6) of Regulation 3 of the Regulations, 2011, the Wheeling and Retail Supply Tariff shall, unless amended or revoked, continue to be in force up to March 31, 2021. In the event of failure on the part of the licensee to file application for true-up for FY19 & FY20 and approval of Wheeling and Retail Supply Tariff for the ensuing financial year, in terms of Regulation 37 of the Regulations, 2011 on or before November 30, 2020, the tariff determined by the Commission shall cease to operate after March 31, 2021, unless allowed to be continued for further period with such variations or modifications as may be ordered by the Commission.

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

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

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

(BHANU PRATAP SINGH)	**(S.K.B.S. NEGI)**
Member	**Chairman**

Shimla

Dated: June 06, 2020

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1 INTRODUCTION

1.1 Himachal Pradesh Electricity Regulatory Commission

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

Functions of the Commission

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

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

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

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

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

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

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

g) levy fee for the purposes of this Act;

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

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

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

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

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

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

m) promotion of investment in electricity industry;

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

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

1.2 History of HPSEBL

1.2.1 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.

1.2.2 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.

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

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

1.3 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 First APR of Fourth MYT Control Period and Tariff Petition for FY21

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

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

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

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

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

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

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

1.4.5 In accordance with the MYT Regulations 2011, the Commission issued Third MYT Order for distribution business of HPSEBL on 12th June, 2014. Subsequently, the Commission issued the First Annual Performance Review Order under the third Control Period for the distribution business of HPSEBL on 10th April 2015 and the Second Annual Performance Review Order under the third Control Period for the distribution business of HPSEBL on 25th May 2016. The Commission also issued the Mid-Term Performance Review for the Third MYT Control Period on 17th April, 2017 and the Fourth Annual Performance Review Order on 4th May, 2018.

1.4.6 The Commission further issued MYT Order for Fourth Control Period (FY2019-20 to FY2023-24) for distribution business of HPSEBL on 29th June 2019.

1.4.7 The Petitioner has now filed petition for approval of first Annual Performance Review for Fourth MYT Control Period (FY20-FY24) and determination of Tariff for FY 2020-21 with the HPERC under Sections 62, 64 and 86 of the Electricity Act, 2003, read with the HPERC MYT Regulations, 2011. Also, as part of the MYT Petition, HPSEBL has submitted truing-up of uncontrollable parameters of FY 2017-18 of third MYT Control Period.

1.4.8 This is first Annual Performance Review Order under Fourth Control Period (FY2019-20 to FY2023-24) and determination of Wheeling and Retail Supply Tariff for FY 2020-21 along with true-up of uncontrollable parameters for FY 2017-18. In this Order, Commission has undertaken analysis based on actual values of FY 2017-18 and approval of Wheeling and the Retail Supply Tariffs for FY2019-20 based on the updated information submitted by HPSEBL. Also, provisional truing-up of uncontrollable parameters for FY 2017-18 has also been undertaken based on the provisional accounts of HPSEBL.

1.4.9 As per the MYT Regulations, 2011, Wheeling and Retail Supply Tariff shall be decided every year taking into account the adjustment on account of allowed variations in uncontrollable parameters based on the Annual Performance Review (hereinafter referred as "APR") petition filed by the Licensee. Further, revenue gap on account of truing-up of previous years i.e. FY 2017-18 has also been considered for recovery along with the revised ARR for FY 2020-21.

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

1.5 Admission of Petition and Interaction with the Petitioner

1.5.1 HPSEBL filed the application for first Annual Performance Review for Fourth MYT Control Period (FY20-FY24) along with approval of ARR and determination of Wheeling and Retail Supply Tariff for FY 2020-21, with the Commission on 30th November, 2019. The petition also included true-up of uncontrollable parameters for FY 2017-18. Based on various observations/ deficiencies pointed out by Commission, HPSEBL submitted further details and clarifications subsequently.

1.5.2 The Commission admitted the petition submitted by HPSEBL vide its interim order dated 6th February, 2020. There have been a series of interactions between the HPSEBL and the Commission, both written and oral, wherein the Commission sought additional information/ clarification and justifications on various issues, critical for the analysis of the petition.

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

Table 1: HPERC Communication to the Petitioner

Sl.	HPERC's Communication	Date
1	HPERC-F(1)-15/2019-2304-05	09.12.2019
2	HPERC-F(1)-15/2019-2783-84	14.01.2020
3	HPERC-F(1)-15/2019-3291-92	22.02.2020

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

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

Table 2: Communication with the Petitioner

Sl.	HPSEBL's Communication	Date
1.	M.A No 191/2019	21.12.2019
2.	M.A. No 9/2020	06.02.2020
3.	M.A. No 26/2020	05.03.2020

Public Hearings

1.5.6 The Commission issued an interim order to the HPSEBL on 6th February, 2020 for publishing a summary of the salient features of the petition for the information of all the stakeholders. In compliance to the order, the HPSEBL published the salient features of the petition in the following newspapers:-

Table 3: List of Newspapers for Publication of Stakeholder Comments

Sl.	Name of News Paper	Date of Publication
1.	The Indian Express (English)	11th February, 2020
2.	Amar Ujala (Hindi)	12th February, 2020
3.	Hindustan Times (English)	12th February, 2020
4.	Dainik Bhaskar (Hindi)	13th February, 2020

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

Table 4: List of Newspapers for Public Notice by Commission

Sl.	Name of News Paper	Date of Publication
1.	The Tribune (English)	15th February, 2020
2.	Divya Himachal (Hindi)	15th February, 2020

1.5.8 The stakeholders were requested to file their objections by 7th March, 2020. HPSEBL was required to submit replies to the suggestions/ objections to the Commission by 18th March, 2020 with a copy to the objectors on which the objectors were required to submit rejoinder by 24th March, 2020.

1.5.9 The Commission issued a public notice informing the public about the scheduled date of public hearing as 26th March, 2020. 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 However, in view of ongoing lockdown and related restrictions related to COVID-19, the Commission felt that it would not be possible to conduct the public hearing in near future and therefore decided to provide some additional timeframe for submission of comments /suggestions on the tariff petition based on which it shall be issuing the Tariff Order for FY 2020-21. Therefore, the Commission provided another opportunity to the stakeholders to submit their additional comments upto 12th May, 2020.

1.5.11 The issues and concerns voiced by various objectors have been carefully examined by the Commission. The major issues raised by the objectors in their written submission as well as those raised during the stakeholder consultation process, have been summarized in Chapter 5 of this Order.

2 SUMMARY OF THE TRUE-UP PETITION FOR FY18

2.1 Background

2.1.1 The Petitioner has requested Commission to true-up the expenditure and revenue for FY 2017-18 based on the provisional audited accounts. The component wise submission made by the Petitioner is provided in the subsequent sections.

2.2 Sales Projections

2.2.1 The Petitioner has submitted the actual Category-wise energy sales for FY 2017-18 as detailed in the table below:

Table 5: Petitioner Submission- Energy Sales for FY18 (MU)

Category (MU)	Approved in MTPR	Actual
Domestic	2,141	2,008.83
Non Domestic Non Commercial	138	144.57
Commercial	547	567.09
Temporary	33	35.96
Small Industry	164	85.98
Medium Industry	55	114.81
Large Industry	4,521	4,614.96
Govt. Irrigation & Water Pumping	618	605.09
Public Lighting	13	11.29
Agriculture	60	62.18
Bulk Supply	145	153.80
Total Sales	**8,436**	**8,404.56**

2.2.2 The Petitioner has also submitted that actual sales for FY 2017-18 is 31.44 MUs lower than the sales approved by the Commission and has requested the Commission to approve the sales to the actual level.

2.3 Revenue from Sale of Power

2.3.1 The Petitioner has submitted that the actual revenue from sale of power within state for FY 2017-18 is given in the table below:

Table 6: Category-wise Revenue from Sale of Power for FY18 (Rs Cr)

Particulars	Approved in MTPR	Actual Revenue
Small Industry	90.15	78.38
Medium Industry	31.12	85.85

Particulars	Approved in MTPR	Actual Revenue
Large Industry (HT and EHT)	2,564.01	2,530.71
Domestic	968.02	881.81
Irrigation and Drinking Water* / Agriculture & Irrigation	385.74	43.10
Commercial	326.70	323.14
Bulk and Grid Supply	92.43	99.02
Non-Domestic Non Commercial	79.78	102.59
Public Lighting	6.56	16.15
Temporary Metered Supply	31.67	28.20
IPH	-	433.77
Total	**4,576.18**	**4,622.72**

**Approved revenue for Irrigation and Drinking Water amounting to Rs. 385.74 Cr includes the recovery from IPH, whereas the actual revenue from Agriculture & Irrigation and revenue from IPH are shown as separate line items.*

2.3.2 The actual revenue from sale of power within state is Rs 4,622.72 Cr against the approved revenue of Rs 4,576.18 Cr. This increase is attributable to the categories such as Agriculture and Irrigation, Bulk Supply, NDNC, and Public lighting.

2.3.3 In the MTPR Order, the Commission had approved revenue from sale of power outside the state of Rs 442.74 Cr against which the actual revenue is Rs 714.98 Cr. Banking being a cashless transaction, notional cost of the banked power considered in the provisional accounts has been excluded from the revenue from sale of power outside the state. Accordingly, the actual revenue from sale of power outside the state during FY 2017-18 considered for true-up is given in the table below:

Table 7: Revenue from Sale of Power outside State for FY18 (Rs. Cr)

Particulars	Approved in MTPR	Actual Revenue
Revenue from sale of power outside State	442.74	1,686.57
Less: Banking Sale		971.59
Net Revenue from sale of power outside state	**442.74**	**714.98**

2.4 Power Purchase Cost

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

- Power purchase expenses are considered as per the actual bills received from the generating companies
- The CERC has revised the Tariff of various Central Generating Stations and accordingly, the arrears amount has also been considered for such stations.
- For Own Generation stations, the methodology adopted for computation of cost of power purchase is in line with the provisions of the MYT Regulations, whereby fixed and energy charges have been considered separately.

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

Table 8: Petitioner Submission- Summary of Power Purchase from all Generating Stations in FY18

Particulars	MUs	Amount (Rs Cr)
Own Generation		
Bhaba	489.94	33.06
Bassi	314.44	25.10
Giri	169.27	18.83
Andhra	65.53	9.89
Ghanvi	68.76	15.47
Ghanvi II	20.59	4.63
Baner	32.98	8.44
Gaj	29.69	10.27
Larji	536.88	112.34
Khauli	33.31	7.49
Binwa	31.64	6.11
Thirot	7.66	1.72
Gumma	5.00	1.13
Holi	4.22	0.95
Bhaba Aug	15.14	3.41
Nogli	3.56	2.26
Rongtong	1.02	1.35
Sal-II	-	-
Chaba	4.50	1.55
Rukti	2.37	0.65
Chamba	1.83	0.38
Killar	0.41	0.09
Sub-total – Own Generation	**1,838.75**	**265.12**
NTPC		
Anta (G)	9.05	5.00
Anta (L)	0.17	0.18
Anta (LNG)	23.50	14.50
Auriya (G)	5.84	11.05
Auriya (L)	0.37	0.34
Auriya (LNG)	12.97	10.55
Dadri (G)	92.41	24.11
Dadri (L)	5.10	4.31
Dadri (LNG)	38.01	28.05
Unchahar-I	98.58	35.86
Unchahar-II	123.29	49.33
Unchahar-III	68.73	29.32
Unchahar-IV	11.92	4.89
Rihand-1 STPS	224.49	23.27
Rihand-2 STPS	210.60	48.41
Rihand-3 STPS	212.48	64.91
Kahalgaon - II	158.04	54.22
Singrauli STPS	43.24	5.34
Dadri-II TPS	71.40	27.37

Particulars	MUs	Amount (Rs Cr)
Jhajjar STPS	-	0.00
Koldam	437.97	205.45
Sub-total - NTPC	**1,848.15**	**646.46**
NHPC		
Bairasuil	-	0.03
Chamera I	57.10	12.82
Chamera II	48.57	12.11
Chamera III	-	0.04
Dhauliganga	39.68	15.04
Dulhasti	-	0.00
Parbati III	-	0.09
Salal	30.50	7.85
Sewa II	-	0.00
Tanakpur	12.07	4.88
Uri	61.26	14.38
Uri II	-	-
Parbati II		-
Sub-total - NHPC	**249.18**	**67.23**
THDC		
Tehri	-	(2.69)
Koteshwar	-	-
Sub-total - THDC	-	**(2.69)**
SJVNL		
Nathpa Jhakri SOR	156.52	39.63
Nathpa Jhakri Equity	1,542.37	369.61
Rampur HEP SOR Share	43.63	17.38
Rampur HEP Equity Share	503.89	176.77
Sub-total – SJVNL	**2,246.41**	**603.39**
Nuclear		
NAPP	104.13	33.51
RAPP	106.53	38.09
Sub-total - Nuclear	**210.66**	**71.60**
Other CG and Shared Stations		
BBMB Old	43.80	29.48
BBMB New	326.38	
Dehar	171.74	
Pong	47.62	
Shanan (available to HPSEB) -1 MW	5.26	-
Shanan Ext (available to HPSEB)-45 MUs	45.00	0.91
Chibro	193.31	18.13
Khodri	87.60	9.50
Dhakrani	31.93	5.12
Dhalipur	46.00	8.04
Kulhal	24.75	3.44
Khara	51.78	5.24
Sub-total – CG & Shared Stations	**1,075.17**	**79.88**

Particulars	MUs	Amount (Rs Cr)
Solar		
Singrauli Solar	21.33	16.79
SECI	44.09	26.39
Sub-total - Solar	**65.42**	**43.19**
HPPCL		
Kasang HEP	169.11	37.20
Sub-total - HPPCL	**169.11**	**37.20**
GoHP Power		
Own Generation Stations		
Larji	71.81	18.89
Khauli	4.52	1.19
Ghanvi	9.38	2.47
Gaj	4.05	1.06
Baner	4.50	1.18
Ghanvi-II	2.81	0.74
Interstate Generation Stations		
Shanan Share	2.63	0.69
Ranjeet Sagar Dam	81.64	20.90
Malana	68.43	18.00
Baspa II	158.64	41.72
Kasang	25.27	6.65
Chanju	12.38	3.26
Kol Dam	2.11	0.56
Nathpa Jhakri HEP	3.55	0.93
Chamera-I	0.00	-
Chamera-II	0.00	-
Chamera-III	0.00	-
Parbati-III	0.00	-
Rampur project	0.00	-
Baira Siul	0.00	-
Small HEP/Private Micro	93.28	24.53
Sub-total – GOHP	**544.98**	**142.76**
Private IPPs		
Small HEP/ Private Micro	1,167.95	327.84
Small HEP/ Private Micro -APPC/REC	292.16	69.25
Solar IPPs within state	0.36	0.18
Baspa - II - Primary	1,163.36	191.06
Baspa - II Secondary Energy		
Sub-total – Private IPPs	**2,623.82**	**588.33**
Others		
UI	345.49	108.42*
Banking Purchase	1928.94	971.59#
Contingency (IEX)	90.58	32.66
Sub-total - Others	**2365.00**	**1,112.67**
Grand Total (Sum of 1 to 12)	**13,236.65**	**3,655.15**
Less: Cost of Banking Purchase		971.59

Particulars	MUs	Amount (Rs Cr)
Net Cost of Power Purchase		**2,683.55**

**UI charges of Rs. 108.42 Cr include Rs. 87.66 Cr towards UI and balance comprises of Composite DSA Bills from NRPC (DSA recovery from GOHP, Malana, etc.)*
 # cost of banking has not been considered as a part of power purchase expense for computational purposes.

2.5 Transmission Charges

2.5.1 The Petitioner has submitted that during FY 2017-18 it has paid PGCIL charges, HPPTCL charges, SLDC charges, STOA charges, etc. to the tune of Rs. 413.89 Cr. Few of the consideration made by the Petitioner is summarised below:

- For the purpose of truing up, the provisioning of Rs. 2.15 Cr for LADF (DoE) in FY 18 has been excluded.
- The net expense incurred due to operation of the Solang IPP project in the Nahan circle of the Petitioner has been considered. Further, regarding the nature of payment recorded under power purchase head – Operation Circle (Nahan), it is submitted that an agreement between the Petitioner and M/s A. Power Himalayas Ltd. dated 11th August 2000 was executed for the purpose of Wheeling, Banking and Captive use of Power. According to the agreement, any excess energy after the free supply to the GoHP and captive use shall be purchased by the Petitioner at the Interconnection point at a fixed rate of Rs. 2.50 per unit.

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

Table 9: Petitioner Submission- Summary of Transmission Charges in FY18

Particulars	Amount (Rs Cr.)
Transmission Charges	
PGCIL	351.73*
HPPTCL	(4.98)**
SLDC Charges	(1.83)#
STOA Charges	45.03
Sub-total- Transmission Charges	**389.96**
Other Charges	
Trading Margin	5.43
Reactive Charges	0.72
NRLDC	0.89
Operation Circle Nahan	0.52
UI (Malana)	0.57
Sub-total- Other Charges	**8.12**
Grand Total	**398.09**

** includes PGCIL charges of Rs. 94.04 Cr recovered from PTC Ltd. and GoHP against free power*
*** in the 2nd MYT Order for HPPTCL dated 14.07.2011 The Commission approved the ARR for FY 12, FY13, and FY14 amounting to Rs. 11.71 Cr, Rs. 12.05 Cr, and Rs. 11.92 Cr respectively. However, in the True-up Order dated 10.04.2017 for 2nd Control Period the charges approved for respective years were Rs. 7.61 Cr, Rs. 8.56 Cr , and Rs. 1.90 Cr Thus, on account of true up surplus amount of Rs. 17.61 Cr was due from HPPTCL and same has been considered in the books of accounts. HPPTCL charges payable for FY 18 have been adjusted against the surplus amount and the balance stands at Rs. 4.98 Cr in the negative.*
 # opening receivable stood at Rs. 3.97 Cr, SLDC charges incurred for FY 18 are Rs. 2.14 Cr, balance in the financial statements stands at Rs. 1.83 Cr in negative.

2.5.3 The total power purchase cost for FY 2017-18 submitted by the Petitioner is summarized in the table below:

Table 10: Petitioner Submission- Summary of Power Purchase Cost in FY18

Particulars	Amount (Rs Cr)
Power Purchase Cost (Interstate) (Excluding Cost of Own Generation)	2,418.44
PGCIL	351.73
HPPTCL	(4.98)
SLDC Charges	(1.83)
STOA charges	45.03
Other Cost (System/Marketing operation charges, Operation circle Nahan, UI (Malana), Trading Margin (Mittal), Reactive Power, NLDC)	8.12
Power Purchase Cost (including transmission & other charges)	**2,816.52**
Add: Own Generation	265.12
Total Power Purchase Cost (including Own Generation)	**3,101.28**

2.5.4 HPSEBL has requested the Commission to approve power purchase cost of Rs. 3,101.28 Cr for True-Up of FY 2017-18.

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

Table 11: Petitioner Submission- Reconciliation of Power Purchase Cost with Audited Accounts for FY18 (Rs Cr.)

Particulars	As per Audited Accounts	Submitted
Power Purchase Cost	3,790.26	-
Less: LADF DoE	2.15	-
Power Purchase Cost (including transmission & other charges)	**3,788.1**	**2,816.52**
Less: Banking power purchase	971.59	-
Power Purchase Cost	**2,816.52**	**2,816.52**

2.6 Transmission and Distribution Loss

2.6.1 The Petitioner has submitted that T&D loss of 12.20% for FY 2017-18 was approved in the Mid-term Performance Review Order with 0.2% reduction each year for the remaining year(s) of the Third Control Period. The Petitioner further submitted that based on the actual sales & power purchase quantum it has achieved T&D loss level of 11.05% during FY 2017-18.

Table 12: Petitioner Submission- Transmission and Distribution loss

Particulars	Approved in MTPR	Actual
T&D loss	12.20%	11.05%

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

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

2.6.3 The Petitioner has requested the Commission to approve the T&D loss of 11.05%.

2.7 Energy Balance

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

Table 13: Petitioner Submission- Energy Balance for FY18 (MU)

Particulars	FY18
Units Procured from Interstate- Generating Stations (including GoHP power stations connected to ISTS)	7,382.09
Banking Purchase at ISTS	1,928.94
Interstate Transmission Loss (%)	3.27%
Transmission Loss (MUs)	304.73
Net Energy Available at Periphery	**9,006.29**
Power Available within the state	3,489.56
(i) State Generating Stations	1,838.75
(ii) GoHP Power (own generation & IPPs)	190.35
(iii) IPPs	1,460.47
Power from Other Sources	436.07
(i) UI Power	345.49
(ii) IEX	90.58
Total Energy Available at HP periphery	**12,931.92**
Energy Sales Within the state	8,404.56
Inter-State Sale of Power	3,483.57
(i) Sale of Power (including UI & IEX)	520.37
(ii) Banking	1,740.59
(iii) RE Sale	1,222.61
Total Energy Available for sale within the state	**9,448.35**
Total Energy Sale	**11,888.13**
T&D loss (in MUs)	1,043.79
T&D loss (%)	**11.05%**

2.8 Incentive for Over-achievement of T&D Loss

2.8.1 The Petitioner submitted that it has been able to achieve an overall T&D loss level of 11.05% for FY 2017-18 against the approved target of 12.20% for FY 2017-18 in the Mid-term Performance Review Order. The Petitioner has submitted that a mechanism for pass-through of gains or losses on account of variations in the distribution loss is provided under HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) (Second Amendment) Regulations, 2013.

2.8.2 The Petitioner has submitted the savings resulting from the over-achievement of T&D loss for FY 2017-18 as shown in the table below:

Table 14: Petitioner Submission- Saving on account of over-achievement of T&D Loss for FY18 (MUs)

Sl.	Particulars	FY18
A	Energy Sales within state (MU)	8,404.56
B	T&D Losses (%)	12.20%
C	**Power Purchase requirement to meet state requirement (MU)**	**9,572.3**
D	**Inter-State Sale (MU)**	**3,483.5**
	(i) Banking Arrangement (MU)	1,740.5
	(ii) Sale Outside the state (MU)	1,742.9
E	Total Power Purchase Quantum approved at State Periphery (MU)	13,055
F	Actual Power Purchase Quantum at State Periphery (MU)	12,931.9
G	**No. of units saved (MU)**	**124.04**

2.8.3 The Petitioner has mentioned that it has saved 124.04 MUs and has computed the incentive for over-achievement of T&D loss as detailed in table below:

Table 15: Petitioner Submission-Incentive for over-achievement of T&D Loss for FY18 (Rs Cr.)

Particulars	Unit	Amount
No. of Units	**MU**	**124.04**
Cost of Power for over-achievement		
Cost of Power Purchase from Other than own resource	Rs Cr	2,418.44
Power purchased from other than own sources	MU	9,468.97
Less: PGCIL losses	MU	304.73
Net Power Purchase	MU	9,164.23
Cost of Power Purchase from Other than own sources	Rs/kWh	**2.64**
Total Incentive	Rs Cr	32.74
HPSEBL's Share	%	60%
HPSEBL's Incentive on account of T&D loss overachievement	**Rs Cr**	**19.64**

2.8.4 Accordingly, the Petitioner has requested the Commission to approve power purchase cost to Rs 3101.28 Cr. for FY 2017-18 which also includes incentive of Rs 19.64 Cr.

2.9 Renewable Purchase Obligation

2.9.1 HPSEBL has to purchase power from renewable sources (non-solar & solar) in order to meet its obligation of 9.50 % from non-solar and 4.75 % from solar power for the FY 2017-18.

2.9.2 Based on the above, the Petitioner has submitted the following RE Power Purchase details.

Table 16: Petitioner Submission for RE Power Purchase for FY18 (Rs Cr.)

Description	Quantum (in MUs)	Quantum (in MUs)
RE Type	**Non Solar**	**Solar**
Renewable Power Purchase Obligations (in MUs)	153.08	76.54
Total RE purchased for supply and utilized to meet own RPPO	383.31	64.86

Description	Quantum (in MUs)	Quantum (in MUs)
Net shortfall(-)/surplus (+) in meeting own RE Obligation	**230.23**	**-11.68**

2.9.3 Petitioner has prayed that in line with the HPERC Order dated 17.07.2017 regarding adjustment of surplus/shortfall of RE Certificates or renewable energy with respect to Renewable Purchase Obligation of FY 2016-17 in FY 2017-18, the shortfall of 131.72 MUs in Non-Solar RPPO during FY 2016-17 may be adjusted against the surplus of 230.23 MUs for FY 2017-18.

2.9.4 HPSEBL has prayed for similar adjustment Non-Solar RPPO deficit of 164.60 MUs for FY 2015-16, against the RE Certificates (Non-Solar) which were received against the surplus Non-Solar Power of 182.77 MUs for FY 2014-15.

2.9.5 HPSEBL had a deficit in meeting its solar RPPO during FY 2017-18 to the tune of 11.68 MUs. Petitioner has proposed to meet this deficit by RE Certificates (solar) which the Petitioner received against the surplus solar power of 15.28 MUs during FY 2016-17.

2.10 Employee Cost

2.10.1 The employee cost submitted by the Petitioner for the FY 2017-18 is summarized in the table below.

Table 17: Petitioner Submission- Employee Cost for FY18 (Rs. Cr.)

Particulars	Approved in MTPR (Rs Cr.)	Actual (Rs Cr.)
Salaries & Allowances		
Salaries (Basic) + Dearness Pay		388.06
Merger of DA with Basic (Proposed)		-
Grade pay		34.70
DA		381.95
Employee Arrears - 7th Pay Commission		-
Other Allowances		31.44
Overtime		3.79
Bonus		0.28
Salaries		**840.22**
Other Staff Cost		
Medical Expense Reimbursement		7.42
Fee & Honorarium		0.40
Earned Leave Encashment		78.43
Salary/Wages of Outsourced/Contractor.		29.96
Leave Salary Contribution		0.19
Payment under Workmen's Compensation		2.54
LTC		0.11
Staff Welfare Expenses		0.26
Other Staff Cost		**119.31**
Employee Cost	**1,117.5**	**959.53**
Terminal Benefits		

Particulars	Approved in MTPR (Rs Cr.)	Actual (Rs Cr.)
Provident Fund Contribution		0.02
Board Contribution towards Superannuation		0.34
Pension - Base		686.69
Pension - Commuted Value		80.08
Pension -7th Pay Commission Arrears		-
Gratuity		62.35
Any other Items (MRC to pensioners, benevolent fund and DLI)		23.71
Board Contribution equal to the Employees Contribution towards CPS		10.04
Terminal Benefits – Total (4)	**543.27**	**863.23**
Gross Employee Cost	**1,660.8**	**1,822.76**
Less : Employee Cost Capitalization	55.85	46.27
Less : Employee Attrition Impact	-	
Net Employee Cost	**1,605**	**1,776.49**
Less provision		
Gratuity		
Pension		
Leave encashment		
Provision of IR Employee		
Provision of IR Pensioner		
Total provisions	**61.73**	**-**
Net Employee Cost after reduction of provision	**1,543.2**	**1,776.49**

2.10.2 Accordingly, the Petitioner has requests the Commission to approve employee cost to Rs 1,776.49 Cr.

2.11 Administrative & General Expenses

2.11.1 The Petitioner has submitted A&G expense is a controllable parameter and any surplus or deficit on account of actual A&G expense shall be to the account of the Petitioner. A&G expense submitted by the Petitioner for the FY 2017-18 is summarized in the table below.

Table 18: Petitioner Submission- Actual Vs Approved A&G Expense for FY18 (Rs. Cr.)

Particulars	Approved in MTPR (Rs Cr)	Actual (Rs Cr)
Administration Charges		
Rent, Rates & Taxes		4.53
Statutory Dues		1.44
Telephone, Postage & Telegrams		2.35
Consultancy Charges		0.97
Conveyance & Travel		11.13
Regulatory Expenses		0.93
License fee Distribution & Transmission payable to HPERC		-
Income Tax Updating Charges		0.66
Consumer Redressal Forum		2.15
Insurance		0.02

Particulars	Approved in MTPR (Rs Cr)	Actual (Rs Cr)
Purchase Related Expenses & Other Charges		1.10
IT and other Initiatives		-
Sub Total-Administration Charges (1)		**25.28**
Other Charges		
Fees & Subscriptions, Books & Periodicals		0.35
Printing & Stationery		2.52
Advertisement Expenses		0.53
Electricity Charges		5.44
Water Charges / Cold weather expenses		0.35
Legal Charges		3.41
Audit Fee		0.24
Statutory Audit Fee		0.02
Internal Audit Fee		-
Expenditure on Gift/ Presentation		0.01
Entertainment Charges		-
Training to Staff		2.43
Fees for SAS Examination		-
Public Interaction Program		0.14
Expenditure on providing cost free CFL bulb domestic consumer		-
Exp. Incurred on capacity building for Poverty Reduction		-
Public Expenses / Other professional charges		0.55
Expenditure related to High level Committee		0.01
Expenditure related to high level committee for formulation of power policy-other expenses		0.02
Exp. On GIS/Global Position		0.97
Transaction Charges to SCAs for collection of energy bills		1.21
Compensation paid for non-compliance of Renewable Power		-
TA/DA Internal Auditor		0.02
TA/DA Statutory Auditor		0.16
Private Vehicle hire charges		0.32
Charges on a/c of service rendered by central board keeping agency under new pension scheme		0.04
Exp. On IPAVAST Connectivity Charges etc.		3.10
Publicity expenses		0.05
Providing ID to staff Vidyut Bhawan		0.01
Technical fees		-
Freight Material related Expenses		0.10
Misc. Expenses		0.81
Sub Total-Other Charges (2)		**22.81**
A&G - Grand Total (1+2)		**48.09**
Less: Capitalisation		0.49
Net A&G Costs	**62.28**	**47.60**

2.11.2 HPSEBL has further submitted that as per the additional amount towards A&G expense approved in the Mid-term Performance Review order for Rs. 15.70 crores towards activities proposed like preparation of Accounting Manual, Digitization of consumer and employee data, Voltage wise Cost of Supply, Training to Staff, etc. it has spent Rs. 2.43 Cr towards training to staff as an appropriation of the additional amount which has been already included above.

2.11.3 Accordingly, the Petitioner has requested the Commission to approve A&G expenses of Rs. 62.28 Cr.

2.12 Repairs and Maintenance Expenses

2.12.1 The Petitioner has submitted R&M expense is a controllable parameter and any surplus or deficit on account of actual R&M expense shall be to the account of the Petitioner. R&M expense submitted by the Petitioner for the FY 2017-18 is summarized in the table below.

Table 19: Petitioner Submission- Approved Vs Actual Repairs and Maintenance Expenses for FY18 (Rs. Cr.)

Particulars	Approved in MTPR (Rs Cr.)	Actual (Rs Cr.)
Plant & Machinery	`	0.10
Buildings		2.07
Civil Works		0.47
Hydraulic Works		(0.13)
Lines, Cables Networks		63.87
Vehicles		16.70
Furniture & Fixtures		0.02
Office Equipment		28.97
Other i.e. cost of vehicle other than vehicle		(1.32)
R&M Cost – Total		**110.75**
Less: Cost Reallocated to Employee Cost and A&G Expenses		-
Less: Cost Reallocated to Depreciation		16.60
Less: Cost Reallocated for Recovery of cost of vehicle from O&M and other units		-
Net R&M Expenses	**58.02**	**94.15**

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

2.12.3 The Petitioner has also submitted that Rs. 36 Cr was incurred more in comparison to the approved R&M expenses during FY 2017-18 which was mainly on account of R&M towards IT Infrastructure. Accordingly, IT system expenses have been added as part of R&M Expenses which is necessary for upkeep and maintenance of IT systems. The Petitioner has requested the Commission to allow it as a special expense under R&M expense and consider the same during ensuing periods.

2.13 Interest & Finance Charges

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

2.13.2 The working capital requirement calculated by the petitioner for FY 2017-18 is as below:

Table 20: Petitioner Submission- Working Capital Requirement for FY18 (Rs. Cr.)

Particulars	Approved in MTPR	Actual
O&M expenses for 1 month	138.59	159.85
Receivables equivalent to 2 months average billing	801.63	863.64
Maintenance Spares (40% of R&M Expense of 1 Month)	1.93	3.14
Less: one month power purchase	244.97	257.27
Less: Consumer Security Deposit	317.31	341.77
Total Working Capital	**379.92**	**427.59**
Rate of Interest on Working Capital	12.80%	12.51%
Interest on Working Capital	**48.63**	**53.50**

2.13.3 Interest on the revised normative working requirement has been computed based on the average base rate of the last six months prior to the filing of the petition plus 350 basis points.

2.13.4 Accordingly, the Petitioner has requested the Commission to approve interest on working capital to Rs 53.50 Cr for FY 2017-18. The actual interest expenses submitted by the Petitioner for FY 2017-18 are as below:

Table 21: Petitioner Submission- Interest and Finance Charges for FY18 (Rs. Cr.)

Particulars	Approved in MTPR	Actual
Interest on Long Term Loan	187.52	187.52
Interest on Working Capital	48.63	53.50
Interest on Consumer Security Deposit	21.55	20.28
Total Interest & Finance Charges	**257.70**	**261.30**

2.14 Other Controllable Parameters

2.14.1 The depreciation and return on equity claimed by the Petitioner for FY 2017-18 are summarized in the table below. The relevant Regulation 11(1) (b) is quoted below:

" (ii) at the end of the Control Period –
I. the Commission shall review actual capital investment vis-à-vis approved capital investment.
II. Depreciation and financing cost, which includes cost of debt including working capital (interest), cost of equity (return) shall be trued up on the basis of actual/ audited information and prudence check by the Commission."

Table 22: Petitioner Submission- Depreciation and Return on Equity for FY18 (Rs. Cr.)

Particulars	MYT Approved (Rs Cr.)	Amount (Rs Cr.)
Depreciation	93.90	93.90
Return on Equity	30.24	30.24

2.15 Non-Tariff Income

2.15.1 The details of non-tariff income submitted by the Petitioner for true-up for FY 2017-18 is summarized in the table below.

Table 23: Petitioner Submission- Non-Tariff Income for FY18 (Rs. Cr.)

Particulars	Approved in MTPR	Actual
Meter Rent/Service Line Rentals		46.53
Recovery for theft of Power / Malpractices		0.07
Wheeling Charges Recovery		124.05
Peak Load Violation Charges		28.15
Miscellaneous Charges from Consumers		3.94
Non-Tariff Income – Total		**202.74**
Other Income		
Interest on Staff loans & Advances		0.40
Income from Investments		2.53
Interest on Loans & Advances to Licensees		0.00
Delayed Payment Charges from Consumers		88.10
Delayed Payment Charges from PGCIL		0.37
Interest on Advances to Suppliers / Contractors		0.97
Interest on Banks (other than on Fixed Deposits)		0.00
Income from Trading		4.71
Other Misc. Receipt trading		0.00
Income fee collected against Staff Welfare Activities		0.07
Miscellaneous Receipts		21.94
O&M Charges Recovery from HPPTCL		6.52
O&M Charges Recovery from Distribution		1.75
Amortization of Govt. grants		64.46
Subsidies against loss on account of flood		6.00
Prior Income		0.00
Other Income - Total		**197.82**
Gross Non-Tariff Income & Other Income		**400.56**
Less: Income items not considered		
Delayed Payment Charges from Consumers		88.10
Amortization of Govt. grants		64.46
Net Non-Tariff Income & Other Income Considered	**185.26**	**248.00**

2.16 Annual Revenue Requirement

2.16.1 Based on the above submissions, the actual Annual Revenue Requirement (ARR) for True-up of FY 2017-18 after adjustment of past years which the Commission had included in the approved ARR of FY 2017-18 is given in table below:

Table 24: Annual Revenue Requirement for FY18 (Rs Cr)

Particulars	Approved in MTPR	True-Up
Power Purchase Expenses for Supply in the State	**2,939.58**	**3,101.28**
Cost of electricity purchase including own generation	2,631.82	2,683.56
PGCIL Charges	243.69	351.73
HPPTCL Charges	59.79	(4.98)
STOA Charges	3.36	45.03
SLDC Charges	0.92	(1.83)
Other Charges (System/Marketing, reactive power, UI (Malana), Trading Margin, NLDC)		8.12
Incentive for over-achievement of T&D loss		19.64
Operation & Maintenance Costs	**1,673.58**	**1,928.24**
Employee Cost	1,543.27	1,776.49
R&M Cost	58.02	94.15
A&G Cost	62.28	47.60
Additional amount for safety measure	10.00	10.00
Interest & Finance Charges	257.70	261.30
Interest on Long term loan	187.52	187.52
Interest on Working Capital	48.63	53.50
Interest on Consumer Security Deposit	21.55	20.28
Depreciation	93.90	93.90
Return on Equity	30.24	30.24
Provision for Bad & Doubtful Debtors	-	14.87
Less: Non-Tariff & Other Income	185.26	248.00
Aggregate Revenue Requirement (ARR)	**4,809.75**	**5,181.83**
Add: Past period Cost	**205.99**	**205.99**
Impact of Final Truing-up for FY12-14 and FY 15	119.55	119.55
Arrears of 7th Pay revision	85.00	85.00
Truing Up of second control period for HPPTCL	0.23	0.23
Truing Up of second control period for HPSLDC	1.21	1.21
Total ARR including adjustments	**5,015.75**	**5,387.82**

2.16.2 The Commission in the True-up for FY 2016-17 disallowed certain charges paid to HPPTCL, in line with Commissions observations the Petitioner has taken up the matter with HPPTCL. Therefore, in addition, the Petitioner has seeks recovery of the Disallowances in the True-up for FY 2016-17, which are elaborated below:

Table 25: Expenses disallowed in True-up of FY 17

Particulars	Amount in (Rs.Cr)
HPPTCL Charges	
Charges paid for ADHPL"s dedicated 220kV D/C Transmission line for the Petitioner's 11.4MW power	0.69

Particulars	Amount in (Rs.Cr)
Charges paid for Phojal S/Stn for 11.4MW power	0.14
03 No. Interstate Transmission lines charges (April 2016 to September 2016	1.29
03 No. Interstate Transmission charges for FY 2014-15 (Rs. 2.5603 Cr) & FY 2015-16 (Rs. 2.5707 Cr) as per CERC tariff order dated 16.05.2016.	5.13
Additional Claim in FY 2017-18	**7.25**
Aggregate Revenue Requirement (ARR) including additional claim	**5,395.07**

2.17 Revenue Gap

2.17.1 The details of Revenue Gap submitted by the Petitioner for true up of FY 2017-18 is summarized in the table below.

Table 26: Petitioner Submission- Revenue Gap for FY18 (Rs. Cr.)

Particulars	Approved in MTPR (Rs Cr)	Amount (Rs Cr)
Annual Revenue Requirement (ARR) for FY 18	**5,015.75**	**5,387.82**
Revenue		
Revenue at existing tariff	4,576.18	4,622.72
Revenue from sale outside state	442.74	714.98
Total Revenue	**5,018.92**	**5,337.70**
Revenue Surplus (+) / Gap (-)	**3.17**	**(50.12)**

2.17.2 The Petitioner has requested the Commission to approve Revenue Gap of Rs. 50.12 Cr for FY 2017-18.

2.18 Carrying Cost

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

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

"*The distribution licensee, for the approved true-up of any year over and above that approved in the Tariff Order for that year, shall be entitled to a carrying cost at one (1) Year weighted average State Bank of India (SBI) MCLR / any replacement thereof as notified by RBI for the time being in effect applicable for one (1) Year period of the relevant Year plus 300 basis points and for any true-up resulting in less than that approved in the Tariff Order for that year, the carrying cost shall be recovered at the same rate*"

2.18.3 Accordingly, the Petitioner has estimated the carrying cost based on the opening and closing amount of revenue gap. The computation of carrying cost, cumulative revenue gap and disallowances in True-up for FY 2016-17 have been included from FY 2016-17 onwards which are summarized in the following table:

Table 27: Petitioner Submission- Carrying Cost for FY18 (Rs. Cr.)

Particulars	FY17	FY18
Opening Balance	-	7.68
Surplus/ (Gap) on account of truing-up of uncontrollable		**50.12**

Particulars	FY17	FY18
parameters for FY18		
Expenses disallowed in Order dated 29.06.2019	**7.25**	
Closing Balance	7.25	57.86
Interest Rate for Carrying Cost	11.81%	11.00%
Carrying Cost	**0.43**	**3.60**
Total Gap including carrying cost	**7.68**	**61.40**

3 SUMMARY OF THE APR PETITION FOR FY21

3.1 Introduction

3.1.1 This chapter summarizes the highlights of the Annual Performance Review (APR) Petition filed by the Petitioner for review of Aggregate Revenue Requirement (ARR) approved for FY 2018-19 in the MYT Order for the Fourth Control Period.

3.1.2 The Annual Performance Review (APR) petition filed by the Petitioner constitutes revised estimates of the Petitioner distribution business for FY 2018-19 based on data for the entire financial year for the purpose of determination of the Aggregate Revenue Requirement (ARR) and revision in Distribution & Retail Supply Tariff for FY 2018-19, FY 2019-20 and projections for FY 2020-21.

3.2 Sales Projections

3.2.1 The projections approved by the Commission in the Fourth MYT order dated 29th June, 2019 were based on half year data of FY 2018-19. However, the revised sales are projected based on complete data of base year FY 2018-19 as given in the following table:

Table 28: Sales projections by the Petitioner for the FY20 and FY21 (MUs)

Sales	FY 19 (Base Year)	CAGR considered	FY20		FY21	
			Approved	Revised	Approved	Projected
Domestic	2,106	2.74%	2,137	2,163	2,204	2,223
Non Domestic Non Commercial	159	0.00%	158	159	165	159
Commercial	615	6.38%	635	654	672	696
Temporary	36	0.00%	40	36	42	36
Small Power	92	0.71%	84	93	85	93
Medium Power	116	0.00%	118	116	119	116
Large Supply (HT and EHT)	5,127	1.00%	5,016	5,178	5,121	5,230
Govt. Irrigation & Water Pumping	566	0.00%	661	566	691	566
Public Lighting	10	0.00%	12	10	13	10
Irrigation & Agriculture	63	1.29%	77	64	86	65
Bulk Supply	151	0.00%	161	151	165	151
Total	**9,039**		**9,101**	**9,189**	**9,363**	**9,343**

3.2.2 Brief description for the growth amount considered for projections is given below:

- Domestic: For domestic category, the Petitioner has considered 3 year CAGR of 2.74%.
- Large Power Industries: The sales for large industries have grown by 11% in FY 2018-19 due to rebates offered to the industries. However, minimal growth over the sales approved in the MYT Order has been considered.
- Commercial: For commercial category, the Petitioner has considered 5 year CAGR of 6.38%.
- Small Power Industries: For small power industries, the 5 year CAGR is 0% and 3 year CAGR is 0.71%. Accordingly, the Petitioner has considered the 3 year CAGR of 0.71% for projection.
- Medium Power Industries: Due to negative growth rate during the past period, the Petitioner has considered nil growth rate for medium power industries.
- Govt Irrigation & water pumping: The Y-o-Y growth for Govt Irrigation & water pumping in FY 201819 has been negative.
- Irrigation and agriculture: Further, due to seasonal variation in agricultural production and dependency on rainfall, the Petitioner has not considered any growth for the category.
- Public Lighting: Further, the CAGR for past period for Public lighting has been negative. Hence the Petitioner has considered nil growth rate.
- Non-Domestic Non-commercial: Due to DSM initiatives and energy saving activities, the Petitioner has considered nil growth for NDNC category as well. For irrigation and agriculture, the Petitioner has considered y-o-y sales growth of 1.29%.
- Temporary and Bulk supply: For temporary and bulk supply categories, the Petitioner has considered nil growth rate due to lack of reliable trends. Therefore, the Petitioner submits to consider the revised estimate of sales for FY 2019-20 and projected sales for FY 2020-21

3.2.3 The Actual sales for the FY 2018-19 as per the petitioner submission has been 9039 MUs and the Projections for FY 2019-20 and FY 2020-21 are 9189 MUs and 9343MUs respectively which have been derived by applying the CAGR.

3.3 Power Purchase

3.3.1 The petitioner has stated that the assessment of power purchase requirement is in accordance with the past approvals of the Commission. The actual supply/generation from various sources in the first half of the current year for projecting the source-wise power purchase form the various sources has also taken into account. The Commissioning of Uhl-III has also been considered while making the projections. As per the submission of the petitioner, the estimates of power procurement from own generating stations is as follows:

Revised Estimates for Power Purchase from Own Generation

3.3.2 The Petitioner has submitted that in the absence of a MYT Tariff Order for own generation stations for the Fourth MYT Control Period, it has adopted the following approach to determine the per unit cost of saleable energy for HPSEBL's own generation stations.

- The energy charge has been considered same as approved by the Commission for the respective years.
- The energy available for sale has been derived from the average generation of the plant during the last 3 years and the avg. Aux Consumption has been considered across the upcoming years.
- For Small HEP, the sale of energy rate is considered at Rs. 2.25 as per the latest available Tariff Order
- Uhl III, 100MW capacity has not been commissioned against the anticipations made for September 2019. However, it is anticipated to be commissioned in FY 2020-21, based on which full year projection is made.

Table 29: Petitioner Submission- Revised Estimate of power procurement from own generating stations (MUs)

Details of the stations	FY 19		FY 20		FY 21	
	Energy Units (MU)	Rs Cr	Energy Units (MU)	Rs Cr	Energy Units (MU)	Rs Cr
	Provisional		Revised Estimate		Projection	
Bhaba	587.94	45.86	553.89	44.44	543.89	44.94
Bassi	291.59	23.04	327.97	26.53	311.32	25.94
Giri	214.96	19.35	204.85	19.09	196.32	18.84
Andhra	59.05	8.27	77.31	11.28	67.26	10.11
Ghanvi	76.90	17.30	85.96	19.34	87.77	19.75
Ghanvi-II	31.79	7.15	40.38	9.09	35.14	7.91
Baner	33.80	6.15	39.82	8.59	40.38	8.97
Gaj	34.62	10.46	38.40	13.69	38.91	14.29
Binwa	32.10	7.38	33.35	7.89	32.36	7.88
Thirot	4.06	0.91	11.33	2.55	7.69	1.73
Gumma	5.68	1.28	8.64	1.94	6.44	1.45
Holi	1.37	0.31	2.19	0.49	2.59	0.58
Larji	525.08	117.62	539.34	124.35	606.71	144.08
Khauli	38.31	8.62	40.85	9.19	42.54	9.57
Bhaba Aug	3.61	0.81	6.33	1.42	7.60	1.71
Nogli	3.93	1.46	7.24	2.77	4.91	1.93
Rongtong	1.17	0.39	5.48	1.92	2.56	0.92
Sal-II	-	-	2.11	0.47	0.70	0.16
Chaba	5.30	1.48	4.51	1.30	4.77	1.41
Rukti	2.56	0.41	5.28	0.87	3.40	0.58
Chamba	1.55	0.36	2.31	0.56	1.90	0.47
Killar	0.15	0.03	0.60	0.14	0.39	0.09
Uhl III - BVPCL	-	-	-	-	346.90	156.11
Subtotal-Own Generating Stations	**1955.50**	**278.64**	**2038.15**	**307.90**	**2392.44**	**479.42**

Revised Estimates for Power Purchase from GoHP free power

3.3.3 As per the submission of the petitioner, the estimates of power procurement from GoHP are as follows:

Table 30: Petitioner Submission-Revised estimate of power procurement from GoHP free power (MUs)

Details of the stations	FY 19		FY 20		FY 21	
	Energy Units (MU)	Rs Cr	Energy Units (MU)	Rs Cr	Energy Units (MU)	Rs Cr
	Provisional		Revised Estimate		Projection	
Baira Siul	1.06	0.26	-	-	0.35	0.09
Chamera-I	5.90	1.46	-	-	1.97	0.50
Chamera-II	3.75	0.93	-	-	1.25	0.32
Chamera-III	3.05	0.76	-	-	-	-
Parbati-III	1.87	0.46	-	-	-	-
Koldam	13.88	3.44	-	-	5.33	1.36
Nathpa Jhakri HEP	33.85	8.39	-	-	12.46	3.19
Rampur project	8.59	2.13	-	-	2.86	0.73
Shanan Share	2.63	0.65	2.63	0.67	2.63	0.67
Ranjeet Sagar Dam Share	66.41	16.47	64.25	16.45	70.76	18.12
Malana	62.13	15.41	71.82	18.39	67.46	17.27
Baspa (Primary & Sec.)	151.38	37.54	158.45	40.56	156.15	39.98
Kasang	20.35	5.05	21.16	5.42	22.26	5.70
Chanju	19.64	4.87	22.77	5.83	18.26	4.68
Larji	71.01	17.61	74.91	19.18	72.58	18.58
Ghanvi	10.53	2.61	11.76	3.01	10.56	2.70
Baner	4.62	1.15	9.12	2.34	6.08	1.56
Gaj	4.73	1.17	5.25	1.34	4.68	1.20
Khauli	5.24	1.30	5.60	1.43	5.13	1.31
Ghanvi II	4.34	1.08	5.52	1.41	4.22	1.08
Uhl-III	-	-	-	-	47.30	12.11
Small HEP/ Private Micro - Free	117.06	29.03	99.92	25.58	103.42	26.48
Sub Total- GoHP	**612.00**	**151.78**	**553.15**	**141.61**	**615.71**	**157.62**

Revised Estimates for Power Purchase from NTPC Stations

3.3.4 The Petitioner has submitted that there has been a revision in allocation in share from most of the thermal generation stations w.e.f 02.11.2019 to the Petitioner. NTPC has commissioned its 660MW Tanda II Thermal Power Station and NRPC has allocated 0.15% of power to HP out of its unallocated share w.e.f. 02 November 2019.

3.3.5 The Petitioner has submitted that the last tariff approved by the CERC for NTPC stations is for the control period 2014-19. This tariff has been continued till date for FY 2019-20. Therefore, the impact on the fixed cost for the Central Generating Stations cannot be intimated with certainty. The impact of increase in power purchase cost for the year will be reflected in the form of arrears, when the tariff gets revised in the future. The Petitioner has further submitted that as per the existing practice, a nominal cost escalation on the fixed and variable charges from the month of October 2019 should be 3%. However, considering the impact of arrears on account of revision in tariff, and existing tariff being continued till date, 6% escalation is considered from October-2019 and 6% year on year escalation for FY 2020-21.

3.3.6 The revised estimates for power availability from NTPC power plants as projected in the APR petition is as follows:

Table 31: Petitioner Submission-Revised estimate of power procurement from NTPC (MUs)

Details of the stations	FY 19		FY 20		FY 21	
	Energy Units (MU)	Rs Cr	Energy Units (MU)	Rs Cr	Energy Units (MU)	Rs Cr
	Provisional		Revised Estimate		Projection	
Anta (G)	28.29	13.38	28.88	14.31	25.30	11.42
Anta (L)	1.10	1.42	-	-	-	-
Anta (LNG)	49.90	42.15	0.06	0.70	-	-
Auriya (G)	43.03	23.13	35.40	18.81	27.78	12.55
Auriya (L)	3.14	3.46	-	-	-	-
Auriya (LNG)	38.61	38.57	1.05	1.10	-	-
Dadri (G)	211.06	79.01	84.41	36.46	67.06	28.80
Dadri (L)	7.69	9.08	-	-	-	-
Dadri (LNG)	60.14	53.79	0.78	1.18	-	-
Unchahar-I	166.42	52.10	57.12	25.11	43.44	21.36
Unchahar-II	174.11	59.31	123.92	51.90	76.65	37.31
Unchahar-III	75.87	29.96	56.20	27.11	50.19	26.18
Unchahar-IV	3.90	1.41	10.83	4.38	3.08	1.60
Rihand-1 STPS	262.69	56.45	253.66	56.17	257.17	60.60
Rihand-2 STPS	254.20	51.39	218.51	45.69	240.38	52.68
Rihand-3 Units-1,2	267.01	72.82	241.16	68.00	229.41	69.13
Kahalgaon - II	150.25	50.27	141.32	47.53	160.38	55.67
Singrauli STPS	76.09	12.18	60.67	10.92	18.67	4.07
Dadri-II TPS						
Tanda TPS				1.03	7.37	2.62
Jhajjar TPS	-	-	-	-	-	-
Koldam	437.12	253.31	483.63	218.95	452.90	262.46
Koldam-3.95% unallocated						
K Koldam (SOR)						
Meja TPS-I						
Singrauli Bundled						
Sub Total-NTPC	**2481.82**	**964.53**	**1830.50**	**642.46**	**1668.91**	**651.87**

Revised Estimates for Power Purchase from NPCIL power plants

3.3.7 The revised estimates of power availability from NPCIL as submitted by the petitioner are as follows:

Table 32: Petitioner Submission-Revised estimate of power procurement from NPCIL (MUs)

Details of the stations	FY 19		FY 20		FY 21	
	Energy Units (MU)	Rs Cr	Energy Units (MU)	Rs Cr	Energy Units (MU)	Rs Cr
	Provisional		Revised Estimate		Projection	
NAPP	90.01	28.87	101.72	32.58	97.85	31.31
RAPP (V & VI)	112.57	45.68	109.22	44.26	101.88	41.26
RAPP (VII & VIII)	-	-	-	-	-	-
Sub Total-NPCIL	**202.58**	**74.55**	**210.94**	**76.83**	**199.73**	**72.57**

Revised Estimates for Power Purchase from NHPC power plants

3.3.8 The Petitioner has submitted that the last tariff approved by the CERC for NTPC stations is for the control period 2014-19. This tariff has been continued till date for FY 2019-20. Therefore, the impact on the fixed cost for the Central Generating Stations cannot be intimated with certainty. The impact of increase in power purchase cost for the year will be reflected in the form of arrears, when the tariff gets revised in the future.

3.3.9 The Petitioner has requested an escalation at 6% for NHPC hydro power stations from the month of October 2019 & FY 2020-21.

3.3.10 The revised estimates for power availability from NHPC as submitted by the petitioner are as follows:

Table 33: Petitioner Submission-Revised estimate of power procurement from NHPC (MUs)

Details of the stations	FY 19		FY 20		FY 21	
	Energy Units (MU)	Rs Cr	Energy Units (MU)	Rs Cr	Energy Units (MU)	Rs Cr
	Provisional		Revised Estimate		Projection	
Chamera I	63.67	12.95	69.53	12.52	63.43	16.26
Chamera II	48.66	10.74	44.23	8.02	47.15	10.65
Dhauliganga	37.97	9.56	45.15	9.98	40.93	11.18
Salal	31.93	7.16	36.28	4.34	32.90	4.55
Tanakpur	11.99	5.28	17.70	6.00	13.92	5.15
Uri	79.00	15.97	76.74	12.66	72.33	13.36
Chamera III	-	0.02	-	0.03	-	-
Parbati III	0.05	0.06	0.05	0.03	-	-
Dulhasti	-	-	-	-	-	-
Uri II	-	-	-	-	-	-
Sewa II	-	-	-	-	-	-
Bairasuil (GoHP RLDC)	-	0.01				
Parbati II			-	-	-	-
Sub Total-NHPC	**273.27**	**61.76**	**289.69**	**53.57**	**270.68**	**61.15**

Revised Estimates for Power Purchase from BBMB & PSPCL

3.3.11 The Petitioner has submitted that in case of BBMB and PSPCL projects, the power purchase rate has been considered as approved by the Commission in the MYT order.

3.3.12 The revised estimates for power availability from these stations as submitted by the petitioner are as follows:

Table 34: Petitioner Submission- Revised estimate of power procurement from BBMB & Other Shared Stations (MUs)

Details of the stations	FY 19		FY 20		FY 21	
	Energy Units (MU)	Rs Cr	Energy Units (MU)	Rs Cr	Energy Units (MU)	Rs Cr
	Provisional		Revised Estimate		Projection	
BBMB Old	43.80	5.34	43.82	5.37	43.81	5.45
BBMB New	285.16	25.94	389.04	27.54	333.52	33.32
Dehar	180.26	-	187.37	4.61	179.79	17.59
Pong	43.79	-	46.32	1.38	45.91	2.41
BBMB subtotal	553.01	31.29	666.54	38.91	603.03	58.78
PSPCL Project						
Shanan (available to HPSEB) (1 MW)	5.26	-	5.26	0.21	5.26	0.21
Shanan Ext (available to HPSEB) (45 MW) and 11 kV Bilateral	45.00	0.93	45.00	0.93	45.00	0.95
Bilateral with PSPCL on 11kV	(0.02)	(0.01)	(0.01)	(0.00)	-	
PSPCL subtotal	50.24	0.92	50.25	1.14	50.26	1.16

Revised Estimates for Power Purchase from SJVNL, UJVNL & Other Stations

3.3.13 In case of UJVNL projects i.e. Chibroo, Khodri, Dhalipur Dhakrani, Kulhal HEPs, the rates approved by the UERC Tariff Order for FY 2019-20 to FY 2021-22 have been considered by the Petitioner.

3.3.14 As per the Petitioner's submission the billing for UPJVNL Khara HEP's energy share is done in two parts. The Capacity charges have been billed as per the monthly plant availability factor and the variable charge rate as 37 paise per unit. The Petitioner has further mentioned that any burden due to shortfall in energy generation will be shared by the Petitioner.

3.3.15 For Rampur HPS, the Petitioner has submitted the power share allocation as SoR share @ 2.81% from COD of the project and GoHP Equity Power @ 26.1% from April 2015 onwards. AFC in respect of Rampur HEP has been determined by CERC for the period 2014-19.

3.3.16 The Petitioner has further submitted that prior to determination of tariff by CERC, billing on beneficiaries by SJVNL for the period was based on provisional AFC. The revision of AFC has resulted into an additional financial implication of Rs. 222.77 Cr on the Petitioner on account of past arrears only which works out to the tune of Rs. 61.80 Cr and result into increase in per unit cost by Rs. 1.09

against the rates approved by the Commission for the Fourth MYT Control Period.

3.3.17 In case of THDC projects i.e. Tehri HEP & Koteshwar HEP, no energy has been projected for FY 2019-20 and FY 2020-21 by the Petitioner.

3.3.18 As per Petitioner's submission; For Nathpa Jhakri HPS, the Petitioner has SoR share @ 2.47% from COD of the project and GoHP Equity Power @ 22% from December 2013 onwards. The tariff for Nathpa Jhakri HPS Generating Station has been determined by CERC. The revision of tariff by CERC has resulted into additional revenue of Rs. 69.21 Cr. to the Petitioner on account of overpayment in the previous year and same stands adjusted against NJHPS power purchase bills of FY 2019-20.

3.3.19 The Petitioner has submitted that in view of CERC order the additional annual financial implication on account of power purchase works out to the tune of Rs. 31.28 Cr which would result into increase in per unit cost by 0.18 paise against the rates approved by the Commission for the Fourth MYT Control Period.

Table 35: Petitioner Submission- Revised estimate of power procurement from Other Stations (MUs)

Details of the stations	FY 19		FY 20		FY 21	
	Energy Units (MU)	Rs Cr	Energy Units (MU)	Rs Cr	Energy Units (MU)	Rs Cr
	Provisional		Revised Estimate		Projection	
Tehri	-	-	-	-	-	-
Koteshwar	-	-	-	-	-	-
Sub Total- THDC	-	-	-	-	-	-
HPPCL						
Kasang HEP	10.99	2.45	-	-	-	-
Sub Total- HPPCL	**10.99**	**2.45**	-	-	-	-
UJVNL Projects						
Chibro (240MW)	199.39	17.02				
Khodri (120MW)	91.03	9.24				
Dhakrani (33.75MW)	36.32	4.61				
Dhalipur (51MW)	54.17	9.40				
Kulhal (30MW)	29.21	2.73				
Yamuna	-	-	421.74	47.49	405.15	56.12
UJVNL subtotal	410.13	43.01	421.74	47.49	405.15	56.12
UPJVNL						
Khara	55.00	4.10	43.13	4.01	49.97	4.60
UPJVNL subtotal	55.00	4.10	43.13	4.01	49.97	4.60
SJVNL						
Nathpa Jhakri SOR	150.23	41.01	184.09	37.80	163.61	38.41
Nathpa Jhakri Equity	1,406.52	371.58	1,607.26	331.71	1,518.72	359.86
Rampur HEP SOR Share	43.12	18.37	57.36	20.43	48.04	20.41
Rampur HEP Equity Share	459.67	178.97	521.63	182.95	495.06	209.49
Sub Total- SJVNL	**2059.54**	**609.93**	**2370.34**	**572.90**	**2225.43**	**628.17**
Baspa						

Details of the stations	FY 19		FY 20		FY 21	
	Energy Units (MU)	Rs Cr	Energy Units (MU)	Rs Cr	Energy Units (MU)	Rs Cr
	Provisional		Revised Estimate		Projection	
Baspa - II - Primary	954.96	149.92	987.77	168.58	981.17	212.91
Baspa - II Secondary Energy	155.13	24.35	160.46	27.38	159.39	34.59
Sub Total- Baspa	**1110.09**	**174.28**	**1148.23**	**195.96**	**1140.56**	**247.50**
Private IPPs						
Small HEP/ Private Micro	1,274.54	357.56	1,355.16	377.02	1,314.85	367.65
Small HEP/ Private Micro -REC	210.02	47.26	231.37	56.20	220.69	53.34
Solar IPPs	17.46	8.68	31.46	15.85	31.46	14.90
Sub Total- Private IPPs	**1502.02**	**413.50**	**1617.98**	**449.07**	**1567.00**	**435.90**
Municipal Solid Waste to Energy Project	**0.00**	**0.00**	**0.00**	**0.00**	**24.53**	**19.38**

Revised Estimates for Power Purchase from RPPO (MUs)

3.3.20 The Petitioner has submitted the following Power Purchase requirement for meeting its RPPO:

Table 36: Renewable Purchase Obligation (RPPO) for FY20 and FY21

Particular	Units	FY20	FY21
Sales within state	MUs	10,541.30	10,792.60
Consumption met from Hydro	MUs	7,499.76	7,499.76
Sales less Hydro consumption	MUs	3,041.54	3,292.84
RPO Obligation			
Solar	Percentage	7.25%	8.75%
Non-Solar	Percentage	10.25%	10.25%
- Solar	MUs	220.51	288.12
- Non-Solar	MUs	311.76	337.52
Total (Solar + Non-Solar)	MUs	**532.27**	**625.64**
Solar RPO Purchase			
Solar Power currently tied up	MUs	94.51	94.51
Solar Power RPO shortfall	MUs	126.00	193.61
Non- Solar RPO Purchase			
Non-Solar currently tied up	MUs	1,904.43	1,836.24
Non-Solar RPO shortfall	MUs	Nil	Nil

3.3.21 The Petitioner has submitted the following Power Purchase requirement from Renewable Sources in the petition:

Table 37: Petitioner Submission- Revised estimate of power procurement from Renewable Sources (MUs)

Details of the stations	FY 19		FY 20		FY 21	
	Energy Units (MU)	Rs Cr	Energy Units (MU)	Rs Cr	Energy Units (MU)	Rs Cr
	Provisional		Revised Estimate		Projection	
Singrauli Solar	20.42	16.08	19.56	15.40	20.44	16.09
SECI	42.64	25.31	45.13	26.61	43.95	25.99
Sub Total- Renewable Sources	**63.06**	**41.39**	**64.70**	**42.02**	**64.39**	**42.08**

Banking

3.3.22 HPSEBL has submitted that it is undertaking banking agreements with other state utilities for utilizing its surplus during summer and meeting its deficit during winter months. The Petitioner has planned to bank 2063.60 MUs, 1949.92 MUs and 1949.92 MUs of power during summer and the same is planned to be taken back in winter in order to meet the deficit during winter in FY 2018-19, FY 2019-20 and FY 2020-21 respectively.

Summary of Total Power Procurement

3.3.23 Based on the methodology detailed in the petition, the Petitioner has submitted the revised estimates for FY 2019-20 and FY 2020-21 as summarized in table below:

Table 38: Petitioner Submission- Revised estimated of total power procurement (MUs)

Particulars	FY20				FY21			
	Approved		Revised Estimate		Approved		Revised Estimate	
	MUs	Rs. Cr	MUs	Rs. Cr	MUs	Rs. Cr	MUs	Rs. Cr
Total Own Generation	2,134	343	2,038.15	307.90	2,421	479	2,392.44	479.42
Total Free Power	593	152	553.15	141.61	619	158	615.71	157.62
Total NTPC	1,704	631	1,830.50	642.46	1,704	642	1,668.91	651.87
Total NPCIL	200	73	210.94	76.83	200	73	199.73	72.57
Total NHPC	289	56	289.69	53.57	289	56	270.68	61.15
Total BBMB & other shared stations	1,094	114	1,181.66	91.54	1,094	118	1,108.41	120.66
Total SJVNL and others	2,306	554	2,370.34	572.90	2,306	559	2,225.43	628.17
Total IPPs and Pvt SHPs	2,711	659	2,734.75	629.18	2,757	721	2,700.63	687.88
Total Solar	139	73	96.16	57.87	139	73	95.85	56.98
Grand Total	**11,170**	**2,655**	**11,305**	**2,573**	**11,527**	**2,880**	**11,277**	**2,916**

3.4 Transmission and Distribution (T&D) Losses

3.4.1 HPSEBL has submitted that it has consistently achieved lower T&D loss levels against the target set by the Commission.

3.4.2 The T&D Loss target for FY 2018-19 was revised by the Commission to 10.50% from 12.00% as approved in the 3rd MYT Order dated 12th June 2014. The Petitioner has prayed to consider T&D Loss Target for FY 18-19 at the original approved level of 12.00%.

3.5 Energy Balance

3.5.1 Based on the approved loss levels and the sales projections as above, the Petitioner has submitted the revised energy balance for FY 2019-20 and FY 2020-21. The summary of the annual energy balance as proposed by the Petitioner is reproduced below:

Table 39: Petitioner Submission- Summary of Energy Balance for FY20 and FY21 (MUs)

Particulars	FY20	FY21
	R.E	Actual
Units Procured from Interstate- Generating Stations	7,437.14	7,039.86
Banking Purchase at ISTS	1,949.92	1,949.92
Interstate Transmission Loss (%)	3.32%	3.32%
Transmission Loss (MUs)	311.40	298.22
Net Energy Available at Periphery	**9,075.66**	**8,691.56**
Power Available within the state (i+ii+iii)	3,868.21	4,237.93
(i) State Generating Stations	2,038.15	2,392.44
(ii) Free Power (own generation & IPPs)	212.08	253.96
(iii) IPPs	1,617.98	1,591.53
Power from Other Sources (i+ii)	229.85	-
(i) UI Power	103.13	-
(ii) IEX/PXIL	126.72	-
Total Energy Available (e+f+g)	**13,173.72**	**12,929.50**
Energy Sales Within the state	9,102.03	9,343.06
Inter-State Sale of Power (i+ii)	3,026.53	2,536.77
(i) Sale of Power (including UI, Bilateral & IEX/PXIL)	1,076.61	586.85
(ii) Banking	1,949.92	1,949.92
Total Energy Sale (i+j)	**12,128.56**	**11,879.83**
T&D loss (in MUs) (h-k)	1,045.16	1,049.67
Total Energy available for Sale (k+l)	**13,173.72**	**12,929.50**
T&D loss (%) = (1- (energy sale within the state)/ (total energy available-interstate sale))	**10.30%**	**10.10%**

3.6 Transmission & Other Charges

3.6.1 The Petitioner has to pay three major charges which are explained in the subsequent paragraphs.

3.6.2 **PGCIL Charges**: The Petitioner has submitted that as per the existing charges under PoC mechanism and likely capacity addition in the transmission network of POWERGRID every year, there is 10% escalation year on year basis for the remaining period of Fourth MYT Control period 2019-24. The Revised PGCIL charges for FY 2019-20 based on actuals for Apr-19 to Sep-19, estimation for Oct-19 to Mar-20 works out to be Rs. 305.25 crore.

3.6.3 The summary of PGCIL proposed by the Petitioner for the FY 2019-20 and FY 2020-21 is as follows:

Table 40: PGCIL and Other charges proposed by the Petitioner (Rs. Cr)

Particulars	FY20 (Revised)	FY21 (Projected)
PGCIL charges	**305.25**	**314.55**

3.6.4 **HPPTCL Charges:** The Commission has approved HPPTCL charges for the Fourth Control Period as under:

Table 41: HPPTCL charges proposed by the Petitioner (Rs. Cr)

Particulars	FY20	FY21	FY22	FY23	FY24
Approved HPPTCL charges vide HPPTCL MYT Order dated 29.06.2019 (in Rs. Cr)	10.80	15.42	25.73	36.24	35.69
HPPTCL charges as per Table 194 of the Petitioner MYT Order dt. 29.06.2019 (in Rs. Cr)	9.76	13.21	23.65	34.32	33.87

3.6.5 HPSEBL further submits that HPPTCL charges approved in the Fourth MYT Order dated 29.06.2019 of the Petitioner are on lower side compared to those approved in HPPTCL MYT Order. HPPTCL raises monthly bills to the Petitioner based on the approved ARR and being the only long-term customer of HPPTCL, the Petitioner submits that entire charges approved in the HPPTCL MYT Order have to be borne by the Petitioner. Therefore, the Petitioner has prayed to the Commission to consider the approved ARR of HPPTCL for the Petitioner.

3.6.6 **SLDC and STOA Charges**: The HPSLDC and STOA charges for the remaining period of FY 2019-20 and FY 2020-21 is considered same as approved by the Commission in the MYT order. The summary of transmission and other charges proposed by the Petitioner for the FY 2019-20 and FY 2020-21 is as follows:

Table 42: Summary of Transmission and other charges proposed by the Petitioner (Rs. Cr.)

Particular	FY 19-20		FY 20-21	
	Approved	Revised	Approved	Projected
Total PGCIL charges	290.56	305.25	310.9	314.55
HPPTCL Charges	9.76	10.8	13.21	15.42
SLDC Charges	5.12	5.12	7.82	7.82
STOA Charges	70.01	70.01	74.91	74.91
Total	**375.45**	**391.18**	**406.84**	**412.70**

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

3.7 Operation & Maintenance Expenses (O&M)

Employee Expenses

3.7.1 Petitioner has followed a similar methodology as provided in the MYT Regulations for projection of employee cost for FY 2018-19 and FY 2019-20. The 3 year and 5 year Consumer Price Index (CPI) inflation rate calculated by the Petitioner is as per the following table:

Table 43: Petitioner Submission- CPI Calculation

Year	CPI	% Increase
2018-19	299.92	5.42%
2017-18	284.5	3.11%
2016-17	275.92	4.12%
2015-16	265	5.65%
2014-15	250.83	6.29%
5 Year Average Inflation		**4.92%**
3 Year Average Inflation		**4.22%**

3.7.2 Higher of the 3 year and 5 year Consumer Price Index (CPI) inflation rate has been considered for projection of employee costs. The Petitioner has estimated the growth factors for number of employees as Nil.

Table 44: Petitioner Submission- Projected Growth Factor for Employee Costs

Particulars	FY19	FY20	FY21
	Actual	R.E	Projected
Number of Employees	17886	17886	17886
Growth (G) % in Employees on Account of Consumer connections		-	-

Table 45: Petitioner Submission- Projected Employee Cost (Rs. Cr.)

Particulars	FY19	FY20	FY21
	Provisional	Revised	Projected
Salaries & Allowances			
Salaries (Basic) + Dearness Pay	338.9	355.6	373.0
Merger of DA with Basic (Proposed)	0.0	0.0	0.0
Grade pay	36.5	38.3	40.2
DA	376.8	395.3	414.8
Employee Arrears - 7th Pay Commission	0.0	0.0	0.0
Other Allowances	30.6	32.1	33.7
Overtime	3.9	4.1	4.3
Bonus	0.1	0.1	0.1
Salaries - Total	**786.77**	**825.45**	**866.03**
Other Staff Cost			
Medical Expense Reimbursement	6.7	7.0	7.3
Fee & Honorarium	0.0	0.0	0.0
Earned Leave Encashment	86.6	90.9	95.3
Salary/Wages of Outsourced/Contractor.	35.4	37.1	38.9
Leave Salary Contribution	0.0	0.0	0.0

Particulars	FY19	FY20	FY21
	Provisional	Revised	Projected
Payment under Workmen's Compensation	1.8	1.9	2.0
LTC	0.1	0.1	0.1
Staff Welfare Expenses	0.1	0.1	0.2
Other Staff Cost - Total	**130.72**	**137.15**	**143.89**
Terminal Benefits			
Provident Fund Contribution	0.0	0.0	0.0
Superannuation Boards Contribution	0.0	0.0	0.0
Pension - Base	671.4	704.4	739.1
Pension-Commuted Value	62.1	65.1	68.3
Pension - 5th Pay Commission Arrears	0.0	0.0	0.0
Gratuity	85.3	89.4	93.8
Any other Items (MRC to pensioners, benevolent fund Ex-gratia and DLI)	18.9	19.9	20.8
Employee Contribution towards CPS	8.2	8.6	9.1
Terminal Benefits - Total	**845.94**	**887.53**	**931.17**
Gross Employee Cost	**1,763.43**	**1,850.13**	**1,941.09**
Less : Employee Cost Capitalisation	52.66	46.96	49.27
Employee Cost (Net of capitalisation)	**1,710.77**	**1,803.16**	**1,891.82**
Less : Employee Attrition Impact	0.00	0.00	0.00
Less : Additional provisions	0.00	0.00	0.00
Net Employee Cost (net of provisions)	**1,710.77**	**1,803.16**	**1,891.82**

Repair and Maintenance Expenses

3.7.3 The R&M Expenses have been projected considering the average GFA for a year, GFA added during the year, average of Ratio of R&M expenses to Avg. GFA for last 3 years.

3.7.4 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.

3.7.5 Further, the Petitioner has prayed to consider R&M expense related to IT assets separately, as approved by the Commission in the MYT order. The Petitioner has used the average of K factors for FY 2016-17, FY 2017-18 and FY 2018-19 for calculation of K Factor.

3.7.6 Following tables summarizes the K Factor Calculation and R&M expenses for FY 2019-20 and FY 2020-21 for the Petitioner:

Table 46: K Factor calculation (%)

Particulars	FY19	FY20	FY21
Opening GFA	4359.3	5298.4	5776.2
R&M cost historical	66.3	94.2	96.6
R&M Cost as % of GFA	1.52%	1.78%	1.67%
K proposed	**1.66%**		

Table 47: Petitioner Submission- Revised & Proposed R&M Expenses for FY19, FY20 & FY21 (Rs. Cr.)

Particulars	FY19	FY20	FY21
	Provisional	Revised	Projected
Plant & Machinery	0.08	0.09	0.10
Buildings	1.78	2.09	2.29
Civil Works	0.92	1.08	1.18
Hydraulic Works	(0.01)	(0.01)	(0.01)
Lines, Cables Networks	61.37	72.06	78.87
Vehicles	3.56	4.18	4.58
Furniture & Fixtures	0.16	0.19	0.21
Office Equipment	33.95	39.86	43.63
Other i.e. cost of vehicle other than vehicle	(0.42)	(0.49)	(0.54)
R&M Cost - Total	**101.4**	**119.05**	**130.31**
Any other Items (Reallocated to Capital Works)	0.0	0.00	0.00
R&M Costs			
Less: Cost Reallocated to Employee Cost and A&G Expenses	0.0	0.00	0.00
Less: Cost Reallocated to Depreciation	4.8	16.60	16.60
Less: Cost Reallocated for Recovery of cost of vehicle from O&M and other units	0.0	0.00	0.00
Sub Total: -	4.8	16.60	16.60
Net R&M Expenses	**96.6**	**102.45**	**113.71**
R&M expenses related to IT - Cell	0.0	20.00	20.00
Total R&M Cost	**96.6**	**122.45**	**133.71**

Administrative and General Expenses

3.7.7 The Petitioner has projected A&G expenses based on the methodology laid down in the MYT Regulations. The Wholesale Price inflation (WPI) computed by the Petitioner is shown below:

Table 48: Petitioner Submission- Details of Historical WPI

Year	WPI	% Increase
2018-19	119.79	4.28%
2017-18	114.88	2.92%
2016-17	111.62	1.73%
2015-16	109.72	-3.65%
2014-15	113.88	1.26%
5 Year Average Inflation	**1.31%**	
3 Year Average Inflation	**2.98%**	

3.7.8 The Petitioner has considered the Wholesale Price inflation (WPI) of 2.98% for projection of A&G expenses. Besides, these the norms calculated by the Petitioner are shown in the table below:

Table 49: Petitioner Submission- A&G Norms

Particulars	FY 19	FY 20	FY 21
	Provisional	Revised	Projected
Administration Expenses			
Rent, Rates & Taxes	1.99	2.05	2.11
Telephone, Postage & Telegrams	3.07	3.16	3.26
Consultancy Charges	1.14	1.17	1.21
Conveyance & Travel	10.93	11.26	11.59
Regulatory Expenses	0.95	0.98	1.01
Licence fee Distribution & Transmission payble to HPERC	0.25	0.26	0.27
Petition fee payment to HPERC	0.00	0.00	0.00
Income Tax Updating Charges	0.10	0.10	0.11
Consumer Redressal Forum	1.28	1.32	1.36
Insurance	0.06	0.06	0.06
Purchase Related Expenses & Other Charges	1.20	1.24	1.27
IT and other Initiatives	0.00	0.00	0.00
Sub-Total of Administrative Expenses	**20.97**	**21.59**	**22.24**
Other Charges			
Fees & Subscriptions, Books & Periodicals	0.64	0.66	0.68
Printing & Stationery	3.14	3.23	3.33
Advertisement Expenses	0.72	0.74	0.76
Electricity Charges	7.61	7.84	8.07
Water Charges / Cold weather expenses	0.40	0.41	0.42
Legal Charges	2.68	2.76	2.84
Audit Fee	0.21	0.22	0.22
Statutory Audit Fee	0.02	0.02	0.02
Internal Audit Fee	0.00	0.00	0.00
Private vehicles hire charges	1.05	1.08	1.11
Additional charges on Vehicle	0.00	0.00	0.00
A&G Expenses pertaining to IT Cell	0.00	0.00	0.00
Entertainment Charges	0.11	0.11	0.12
Training to Staff	1.43	1.47	1.52
Expenditure on training to staff (with in state)	0.00	0.00	0.00
Expenditure on training to staff (out of state)	0.00	0.00	0.00
Fees for SAS Examination	0.00	0.00	0.00
Public Interaction Program	0.33	0.34	0.35
Exp. Incurred on capacity building for Poverty Reduction	0.00	0.00	0.00
Public Expenses / Other professional charges	0.44	0.45	0.47
GIS / GPS expenses related to High level Committee	0.02	0.02	0.02
Transaction Charges to SCAs for collection of energy bills	1.04	1.07	1.10

Particulars	FY 19	FY 20	FY 21
	Provisional	Revised	Projected
Compensation paid for non-compliance of Renewable Power	0.00	0.00	0.00
TA/DA Internal Auditor	0.03	0.03	0.03
TA/DA Statutory Auditor	0.00	0.00	0.00
Service rendered by central board keeping agency (new pension scheme)	0.04	0.04	0.04
Expense On IPAVAST Connectivity Charges	2.06	2.12	2.18
Expense on providing cost fee CFL bulbs for domestic consumer	3.30	3.40	3.50
Publicity expenses	0.06	0.06	0.06
Technical fees	0.00	0.00	0.00
Freight Material related Expenses	0.10	0.10	0.11
Other purchase related Expense	0.01	0.01	0.01
Misc. Expenses	1.35	1.39	1.43
Sub-Total of other charges	**26.79**	**27.59**	**28.41**
Grand Total	**47.76**	**49.18**	**50.65**
Less: Capitalisation	**0.38**	**0.45**	**0.46**
Net A&G Costs	**47.38**	**48.74**	**50.19**
Provision for one-time expense related to IT	-	5.00	5.00
Total	**47.38**	**53.74**	**55.19**

3.7.9 The summary of O&M expenses for the Fourth Control Period as proposed by the Petitioner has been provided in the table given below:

Table 50: Petitioner Submission- Projected O&M Cost for FY20 and FY21 (Rs. Cr.)

Particulars	FY20		FY21	
	Approved	Revised	Approved	Projected
R&M Expense	92.7	122.45	99.49	133.71
Employee Expenses	1,698.22	1,803.16	1,809.02	1,891.82
A&G Expenses	49.91	53.74	50.58	55.19
Total O&M Expenses	**1,840.83**	**1,979.34**	**1,959.09**	**2,080.71**

3.8 Capitalisation

3.8.1 The Petitioner has projected the same capital expenditure and capitalization as approved by the Commission in the Fourth MYT order dated 29.06.2019 as given below:

Table 51: Capitalisation and Capital expenditure proposed by the Petitioner (Rs Cr)

Particulars	FY 2019-20		FY 2020-21	
	Approved	Revised Estimate	Approved	Projected
Capital Expenditure	583.68	583.68	557.05	557.05
Capitalization	568.03	568.63	564.00	564.00

3.8.2 The Petitioner has further submitted that the Commission had approved funding from grants at 25%. In the previous years, various Centrally Sponsored Schemes like PSDF, DDUGJY, RAPDRP, and IPDS were implemented by the

Petitioner under which sufficient grants were received from the Central Government. In future years, possibility of such grants from Centrally Sponsored Schemes is not envisaged. Hence, the Petitioner has proposed funding requirement for CAPEX addition as 18% from consumer contribution and grants instead of 25% as approved by the Commission. Accordingly, the funding pattern proposed is as per the table below.

Table 52: Funding Pattern (Rs. Cr.)

Means of finance for CAPEX	FY20	FY21
Funding requirement	568.63	564.00
Less: Grants (@18%)	102.35	101.52
Balance requirement	466.28	462.48
Funded through Debt (70%)	326.39	323.74
Funded through Equity (30%)	139.88	138.74

3.9 Depreciation

3.9.1 The Petitioner has submitted that the depreciation rate for ensuing years is based on average depreciation rate calculated on average GFA as shown in the table below. Based on historical data of FY 2017-18 and FY 2018-19, it works out to be 4.26% is considered for projections by the Petitioner.

Table 53: Petitioner Submission- Depreciation calculation for FY18 and FY19 (Rs. Cr.)

Particular	FY 18	FY 19
Opening GFA	5,298.39	5,776.22
Addition	477.83	233.33
Closing GFA	5,776.22	6,009.55
Depreciation	236.51	249.83
Average rate for Depreciation	4.27%	4.24%

3.9.2 The Petitioner has submitted that the rate determined by the Commission which is based on last 4 years is on the lower side, since the depreciation expense on account of intangible assets has not been included. However, in the future, the Petitioner has included intangible assets in the GFA asset, as intangible asset consists of assets like software, which forms a major expense in the depreciation as well as GFA. Therefore, the Petitioner has considered intangible asset depreciation on actual basis, while computing average depreciation rate as well revised projections for FY 2019-20 and FY 2020-21 as follows:

Table 54: Petitioner Submission- Depreciation calculation for FY20 and FY21 (Rs. Cr.)

Particular	FY20		FY21	
	Approved	Revised	Approved	Projected
Opening GFA		6,009.55		6,578.18
Addition		568.63		564.00
Reduction		0		0
Closing GFA		6,578.18		7,142.18
Depreciation		267.83		291.93
Average rate for Depreciation		4.26%		4.26%
Less Dep of consumer contribution/ grant assets		78.40		82.49

Particular	FY20		FY21	
	Approved	Revised	Approved	Projected
Net Depreciation	**127.29**	**189.42**	**140.99**	**209.44**

3.10 Provision for Bad and Doubtful Debt

3.10.1 The Petitioner has submitted provision for bad and doubtful debt as follows:

Table 55: Petitioner Submission- Provision for Bad and Doubtful Debt for FY20 and FY21 (Rs. Cr.)

Particulars	FY20	FY21
	Projected	Projected
Receivable from customers as at the beginning of the year	746.05	563.05
Revenue billed for the year	5,213.69	5,347.20
Subtotal	**5,959.74**	**5,910.25**
Collection for the year	**5,396.69**	**5,534.89**
Against current dues	5,169.85	5,302.25
Against arrears upto previous year	226.83	232.64
Gross receivable from customers as at the end of the year	563.05	375.37
Receivables against permanently disconnected consumers	-	-
Receivables(4-5)	**563.05**	**375.37**
% of provision	1.00%	1.00%

3.11 Interest and Finance charges

3.11.1 The Petitioner has estimated the Interest & Finance charges for FY 2019-20 and FY 2020-21 as per the following:

- ***Interest Charges on the existing loans***– Refers to the interest charge payable by the Petitioner on the outstanding loans during the control period. The said loans have been raised from REC, RGGVY, ADB, Non SLR Bonds, State Government, loans as per the FRP restructuring, etc.

- ***Interest on new Capitalisation*** – Interest charges payable for the loans projected to be raised for the capital investment projected for the control period. For the purpose of projecting the ARR for the petition, the petitioner has considered the proposed capital investment as submitted and thus, the interest charges during the control period on account of new loans.

- ***Cost of raising finances*** – These includes the expenses incurred by the petitioner while raising the debt for the capital investment during the year. The cost of raising finances has been considered at 2% of the loans proposed to be raised during the control period

- ***Interest on Consumer Security Deposit*** – Refers to the interest charges payable on security deposit held with the petitioner by the consumers

Table 56: Petitioner Submission- Provisional and Projected Loan Details (Rs. Cr.)

Particular	FY19 Provisional	FY 20 Revised	FY21 Projected
RGGJY	0.06	0.05	0.04
REC	75.42	91.54	103.52
PFC	2.98	2.75	2.73
LIC	0.00	0.00	0.00
Non SLR Bond	0.00	0.00	0.00
H.P State cooperative Bank	0.00	0.00	0.00
Unsecured Bonds 8.75%	23.27	23.27	23.27
Unsecured Bonds 9.13%	21.37	21.37	21.37
Unsecured Bonds 10.39%	31.17	31.17	31.17
R: APDRP (Part A)	10.32	3.46	3.30
R: APDRP (Part B)	25.61	18.21	17.32
R: APDRP (Part B) CP	2.62	2.51	2.29
ADB Loan	1.16	1.16	1.16
(S) State Government Loan (APDRP)	0.00	0.00	0.00
State bank of India	0.00	0.00	0.00
Kangra Central Co-op Bank	0.00	0.00	0.00
UDAY Bonds	227.78	227.77	227.77
Central Bank (S)	0.00	0.00	0.00
Punjab & Sind Bank	0.00	0.00	0.00
KFW loan through HP Govt.	0.09	0.00	-
Interest on New CAPEX Loans	0.00	6.83	19.57
Interest on Long Term Loans	**421.85**	**430.08**	**453.52**
Interest on Normative Working Capital	**63.13**	**60.67**	**66.71**
Total	**484.98**	**490.60**	**520.23**
Other Interest & Finance Charges			
Cost of raising Finance & Bank Charges etc.	1.25	2.53	2.47
Interest on Security Deposit	16.36	24.35	24.63
Penal Interest Charges	0.00	0.00	0.00
Lease Rentals	0.00	0.00	0.00
Penalty charges for delayed payment for power purchase	0.00	0.00	0.00
Interest on GPF	14.22	14.22	14.22
Rebate allowed for Timely Payment	12.01	12.01	12.01
Other Interest & Finance Charges	**27.48**	**28.76**	**28.70**
Grand Total Of Interest & Finance Charges:	**512.46**	**519.51**	**548.93**
Less: Interest & Finance Charges Chargeable to Capital Account	**70.22**	**70.22**	**70.22**
Net Total Of Interest & Finance Charges: For Revenue Account:	**442.24**	**449.29**	**478.71**

3.11.2 The Petitioner has considered the weighted average bank rate of 6.58% as the interest rate on security deposit in the current year and for projecting the interest on consumer security deposit for FY 2019-20 and FY 2020-21:

Table 57: Petitioner Submission- Projection of Consumer Security Deposit FY20 and FY21 (Rs. Cr.)

Consumer Security Deposit	FY18	FY19	FY20	FY21
	Actual	Provisional	Revised	Revised
No. of existing Consumers	2373817	2437180	2499257	2563024
Avg. CSD / Consumer (Rs / consumer)	1,437	1,519	1,478	1,478
Consumer Security Deposit	341.1	370.3	369.4	378.9
Interest @ 6.58%				
Interest paid on Consumer Security Deposit	20.28	16.36	24.35	24.63
Interest rate	7%	6.30%	6.58%	6.58%

3.11.3 The Normative Working Capital requirement as well as the Interest on Normative Working Capital for FY 2018-19 and FY 2019-20 has been computed by the Petitioner as per the methodology provided in the MYT Tariff Regulations.

3.11.4 The Petitioner has submitted that 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. Accordingly, the Petitioner has submitted the applicable interest rate for FY 2019-20 works out to 11.55%.

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

Table 58: Petitioner Submission- Proposed Interest on Working Capital for FY20 and FY21 (Rs. Cr.)

Particular	FY19	FY20	FY21
	Provisional	Revised	Projected
O&M expenses	**1,854.78**	**1,979.34**	**2,080.71**
(i) Employee expenses	1,710.77	1,803.16	1,891.82
(ii) R&M expenses	96.63	122.45	133.71
(iii) A&G expenses	47.38	53.74	55.19
O&M expenses for 1 month	154.6	164.9	173.4
Receivables for two months of revenue from sale of electricity;	969.65	926.23	1,000.09
Maintenance spares @ 15% of O&M Expenses for one month (effective FY19-20)	3.22	24.74	26.01
Less: one-month power purchase	263.53	221.17	243.03
Less: Consumer Security Deposit	370.31	369.43	378.85
Total Working Capital	493.60	525.32	577.61
Rate of Interest on Working Capital	12.79%	11.55%	11.55%
Interest on Working Capital	**63.13**	**60.67**	**66.71**

3.11.6 The summary of the proposed interest and finance charges for FY 2017-18 and FY 2018-19 is provided in table below:

Table 59: Petitioner Submission- Summary of the Proposed Interest and Finance Charges for FY20 and FY21 (Rs. Cr.)

Particulars	FY20		FY21	
	Approved	Revised	Approved	Projected
Interest on Long term Loans	131.26	364.27	154.75	387.37
Interest on Consumer Security Deposit	24.68	24.35	27.07	24.63
Interest on Working Capital	38.72	60.67	59.61	66.71
Total Interest and Finance Charges	**194.66**	**449.29**	**241.43**	**478.71**

3.12 Return on equity

3.12.1 The Petitioner has considered the post-tax ROE of 16% for the purpose of approving the RoE for the FY 2019-20 and FY 2020-21, the closing equity balance estimated at the end of FY 2016-17 has been considered.

3.12.2 Further, GoHP equity infused for FY 2017-18 and FY 2018-19 has been considered to arrive at the opening equity for FY 2019-20 by the Petitioner. Equity infused by the Petitioner for completion of ongoing and new capex is considered eligible for return on rate of 16% as provided in the table given below:

Table 60: Petitioner Submission- Proposed Return on Equity for FY20 and FY21 (Rs. Cr.)

Particulars	FY20		FY21	
	Approved	Revised	Approved	Projected
Opening Balance of Equity		516.97		656.85
Net Additions during the Year		139.88		138.74
Less: Capitalization		-		-
Closing Balance of Equity		656.85		795.60
Rate of Return (%)	16%	16%	16%	16%
ROE	**42.88**	**93.91**	**49.68**	**116.20**

3.13 Non-tariff Income

3.13.1 The Petitioner has estimated non-tariff and other Income for the FY 2018-19 and FY 2019-20 as shown in the table below:

Table 61: Petitioner Submission- Non-Tariff Income for FY19, FY20 & FY21 (Rs. Cr.)

Particular	FY19	FY20	FY21
	Provisional	Revised	Projected
Non-Tariff Income			
Meter Rent/Service Line Rentals	47.37	52.11	57.32
Recovery for theft of Power / Malpractices	0.14	0.14	0.14
Wheeling Charges Recovery	46.38	47.31	48.25
Peak Load Violation Charges	23.12	23.12	23.12
Miscellaneous Charges from Consumers	3.45	3.80	4.17
Sub-Total	**120.46**	**126.47**	**133.01**
Other Income			
Interest on Staff loans & Advances	0.22	0.22	0.22

Particular	FY19	FY20	FY21
	Provisional	Revised	Projected
Income from Investments	0.22	0.22	0.22
Interest on Loans & Advances to Licensees	0.00	0.00	0.00
Delayed Payment Charges from Consumers	98.78	0.00	0.00
Interest on Advances to Suppliers / Contractors	0.57	0.29	0.29
Interest on Banks (other than on Fixed Deposits)	0.00	0.00	0.00
Delayed Payment Charges from PGCIL	0.03	0.00	0.00
Income from Trading	0.68	0.68	0.68
Income fee collected against Staff Welfare Activities	0.08	0.04	0.04
Miscellaneous Receipts	65.39	71.93	79.12
O&M Charges Recovery from HPPTCL	0.00	0.00	0.00
Recovery of Investigation & Survey Charges	0.00	0.00	0.00
Amortization of Govt. grants	65.26	0.00	0.00
Prior Income	0.00	0.00	0.00
Sub-Total	**231.23**	**73.37**	**80.57**
Total	**351.69**	**199.84**	**213.57**
(less): Delayed payment charges from Consumers	98.78	0.00	0.00
(less): Amortisation of Govt. grants	65.26	0.00	0.00
Net Non-Tariff Income & Other Income	**187.65**	**199.84**	**213.57**

3.14 Revenue from Sale of Surplus Power

3.14.1 The Petitioner has submitted that there is surplus power available for FY 2020-21. The rate for sale of surplus power has been computed based on the average rates in last 3 years i.e. FY 2016-17 to FY 2018-19. The revenue from sale of surplus power has been estimated as given below:

Table 62: Petitioner Submission- Revenue from Sale of Surplus Power for FY21 (Rs. Cr.)

Particular	FY21
Surplus power available (MUs)	586.85
Revenue from sale of surplus power (Rs. Cr)	241.55

3.15 Aggregate Revenue Requirement

3.15.1 The Petitioner’s submission of ARR and category wise Revenue for the FY 2019-20 and FY 2020-21 has been summarised below:

Table 63: Petitioner Submission- Details of ARR proposed for FY20 and FY21 (Rs. Cr.)

Particular	FY20		FY21	
	Approved	Revised Estimate	Approved	Projected
Power Purchase Expense	2,653.02	2,654.09	2,880.13	2,916.33
Intra-State Transmission Charges	375.45	391.18	406.84	412.70
R&M Expense	92.70	122.45	99.49	133.71
Employee Expenses	1,698.22	1,803.16	1,809.02	1,891.82
A&G Expense	49.91	53.74	50.58	55.19
Depreciation	127.29	189.42	140.99	209.44

Particular	FY20		FY21	
	Approved	Revised Estimate	Approved	Projected
Interest & Finance Charges	194.66	364.27	218.18	387.37
Interest on Working Capital		60.67		66.71
Interest on Security Deposit		24.35		24.63
Other Debits (incl. Prov for Bad debts)	-	-	-	-
Extraordinary Items	-	-	-	-
Other (Misc.)-net prior period credit/ (charges)	-	-	-	-
ARR	**5,191.25**	**5,663.33**	**5,605.23**	**6,097.90**
Reasonable Return	42.88	93.91	49.68	116.20
Other Income	116.19	199.84	122.00	213.57
Net ARR	**5,117.94**	**5,557.39**	**5,532.91**	**6,000.52**

Table 64: Category wise Revenue at existing tariffs/Proposed ARR (Rs. Cr)

Category	Projected Sales (in MUs)	Revenue at existing Tariff (Rs. Cr)	Revenue at Proposed ARR (Rs. Cr)
Domestic	2,223	1,057.66	1139.00
NDNCS	159	102.38	110.25
CS	696	437.80	471.47
SIP	93	57.01	61.39
MIP	116	76.63	82.52
LIP - HT	5,230	3,106.34	3345.24
AG	65	28.32	30.50
WIPS	566	321.71	346.45
Bulk Supply	151	112.44	121.09
SLS	10	5.32	5.73
TM	36	41.62	44.82
Total	**9,343**	**5,347.20**	**5,758.47**

Revenue Surplus/ (Gap)

3.15.2 Based on the projection of ARR and Revenue, the revenue surplus / (gap) projected by the Petitioner for FY 2020-21 is provided below:

Table 65: Petitioner Submission- Projected Revenue Surplus/ Gap for FY21 (Rs. Cr.)

Particular	Rs. Cr.
Net ARR for FY 2020-21	**6,000.52**
Revenue at existing tariff	5,347.20
Revenue from sale of surplus power	241.55
Total Revenue estimated for FY 2020-21	**5,588.76**
Gap /(-Surplus) for FY 21	411.76
Impact of True up of FY 2017-18	76.12
Total Revenue Gap /Surplus (-)	**487.88**

3.16 Allocation of ARR into wheeling and retail supply

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

Table 66: Petitioner Submission- Basis for ARR allocation in Wheeling and Retail Supply

Particulars	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 Expenses	90%	10%
A&G Expenses	60%	40%
Interest & Financing Charges	95%	5%
Depreciation	95%	5%
Return on Equity	100%	0%
Non-Tariff Income	0%	100%
Wheeling Charges	100%	0%
Addition items	50%	50%

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

Table 67: Petitioner Submission- Wheeling ARR for FY20 and FY21 (Rs. Cr.)

Particulars	FY20	FY21
Employee Expenses	1,262.21	1,324.27
R&M Expenses	110.20	120.34
A&G Expenses	32.24	33.11
Interest & Financing Charges	426.83	454.78
Depreciation	179.95	198.97
Return on Equity	93.91	116.20
Addition items	-	-
ARR Requirement	**2,105.34**	**2,247.67**

Table 68: Petitioner Submission- Retail Supply ARR for FY20 and FY21 (Rs. Cr.)

Particulars	FY20	FY21
Power Purchase Expenses	2,654.09	2,916.33
Transmission Charges	391.18	412.70
Employee Expenses	540.95	567.54
R&M Expenses	12.24	13.37
A&G Expenses	21.49	22.07
Interest & Financing Charges	22.46	23.94
Depreciation	9.47	10.47
Non-Tariff Income	199.84	213.57
Addition items	-	-

Particulars	FY20	FY21
ARR Requirement	**3,452.05**	**3,752.85**

3.17 Infrastructure Development Charges (IDC)

3.17.1 The Petitioner has submitted the proposal for normative rates per kW for single part tariff consumers and per kVA for two part tariff consumers for different categories.

3.17.2 The Petitioner has proposed for normative rates per kW for single part tariff consumers and per kVA for two-part tariff consumers for different categories voltage wise for FY 2020-21 to be kept the same as approved by the Commission vide its tariff order dated 29.06.2019.

3.18 Additional Surcharge

Surrendered Power due to Open Access Consumers

3.18.1 The Petitioner has submitted that during FY 2019-20 (upto Oct 2018-19), the Power projects from which the power got stranded during different time blocks due to short term open access include Anta, Auriya, Dadri, Singrauli, Unchahar-I, Unchahar-II, Unchahar-III, Unchahar-IV, Rihand-I, Rihand-II, Rihand-III, Jhajjar and Kahalgaon-II.

3.18.2 However, as per directions of the Commission, the Petitioner did not consider projects that are categorized under surplus power purchase of the Merit Order Dispatch of FY 2019-20. Therefore, stations considered for computation of Additional Surcharge are Rihand-I, Rihand-II, Rihand-III, Singrauli, Kahalgaon-II, Unchahar-II.

3.18.3 The month-wise summary of the stranded power from stations and power purchase by open access consumers during the same period as submitted by the Petitioner is shown in table below.

Table 69: Power purchased by STOA consumers (Apr'19 to Sep'19) (MUs)

Source	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Total
Total Power purchased by OA consumers (MUs)	81.20	84.62	82.40	91.75	85.21	94.45	519.63

Table 70: Energy Surrender due to open access consumer during FY20 (till Sep'19) (MUs)

Source	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Total
ANTA _LF	0.00	0.00	0.00	1.24	0.00	0.00	1.24
ANTA _RF	9.60	7.37	0.32	8.58	4.88	9.61	40.37
AURY _LF	0.00	0.00	0.00	1.51	0.00	0.00	1.51
AURY_RF	15.23	15.33	0.42	10.41	9.80	12.87	64.06
DADRI _LF	0.00	0.00	0.00	1.41	0.01	0.00	1.41
DADRI _RF	10.01	11.83	0.33	14.38	13.73	12.64	62.92
ANTA _GF	0.16	0.29	0.00	0.00	0.09	0.41	0.95
AURY_GF	0.00	0.04	0.00	0.36	0.87	0.83	2.10
DADRI _GF	1.56	0.54	0.06	0.16	1.33	1.75	5.40

Source	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Total
DADRT2	0.41	0.22	0.03	0.41	0.31	0.28	1.67
JHAJJAR	0.00	0.00	0.00	0.00	0.00	0.00	0.00
KAHALGAON2	0.00	0.00	0.00	0.00	0.00	0.00	0.00
RIHAND1	4.11	2.18	0.08	2.13	2.75	4.73	15.99
RIHAND2	3.64	2.10	0.13	1.69	1.41	3.28	12.25
RIHAND3	6.14	2.62	0.44	4.05	2.91	5.79	21.95
SINGRAULI	0.22	0.13	0.02	0.20	0.18	0.33	1.08
UNCHAHAR1	1.47	0.74	0.12	1.34	1.67	1.55	6.89
UNCHAHAR2	2.53	1.29	0.10	2.15	2.55	3.21	11.83
UNCHAHAR3	1.70	0.87	0.14	1.64	1.77	2.24	8.34
UNCHAHAR4	0.20	0.11	0.02	0.16	0.20	0.30	0.98
Total	**56.96**	**45.65**	**2.22**	**51.82**	**44.45**	**59.84**	**260.94**

Fixed Cost relating to Generation Capacity (at injection point)

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

Table 71: 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 20	Annual Fixed Charges (Paise/unit)	Power Purchase (MUs) during FY20*	Total Fixed Cost of Power Purchase (Rs Cr)
Singrauli STPS	2000	13,868	911.73	65.74	60.67	3.99
Rihand 1 STPS	1000	6,869	589.18	85.77	253.66	21.76
Rihand 2 STPS	1000	7,000	499.43	71.35	218.51	15.59
Rihand 3 STPS Units 1,2	1000	7,000	1021.98	146.00	241.16	35.21
Kahalgaon II	1500	10,500	1155.82	110.08	141.32	15.56
Unchahar II	420	2,829	288.33	101.94	123.92	12.63
Average rate of Fixed Cost at Injection Point (Paise/unit)				**104.74**		

**Power Purchase (MUs) during FY20 in the table above is same as submitted by HPSEBL in this Petition.*

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

3.18.5 The Petitioner has calculated applicable average rate of POC charges, reliability charges and HVDC charges of Power Grid (actual up to Dec 2018-19 thereafter the rate corresponding to the same period during last financial year has been considered) and Transmission Charges of HPPTCL. The fixed costs relating to stranded transmission capacity have been worked out as per details given in table below:

Table 72: Fixed Cost relating to Power Grid & HPPTCL Transmission System (at injection point)

Month	Power Grid System			HPPTCL System
	POC Slab Rate (Rs/MW/month)	Reliability Support Charges Rate (Rs/MW/month)	HVDC Charge Rate for NR (Rs/MW/month)	Transmission Charges (Rs/MW/month)
Apr-19	78952	31315	21616	8,491
May-19	78952	31315	21616	8,491
Jun-19	78952	31315	21616	8,491
Jul-19	77565	31725	44812	8,491
Aug-19	77565	31725	44812	8,491
Sep-19	77565	31725	44812	8,491
Oct-19	79511	32002	45832	8,491
Nov-19	79511	32002	45832	8,491
Dec-19	79511	32002	45832	8,491
Jan-20	62704	30576	21857	8,491
Feb-20	62704	30576	21857	8,491
Mar-20	62704	30576	21857	8,491
Average/ month	**74683**	**31405**	**33529**	**8,491**
Average Fixed Cost @79.07% load Factor at injection point (paise/kWh	**24.12**			**1.47**

Power Grid, HPPTCL & Distribution System Losses

3.18.6 The Petitioner has submitted that the additional surcharge has been 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 have been projected at the consumer end by considering transmission and distribution losses for respective systems.

3.18.7 The Petitioner has considered Power Grid losses 3.58% for FY 20 (actual till Sep 2018-19, thereafter losses corresponding to the same period during last financial year has been considered). As power grid losses vary from time to time, therefore, average has been considered by the Petitioner.

3.18.8 The losses for HPPTCL system and 132 kV & 220 kV distribution systems for FY 20 have been taken as 0.75% and 2.50% respectively as per the tariff orders.

Table 73: Power Grid, HPPTCL & Distribution System Losses (%)

Particulars	Losses (%)
Power Grid Losses	3.58%
HPPTCL Losses	0.75%
Distribution System Losses (132 kV & 220 kV)	2.50%

Computation of Additional Surcharge

3.18.9 The average per kWh recovery from EHT consumers through Demand Charges, as considered for the purpose of estimation of revenue under the Tariff Order for

FY 2019-20, is 91.24 paise per unit. After adjusting 13.50 paise/kWh (i.e. 50% of the wheeling charges for EHV consumers), the balance recovery through demand charges works out to 77.74 paise/kWh.

3.18.10 Accordingly, the additional surcharge for FY 2021-21 has been worked out by the Petitioner as detailed out in the table below:

Table 74: Additional Surcharge computation (Paise per kWh)

Description	Fixed Cost at Injection point	Fixed Cost at Consumer end
Generation Capacity	104.74	112.41
Transmission Capacity		
(i) Power Grid system	24.12	25.89
(ii) HPPTCL system	1.47	1.57
Total Fixed Cost payable to Generator		139.87
Recovery of Fixed Charge as Demand Charge from EHT Consumers		91.24
50% of wheeling charges for EHT consumers		13.5
Net Recovery through Demand charges eligible for adjustment		77.74
Balance payable in form of Additional Surcharge		**62.14**

3.18.11 In view of the above the Petitioner has requested the Commission to approve the additional surcharge of 62.14 paise/kWh for FY 2020-21.

4 OBJECTION FILED AND ISSUES RAISED BY STAKEHOLDERS DURING PUBLIC HEARING

4.1 Introduction

4.1.1 Ten stakeholders filed written objections to the Petition for First Annual Performance Review for the Fourth Control Period FY 2019-20 to FY 2023-24 and True-up of uncontrollable parameters of FY 2017-18 filed by the Petitioner along with objections raised by general public. The list of the stakeholders are as follows:

Table 75: Details of Objectors (Stakeholder Consultation)

Sl.	Objector	Address
1.	Vardhman Textiles Ltd.	Vardhman Textiles Ltd., Sai Road, Baddi, Pin 173205
2.	Kundlas Loh Udyog	Kundlas Loh Udyog, Village Balyana, P.O Barotiwala Teh. Baddi, Distt. Solan (HP)
3.	CII	Confederation of Indian Industries, Block No. 3, Dakshin Marg, Sector 31-A, Chandigarh- 160030
4.	BBNIA	Baddi Barotiwala Nalagarh Industries Association, EPIP-Jharmajri Road Phase-I, Jharmajri, Baddi, (Distt-Solan)
5.	PIA	Parwanoo Industries Association (PIA) HPCED Building, Deptt of Industries Complex, Sector-1, Parwanoo, (Distt- Solan) M:9816032513 Email: piaparwanoo@gmail.com
6.	KACCI	Kala-Amb Chamber of Commerce & Industry, Trilokpur Road, Kala-Amb- 173030, Distt- Sirmour.
7.	JB Rolling Mill	M/S J.B. Rolling Mills Limited, Village Johron, Tehsil Nahan, Distt Sirmour (H.P.)
8.	H.M Steel	H.M. Steel , Distt Sirmour (H.P.)
9.	Prime steel	Prime steel industry(P) LTD, village Bated , Barotiwala, Distt Solan(HP)
10.	Ambuja Cement	Vill.: Navagraon,P.O. Jajhra, Tehsil: Nalagarh, Distt.: Solan – 174101 (H.P)
11.	HP Power Corp. Limited	Himfed Bhawan, BCS, New Shimla-09.

Sl.	Objector	Address
12.	I.A. Hydro Energy Pvt. Ltd.	D17, Lane 1, Sector-1, New Shimla-09.
13.	Pawan Kumar	Vill. Chharsu, P.O. Mohal, Tehsil&Distt. Kullu(HP)-175125
14.	Rakesh Thakur	Not Available
15.	Raj Kumar	Not Available
16.	Richa Thakur	Not Available
17.	Jagannath Sharma	Sainik Chowk, Bhuntar, Kullu -175125
18.	G. S. Panwar	Not Available
19.	Rajender Tomar	Not Available
20.	Parveen	Not Available

4.1.2 As detailed out in chapter-1 of this Order, the Commission through Public Notice in various newspapers has informed the public/stakeholders about the date of public hearing on Petition filed by HPSEBL for approval of ARR and determination of Retail Tariff for FY2020-21 as 26th March, 2020.

4.1.3 However, in view of ongoing lockdown and related restrictions related to COVID-19, the Commission felt that it would not be possible to conduct the public hearing in near future and therefore decided to provide some additional timeframe for submission of comments /suggestions on the tariff petition based on which it shall be issuing the Tariff Order for FY 2020-21.

4.1.4 Therefore, the Commission provided another opportunity to the stakeholders to submit their additional comments upto 12th May, 2020.

4.1.5 In response, various stakeholders have submitted their comments/ suggestions before the Commission. The list of the stakeholders who have submitted comments/ additional comments in respect of extended timelines are as follows:

Table 76: Details of objectors (additional)

Sl.	Objector	Address
1.	Vardhman Textiles Ltd.	Vardhman Textiles Ltd., Sai Road, Baddi, Pin 173205
2.	Kundlas Loh Udyog	Kundlas Loh Udyog, Village Balyana, P.O Barotiwala Teh. Baddi, Distt. Solan (HP)
3.	CII	Confederation of Indian Industries, Block No. 3, Dakshin Marg, Sector 31-A, Chandigarh- 160030
4.	BBNIA	Baddi Barotiwala Nalagarh Industries Association, EPIP-Jharmajri Road Phase-I, Jharmajri, Baddi, (Distt-Solan)
5.	PIA	Parwanoo Industries Association (PIA) HPCED Building, Deptt of Industries Complex, Sector-1, Parwanoo, (Distt-Solan) M:9816032513 Email: piaparwanoo@gmail.com
6.	KACCI	Kala-Amb Chamber of Commerce & Industry, Trilokpur Road, Kala-Amb- 173030, Distt- Sirmour.
7.	JB Rolling Mill	M/S J.B. Rolling Mills Limited, Village Johron, Tehsil Nahan, Distt Sirmour (H.P.)
8.	H.M Steel	H.M. Steel , Distt Sirmour (H.P.)
9.	Prime steel	Prime steel industry(P) LTD, village Bated , Barotiwala, Distt Solan(HP)
10.	Ambuja Cement	Vill.: Navagraon,P.O. Jajhra, Tehsil: Nalagarh, Distt.: Solan – 174101 (H.P)
11.	HPPTCL	Near, Shimla Bypass (below Old MLA Quarters, Tutikandi, Panjari, Himachal Pradesh 171005

Sl.	Objector	Address
12.	Metenere	NH 1A, H.P-176403
13.	Ramesh Chauhan	Himanshu cottage, Cemetry road,Sanjauli, Shimla
14.	IEEMA	501, Kakad Chambers 132, Worli Road, Mumbai-400018
15.	Indo Farm Equipment Ltd.	Export Promo_on Industrial Park, Phase - II, Baddi, Dis_: SOLAN, Himachal Pradesh - 173205
16.	INOX Air Products	Village Kunjhal, Industrial area-Barotiwala, Solan-174103
17.	HM Steel	Trilokpur Road, VillageJohron, Kala Amb, Sirmour-173030
18.	Jupiter Ltd.	Village Katha, Tehsil Baddi, Solan-173205
19.	Black Burn & Co. Pvt. Ltd.	Village Thana, EPIP II, Tehsil Baddi, Distt. Solan-173205
20.	SCAI	1st Floor, Panchal Iron Works, Marol Cooperative Industrial Estate, Marol, Andheri East, Mumbai
21.	Vikas Sharma	Not Available

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

General Objections

4.2 Tariff Petition

Stakeholders' Submission

4.2.1 M/s Ambuja Cement has claimed that HPSEBL did not notify the salient features of the Tariff Order to the consumers. Notification of all the changes affecting the consumers and not only the rates of the electricity supply should be made particularly to the high value consumers.

4.2.2 The stakeholder also submitted that presently the consumption of residential colonies of the industries are charged at industrial tariff. Separate domestic connection may be granted to such residential consumers living in the colonies. The concept of LVSS needs a revisit particularly for the consumers governed by two part tariff. Since the tariff is based on Demand and for violation thereof separate penal provisions exist capping the load limit for a particular voltage and application of LVSS for load exceeding that limit is totally unjustified.

Petitioner's Response

4.2.3 The Petitioner responded that it publishes the salient features of petitions being filed as well as of the Tariff Orders being issued in the newspapers. Moreover, the Tariff Orders/ Petitions are available on HPERC as well as the Petitioner websites.

4.2.4 The Petitioner has also submitted that the residential colonies of the industries will be charged under Domestic Supply Category of Tariff if they apply for separate connection. In case they avail supply from the Industrial Supply connection, the industrial category tariff will be levied. The provisions in this regard have already been made in the Schedule of Tariff. LVSS is being levied on consumers as per the Schedule of Tariff only.

Commission's Observations

4.2.5 The Commission has noted the submission of stakeholder and directs HPSEBL to provide summary of the petitions along with major changes as part of the publication in the newspaper in future.

4.2.6 The tariff schedule already provides for charging of residential colonies of industries on residential tariff in case the supply is availed through a separate connection and finds it appropriate to continue with the existing provisions related to schedule of tariff as detailed out in chapter 7 of this Order.

4.3 Annual Audited Accounts

Stakeholders' Submission

4.3.1 Shri Ramesh Chauhan has objected that the Petitioner has not furnished the Audited Balance sheet for FY 2017-18 from the CAG and instead submitted only the Audited balance sheet from the Independent Auditors. The stakeholder has also submitted that the final trued up figures may change and impact the revenue gap for FY18 and ultimately the tariff for consumers.

Petitioner's Response

4.3.2 The Petitioner has not responded to this specific query of the stakeholder.

Commission's Observations

4.3.3 The Commission has undertaken the true-up of FY 2017-18 on a provisional basis based on the accounts submitted by the Petitioner. In view of the current situation, the CAG audit may be delayed for a long period which would postpone the truing-up exercise for the subsequent year. In case variations in the final CAG audited accounts with the current accounts submitted by the Petitioner are observed, the same shall be adjusted at the time of final truing-up for FY 2017-18 in the subsequent Tariff Order.

Objections raised on True-Up of FY18

4.4 T&D Losses

Stakeholders' Submission

4.4.1 M/s Ambuja Cement has pointed that HPSEBL has added its incentive amount of Rs. 19.64 Crores to be recovered from the consumers by way of ARR whereas the overall picture of performance vs the targets is very grim. The stakeholder has also submitted that punishment should also be provided in the regulations for extra expenditure over the approved limit under various heads like employee expenses, R&M expenses, A&G expenses etc.

4.4.2 The stakeholder has further added that the reduction of line losses is a normal function of the petitioner and therefore, no incentive needs to be given to him at the cost of the consumers as long as discipline is not maintained by him in the other heads of ARR.

4.4.3 Another stakeholder has also objected that incentive is claimed by the Petitioner for achieving higher target than approved by the Commission in case of T&D losses of the ARR. The stakeholder has highlighted that T&D loss level for industrial cluster is already very low in comparison to the other categories and has sought explanation from the Petitioner on reduction in T&D loss for different categories and different geographical areas.

4.4.4 Industrial Association has submitted that overachievement of target in Transmission and Distribution Losses has not come as a result of the efforts of the utility. It is because of the large share of industry in the total sales that the overall T&D losses appear to be less.

4.4.5 Shri. Ramesh Chauhan, public representative has pointed out that the petitioner has managed to keep the distribution losses at 11.05%, below the approved figure of 12.20%, but the same are required to be verified from the actual sale figures now available since almost 100% sub-divisions are covered under computerized billing.

Petitioner's Response

4.4.6 The Petitioner has submitted that the incentive for T&D losses has been claimed in line with the Regulation 15 of HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) (Second Amendment) Regulations, 2013.

4.4.7 The Petitioner further added that huge financial investments are required for system strengthening to reduce the T&D losses and detailed cost-benefit analysis is required for the same which if undertaken in one go will result in huge burden upon consumers. The Petitioner mentioned that steps are being taken in phased manner to reduce T&D losses in domestic areas.

Commission's Observations

4.4.8 The mechanism for sharing of gains/ losses on account of overachievement/ underachievement is governed by the MYT Regulations, 2011 and its subsequent amendment. The Commission has analysed the claim of the Petitioner keeping in view the relevant provisions of the regulations as also detailed out in Chapter 5 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.

4.4.9 With respect to other aspects of ARR as well, the Commission undertakes prudence check with regard to actual claim vis-à-vis approved expenditure in line with the provisions of the Regulations.

4.4.10 However, the Commission concurs with the views of the stakeholders that the Petitioner must conclude the study being conducted on Voltage-wise cost of supply so that losses at different voltage levels can be independently analysed.

4.4.11 Further, the Commission has noted in this order that the Petitioner must identify circles/ areas with consistent high level of losses and undertake adequate planning for reduction of losses in such areas. The detail in this regard must be submitted to the Commission on quarterly basis.

4.5 Power Purchase Cost

Stakeholders' Submission

4.5.1 M/s Ambuja Cement has pointed out that the amount of Rs. 8.12 Cr. shown as other charges on table-5, page 17 of the petition needs to be explained in detail for enabling detailed comments from the same.

Petitioner's Response

4.5.2 The Petitioner submits that the detailed breakup of other charges amounting to Rs. 8.12 Crore has already been provided in the Petition. Thus, the objection is liable for rejection by the Commission

Commission's Observations

4.5.3 The true-up exercise undertaken by the Commission considers a thorough examination of various expense heads claimed with respect to the approved and audited amounts. As part of prudence check, additional queries are being sought by the Commission from the petitioner. All inadequately explained information is analysed and clarification taken from the Petitioner before according approval by the Commission. Details of prudence check undertaken for each ARR parameter is further detailed in Chapter-5 of this Order.

4.6 PGCIL charges

Stakeholders' Submission

4.6.1 M/s Ambuja Cement has observed that there is a jump in power purchase cost of PGCIL charges which has been left unexplained by the Petitioner.

Petitioner's Response

4.6.2 The Petitioner has submitted that the PGCIL charges claimed amounting to Rs. 351.73 Crore includes charges amounting to Rs. 94.04 Cr. paid against free power of GoHP and same stands recovered from GoHP. Thus, net PGCIL charges paid by the Petitioner amounts to Rs. 243.69 Cr. Explanation in this regard already stands incorporated in the petition below Table 5.

Commission's Observations

4.6.3 As clarified by the Petitioner, the Commission has been approving the net amount of PGCIL Charges payable by the Petitioner after adjustment of the amount recoverable from GoHP on account of free power as part of the true-up for FY 2017-18. The detailed computation in this regard is provided in Chapter 5 of this Order.

4.7 HPPTCL and STOA Charges

Stakeholders' Submission

4.7.1 M/s Ambuja Cements Ltd. has objected to the inclusion of HPPTCL charges and STOA charges considering HPPTCL is a newly created organization and the entire power system as it existed remains with the HPSEBL. Similarly, for STOA transmission system, the stakeholder submitted that full recovery is made from the open access consumers and therefore, it should be omitted from the ARR.

Petitioner's Response

4.7.2 The Petitioner submitted that in respect of HPPTCL Charges, HPSEBL is the long-term beneficiary of STU network and thus is liable to pay charges as per the ARR of HPPTCL being approved by HPERC. Moreover, it is pertinent to mention here that Inter-State Transmission system in the HP state is being owned by HPPTCL and thus HPSEBL has to pay transmission charges for using the same.

4.7.3 In respect to the STOA Charges the Petitioner further submitted that these charges are towards the banking of power. Banking arrangements involve the use of inter-state and intra-state transmission systems on short term basis and accordingly the STOA Charges have been considered. The Petitioner has additionally submitted that the charges recovered from open access consumers have been considered as a part of Non-Tariff Income.

Commission's Observations

4.7.4 The Commission concurs with the views of the Petitioner on this matter and has scrutinized the claim of the Petitioner on account of HPPTCL and STOA charges for FY 2017-18 in Chapter 5 of this Order.

Stakeholders' Submission

4.7.5 HPPTCL has requested the Commission for approval of amount of Rs. 0.14 Cr. on account of Charges paid for Phojal Substation by HPSEBL which was earlier disapproved while true up of FY17.

4.7.6 Further, HPPTCL has also requested for approval of arrears on the basis of tariff determined for Phojal transmission system. The stakeholder mentioned that it has already submitted a petition for approval of Capital cost and ARR for the line to the Commission.

4.7.7 HPPTCL has further requested for approval of Interstate transmission charges of Rs. 6.42 Cr. which was paid to it by HPSEBL for the period prior to October 2016.

4.7.8 In addition, HPPTCL requested the Commission to include the impact of transmission charges to be borne by HPSEBL for Phojal S/s and Bhoktoo S/s in Intra-state transmission charges for which Petition for capital cost and ARR determination has already been filed.

4.7.9 HPPTCL has requested the Commission to consider the impact of Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2020 while calculating PGCIL charges.

Petitioner's Response

4.7.10 The Petitioner has not responded to this specific query of the stakeholder.

Commission's Observations

4.7.11 The matter pertains to the Tariff Petition filed by HPPTCL for its various transmission lines and substations. The petitions are presently under scrutiny by the Commission and cannot be incorporated as part of the current Order. Any impact on account of change of CERC Regulations impacting the PGCIL charges shall be considered at the time of truing-up for the respective year.

4.8 Employee Expenses

Stakeholders' Submission

4.8.1 M/s Vardhman Textiles and various Industrial Associations have pointed out that the Petitioner has claimed revenue requirement of Rs.5,387.82 Cr. in true up against Rs. 5,015.75 Cr. approved. The stakeholder has claimed that only employee cost account for about 65% of the total deficit claimed by the Petitioner in true-up Petition. The stakeholder has further submitted that the employee cost of HPSEBL holds a major share of about 32% in the overall cost while other utilities such as PSPCL, UHBVN, DHBVN etc., have only 5% of the ARR as employee cost as against 32% in case of HPSEBL.

4.8.2 M/s Ambuja Cement has also pointed out that the retirement date of the employee are known in advance and it is not difficult to count the number of employees retiring in a year and the expenses of their terminal benefits, so a difference of more than Rs. 320 Cr. on this account needs to be thoroughly examined.

4.8.3 The stakeholder has also mentioned that the share of terminal benefits in the total employee cost is almost half of the total employee cost.

4.8.4 Shri Ramesh Chauhan has submitted that the Petitioner's large amount of terminal benefits is a cause of concern since these are almost 49% of the total employee cost and likely to increase further in coming years. The stakeholder has also added that the terminal benefit expenses should not burden the consumers by either taking up with the HP Govt. to own the pension liabilities of pensioners prior to June 2010 i.e. the transfer scheme, or by creating a separate fund to manage the same so that its burden on consumers is reduced altogether

Petitioner's Response

4.8.5 The Petitioner has submitted that the increase in employee cost is mainly on account of increase in the terminal liabilities, which is a past liability of the Utility. Moreover, complete details stand submitted to Commission and the expenses on account of employee cost are allowed by the Commission as per the prevailing Regulations after prudence check and due diligence and not based merely on submissions of the Petitioner itself.

4.8.6 The Petitioner also submitted that the objections by the objector are incorrect, false, misleading and therefore liable for rejection. The comparison of employee cost with other Utilities is not correct owing to different geographical conditions, consumer mix and Utilities sales. The employee cost of the Petitioner is not high in comparison to other Utilities; however employee cost per unit is higher owing to the mentioned reasons, despite of which HPSEBL is ensuring reliable and quality power supply to consumer's at most competitive rates. Drawing inference merely on per unit employee cost is incorrect and misleading and the objector may like to view other components of ARR and not any particular factor in isolation.

4.8.7 The Petitioner also highlighted that terminal benefit is past liability of the DISCOM towards its erstwhile employees and the Utility is bound to honor the same. Moreover, it has submitted that the Commission allows the terminal benefits in accordance with the prevailing HPERC Regulations after prudence check and due diligence only. In line with the HPERC Regulations, the Petitioner is ensuring the pension contributions from these Utilities towards the services being rendered by HPSEBL's employees and the Commission is accordingly considering these in the approval of ARR.

Commission's Observations

4.8.8 The Commission has carried out the scrutiny of employee expenses claimed by the Petitioner for FY 2017-18 in detail and observed that the Petitioner has made a provision of ~Rs. 150 Cr. towards salary and other costs along with terminal benefits. To take care of the large amount of pension and terminal liabilities of erstwhile Board employees, the Commission had issued the HPERC (Terms and Conditions for sharing of Cost of Terminal benefits of Personnel of the erstwhile Himachal Pradesh State Electricity Board and Successor Entities) Regulations, 2015 which provides for partial adjustment of such claims through the RoE earned by the Govt. of HP. Further, the Commission has also made adjustments in the employee cost in line with these regulations which has been omitted by the Petitioner as part of its claim. The Commission has therefore, approved the employee expenses for FY 2017-18 in line with the above regulations as detailed in Chapter 5 of this Order.

4.9 R&M Expenses

Stakeholders' Submission

4.9.1 M/s Ambuja Cement has submitted that the Repair and Maintenance expenses is mentioned as controllable expenditure and adjustment thereof has to be on the Petitioner's account. The excess of Rs.36 Cr (94.15-58.05) may be disapproved by the Commission.

Petitioner's Response

4.9.2 The Petitioner has submitted that it has given detailed reasons for increase in the actual R&M expenses vis-à-vis the approved expenses and the relevant details stand shared with the Commission. The Petitioner has also mentioned that the R&M expensed are allowed by the Commission after due diligence and prudence check only. Thus, the objection by the objector is liable for rejection by the Commission.

Commission's Observations

4.9.3 The Commission partially concurs with the views of the stakeholder that the Petitioner must be prudent while incurring R&M expenditure since these are controllable parameters. In response to Commission's queries, the Petitioner has submitted that higher R&M expenditure is majorly on account of higher R&M expense on Data Centre/ Disaster Recovery Centre (DRC) and other expenses incurred under office equipment and IT heads which was not earlier included as part of the base year R&M expenses. The Commission has analyzed the claim of the Petitioner in Chapter 5 of this Order and approved R&M expenses for FY 2017-18 after proper prudence check.

4.10 Interest and Finance Charges

Stakeholders' Submission

4.10.1 M/s Vardhman Textiles, has requested the Commission to look into the details of the loans before approving the interest charges and the same should be approved, for which actual capital work is carried out during the years

Petitioner's Response

4.10.2 The Petitioner has submitted that the objector has put forth a suggestion to the Commission and has therefore not provided any response to the query.

Commission's Observations

4.10.3 The claim of the Petitioner with respect to the interest and financing charges is higher. However, as part of truing up of FY 2017-18, the Commission has reviewed various interest related costs in line with the provisions of the MYT Regulations, 2011 as detailed in Chapter 5 of this Order.

4.11 RPPO Compliance

Stakeholders' Submission

4.11.1 M/s Ambuja Cement has asked the Petitioner for the reasons for non-compliance of RPPO in FY 2018 requested the Commission that concession may be disallowed on this account as it would amount to rewarding the inefficiency.

4.11.2 Shri Ramesh Chauhan submitted that the Petitioner has admitted that it failed to achieve the Non-solar RE RPPOs to the tune of 63.15 MUs for the year FY19. The stakeholder has further asked the Commission to take view on this matter.

Petitioner's Response

4.11.3 The Petitioner has submitted that detailed reasons for non-compliance of RPPO in FY18 are submitted in the Petition.

Commission's Observations

4.11.4 Review of RPPO compliance against the targets set for the respective year is undertaken by the Commission on an annual basis and any non-compliance for FY 2017-18 shall be dealt separately.

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

Stakeholders' Submission

4.12.1 M/s Vardhman Textiles has submitted that the activity of approving annual revenue requirement for tariff determination purpose is specific and limited in its nature. Due diligence is undertaken while truing up such expenses. Therefore, it is not correct at the Petitioner's end to claim anything which was not approved earlier but actually incurred during the year. The stakeholder has further requested the Commission to not consider the same which is also against the Section 61 of Electricity Act 2003, that provide for safeguarding of consumer interest and encourage competition, efficiency, economical use of the resources, good performance and optimum investments.

4.12.2 Kundlas Loh Udyog also requested the Commission that over-expenditure in any head over and above the MYT approved level must be disallowed to the extent as is not permissible under the applicable tariff regulations.

4.12.3 Many Industrial associations have submitted that the MYT Regulations are already in place since many years and true-up of the claim of the petitioner must be carried out on the basis of the methodology already set on the basis of controllable and uncontrollable parameters. The stakeholder also submitted that the true up gap, which is mainly on account of increase in manpower cost and incentives for over-achievement in Transmission and Distribution Losses plus the carrying cost, must be prudently checked.

Petitioner's Response

4.12.4 The Petitioner has submitted that that all the expenses being claimed in the present petition are as per the HPERC Regulations and Past Tariff Orders. The Petitioner also submitted that the Commission allows the same strictly as per the prevailing Regulations after due diligence and prudence check only. Moreover, supporting documents and other details stand submitted to Commission in respect of various costs being incurred by the Petitioner.

Commission's Observations

4.12.5 The true-up exercise undertaken by the Commission considers a thorough examination of various expense heads claimed with respect to the approved and audited amounts. As part of prudence check, the Commission analyses each ARR parameter in line with the provisions of the MYT Regulations, 2011. The prudence check undertaken for each ARR parameter is further detailed in Chapter 5 of this Order.

4.13 Revenue from Sale of Power

Stakeholder's Submission

4.13.1 M/s Ambuja Cement has observed that revenue from sale of power in the State has grown up from Rs. 4576 Crores to Rs. 4622 Crores in FY 2017-18, the revenue from sale of power from outside the state has grown up from Rs. 442 Crores to Rs. 714 Crores but still the ARR under the true-up submission is shown deficit adding additional burden on the consumers of the state who are already reeling under the tariff shocks given every year.

Petitioner's Response

4.13.2 The Petitioner has submitted that the price of electricity increases with the increase in cost of goods on account of increase in the cost of raw material, inflation and various other factors. The Petitioner has also requested the Commission to allow the recovery of various expenditures incurred by the Petitioner for supplying power to consumers in the State as per the prevailing Regulations.

Commission's Observations

4.13.3 The Commission has independently analysed the claim of the Petitioner and adjusted revenue against sale of surplus power from the ARR to determine the overall revenue surplus/ (gap) for FY 2017-18 as detailed out in Chapter 5 of this Order.

4.14 Adjustment of Demand Charges

Stakeholders' Submission

4.14.1 M/s Ambuja Cement has pointed out that the adjustment of recovery of demand charges made from the consumers is not explained in the Petition.

Petitioner's Response

4.14.2 The Petitioner has submitted that the total revenue recovered from sales within the state includes both fixed/demand charges as well as energy/variable charge. Thus, the revenues on account of demand charges stands adjusted against the ARR of the Petitioner.

Commission's Observations

4.14.3 The demand charges applicable on consumers are booked under revenue from sale of power in the annual accounts of the Petitioner. The Commission has independently analysed the claim of the Petitioner and adjusted the total revenue recovery (demand and energy charges) to meet the ARR and determine the overall revenue surplus/ (gap) for FY 2017-18 as detailed out in Chapter 5 of this Order.

4.15 Aggregate Revenue Requirement & Revenue Gap

Stakeholders' Submission

4.15.1 M/s Ambuja Cement has submitted that the true-up amount of ARR is mentioned as Rs 5387.82 Cr. as against the approved figure of Rs.5015.75 Cr. The stakeholder has objected this wide gap in the projections.

4.15.2 M/s Vardhman Textiles has noticed that diversion of funds that happened in the past needs to be continuously updated based on new facts and information. The stakeholder also submitted that a detailed investigation in this regard is required to work out the exact amount of diversion to be disallowed for ARR purpose to safeguard the interest of the consumers.

Petitioner's Response

4.15.3 The Petitioner submitted that the Petition for first Annual Performance Review of 4th Control Period has been filed as per relevant provisions under HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011 and its subsequent amendments. The Petitioner has also submitted that the tariffs for all categories of consumers are determined by the Commission under section 62 and section 84 of Electricity Act, 2003 and under the guidelines of National Tariff Policy, 2016 after due diligence and prudence check and not based on the submissions made by the Petitioner.

Commission's Observations

4.15.4 The Commission has independently analysed each parameter claimed by the Petitioner while conducting the true-up exercise of FY 2017-18 and allowed only prudent expenditure under each head to be passed onto the consumer as detailed out in Chapter 5 of this Order.

Objections Raised on ARR of FY21

4.16 Power Purchase

Stakeholders' Submission

4.16.1 Industrial Associations has demanded for reduction of free power purchase rate seeing the overall scenario in the energy market. The Association has submitted that electricity can be used as a tool for larger industrialization and growth of the State. So, there is no harm in approaching the State Government for subsidy as the State Government stands to gain multi fold in the tax and other revenue.

Petitioner's Response

4.16.2 The Petitioner has submitted that the rate for procurement of GoHP free power is being determined by the Commission and it is procuring such power at same rates as approved by Commission.

Commission's Observations

4.16.3 The tariff for free power is separately determined by the Commission based on the agreed methodology. For any relief on this account, the consumers may approach GoHP and submit their representation.

Stakeholders' Submission

4.16.4 HPPCL has pointed out that the details of power purchased from HPPCL Solar Power Project i.e. Berra Dol SPP (5MW) has not been taken into account while compiling the Station wise Power Purchase details.

4.16.5 HPPCL has also submitted that the quantum of solar power purchased from Berra Dol SPP for the FY 18-19 is 13.74 MUs. However the net quantum billed for Berra Dol SPP for the FY 18-19 was 2.16 MUs only.

Petitioner's Response

4.16.6 The Petitioner submitted that total projection of Solar Power Purchase for FY 20 & 21 is 31.46 MUs for each year. The quantum of power purchase from Berra Dol (5MW) has been included in the same.

4.16.7 The Petitioner has also submitted that the project wise power purchase from various Solar Projects within the State is shown in "RPPO Obligation 2018-19 Sheet" under "Annexure 4.1". However, in the Table 62 of Main Petition filed by the Petitioner power purchase from Berra Dol (5MW) (2.16 MUs) has inadvertently been shown against IPPs power purchase (13.74 MUs).

Commission's Observations

4.16.8 The Commission has noted the response of the Petitioner and has dealt with the issue in the power purchase section of Chapter-6 of this Order.

Stakeholders' Submission

4.16.9 M/s Vardhman Textiles Ltd. has requested the Commission to examine the excess Power Purchase cost, unapproved expenses claimed by the Petitioner.

4.16.10 Another stakeholder has objected the power purchase from municipal plant @ Rs.7.90 per unit, which is quite high.

Petitioner's Response

4.16.11 The Petitioner has submitted that power purchase expense is an uncontrollable parameter as per prevailing Tariff Regulations and it is obligated to ensure 24x7 supply to consumers of the State for which costly power sources are also availed by HPSEBL.

Commission's Observations

4.16.12 The Commission has conducted prudence check of power purchase quantum and cost and has taken an independent view on the power purchase quantum, rate and cost for each source, as detailed in Chapter 6 of this Order.

Stakeholders' Submission

4.17 Energy Sales

Stakeholders' Submission

4.17.1 M/s Ambuja Cement has pointed out that the actual sales in the previous year have remained less than the approved figure and the trend may continue to be the same.

4.17.2 The stakeholder has submitted that the concept of CAGR has outlived its life and the projections of the energy requirements are highly inflated. Drawl of power from IPPs/Exchange by the consumers further offsets the energy required to be purchased by the petitioner. The stakeholder has further suggested that the actual consumption of the previous year should be compared for working out the category wise consumption for the next year.

4.17.3 HPPTCL submitted that the Petitioner has revised sales projections on the basis of complete year data for FY 2018-19. However, revised projected sales for FY 2019-20 and FY 2020-21 are slightly higher but within 1% variation when compared to Sales approved by the Commission in its MYT Order dated 29.06.2019. The stakeholder has further added that considering the impact of the ongoing pandemic and its negative impact on the growth across sectors including tourism predicted sales should be kept same as that approved in the MYT Order as actual sales may see dip in FY 2020-21.

4.17.4 Shri Ramesh Chauhan has submitted that since almost 100% consumers have been covered under the computerised billing, slab wise consumptions are required to be considered in order to rationalise the slab wise rates. The Commission has been directing the Petitioner in its queries on the MYT and APRs of previous control periods to furnish slab wise consumption data but the petitioner has failed to do so even along with this petition. The stakeholder has requested the Commission to take action on it.

Petitioner's Response

4.17.5 The Petitioner has submitted that sale projections have been made after detailed analysis of CAGR as well as recent trends in the economy.

Commission's Observations

4.17.6 The Commission has noted the concerns of the stakeholders and dealt with the issue of energy sales in detail in the relevant sections in Chapter 6 of this Order. While projecting the sales for subsequent year, the Commission has undertaken detailed analysis of past year actual sales and along with recent and long-term growth trend in each tariff category.

4.17.7 The Commission also concurs with the view of the stakeholders that actual slab wise sales are required to be considered for determination of slab wise rates. In response to the slab wise break-up of sales sought by the Commission, the Petitioner has submitted partial detailing of slab-wise information of sales for FY 2018-19 and seven months of FY 2019-20. While there were inconsistencies with respect to the information shared, the Commission has analysed the submission of the Petitioner and adequately utilised it during tariff determination. The Petitioner has been directed further to provide consistent information with respect to slab-wise sales, load, etc. in the subsequent tariff petitions for detailed analysis.

4.18 O&M Expenses

Stakeholders' Submission

4.18.1 M/s Ambuja Cement has requested the Commission to review the expenditure on sub-heads of O&M costs based on the factors like capability, availability & necessity rather than on a historical data.

4.18.2 Shri Ramesh Chauhan has submitted that the proposed O&M Cost including R&M cost is higher and the same should be kept at the level approved in the MYT order. The stakeholder also suggested that in case the expenditure is more on this account, the same may be taken up during true up petition.

Petitioner's Response

4.18.3 The Petitioner has not responded to this specific query of the stakeholder.

Commission's Observations

4.18.4 The Commission has independently analysed claim of the Petitioner with respect to each component of O&M Expenses for FY 2020-21 in line with the provisions of the MYT Regulations, 2011. The O&M Expenses being a controllable item has not been revised as detailed out in Chapter 6 of this Order.

4.19 Employee Costs

Stakeholders' Submission

4.19.1 M/s Vardhman Textile has submitted that only reasonable employee cost should be passed through ARR and remaining must be taken over by Government as the Petitioner employees are government employees and must get their dues as per Government rules and regulation. The stakeholder further added that it is not opposed to paying terminal liability on accrual basis, but passing such cost to consumers of the state which does not contribute to cost of supply should not be charged from consumers.

4.19.2 M/s Ambuja Cement has also pointed out that justification of employees on the basis of number of connections/ consumers is not relevant presently because of flat culture widely adopted.

Petitioner's Response

4.19.3 The Petitioner responded that terminal benefit is a liability of the DISCOM towards its erstwhile employees for which it is bound to honour the same.

Commission's Observations

4.19.4 The Commission has independently analysed each claim of the Petitioner regarding employee expenses and terminal benefits for FY 2020-21 in line with the provisions of the MYT Regulations, 2011. The O&M Expenses being a controllable item has not been revised as detailed out in Chapter 6 of this Order.

4.20 Capex related

Stakeholders' Submission

4.20.1 Ambuja Cement has requested for the phasing of capitalisation correlated with the annual completion of works rather than assumption of 20%, 25% etc.

4.20.2 Shri Ramesh Chauhan has submitted that since the petitioner not submitted detailed information regarding assets capitalised and equity distribution to the specific works, depreciation and Return on Equity (RoE) may be restricted to the extent of the approved figures in the MYT orders for FY 20 to 24.

Petitioner's Response

4.20.3 The Petitioner has responded that the suggestion pertains to the Commission and has not provided specific reply to this objection.

Commission's Observations

4.20.4 During the issuance of MYT Order for the Control Period, the Commission has reviewed the capital expenditure proposed by the Petitioner and considered the phasing of capitalization as per the past actuals. As part of the APR Order, the controllable parameters i.e. capital expenditure and capitalization are not revisited and figures approved in the MYT Order for the respective year are continued. A detailed true-up of such controllable parameters shall be undertaken based on the actual at the end of the Control Period in line with the MYT Regulations, 2011.

4.21 Depreciation

Stakeholders' Submission

4.21.1 M/s Vardhman Textiles has requested the Commission to look into the matter of those fixed assets which have completed their life. Such assets need to be identified and shown separately and no depreciation on such assets should be allowed for ARR determination purpose.

4.21.2 The stakeholder has also submitted that depreciation should be allowed based on actual capacity added/ assets created.

Petitioner's Response

4.21.3 The Petitioner has submitted that the depreciation expense being a controllable parameter is allowed by the Commission strictly in accordance with Regulation 7 of HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011 and its subsequent amendments.

Commission's Observations

4.21.4 We agree with the stakeholders that the petitioner must submit age wise asset details so that depreciation is worked out accordingly.

4.21.5 During the issuance of MYT Order for the Control Period, the Commission had approved the depreciation for each year based on the gross fixed assets and capitalization approved for each year. As per the MYT Regulations, 2011 and its amendments, depreciation is a controllable parameter and therefore has been considered as approved in the MYT Order for the respective year. A detailed true-up of such controllable parameters shall be undertaken based on the actual at the end of the Control Period in line with the MYT Regulations, 2011.

4.22 Interest Charges

Stakeholders' Submission

4.22.1 M/s Vardhman Textiles has claimed that as per UDAY scheme, in FY 2020-21, amount of Rs. 2167.50 crore will be given to Discom as grant and Rs.723 crore as equity. The stakeholder has suggested that the Discom should use this amount to pay off debt of equivalent amount and interest thereon should be reduced to interest payable. The stakeholder has also submitted that return on such equity should be given only if equity is infused in cash.

Petitioner's Response

4.22.2 The Petitioner responded that under UDAY Scheme, GoHP has issued bonds amounting to Rs. 2,890.50 Crores and proceeds of these bonds were utilized by the Petitioner to discharge its debt liabilities. The Petitioner further submitted that it has not received any amount as equity as mentioned by the objector.

Commission's Observations

4.22.3 During the issuance of MYT Order for the Fourth Control Period, the Commission has already considered the impact of UDAY scheme for computation of interest cost resulting in reduction of interest expense of HPSEBL. As per the MYT Regulations, 2011 and its amendments, interest cost is a controllable parameter and therefore has been considered as approved in the MYT Order for the respective year. A detailed true-up of such controllable parameters shall be undertaken based on the actual at the end of the Control Period in line with the MYT Regulations, 2011.

4.23 Return on Equity

Stakeholders' Submission

4.23.1 M/s Vardhman Textiles has observed that Tariff Regulations return on equity has to be computed on paid up equity capital determined provided that return on equity invested in work in progress shall be allowed from the date of commercial production.

Petitioner's Response

4.23.2 The Petitioner responded that it does not envisage substantial grants by way of Centrally Funded schemes and therefore the increase in RoE for FY 20 and FY 21 is on account of the revised funding pattern being proposed by the Petitioner in this petition.

Commission's Observations

4.23.3 The Commission had approved the RoE for the Fourth Control Period as per the MYT Regulations, 2011. In line with the regulations, RoE is approved post capitalization of the schemes and therefore no RoE is allowed with respect to equity amount pertaining to capital work in progress. While approving the ROE for FY 2020-21, the Commission has continued with the ROE as approved in the MYT Order which is subjected to be reviewed as part of true-up of controllable parameters at the end of the Fourth Control Period.

4.24 Revenue from Sale of Power

Stakeholders' Submission

4.24.1 Kundlas Loh Udyog has objected that the revenue deficit claimed in the ARR filed by the Petitioner is based on assumptions and misleading growth targets. The stakeholder has also submitted that HPSEBL has purchased power at very high rates from certain power generating stations, which has increased the power purchase cost in the ARR. The stakeholder has also added that the realization from sales at present tariff has been suppressed by HPSEBL to show a deficit in the resources.

Petitioner's Response

4.24.2 The Petitioner in response has only submitted that it has filed the petition in line with the HPERC Regulations.

Commission's Observations

4.24.3 The Commission while approving ARR for FY 2020-21, has undertaken detailed scrutiny of each element of ARR and has projected revenue surplus/ gap as detailed in Chapter 6 of this Order.

Other Issues

4.25 Infrastructure Development Charges (IDC) & Power Availability Certificate

Stakeholders' Submission

4.25.1 M/s Vardhman Textiles has submitted that the normative rates of Infrastructural Development Charges (IDC) are recovered from the consumers to defray the cost of existing as well as proposed distribution system partially. The present petition filed by the petitioner is seeking increase in the normative rates of Infrastructural Development Charges (IDC) on the basis of the increase in cost data. IDC Collection viz-a-viz actual expenditure is required.

4.25.2 The stakeholder mentioned that the extent of amount already recovered by the licensee is required to be assessed for arriving at a reasonable normative rate for recovery from the consumers. In the case that the major share of such capital cost which has to be compensated by the route of IDC already stands recovered, the normative rates should be reduced appropriately. The stakeholder highlighted that any increase in normative rates of IDC will have negative impact on the growth of the industry in the State.

4.25.3 M/s HM Steel Ltd. submitted that one particular sub-station when EHT is being fed on same supply voltage as HPSEBL uses then IDC charges in that station should be waived off.

4.25.4 M/s Jai Bharat Steel has submitted that the cost of power system is already being passed through ARR in tariff formation thus there is no justification of any Infrastructure Charges such as IDC, PAC, Normative Charges, etc.

4.25.5 Industrial Associations have also pointed out that as per Regulations, IDC charges recovered by HPSEBL have to be deducted from the total capital expenditure and for the purpose of calculation of gross block for arriving at depreciation as per HPERC (Recovery of Expenditure for Supply of Electricity Regulations, 2012.

Petitioner's Response

4.25.6 The Petitioner has responded that no increase in the IDC charges has been proposed in the petition. The Petitioner has also submitted that heavy investments needed for supplying power to some industrial consumers cannot be allowed to burden all other consumers through Tariffs and is unjustified.

Commission's Observations

4.25.7 The Commission has independently dealt the issues pertaining to IDC in Chapter 8 in line with HPERC (Recovery of Expenditure for supply of Electricity) Regulations, 2012.

4.26 Wheeling Charges

Stakeholders' Submission

4.26.1 M/s Ambuja Cement has claimed that the OA consumer has to pay several charges some of which are listed below: Cross subsidy charges, Additional

Surcharge, Wheeling Charges, Scheduling Charges, Loss component, POC charges, Reliability charges, Transmission Charges. The stakeholder further claimed that coupled with the above listed charges, the landed cost of open access power at consumer's door step becomes totally unviable.

4.26.2 The stakeholder mentioned that in the case of Kalyani Steel Ltd Vs Karnatka Power Transmission Corporation Ltd (2007 ELR- 985), honourable APTEL has held that no wheeling charges are to be recovered from open access consumers connected directly on transmission voltages. Thus application of 50% wheeling charges on EHT consumers need to be withdrawn.

4.26.3 Similarly transmission charges stand already recovered through demand charges and IDC. So the transmission charges should also not be levied upon the EHV consumers.

4.26.4 M/s IA Hydro has also submitted that it is paying around 94 paisa per unit for evacuating power from Chanju-I HEP which is quite high and making the project unviable in this competitive market scenario.

4.26.5 The stakeholder has requested the Commission to bring competition in the market and make Hydro Projects for generators competitive and viable who are having capacity of more than 25 MW by either removing the component of wheeling charges to be levied by the Petitioner or at least by rationalising it further.

Petitioner's Response

4.26.6 The Petitioner has submitted that petition for Additional Surcharge has been filed as per the HPERC Regulations and various charges being recovered from open access consumers are as per the HPERC Regulations only. Moreover, wheeling charges levied on open access consumers are towards the distribution assets of the Petitioner.

Commission's Observations

4.26.7 The open access charges for consumers availing open access has been levied as per the provisions of the Electricity Act, 2003, Tariff Policy and applicable Open Access Regulations of this Commission. The various charges are approved as per methodology set forth under these policies and regulations.

4.27 System Losses considered for Wheeling Charges

Stakeholders' Submission

4.27.1 M/s Ambuja Cement has observed that interstate transmission losses are stated to be 3.27% as against 4% assumed for working out the liability of EHT Consumers and has further proposed that suitable correction at all stages may be made while working out wheeling charge and other charges related to EHT consumers.

Petitioner's Response

4.27.2 The Petitioner has replied that Inter-state losses are being determined by NLDC on actual basis and same have been considered by the Petitioner as 3.27% in the present petition. However, intra-state transmission losses are being determined by HPERC. Thus, the comparison between these two cannot be drawn and have been considered correctly by the Petitioner in the present petition.

Commission's Observations

4.27.3 The Commission has approved voltage-level based losses applicable for open access consumers. These losses have been rationalized in the MYT Order for Fourth Control Period. These losses have been approved in view of the overall T&D losses in the State.

4.28 Voltage-wise Losses & Cost of Supply

Stakeholders' Submission

4.28.1 M/s Vardhman Textiles has pointed out that EHT consumer category wise cost of supply is 79% of average cost of supply as determined by the Commission in its last tariff order while the average revenue collection from EHT consumers is 105% of average cost of supply. Thus, there is a big gap between 79% (cost) of CCOS and 105% (tariff) charged from EHT consumers - about 26-30%. The stakeholder has requested to narrow down it by giving a Higher Voltage Rebate of 40-50 paisa /unit or EHT tariff based on fixed separately reflecting some portion of the above gap mentioned, if the gap cannot be fully eliminated.

4.28.2 The stakeholder has also requested that the tariffs should be based on voltage wise cost of supply rather than the average cost of Supply.

4.28.3 M/s IA Hydro also submitted that the Commission had directed the petitioner (Licensee) in clause 10.2.12 of the MYT order dated 29/06/2019 to provide adequate details along with computation of voltage wise wheeling charges from long-term and short-term consumers separately in the filing for first APR petition for the Fourth control period. However, despite the directions to the petitioner in MYT order dated 29/06/2019, the petitioner did not submit such details for computation of voltage wise wheeling charges in the petition filed for 1st APR under 4th Control Period (FY 20-24) on 30th November 2019.

4.28.4 M/s Kundlas Loh Udyog has submitted that the petition is based on assumptions and not on the real data of supply at different voltages. The stakeholder further added that the overall scenario in the country has changed and most of the utilities in other states have not demanded any tariff increase and rather have requested the respective State Commissions to continue with the existing tariffs.

4.28.5 M/s Jai Bharat Steel has requested the Commission for determination of tariff based on Voltage/Feeder at least for consumers having separate feeder in order to have correct determination of T&D losses. The stakeholder has added that line losses for EHT consumers are in the range of 1% but it has to bear overall losses of 11-12%.

4.28.6 Shri Ramesh Chauhan has pointed out that the Petitioner has failed to furnish the voltage wise assets and cost in order to work out the wheeling and retail supply tariff in line with the MYT Regulations.

Petitioner's Response

4.28.7 The Petitioner responded that the Petition for first Annual Performance Review of 4th Control Period has been filed as per relevant provisions under HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011 and its subsequent amendments. The tariffs for all categories of consumers are determined by the Commission under section 62 and section 84 of Electricity Act, 2003 and under the guidelines of National Tariff Policy, 2016.

4.28.8 The Petitioner also informed that M/s CRISIL has conducted Voltage Wise Cost of Supply Study for the Petitioner and report in respect of same is under finalization.

Commission's Observations

4.28.9 While determining tariff for various categories, the Commission is guided by the National Tariff Policy 2016 which provides that the tariff should progressively reflect +/-20% of average cost of supply. Post the completion of first Control Period, the Commission in its Tariff Regulations, 2011 had indicated a roadmap to further rationalize the cross-subsidies to (-)15% to (+) 10% of the average cost of supply and to within (-)10% to (+)5% of average cost of supply in the subsequent Control Period.

4.28.10 In line with the provisions of the Tariff Regulations, the Commission has been effective in reducing the cross-subsidies as compared with the targets provided in Tariff Policy. Further, the Commission has also directed the Petitioner to undertake a voltage-wise cost of supply which may be considered in subsequent years for assessing voltage-wise tariff in the State.

4.29 Additional Surcharge

Stakeholders' Submission

4.29.1 M/s Vardhman Textiles Ltd. has proposed that the Commission may consider that the rate of Additional Surcharge, proposed by the Petitioner makes open access burdensome, unaffordable and uncompetitive. The stakeholder mentioned that 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.

4.29.2 HPPTCL has submitted that additional surcharge are based on the Inter and Intra State Transmission Charges, however, the same will be affected with the notification of new issued CERC POC Regulations. The stakeholder has requested the Commission to consider the impact of the same as truing up of additional surcharge cannot be carried out at a later stage.

Petitioner's Response

4.29.3 The Petitioner has responded that the suggestion pertains to the Commission and has not provided specific reply to this objection.

Commission's Observations

4.29.4 The Electricity Act 2003 and Tariff Policy provides for levy of additional surcharge on open access consumers in case the existing power purchase commitments remain stranded and there is obligatory incidence of fixed costs.

4.29.5 The Commission has determined the additional surcharge in line with the guidelines of Tariff Policy and provisions of HPERC (Cross Subsidy Surcharge, Additional Surcharge and Phasing of Cross Subsidy) Regulation, 2006. Further, the Commission has considered the prevailing Inter-state and Intra-state transmission charges for computation of additional surcharge at the time of issuance of this Order.

4.30 Cross-Subsidy

Stakeholders' Submission

4.30.1 M/s Vardhman Textiles has requested that the level of cross subsidy should not be increased from the present level and should be progressively reduced.

4.30.2 M/s Ambuja Cements Ltd. has submitted that determination of category-wise cost of supply and cross subsidy should be based on category-wise cost of supply required to meet the requirement of the Electricity Act, 2003. Cross subsidy level should be determined accordingly to reflect the true cost of supply and actual cross subsidy given/charged from different categories of consumers.

4.30.3 The stakeholders have requested the Commission to bring down the cross subsidy burden on subsidizing class of consumers and also submitted that the tariff of the subsidized class of consumers should be raised to the minimum 85% of the average cost of supply.

4.30.4 Another stakeholder submitted that that a level of cross subsidy should not be increased from the present level and should be progressively reduced.

4.30.5 Industrial associations have also pointed out that there is need to further reduce the cross-subsidy amongst various consumer categories and sub-categories as well. The stakeholder has further added that there is a large amount of cross subsidy within a particular category of consumers. 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.

Petitioner's Response

4.30.6 The Petitioner has submitted that the above matter may be dealt by the Commission.

Commission's Observations

4.30.7 The Commission has been determining the cross subsidy surcharge as per the methodology prescribed in the Tariff Policy 2016. In fact the cross subsidy surcharge being approved by the Commission are lower than the cross subsidy surcharge arrived based on the Tariff Policy formula.

4.31 Peak Load Average Demand Charges

Stakeholders' Submission

4.31.1 Industrial associations have pointed out that the Commission in its last tariff order abolished the Peak Load Average Demand Charges, which were adding to the cost of peak load consumption.

4.31.2 The stakeholder suggested that the viability of supplying electricity during peak hours at a lower rate must be looked into and the peak hour tariff should be reduced to a differential of Re. 1.00 per unit extra. The present rate of approximately Rs. 6.20 per unit is very high.

4.31.3 M/s Jai Bharat Steel has also requested the Commission that tariff during peak hour is to be kept at par with other TOD tariff (except night) for the EHT industry.

4.31.4 M/s HM Steel has pointed out that to avail/come in category of EHT one has to invest huge amount to build infrastructure. The system runs without causing any extra burden on controlling sub-station and infrastructure of HPSEBL. The stakeholder has requested the Commission that peak load charges should be waved off from new tariff for EHT.

4.31.5 The stakeholder submitted that EHT consumers avail supply directly from the source by which controlling Sub-Station of HPSEBL is fed meaning which no extra burden on controlling Sub-station of HPSEBL occurs while uses the supply during peak Hrs. The un-interrupted supply can be given by HPSEBL to other categories. So peak load charges should be waived off from new tariff for EHT.

Petitioner’s Response

4.31.6 The Petitioner responded that additional demand charges for peak hours are no more applicable from FY 2019-20 as per HPERC Tariff Order dated 29.06.2019. However, energy charges during peak hours have been kept higher compared to normal hour energy charges to flatten the diurnal load curve. Besides this peak hour tariff also ensures safe grid operation without any load shedding. The Petitioner added that the peak hour tariff is very much relevant for safe, secure and efficient operations.

Commission’s Observations

4.31.7 The Commission is in agreement with stakeholders and have already abolished the additional demand charges applicable for industrial consumers in the previous Tariff Order. However, the peak hour charges are required for flattening of overall demand in the State and to compensate the utility for additional power procurement during peak hours. It should also be appreciated that the supply to such industrial consumers are at concessional rates considering the night time concession in the range of 40-80 paisa per unit being offered in the tariff.

4.32 Recovery of Demand Charges

Stakeholders’ Submission

4.32.1 M/s Ambuja Cement has pointed out that Demand charge is in lieu of the capital investment made by the utility for supplying power to the consumer. Secondly this amount is also recovered through IDC from the consumer & thirdly for open access consumers, the demand charges also make a part for calculating the wheeling charges. The stakeholder further added that there is no justification for increasing the demand charges which is being recovered more than once.

4.32.2 The stakeholder also submitted that the consumer contracts with the petitioner a particular demand on 24X7 basis. So while restricting our operations to 20 hours, the industry should be suitably compensated instead of charging higher rates and has suggested that the demand charges may be adjusted by the multiplication factor of 20/24.

Petitioner's Response

4.32.3 The Petitioner responded that the demand charges in the tariffs are levied for recovering the fixed costs of the Utility and as the cost of production in industries is raising year after year similarly the costs of the Petitioner are also increasing. Moreover, the entire amounts being recovered by the Petitioner from consumers are adjusted against the ARR.

Commission's Observations

4.32.4 Demand charges are meant to recover the fixed cost of the utility which is typically in the nature of O&M expenses, depreciation, interest and financial expenses, fixed cost related to generation sources, etc. These costs being fixed in nature are not dependent on the hours of operation of the consumer or the units drawn. Such recoverable demand charges along with energy charges are considered towards meeting the overall ARR of the utility and any over/under recovery (resulting in gap between revenue and ARR) may be required to be adjusted by way of revision in demand or energy charges.

4.33 Chargeable Demand

Stakeholders' Submission

4.33.1 Industrial Associations have demanded for Minimum demand charges to be based on 80% of contract demand and submitted that it is right time now to reduce the level of minimum chargeable contract demand from 90% to 80% for the following reasons:

- To marginally increase the flexibility available to the consumer due to varying business needs;
- To adjust the level to 80% in order to align with the other states in India;
- The utility will not be affected much in terms of revenue as under the new amended provisions, they shall get demand charges on the basis of sanctioned contract demand for at least six months in a year;
- The number of revisions of contract demand will reduce, thus resulting in reduction of paperwork.

4.33.2 M/s Vardhman Textiles has also submitted that the minimum chargeable demand should be 80% of the contract demand.

Petitioner's Response

4.33.3 The Petitioner has submitted that the provisions of temporary revision in contract demand have been made under which consumers can revise contract demand twice a year to manage its demands efficiently.

Commission's Observations

4.33.4 The provision of levying demand charges on 90% of Contract Demand takes care of marginal variations in the assessment of demand vis-a-vis actual demand particularly when the sufficient flexibility is also available to the consumer under the provision for temporary reduction of its demand up to 50% twice in a year. As such, the Commission does not find any merit in this suggestion.

4.34 Demand Charges for EHT/HT Consumers

4.34.1 M/s Vardhman Textiles 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 suggested that the demand charges for all categories of industries should be uniform.

4.34.2 Industrial Associations have also claimed that the demand charges are abnormally high as compared to all other states.

4.34.3 M/s Jai Bharat Steel has demanded for demand charges for EHT consumers to be lower than HT consumers similar to the methodology being followed by other states.

Petitioner's Response

4.34.4 The Petitioner submits that the objection is of argumentative nature without facts. However, main concern for the Petitioner 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. However, 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.

4.34.5 Stakeholder should not limit comparison with other States in respect of demand charges, but also compare energy charges based on average cost of supply. Comparison of demand charges in isolation is misinformed and misleading.

Commission's Observations

4.34.6 As per the tariff policy demand charges reflect the fixed charges of the utility which includes O&M expense, depreciation, interest and financial expenses, fixed cost related to generation sources, etc. Therefore, the Commission does not agree with the claim of stakeholders that these charges are high. Also, comparison of both demand and energy charges should be undertaken across the states to arrive at a conclusion as each state has varying demand and energy charges. The Commission would also like to highlight that relaxation in form of abolishment of additional demand charges was already provided to the industries in the previous Tariff Order. Further, the Commission based on the projections of ARR and revenue for FY 2020-21 has retained the tariff for all consumer categories as detailed out in Chapter-7 of this Order.

4.35 Security Deposit

Stakeholders' Submission

4.35.1 M/s Jai Bharat has requested the Commission to reject HPSEBL's proposal for increasing the Security Deposit and abolition of payment of Security Deposit through Bank Guarantee.

Petitioner's Response

4.35.2 The Petitioner has not responded to this specific query of the stakeholder.

Commission's Observations

4.35.3 The matter pertains to the HPERC Supply Code Regulation. So, this issue shall be taken up separately by the Commission while reviewing the Supply Code Regulations.

4.36 Rationalization of Supply Voltage for Consumers upto 50 KVA of Contract Demand

Stakeholders' Submission

4.36.1 Industrial associations have pointed out that the Small and Medium Industry is suffering from the present anomaly in fixation of standard supply voltage of 11 KV for loads exceeding 50 kVA/ 50 KW. The stakeholder has suggested that either the 50 KW limit for consumers upto 50 KVA contract demand be removed or at least this limit be increased to 100 kW.

4.36.2 Another stakeholder has also requested the Commission to remove the limit of 50 KW for consumers up to 50 KVA contract demand or to increase this limit to 100 KW.

Petitioner's Response

4.36.3 The Petitioner responded that increasing the limit of connected load on LT level will have adverse effects on the system and overall losses will increase significantly.

Commission's Observations

4.36.4 The matter pertains to the HPERC Supply Code Regulation. So, this issue shall be taken up separately by the Commission while reviewing the Supply Code Regulations.

4.37 Connected Load for Industrial Consumers

Stakeholders' Submission

4.37.1 M/s Vardhman Textiles Ltd. has requested the Commission to relax the connected load built up in the industry without any binding of connected load in KW, in case the contract demand in KVA is agreed upon.

Petitioner's Response

4.37.2 The Petitioner responded that network and system is designed based upon kW or MW. The details on connected load are mandatory for the Petitioner to design its system and work out the future planning & expansion requirements. Thus, connected load in kW or MW is important parameter for Utility from the Planning and future expansion perspective.

Commission's Observations

4.37.3 The matter pertains to the HPERC Supply Code Regulation and does not pertain to the tariff petition filed by the Petitioner. So, the issue should be taken up separately by the stakeholder while reviewing the Supply Code Regulations.

4.38 Tariff Proposal

Stakeholders' Submission

4.38.1 Shri Ramesh Chauhan has pointed out that the Petitioner has not submitted detailed tariff proposal for the revenue gap proposed for FY 2020-21 comprising category-wise tariff along with the petition. The stakeholder has suggested the Commission to take a view and decide whether to allow the proposed increase in tariff or not.

Petitioner's Response

4.38.2 The Petitioner has not responded to this specific query of the stakeholder.

Commission's Observations

4.38.3 The Commission concurs with the view of the stakeholder that the Petitioner has not complied with the MYT Regulations, 2011 while filing the Tariff Petition. No proposal for retail and wheeling and other charges etc. were submitted by the Petitioner despite providing adequate time for doing so. In absence of a tariff proposal, the claim for tariff increase is unknown to the consumers.

4.38.4 The Commission directs the Petitioner to submit tariff proposal along with its APR petition for subsequent year failing which the petition shall be considered to be rejected.

4.39 Tariff Hike Related Aspects

Stakeholders' Submission

4.39.1 M/s Vardhman Textiles has pointed out that there is need to factor the constraints in increasing power tariff in the State. The stakeholder also added that power tariff should not be increased anymore and financial needs of discom should be met through increase in efficiency and support from the government.

4.39.2 Industry Associations and other stakeholder has requested the Commission to provide relief in the matter of tariff that the new industry in the state could be attracted and the existing industries can compete with the similar industry in the other parts of the country.

4.39.3 M/s Jai Bharat Steel has requested the Commission that tariff should be fixed for 3-5 years instead of being fixed every year to avoid repetitive expense every year.

4.39.4 M/s ACC has requested the Commission to postpone the implementation of tariff order by one year in view of COVID pandemic.

Petitioner's Response

4.39.5 The Petitioner responded that the tariff for industrial category of consumers is lower than the prevailing tariffs in the neighbouring states like Punjab, Haryana and Delhi. Hence, the tariffs in Himachal Pradesh are most competitive as compared to the neighbouring states. The Petitioner has further added that tariff hikes in the past was only to the extent of approved ARR of the Petitioner and not as submitted in ARR of the Petitioner, thus giving lower Tariffs to consumers of the State and stressing the economic position of Utility.

Commission's Observations

4.39.6 In accordance with the HPERC MYT Distribution Tariff Regulations, 2011 and amendments thereof, the tariff are determined on Cost Plus basis wherein the ARR of the utility for the ensuing year is determined and tariff are adjusted for recovery of the approved ARR. The Commission has been providing performance targets and targets for controllable parameters to limit any undue increase in ARR of the utility.

4.39.7 Based on provisional truing-up for FY 2017-18 and projections for FY 2020-21, the Commission has retained the tariff for all consumer categories for FY 2020-21 as detailed out in Chapter-7 of this Order.

4.40 Separate Tariff Category

Stakeholders' Submission

4.40.1 Industrial Associations have claimed the consumers falling in medium industrial category having contract demand upto 100 kVA, suffer a huge tariff shock once they cross the limit of 100 kVA. This is experienced due to sudden increase of demand charges from Rs. 100/ kVA to Rs. 250/kVA. The stakeholder has requested to form new category covering loads from 101 kVA to 300 kVA, in which the demand charges be kept at an intermediate level i.e. Rs. 175/ kVA.

4.40.2 Various Industrial associations have also demanded that a lower tariff should be applicable to consumers who are above 66 kV, say 132 kV and 200 kV or more. The rationale behind this low demand charges, is lower T&D Losses at higher voltage and lower cost to serve such consumers.

Petitioner's Response

4.40.3 The Petitioner responded that already the number of categories is higher and creating more categories will further complicate the tariff structure and will be against the principles of tariff simplification and rationalization. Thus, no separate category as suggested by objector needs to be created.

Commission's Observations

4.40.4 The Commission concurs with the views of the Petitioner that making a separate category will be against the principles of National Tariff Policy. Therefore, the Commission finds it appropriate to retain the existing Tariff categories. However, the Commission directs HPSEBL to submit the report on Voltage wise cost of Supply immediately after the issuance of this Order so that the Commission is in a position to take appropriate decision in future.

4.41 Night Time Tariff Concession

4.41.1 M/s Vardhman Textiles has proposed that the night time tariff concession should be uniform across the board irrespective of the voltage level and must be increased to 100 Paisa from present 40 Paisa per unit to make it more effective for flattening the load curve.

4.41.2 Industrial associations have submitted that night concession is now available between 40-80 Paise per unit for different categories of consumers. The stakeholder further requested the Commission to amend the provisions of the night concession in a revenue neutral way.

Petitioner's Response

4.41.3 The Petitioner responded that night time concession is being given for maintaining balance in energy consumption and also to enhance grid security. Differential rates during winter months and monsoon months have been worked out based on the power availability during these seasons.

Commission's Observations

4.41.4 In the previous Tariff Orders, the Commission had increased the night time concession in order to rationalize the tariff for industrial consumers. However, the seasonal variation in the rates of night time concession is considering the fact that HPSEBL majority sources of power are from hydro plants and during winter month supply of power from such stations is limited resulting in deficit scenario. Therefore, the differential night time concession has been maintained. Also, making night time tariff concession uniform at all voltages and to increase this concession further, is not possible now but the Commission shall take a view on this after conducting appropriate studies.

4.42 Rationalization of Tariff for Temporary Connection

Stakeholders' Submission

4.42.1 Industry Association has claimed that the temporary category is at present the costliest and the tariff for this category is the highest at Rs.9 per unit. The stakeholder has also suggested the Petitioner to reduce the tariff for temporary connection to a level of Re. 1.00 above the highest tariff category. The stakeholder mentioned that there is a need to rationalize the tariff for loads greater than 20 kVA also.

Petitioner's Response

4.42.2 The Petitioner responded that power purchase cost will be increased if temporary arrangements need to be made for supplying power on temporary basis and therefore the rate of Temporary Metered Supply (TMS) should coincide with power purchase cost last in Merit Order or average power purchase cost of surplus power. The Petitioner has highlighted that the Commission has already rationalized tariff in previous tariff order. Besides, this Government has made provisions in the Industrial Policy to facilitate industries for availing power during construction stages.

Commission's Observations

4.42.3 The Commission has made appropriate revisions in the tariff of temporary category in the previous Tariff Order and is of the view that the existing tariffs are aligned with the nature of requirement for such supply.

4.43 Special Concession to Cement Industry

Stakeholders' Submission

4.43.1 M/s Ambuja Cement has requested special concession to cement industry, rather all the industries with a PLF more than 60%. The same is permitted by section 62 of the EA 2003. The cement industry is already hit by the unique and highest Electricity Duty of 17.5% and therefore, deserves special consideration in the matter of tariff.

Petitioner's Response

4.43.2 The Petitioner has requested the Commission to take a decision on this matter.

Commission's Observations

4.43.3 With respect to concessions in Electricity Duty, the stakeholders are advised to approach the GoHP with their representations. Further, differentiating the industries based on type of industries would result in complicating the tariff structure and will be against the principles of tariff simplification and rationalization. .

4.44 Load Factor Rebate

Stakeholders' Submission

4.44.1 Kundlas Loh Udyog has pointed out that some states have already adopted a system of providing rebate or alternatively applying surcharge based on load factor of the consumer. This has resulted in optimum utilization of transmission and distribution infrastructure.

4.44.2 The stakeholder has further submitted that a consumer with a particular load having high load factor consumes more power as compared to another consumer with a lower load factor. Both such consumers will require same capacity of the system, but their consumptions will be different. The stakeholder has also added that the utility achieves higher sales per KVA of load from consumers with high load factor. Even the cost involved in providing service to such consumers is low with considerable amount of savings to the utility in providing power to such power intensive consumers with high load factor.

4.44.3 The stakeholder has requested the Commission to introduce load factor rebate in the electricity tariff of Himachal Pradesh as a part of reforms.

Petitioner's Response

4.44.4 The Petitioner has responded that the suggestion pertains to the Commission and has not provided specific reply to this objection.

Commission's Observations

4.44.5 The Commission finds it appropriate to continue with the existing provisions related to terms and condition of Tariff and rebate. However, the Commission shall take a view on Load factor based tariff rebate in future after deliberations with all stakeholders.

4.45 High Voltage Surcharge

Stakeholders' Submission

4.45.1 Different Industrial Groups of the state have submitted that under the present conditions of tariff, a Low Voltage Supply Surcharge is charged from the consumers availing supply at a lower voltage than the applicable standard supply voltage in order to compensate the utility for T&D losses. The stakeholder requested to provide rebate to the consumers who avail supply at a voltage higher than the standard supply voltage in order to compensate such consumers.

Petitioner's Response

4.45.2 The Petitioner responded that voltage wise tariff is applicable for consumers in EHT sub-category under LIPS category of Tariff which is inbuilt of rebate in the energy charges. The Petitioner further submitted that implementation of rebates and concessions in the billing have practical implications causing complexity in implementation by the field units.

Commission's Observations

4.45.3 The Commission concurs with the response of the Petitioner that the differential in rates of energy charges acts as a rebate for consumers availing power at higher voltage level and therefore consumers which are drawing power at voltage below their standard voltage are required to be penalized through LVSS.

4.46 Late Payment Surcharge

Stakeholders' Submission

4.46.1 Industrial associations have noticed that presently the Late Payment Surcharge is applicable @ 2% per month or part thereof. The present provisions and procedure result in an interest rate of over 27% as the surcharge on surcharge is being charged by the utility resulting in compound interest @ 24% per month.

4.46.2 The stakeholders mentioned that the petitioner is also charging late payment surcharge at the same rate on disputed amounts. Whereas the consumer gets only 15% rate of simple interest on the refund of disputed amount, but the petitioner claims 24% rate compounded monthly.

4.46.3 M/s Kundlas Loh Udyog and Industrial Associations have pointed out that a LPS of 2% is one of the highest in the country and should be reduced to 1% per month.

Petitioner's Response

4.46.4 The Petitioner responded that LPS is not merely recovery of interest costs of Utility but is also a penal provision to discourage later payments by consumers. Further, the Petitioner has submitted that timely revenue collection is of utmost importance to the Petitioner for maintaining cash flow and avoiding the unnecessary borrowing costs. Thus, LPS should be fixed at higher rates to ensure timely payments from consumers.

Commission's Observations

4.46.5 Late payment surcharge is being charged to discourage the consumers from delay in payment to the Utility. Further, the Utility is to be compensated for additional working capital requirement due to such delay in payment.

4.46.6 However, the Commission in line with the submissions of the stakeholders feels that LPS presently being charged from consumers are on higher in comparison to interest rate applicable on short-term loans (12-13%). Accordingly, the Commission has revised the LPS to 1.5% as detailed out in Annexure-1 of this Order.

4.47 Excess Consumption Rebate

Stakeholders' Submission

4.47.1 The implementation of Excess Consumption rebate of 15% on energy charges has been appreciated by the consumers, but it has been observed that after the passage of one year this advantage fades away. This rebate be provided for three years on consumption over and above the consumption of the base year.

Petitioner's Response

4.47.2 The Petitioner has requested the Commission to take decision on this matter.

Commission's Observations

4.47.3 In this regard, the Commission has already made certain amendments in the rebate on energy charges provided to new and existing industries.

4.47.4 For any further relief in this regard, the stakeholders are required to make adequate representation before GoHP.

4.48 Online/ Early Payment Rebate

Stakeholders' Submission

4.48.1 Many Industrial associations have suggested that as pre-paid metering is expected to take some time to take effect, prompt payment discount be introduced for encouraging the consumers to pay the bill even before the due date. The stakeholder also suggested that if a consumer pays his electricity bill seven days prior to the actual due date, he would be entitled to a prompt payment rebate/ discount @ 0.5 % per week, which is a rate equivalent to late payment surcharge.

4.48.2 The stakeholder has also suggested that online payment rebate @1% of the bill excluding taxes and meter rent etc., be introduced for all categories of consumers in order to encourage online payment, thus reducing the huge rush for payment of bills at the bill payment counters.

4.48.3 M/s Jai Bharat Steel has requested the Commission that a rebate of 2% be introduced on advance payment of the bill similar to the 2% LPS on delayed payment.

Petitioner's Response

4.48.4 The Petitioner has submitted that a rebate should be proportional to reduction in working capital requirement of the Petitioner so as not to cause financial implications to other consumers.

Commission's Observations

4.48.5 The Commission directs the Petitioner to come up with an appropriate rebate plan for the consumers which would also help HPSEBL in better management of working capital.

4.49 Compliance of GST and Income Tax Deduction at Source

Stakeholders' Submission

4.49.1 The Industrial associations of the state have pointed that the GST Regime requires that the utility should charge GST on the service charges charged by them from the consumers. The stakeholder has claimed that the Petitioner does not issue tax invoice for service charges and has mentioned that the Petitioner must implement a mechanism to issue a tax invoice to the consumer reflecting the GST charged in the invoice so that the consumer can take credit of GST charged.

Petitioner's Response

4.49.2 The Petitioner has responded that the charges reflected in the electricity bills of consumers are the costs of the Petitioner on which no GST is payable by the utility.

Commission's Observations

4.49.3 This issue seems to be of operational compliance of GST/ Income tax by the Petitioner. The petitioner is directed to issue such tax invoices if applicable under the GST and Income Tax Act by the power distribution licensees.

4.50 Pre-paid Connection for Defaulting Industries

Stakeholders' Submission

4.50.1 M/s Vardhman Textiles has submitted that prepaid meter should be installed in all such connections where payment is not made or a special regional surcharge may be imposed on such consumers, who do not wish to take pre-paid meter. The stakeholder has also submitted that the non-payment of dues by government office must also be looked into.

Petitioner's Response

4.50.2 The Petitioner has requested the Commission to take decision on this matter.

Commission's Observations

4.50.3 In this regard, the Commission has already directed the Petitioner to come up with a comprehensive plan for installation of pre-paid meters across various categories. The Commission hereby again reiterated the same to the petitioner to come up with detailed proposal in this regard within three months of the issuance of this Order.

4.51 Power Cuts

Stakeholders' Submission

4.51.1 M/s Vardhman has requested the Commission to direct the Petitioner to impose power cuts uniformly across all Categories of consumers without any discrimination to industrial consumers.

Petitioner's Response

4.51.2 The Petitioner responded that it is ensuring 24x7 power supply to all the consumers and no power cuts are being imposed on account of shortage of power. In any case the power cuts are being imposed, it is mainly due to prevailing grid conditions and network constraints, which are necessitated by obligations to maintain grid security. Generally, the load of industrial consumers is high and network constraints during contingencies require power cuts. Besides, this maintenance cuts are mandatory for monitoring and routine inspections.

Commission's Observations

4.51.3 The Commission is of the view that ideally there should not be any power cut in the state as the Commission has approved sufficient capacity to fulfil the power demand of the State. However, as submitted by the Petitioner that in case of the eventualities, the discom sometimes has to take decisions regarding power cuts based upon the real time situations. The Petitioner is directed to impose power cuts, if at all required, in an equitable manner duly keeping in view the system requirements and the time of the day in which such cuts are required to be imposed. The Petitioner is further directed to inform to all affected consumers of power cut in advance via text message, etc.

4.52 Non-compliance of Directions

4.52.1 Industrial associations have raised the issue of non-compliance of directions of the Commission by the petitioner as listed in the past orders like non-submission of tariff proposal, study on voltage wise cost of supply, detailed note on assumptions used, etc.

4.52.2 Shri Ramesh Chauhan has submitted that the Petitioner has failed to furnish the response to some of the directions issued in the main MYT order.

Petitioner's Response

4.52.3 The Petitioner responded that it has submitted the compliance report along with Tariff Petition in respect of various directives being issued by HPERC. Complete details as desired by the Commission stands supplied by the Petitioner with the petition or with subsequent discrepancy notes.

Commission's Observations

4.52.4 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.

4.52.5 The Commission takes serious view on the Petitioner's approach for complying to the directive and directs the Petitioner to take up the compliance to directives in a sincere manner.

4.53 Other/ General Objections

Stakeholders' Submission

4.53.1 Industrial Associations have submitted that in the tariff order for FY 2018-19, the Commission had observed that "5.20.53 With regard to the Supply Code, objector submitted the following:

The load limit for 33 kV is:

i. 15MW/ 12MVA if 66 kV level exists in the relevant distribution system

ii. 18MW/ 14 MVA if 66 kV level does not exist in the relevant distribution system

The load limit for 66 kV is:

i. 15MW/ 12MVA through a common or dedicated or joint through a common or dedicated or joint dedicated feeder

ii. 18MW/ 14 MVA through a dedicated or joint dedicated feeder

4.53.2 The stakeholder submitted that in the case of 66 KV Supply Voltage dedicated and joint dedicated feeder appears in both the cases a) or b) which is confusing and has requested to address the anomaly in the future tariffs and the Supply Code.

Petitioner's Response

4.53.3 The Petitioner responded that that provision 4(a) & 4(b) are not confusing since the maximum limits of connected load & contract demand for release of quantum of load at 4(a) & 4(b) are clearly differentiated. However, in both cases LVSS charges are applicable.

Commission's Observations

4.53.4 The matter pertains to the HPERC Supply Code Regulation and is not relevant to the existing tariff petition. However, The Commission has noted down the concerns of the stakeholders.

4.54 Relaxations/ concessions

Stakeholders' Submission

4.54.1 Indian Electrical & Electronics Manufacturers' Association (IEEMA) has requested for the following relaxations due to COVID relaxations in terms of electronic equipment trade with utilities like price variation in fixed contract, liquidity damages, adoption of TReDS for discounting supplier bills, acceptance of online bills, no encashment of Bank Guarantees, applicability of force majeure for extension of validity of Letter of Credit (LC) to be extended for six months, 50% advance payment in material supply, Factoring of receivables for supplies to Government, etc.

4.54.2 IEEMA has also requested for relaxation in procedural changes like refund of Tax and Incentives, waiver of Filing fee / up-front deposit, relaxation in functioning and transportation of electrical equipment as essential services, funding of purchase orders, funding of purchase orders, mandate for public procurement (preference to Make in India) order, on-line inspections, deferment overseas testing requirements, relief in accumulated GST, etc.

4.54.3 M/s Kundlas Loh Udyog, Industrial Associations and individual stakeholders have suggested for a reduction in overall tariff. Related deficit may be later funded through Government subsidy or recovered from the consumers over a span of 5 years.

4.54.4 M/s Vardhman, PIA, M/s IFEL, M/s BBN, M/s Metenere, M/s INOX, SCAI, IEEMA, CII, M/s Jai Bharat Steel, M/s ACC, M/s Indofarm and M/s Kundlas Loh Udyog have submitted that shut down of operations has resulted into sever financial loss to the company and entire industry sector is going through an unprecedented financial crisis. These stakeholders have demanded to invoke force majeure clause for waiver/refund of fixed energy charges and meter rent charges for plant shutdown period.

4.54.5 M/s BBN has submitted that the lockdown was enforced on the industrial consumers without any advance notice and clearly tantamount to invocation of Force Majeure clause for every type of Contract. The stakeholder has requested to invoke force majeure for removal of notice period of 3 days, application of force majeure conditions by the Petitioner from March to the time lockdown is over, to stop issuance of new bills from April 2020 onwards.

4.54.6 CII has also requested the Commission to direct HPSEBL for waiver of notice period of 3 days, waiver of Electricity duty for 2 years and stop collection of LPS for the time being in accordance with the force majeure clause of the Tariff Order.

4.54.7 M/s ACC has requested for reduction in variable energy charges, deferment of bill payment for 2 months post opening of lockdown and waiver/reduction of electricity duty for 12 months.

4.54.8 M/s Metenere has requested the Commission to extend the due date for payment of March Electricity bill from 30th April to 31st May. M/s Jupiter has also requested the Commission to extend the due date for payment of LPS from 24th April to 15th May 2020.

4.54.9 SCAI has prayed for waiver of actual consumption charges for 6 months starting from April 2020, waiver of electricity charges for March, April and May and waiver of power factor penalty during the lockdown period.

4.54.10 M/s Vardhman and M/s INOX have prayed for energy charges to be billed on actual consumption of energy.

Petitioner's Response

4.54.11 The Petitioner has not responded to these specific queries of the stakeholders.

Commission's Observations

4.54.12 The Commission is aware of the unprecedented situation being faced by the Petitioner and stakeholders due to lockdown and related restrictions amid COVID-19 pandemic. In this regard, the Petitioner vide its letter dated 22.04.2020 has informed the Commission on the measures being taken to provide relaxation/ concession to consumers in line with directions of GoHP. Few of the measures notified by the Petitioner is as follows:

i. Waiver of Delayed Payment Surcharge for all consumers up to 30.04.2020 for all bills issued during March and April 2020 and up to 31.05.2020 for all bills issued during May 2020

ii. Waiver of 100% Fixed Charges for hotels and restaurants under commercial category of consumers for six months (April 2020 to September 2020)

iii. Moratorium on payment of fixed charges for Industrial, Commercial and Agricultural consumers for the next two billing cycle April'2020 and May'2020. The demand charges so accumulated are allowed to be recovered equitably in three equal installments over next three bills of 2020 (July, August and September)

iv. Rebate of 1% subjected to maximum of Rs 10,000 for Industrial, Commercial and Agriculture Consumers

v. Rebate of Rs 10 for digital payments by Domestic Consumers

4.54.1 The above measures are already notified by the Government and are being extended by HPSEBL to the consumers. The Commission also feels that the applicability of above relaxations provided by the GoHP in form of non-applicability of delayed payment surcharge, moratorium on payment of fixed charges, etc. to various categories of consumers are sufficient for meeting the difficulties of the consumers.

4.54.2 It should also be understood that HPSEBL being a distribution company has contractual and related commitments including cost liability for procurement & transmission of power, employee cost, etc. which are required to be met through revenue from supply of power. Delay in recovery of such revenue will put financial pressure on HPSEBL and would further add to the cost of electricity in the near future.

4.54.3 Further, with respect to concessions in Electricity Duty, funding from Government, consideration of electrical equipment as essential services, mandate for public procurement of indigenous products and other policy related matters, the stakeholders are advised to approach the GoHP with their representations.

5 TRUE-UP OF UNCONTROLLABLE PARAMETERS FOR FY18 UNDER THE THIRD MYT CONTROL PERIOD

5.1 Background

5.1.1 HPSEBL has submitted a petition for true-up of uncontrollable parameters for FY 2017-18 on the basis of variation in actual expenses and revenue in FY 2017-18 vis-à-vis the expenses and revenue approved for FY 2017-18 in the Mid-term review Order along with the Provisional Accounts for the period April 1, 2017 to March 31, 2018 to support the actual expense and revenue for FY 2017-18.

5.1.2 As per the MYT Regulations 2011, truing-up has to be undertaken based on audited accounts. During the technical validation session, the Petitioner had submitted that finalization of accounts have already been done by statutory audit team and the final CAG audited of the accounts shall also be completed and submitted to the Commission in due course of time. Considering HPSEBL's claim that the accounts are audited by statutory auditors and there are limited possibility of any subsequent changes in the P&L and Balance sheet, awaiting for CAG audited accounts in current situation may result in delaying the true-up process for subsequent tariff year. Therefore, the Commission feels that a provisional truing-up for FY 2017-18 based on the annual accounts submitted by the Petitioner (hereinafter referred to as "Provisional Accounts") may be undertaken in order to assess any revenue surplus /deficit and its timely adjustment in the ARR for FY 2020-21 as one of case.

5.1.3 The Commission also feels that the delay in availability of audited accounts for FY 2017-18 is unwarranted considering that utilities in other states have been filing for truing-up of FY 2018-19. The Commission directs the Petitioner to undertake suitable steps for timely finalization of accounts for FY 2018-19 & FY 2019-20 and submit truing-up for both the years along with the subsequent tariff petition for FY 2021-22.

5.1.4 The Commission has reviewed the operational and financial performance of HPSEBL for FY 2017-18 based on the provisional accounts made available, and has undertaken a provisional true-up in line with the Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011 and amendments thereof (hereinafter referred to as the 'MYT Regulations, 2011'), taking into account all the information, data submissions and necessary clarifications submitted by the licensee as well as views expressed by the stakeholders.

5.1.5 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."

5.1.6 The following sections details the methodology adopted by the Commission for provisional truing-up of uncontrollable parameters for FY 2017-18 based on the Provisional Accounts of HPSEBL for FY 2017-18.

5.2 Energy Sales

5.2.1 HPSEBL in its true-up petition for FY 2017-18 has submitted the actual sales of 8,405 MUs as compared with the approved sales of 8,435 MUs in the Mid-term review order for FY 2017-18, which is lower by 30 MUs.

5.2.2 The following table shows the actual sales submitted by HPSEBL vis-à-vis the approved sales by the Commission for FY 2017-18 in the Mid-term Review Order for FY 2017-18.

Table 77: Category-wise Trued-up Sales for FY18 (MUs)

Category (MU)	MTR Order	Petition
Domestic	2,141	2,009
Non Domestic Non Commercial	138	145
Commercial	547	567
Temporary	33	36
Small Power	164	86
Medium Power	55	115
Large Supply	4,521	4,615
Govt. Irrigation & Water Pumping	618	605
Public Lighting	13	11
Irrigation & Agriculture	60	62
Bulk Supply	145	154
Total Energy Sales	**8,435**	**8,405**

5.2.3 The Commission approves the actual sales as submitted by the Petitioner for provisional truing-up for FY 2017-18.

5.3 Revenue from Sale of Power

5.3.1 The Commission has considered revenue of Rs. 4,622.72 Cr. for FY 2017-18, as reflected in the provisional accounts and in line with the revenue submitted by HPSEBL in its petition.

5.3.2 The table below provides a comparison of the category-wise revenue as submitted by the Petitioner for FY 2017-18:

Table 78: Category-wise Trued-up Revenue from Sale of Power for FY18 (Rs. Cr.)

Particulars	MTR Order	Petition
Domestic	968.02	881.81
Non Domestic Non Commercial	79.78	102.59
Commercial	326.7	323.14
Small Power	90.15	78.38
Medium Power	31.12	85.85
Large supply	2,564.01	2,530.71
Public Lighting	6.56	16.15
Govt. Irrigation & Water Pumping	385.74	433.77
IPH		43.10
Bulk and Grid supply	92.43	99.02
Temporary Metered Supply	31.67	28.2

Particulars	MTR Order	Petition
Total	**4,576.18**	**4,622.72**

5.3.3 The Commission has also reviewed the submission of the Petitioner of revenue from sale of power outside state and has considered the actual revenue of Rs. 714.98 Cr. as per the provisional accounts as against the previously approved revenue of Rs. 442.74 Cr. in the MTR of third Control Period. 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 79: Trued-up Revenue from Sale of Power outside State for FY18 (Rs. Cr.)

Particulars	Actual as per Provisional Accounts
Revenue from sale of power outside State	1,686.57
Less: Banking Sale	971.59
Net Revenue from sale of power outside State	**714.98**

5.4 Transmission and Distribution (T&D) Loss

5.4.1 The Commission had approved T&D loss level at 12.20% for FY 2017-18 in the MTR of third Control Period. As per the Petitioner's submission, T&D loss level of 11.04% has been achieved during FY 2017-18.

5.4.2 The Petitioner in response to the queries of the Commission has submitted correction in quantum of Larji free power generation from 71.81 Mus to 73.23 Mus and Bhabha Augmentation from 15.14 MUs to 12.87 MUs. The impact of change in power purchase quantum on T&D losses has been accounted by the Commission.

5.4.3 Based on review of the input energy from various sources and sales, the T&D losses computed by the Commission computes to 11.04% for FY 2017-18 as also submitted by the Petitioner.

Table 80: Approved Transmission and Distribution Loss for FY18

Particulars	MTR Order	Petition	Provisionally Trued-up
T&D Loss	12.20%	11.04%	11.04%

5.4.4 The T&D loss achieved by HPSEBL has resulted in an over-achievement of 1.16% which is eligible for incentive as per Regulation 15 of Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) (Second Amendment) Regulations, 2013.

5.5 Power Purchase

5.5.1 HPSEBL has submitted total power purchase cost (including transmission and other charges) of Rs. 3,101.28 Cr. for FY 2017-18 for truing-up. The Petitioner has submitted the actual cost as recorded in the provisional accounts after excluding the notional cost booked in the accounts towards banking from the claim of the power purchase cost and provisioning made towards LADF power purchase charges. Additionally, cost of power procurement from own-generation sources has been considered by the Petitioner in the total power purchase cost for FY 2017-18.

5.5.2 The Commission has scrutinised the submissions made by the Petitioner and observed that the reconciliation table between the power purchase cost and provisional accounts was broadly in line. In response to the queries of the Commission on reconciliation of few cost, the Petitioner has made following additional submission with respect to the power purchase quantum and cost of own generation-

- Revision in Larji free power generation from 71.81 Mus to 73.23 Mus on account of difference in energy quantum due to transformation losses
- Additional claim of Rs. 0.5 Cr. towards Chanju Free Power totalling the cost of cost of purchase from Chanju free power to Rs. 3.76 Cr.

5.5.3 For FY 2017-18, the Commission has reconciled source wise power purchase cost for provisional truing-up after adjustments on account of banking and other matters discussed below. A summary table of the power purchase cost considered as per accounts has been provided below:

Table 81: Power Purchase Cost (excluding PGCIL and Other Costs) for FY18 (Rs. Cr.)

S. No.	Particulars	Provisionally Trued-up
A	**Total Power Purchase Cost as per provisional accounts**	**3,790.27**
	Less:	
B	**Banking Power Purchase (i)+(ii)+(iii)+(iv)**	**971.59**
(i)	GMR	1.66
(ii)	CPSU/SEB	5.34
(iii)	BRPL/BYPL	15.02
(iv)	PSEB	39.50
(v)	APPCL	166.00
(vi)	Manikaran	28.07
(vii)	EMPPL	716.00
C	**PGCIL**	**351.73**
D	**HPPTCL**	**-4.98**
E	**SLDC Charges**	**-1.83**
F	**STOA charges**	**45.03**
G	**Other Charges (NRLDC, Reactive Energy Charges, GoHP & Malana Deviation)**	**8.13**
H	**LADF (DOE)**	**2.16**
	Power Purchase Cost (excluding transmission and other Charges) A-(B+C+D+E+F+G)	**2418.44**

5.5.4 Banking being a cashless transaction is considered at zero cost in petition under total power purchase cost. An amount of Rs. 971.59 Cr. was reflected towards cost from banking procurement during FY 2017-18 in the provisional accounts which have been suitably adjusted while considering the total power purchase cost for FY 2017-18.

5.5.5 The Petitioner in the true-up Petition has clarified that an amount of Rs. 2.16 Cr. has been provisioned in the power purchase cost towards Local Area Development Fund. Since the amount has been provisioned and not actually paid, the Commission has excluded this amount while approving the power purchase cost for FY 2017-18.

5.5.6 For units purchased from own generating stations, it was observed that the Petitioner had erroneously submitted incorrect units of Bhabha Augmentation in its original tariff petition which was later revised in its subsequent submission in reply to the Commission's from 15.14 MUs to 12.87 MUs.

5.5.7 In absence of finalization of project specific tariff petition for Ghanvi-II, the Commission has considered the generic tariff of Rs. 2.25/- as considered in the past Orders.

5.5.8 Based on the above considerations and in line with the provisions of the MYT Regulations, 2011 for generation business, the Commission has reassessed the units and cost for own generating stations as summarised below:

Table 82: Power Purchase computed by the Commission from Own Generating Stations for FY18

Name of Station	Net Generation (MUs)	Amount (Rs. Cr.)
Bhaba	489.94	34.17
Bassi	314.44	25.17
Giri	169.27	18.90
Andhra	65.53	9.91
Ghanvi	68.76	15.47
Baner	32.98	8.45
Gaj	29.69	10.27
Larji	536.88	115.37
Khauli	33.31	6.90
Binwa	31.64	6.38
Thirot	7.66	1.72
Gumma	5.00	1.13
Holi	4.22	0.95
Bhabha Augmentation	12.87	2.90
Nogli	3.56	2.26
Rongtong	1.02	1.35
Sal-II	-	-
Chaba	4.50	1.55
Rukti	2.37	0.65
Chamba	1.83	0.39
Killar	0.41	0.09
Ghanvi II	20.59	4.63
Total	**1,836.47**	**268.59**

5.6 Transmission and Other Charges

5.6.1 While considering the PGCIL transmission charges, the Commission has adjusted an amount of Rs. 94.04 Cr. towards PGCIL charges for GoHP sale of free power from the total PGCIL charges of Rs. 351.73 Cr.

5.6.2 The Commission observed that the Petitioner has paid an amount of Rs. 37.58 Cr. and Rs. 0.68 Cr. towards Power Grid Kala Amb Transmission Line Assets (PKATL Assets) and 2 Nos. 220kV Line Bays for HPSEBL (Future Bays at Hamirpur POWERGRID Substation in NR) by HPSEBL to PGCIL during FY 2017-18. HPSEBL is making payments of non-POC charges from July 2017 onwards to PGCIL in line with the CERC Order dated 22.08.2014 in Petition No. 93/TT/2014, CERC Order dated 04.01.2017 in petition No. 155/MP/2016.

5.6.3 In response to the clarification with respect to payment of non-PoC charges, HPSEBL submitted that it had filed a Petition (No. 104/MP/2018) before CERC for inclusion of transmission charges under PoC mechanism and recovered from all constituents of Northern Region. However, CERC in its Order dated 18.09.2018 has allowed 15.5% charges recovery through PoC mechanism and 84.5% of total annual charges from the Petitioner till the commissioning of downstream transmission by HPPTCL. Subsequently, the Petitioner has filed an appeal before APTEL against the CERC Order.

5.6.4 The Petitioner also provided details of utilities in other States which are paying bilateral charges to PGCIL under similar situation. The Petitioner has requested the Commission to allow the PGCIL charges on actuals as per the provisional account.

5.6.5 Based on the submissions of the Petitioner, and taking in view that the appeal is still pending with APTEL, the Commission has provisionally considered the actual amount paid to PGCIL for FY 2017-18 towards PKATL Assets and Hamirpur Substation to avoid any financial hardships to HPSEBL.

5.6.6 However, the Petitioner is directed to formulate a committee to investigate the reasons for delay in the Kala-Amb project which was required to be taken by HPSEBL at the first place. In respect of this a detailed report should be prepared by the selected committee and a report should be submitted to the Commission within six weeks from the issuance of this Order.

5.6.7 Based on the report of the committee, the Commission shall review the amount required to be paid by HPSEBL to PGCIL due to non-availability of the downstream network. Also, an update on the measures undertaken by HPSEBL should be included as part of the report clearly providing details of efforts being undertaken by HPSEBL and HPPTCL to commission the downstream network at the earliest and avoid the cost currently applicable on HPSEBL.

5.6.8 An amount of Rs. 257.69 Cr. towards PGCIL Charges for FY 2017-18 has been considered by the Commission. Further, the open access charges of Rs. 45.03 Cr. during FY 2017-18 have been considered based on the submissions of the Petitioner.

5.6.9 The Petitioner has submitted that the SLDC charges incurred in FY 2017-18 is Rs. 2.14 Cr. However, opening receivable of the Petitioner from SLDC stood at Rs. 3.97 Cr. which has been adjusted in the financial statements of FY 2017-18 and the balance stands at Rs. 1.83 Cr. in the negative. Based on the above submissions and amount as per accounts, the Commission has considered Rs. (1.83) Cr. towards SLDC charges.

5.6.10 The Petitioner has claimed an amount of Rs. (4.98) Cr. towards intra-state transmission charges payable to HPPTCL. The Petitioner has clarified that ARR of

Rs. 11.71 Cr, Rs. 12.05 Cr, and Rs. 11.92 Cr. has been approved for FY 12, FY13, and FY14 under the 2nd MYT Order for HPPTCL dated 14.07.2011. However, in the True-up Order dated 10.04.2017 for 2nd Control Period the charges approved for respective years were Rs. 7.61 Cr, Rs. 8.56 Cr, and Rs. 1.90 Cr. Thus, recovery of surplus amount of Rs. 17.61 Cr from HPPTCL has been considered in FY 2017-18. Accordingly, the Petitioner has adjusted the HPPTCL charges payable for FY 2017-18 with the surplus amount and the balance amount of Rs. (4.98) Cr is claimed against HPPTCL charges in FY 2017-18. Based on the above submission and scrutiny of the HPPTCL charges paid as per provisional account, the Commission has considered the HPPTCL charges as submitted by the Petitioner for truing-up of FY 2017-18.

5.6.11 Besides the above, the Commission has approved other charges of Rs. 8.13 Cr., which includes NRLDC charges, Reactive energy charges and GoHP & Malana Deviation Settlement as reflected in the provisional accounts.

5.6.12 The total power purchase cost after incorporating all the responses of the Petitioner has been summarized below:

Table 83: Total Power Purchase Cost approved for FY18 (Rs. Cr.)

S. No.	Description	HPSEBL's Submission	Provisionally Trued-up
A.	**Power Purchase Cost (exc. PGCIL Charges and Other Costs)**	***2,418.44***	***2,418.44***
B.	**Own Generation**	***265.12****	***268.59***
C.	Inter-State Charges		
	PGCIL	*351.73***	*257.69*
	OA	*45.03*	*45.03*
D.	Intra-State Charges		
	HPPTCL	*-4.98*	*-4.98*
	SLDC	*-1.83*	*-1.83*
E.	Other Charges		
	Operation Circle Nahan	0.52	0.52
	UI (Malana)	0.57	0.57
	Trading Margin (Mittal)	5.43	5.43
	Reactive Power (HPVNL)	0.72	0.72
	NRLDC	0.89	0.89
F.	**Total Power Purchase Cost (inc. Own Gen.) (A+B+C+D+E)**	**3,081.63**	**2,991.07**

** revised in the subsequent submissions*
*** includes PGCIL charges of Rs. 94.04 Cr. recovered from GoHP against free power*

5.6.13 Accordingly, the Commission has considered total power purchase cost (including Own Generation) as Rs. 3,010.81 Cr. as against the Petitioner's submission of Rs. 3,101.38 Cr. for provisional true-up of power purchase cost for FY 2017-18.

5.7 Incentive for Over-achievement of T&D Loss

5.7.1 The Petitioner has submitted that it has been able to achieve an overall T&D loss level of 11.04% for FY 2017-18 as against the approved T&D loss of 12.20% for FY 2017-18 in the MTR Order. As per Himachal Pradesh Electricity Regulatory

Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) (Second Amendment) Regulations, 2013, Regulation 15 was amended to include a mechanism for pass-through of gains or losses on account of variations in the distribution loss. The amended regulation states:

"(a) The approved aggregate gain to the distribution licensee on account of controllable factor of distribution loss shall be dealt with in the following manner:-

i. 40% of the amount of such gains shall be adjusted in ARR over such period as may be stipulated in the Order of the Commission;

ii. The balance 60% of such gains, may be utilized at the discretion of the distribution licensee;"

5.7.2 The savings resulting from the over-achievement of T&D loss for FY 2017-18 is as below:

Table 84: Savings on account of Over-achievement of T&D loss for FY18

S. No.	Particulars	Provisionally Trued-up
A	Energy Sales within state (MU)	8,404.56
B	T&D Losses (%)	12.20%
C	**Power Purchase Requirement to meet state requirement (MU)**	9,572.39
D	**Inter – State Sale (MU) (i+ii)**	**3483.57**
(i)	For Sale of Power (including UI, Bilateral & IEX/PXIL) (MU)	520.37
(ii)	For Banking arrangements (MU)	1,740.59
(iii)	For RE sale (MU)	1,222.61
E	**Total Power Purchase Quantum Approved at State Periphery (MU) (C+D)**	13,055.96
F	Actual Power Purchase Quantum at State Periphery (MU)	12,931.28
G	**No. of units saved (MU) (E-F)**	**124.68**

5.7.3 Based on the savings in power purchase quantum computed as per the above table, the Commission has computed the incentive for over-achievement of T&D loss as detailed in table below:

Table 85: Incentive for over-achievement of T&D Loss for FY18

S. No.	Particulars	Unit	Amount
A	**No. of units**	**MU**	**124.68**
B	**Cost of Power for over-achievement**		
(i)	Cost of Power Purchase from Other than own sources	Rs. Cr.	2,418.90
(ii)	Power purchased from other than own sources	MU	9,470.60
(iii)	Less: PGCIL Losses	MU	304.73
(iv)	Net Power Purchase (ii-iii)	MU	9,165.87
C	**Cost of Power Purchase from Other than own sources (i*10 / iv)**	**Rs. /Kwh**	**2.64**
D	**Incentive on account of T&D loss over-achievement (A X C X 60%/10)**	**Rs. Cr.**	**19.74**

5.7.4 The share of Petitioner's incentive is Rs. 19.74 Cr. as computed above on account of overachievement of T&D losses as per Regulation 15(1) of the MYT Regulations, 2011.

5.7.5 The total power purchase cost in comparison with the approved MTR Order for third Control Period figures and HPSEBL's submission for the final true-up of FY 2017-18 is summarized in table below:

Table 86: Trued-up Total Power Purchase Cost for FY18 (Rs. Cr.)

Particulars	MTR Order	Petition	Provisionally Trued-up
Power Purchase Expenses	2,631.82	2,684.02	2,687.03
PGCIL Charges	*243.69*	*351.73*	*257.69*
Short Term Open Access Charges	*59.79*	*45.03*	***45.03***
HPPTCL Charges	*3.36*	*-4.98*	*-4.98*
SLDC Charges	*0.92*	*-1.83*	*-1.83*
Other Charges (NRLDC, Reactive Energy Charges, GoHP & Malana Deviation)	-	*8.12*	***8.13***
Total Power Purchase	**2,939.58**	**3,081.63**	**2,991.07**
Less/Add: Adjustment in PP cost on account of underachievement/overachievement	**-**	*19.74*	*19.74*
Net Power Purchase Expense	**2,939.58**	**3,101.38**	**3,010.81**

5.8 Renewable Purchase Obligation

5.8.1 The Petitioner has submitted that it has procured power from renewable sources (non-solar & solar) in order to meet its obligation. Based on the submission of the Petitioner, the Commission has approved the RPPO status as shown in the table below:

Table 87: RE (Non-Solar) Purchase for FY18 (MUs) as approved by the Commission

S. No.	Description	Quantum (MUs)
1	(i) HP's requirement within the State	9,351.4
	(ii) HP's requirement within the State (excluding Hydro)	1,611.4
2	Non-solar RPPO obligations of HPSEBL (% of 1(ii))	9.5
3	**Non-solar RPPO obligations of HPSEBL**	**153.1**
4	**Availability of RE Generation**	
a)	HPSEBL's own generation from 25 MW & below projects	326.5
b)	Power purchase from IPP (25 MW & below)	1,171.7
c)	Free power of GoHP from own generation	24.8
d)	Free power of GoHP from IPP less than 25 MW	92.2
e)	**Total R.E (Non- Solar) purchased (a+b+c+d)**	**1,615.2**
5	R.E (Non- Solar) sold outside its area of supply	1,231.9
6	Total R.E (Non- Solar) purchased for supply within its area (4(e)-5)	383.3
7	**Net surplus (+)/ Deficit (-) of Non solar RE power (6-3)**	**230.2**

Table 88: RE (Solar) Purchase for FY18 (MUs) as approved by the Commission

S. No.	Particulars	Quantum (MUs)
1	(i)HP's requirement within the State	9,351.4

S. No.	Particulars	Quantum (MUs)
	(ii)HP's requirement within the State (excluding Hydro)	1,611.4
2	Solar RPPO obligations of HPSEBL (% of 1(ii))	4.8
3	**Solar RPPO obligations of HPSEBL for FY18**	**76.5**
5	**Total Solar Obligation (3)**	**45.4**
6	**Solar Power Purchase in FY18**	
a)	SECI	42.4
b)	Singrauli NTPC	21.3
c)	IPP Owned Solar Plants in HP	0.4
d)	Rooftop	0.8
	Total Solar Purchase	**64.9**
7.	**Net surplus (+)/ Deficit (-) of Solar (6(c)-5)**	**-11.7**

5.9 O&M Expenses

5.9.1 The Commission in the MYT Order for third Control Period of HPSEBL had approved the O&M expenses for each year based on the submissions of the Petitioner and provisions of HPERC MYT Distribution Tariff Regulations, 2011.

5.9.2 Subsequently, the Commission had conducted Mid-Term Review (MTR) for the third Control period and approved the tariff for FY 2017-18. In the MTR of third Control Period, the Commission had continued with the projections of components of O&M expenses as approved in the MYT Order for FY 2017-18 in absence of any large variations in the past year with respect to the approved expenses. As O&M expenses as per MYT Regulations, 2011 are controllable in nature and any surplus or deficit on account of O&M expenses is to be treated on account of the licensee without and true-up, unless some amount is considered as uncontrollable by the Commission.

5.9.3 Expenses such as pay commission revisions and amount paid on account of terminal benefits have been considered as uncontrollable by the Commission in its past Orders and have been approved as per actuals.

5.9.4 For truing-up of FY 2017-18, the Commission has reviewed the various components of O&M expenses in line with the provisions of MYT Regulations 2011 and has undertaken prudence check of each element as detailed in subsequent sections:

5.10 Employee Expenses

5.10.1 HPSEBL has submitted actual net employee cost of Rs. 1,776.49 Cr. towards distribution business as against the approved employee cost of Rs. 1,543.27 Cr. for FY 2017-18 in the mid-term review Order for the third Control Period. The Commission sought reasons from the Petitioner behind higher claim towards employee expenses. The Petitioner responded that the difference in employee expenses is due to increase in number of pensioner/ family pensioners and inflation of the rates of Additional Dearness Allowance (ADA).

5.10.2 In response to several queries of the Commission, the Petitioner has submitted that a provision of Rs. 25.30 Cr. has been created in FY 2017-18 towards pension and gratuity. In a subsequent submission, the Petitioner submitted that an amount of Rs. 124.03 Cr. was provisioned towards interim relief and seventh pay commission revision. The Petitioner in its response to the Commission's query mentioned:

> *"Further, the provision of above IR and 7th Pay Commission arrear amounting to Rs. 101,49,81,035/- made in FY 17 was reversed during FY 18 as per accounting policy of the Company (HPSEBL) and new provision for 7th pay commission HPSEBL as whole (Employees & Pensioners) have been made amounting to Rs. 124,30,44,226/- in FY 18 accounts by debiting the Employee Cost (Salary against BH 75.110 by contra credited to BH 46.430, Provision for liabilities of expense as per Note No 2.30 of the ABS 2018)."*

5.10.3 Break-up of provisioning amount under employee expenses as submitted by the Petitioner for FY 2017-18 is summarised as follows:

Table 89: Details of Provisioned Amount under Employee Expenses in FY18

Particulars	Amount (Rs. Cr.)	Classification
Pension	13.98	Terminal Benefits
Gratuity	11.32	Terminal Benefits
Amount of provision in pension and terminal benefits	**25.30**	
IR provision for Employee	41.11	Salary Cost
IR provision for Pensioner	40.54	Terminal Benefits
7th pay commission	42.65	Salary Cost
Total provision for IR and seventh Pay Commission revision	**124.03**	

5.10.4 In view of the above discrepancies, the Petitioner claim towards employee expense for FY 2017-18 is observed to be higher. Thus, the Commission has reduced the total provisions of Rs. 149.60 Cr. from the employee cost as recorded in the provisional accounts of FY 2017-18 as shown in the table below:

Table 90: Gross Employee Cost for FY18 (Rs. Cr.)

Particulars	MTR Order	Petition	Provisionally Trued-up
Salaries & Other Staff Cost	**1117.59**	**959.53**	**959.53**
Less Provisions:			
- Provision of Interim Relief – Employees			*83.76*
Terminal benefits	**543.26**	**863.23**	**872.46**
Less Provisions:			
- Gratuity			*13.98*
- Pension			*11.32*
- Provision of Interim Relief – Pensioners			*40.54*
Gross Employee Cost	**1,660.85**	**1,822.76**	**1,622.65**

 # as per provisional accounts of FY18 and netted off for pension of employees on deputation

5.10.5 The Petitioner has also not 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. In line with the provisions of the applicable regulations, an amount of Rs. 47.50 Cr. towards RoE on GoHP equity has been adjusted from the terminal benefits expense of HPSEBL for FY 2017-18.

5.10.6 It is observed that while the overall current salaries and other costs have been lower than that approved for FY 2017-18 in the MTR Order, the actual cost towards pension and terminal benefits have been higher. As amount paid towards pension and terminal benefits are uncontrollable in nature, the Commission has approved the same as per actual after adjustments for provisions and other regulations as explained above. The details of provisionally trued-up employee cost for FY 2017-18 is detailed in following table:

Table 91: Comparison of Employee Cost for FY18 after Adjustments (Rs. Cr.)

Sl.	Particulars	MTR Order	Petition	Provisionally Trued-up
A	**Salary & Other Costs**	**1117.59**	**959.53**	**875.77**
B	**Pension and Terminal benefits**	**543.26**	**863.23**	**806.62**
	Less:			
	Annual Share of State Government (Return on GoHP Equity approved for Generation and Distribution)	47.50		47.5
	Pension contribution of employee on deputation	2.00		
	Pension contribution of generation employees	8.84		8.84
	Pension contribution of BVPCL, Projects and S&I employees	3.39		3.39
C	**Gross Employee Cost (A+B)**	**1599.12**	**1,822.76**	**1622.65**
D	Less: Capitalization	55.85	46.27	46.27
E	**Net Employee Cost (C-D)**	**1543.27**	**1776.49**	**1,576.38**

**after reducing the provisioning amount*

5.10.7 Further, it has been observed from the comments of the Auditor that the contribution towards Provident Fund collected from employees have been retained and invested in Fixed Deposits in the bank by HPSEBL. Further, HPSEBL has neither obtained registration with 'Employer's Provident Fund Authorities' nor exemption for creation of Trust as specified in Employer's Provident Fund Act, 1952. The Commission is of the view that this is a serious non-compliance with respect to the Provident Fund Act and rules; and directs the Petitioner to immediately comply with the same by obtaining a registration with 'Employer's Provident Fund Authorities' failing which the Commission will be forced to disallow the amount of contribution towards provident fund in its future true-up or Tariff Orders.

5.11 Repairs and Maintenance Expenses

5.11.1 The Petitioner has submitted actual R&M expense of Rs. 94.15 Cr. towards distribution business as against the approved R&M Expense of Rs. 58.03 Cr. for FY 2017-18 in the mid-term review Order for the third Control Period.

5.11.2 Based on Petitioner's submission, the claim towards R&M expense is higher by an amount of Rs. 36.12 Cr. than the approved value. With respect to the higher amount, the Petitioner has submitted that an amount of Rs. 28.97 Cr has been booked under office equipment, which mainly comprise of R&M of IT equipment on account of Data Centre at Shimla and Disaster Recovery Centre at Ponta Sahib. Details of such expenditure includes:

- Annual Technical Support (ATS) of software such as Oracle, SAP ISU & SAP ERP licences, Microsoft, etc.
- Annual Maintenance Contract (AMC) of IT & Non-IT infrastructure installed at DC/ DRC
- Facilities Management Support Charges.

5.11.3 In response to the queries of the Commission, the Petitioner has submitted that the various expenditures towards Data Centre and Disaster Recovery Centre are being undertaken from FY 2014-15 onwards and therefore these expenses have not been included in the past R&M expenses. Details of expense under this head as submitted by the Petitioner is provided in following table:

Table 92: HPSEBL Submission - AMC and ATS Charges under R&M in the last 4 years (Rs. Cr.)

Description	FY15	FY16	FY17	FY18
AMC Charges	1.05	4.23	10.06	19.61
ATS Charges	1.65	2.38	3.81	8.91
Total	**2.70**	**6.61**	**13.87**	**28.53**

5.11.4 The Petitioner has additionally submitted that the expenditure on R&M of lines, cables, network and office equipment has been higher by ~Rs. 10 Cr. as compared with previous year resulting in significant increase in R&M expenses.

5.11.5 It is observed that AMC and ATS expenditure of IT equipment at Data Centre and Disaster Recovery Centre is required to be undertaken by the Petitioner post implementation of the capital schemes under R-APDRP program. It is observed that quantum of expenditure under these heads were very limited in the initial years and have increased significantly in recent years. Therefore, the Commission feels it appropriate to allow such additional R&M cost on account of AMC and ATS expenditure as these are integral part of data centre and disaster recovery activities planned under the R-APDRP scheme.

5.11.6 Further, the Commission also approves the higher R&M expense towards maintenance of distribution infrastructure as a one-time additional expense which would be required for essential upkeep of the distribution system. However, going forward the Petitioner should plan its R&M expenses in line with the approved expense limits for each year. Based on the submissions of the Petitioner and prudence check of R&M cost, the Commission has approved the R&M expenses for FY 2017-18 in line with the provisional accounts. The approved R&M expenses for FY 2017-18 is represented in the table below:

Table 93: R&M Approved for FY18 (Rs. Cr.)

Particulars	MTR Order	Petition	Provisionally Trued-up
R&M Expenses	58.03	94.15	94.15

5.12 Administrative and General Expenses

5.12.1 As against Rs. 46.58 Cr. approved towards A&G expense in MTR Order for FY 2017-18, the Petitioner had claimed actual A&G expense of Rs. 47.01 Cr. in the true-up.

5.12.2 An additional amount of Rs. 15.70 Cr. was approved for FY 2017-18 in the MTR Order towards additional A&G expenses on account of activities such as preparation of Accounting Manual, Digitization of consumer and employee data, Voltage wise Cost of Supply, Training to Staff, etc. The Petitioner in the True-up Petition has submitted that an amount of Rs. 2.43 Cr towards training to staff as an appropriation of the additional amount has been spent against additional amount of Rs. 15.70 Cr., which is already included in the A&G Expenses. Further, in response to the queries, the Petitioner has submitted that head wise separate accounting of actual expenses against the additional allowed amount of Rs. 15.70 Cr. towards A&G expense are not being maintained by HPSEBL separately and therefore the entire amount of Rs. 47.60 Cr. has been claimed for true-up of FY 2017-18.

5.12.3 It is observed that the Petitioner has not been able to take up the various activities for which this additional A&G expense has been approved. In view of the partial utilization of the additional provisional A&G expense approved in the MTR Order, the Commission has approved the actual A&G expense based on the amount recorded in provisional accounts. Details of A&G amount proposed and approved is summarized in the following table:

Table 94: A&G Approved for FY18 (Rs. Cr.)

Particulars	MTR Order	Petition	Provisionally Trued-up
A&G Expenses	46.58	47.60	47.60
Additional A&G expense	15.70		
Total A&G expense	**62.28**	**47.60**	**47.60**

** as per revised submission of Petitioner*

5.12.4 The Petitioner has additionally claimed Rs. 10 Cr. under safety measure in ARR. However, in response to the queries, the Petitioner has submitted that the details of component wise actual expenditure incurred for safety measure is available with respective DDOs only. The Petitioner has submitted that no separate accounting of these expenses has been done and these expenses are charged under current R&M or A&G expense.

5.12.5 Considering that the R&M expense and A&G expense for FY 2017-18 has been approved based on provisional accounts and no additional expense has been expensed by the Petitioner separately in this regard, the Commission feels it appropriate not to allow any additional amount towards safety measures as approved provisionally by the Commission in the MTR Order.

5.13 Total O&M Charges

5.13.1 Based on the above discussions, the Commission approves the provisional total O&M expense for FY 2017-18 as provided in the table below:

Table 95: Total O&M Expenses Approved for FY18 (Rs. Cr.)

Particulars	MTR Order	Petition	Provisionally Trued-up
Net Employee Cost	1,543.27	1,776.49	1,576.38
R&M Expenses	58.03	94.15	94.15
Net A&G Expense	62.28	47.60	47.60
Total O&M Expenses	**1,673.58**	**1,928.24**	**1,718.13**

5.14 Interest and Finance Charges

5.14.1 The Commission has reviewed and revised the Interest and Finance charges to the extent of change in working capital and consumer security deposit as per the provisional accounts for FY 2017-18. The interest on capital loans shall be trued-up based on the true-up of capital expenditure and capitalization at the end of the Control Period FY15-19.

5.14.2 The working capital requirements and interest on working capital has been revised and approved as follows:

Table 96: Trued-up Interest on Working Capital for FY18 (Rs. Cr.)

Particulars	MTR Order	Petition	Provisionally Trued-up
O&M Expenses for one month	138.63	159.85	143.18
Receivables equivalent to 2 months	801.63	863.73	770.45
Maintenance Spares 40% of the R&M expense for one month	1.93	3.14	3.14
Less: Consumer Security Deposit	317.31	341.77	341.08
Less: One Month Power Purchase	244.97	257.27	249.24
Working Capital Requirement	**379.91**	**427.69**	**326.45**
Rate of Interest	12.79%	12.51%	12.43%
Interest on Working Capital	**48.58**	**53.50**	**40.56**

5.14.3 Further, the interest on consumer security deposit has been considered as per the provisional accounts of FY 2017-18 and is approved as below:

Table 97: Trued-up Interest on Consumer Security Deposit for FY18 (Rs. Cr.)

Particulars	Provisionally Trued-up
Opening	274.02
Additions	67.06
Closing	341.08
Interest on Consumer security deposit	**20.28**

5.14.4 Based on the revision in interest on working capital and consumer security deposit, the total interest expense approved for final truing-up for FY 2017-18 is as below.

Table 98: Trued up Interest and Finance Charges for FY18 (Rs. Cr.)

Particulars	MTR Order	Petition	Provisionally Trued-up
Interest on Long term loans	187.53	187.53	187.53
Interest on Working Capital	48.58	53.50	40.56

Particulars	MTR Order	Petition	Provisionally Trued-up
Interest on Consumer security deposit	21.55	20.28	20.28
Total Interest & Finance Charges	**257.66**	**261.31**	**248.37**

5.15 Other Controllable Parameters

5.15.1 The Petitioner has submitted details of actual capital expenditure and capitalisation in respect of all schemes for FY 2017-18 in annexure 7.4 of the Petition. Details of Capex and capitalisation approved under mid-term review Order and now submitted by the Petitioner is summarised below:

Table 99: Capital Expenditure and Capitalization approved for FY18 (Rs. Cr.)

Particulars	MTR Order	Revised Submission
Capital Expenditure	428.13	189.31
Capitalisation	614.78	135.50

5.15.2 As per the HPERC MYT Regulations, 2011, any variation in actual capital expenditure and subsequent variations in depreciation, interest cost and return on equity with respect to the figures approved in the MYT Order shall be considered during True-up of the MYT Control Period.

5.15.3 With respect to depreciation and return on equity, the Commission has retained the amount at the same level as approved in the MYT and Mid-term review Order for third Control Period for FY 2017-18.

Table 100: Depreciation and Return on Equity approved for FY18 (Rs. Cr.)

Particulars	MTR Order	Petition	Provisionally Trued-up
Depreciation	93.90	93.90	93.90
Return on Equity	30.24	30.24	30.24

5.16 Non-Tariff Income

5.16.1 The non-tariff income is required to be deducted from the ARR of the Petitioner. The Petitioner has claimed non-tariff income of Rs. 248.0 Cr. towards distribution business for true-up of FY 2017-18. The Commission has been considering the entire non-tariff income as part of the distribution business as the generation tariff is determined plant-wise without considering any non-tariff income.

5.16.2 The Petitioner has adjusted amortization of Govt. grants and delayed payment surcharge from the non-tariff Income.

5.16.3 Also, an amount of Rs. 124.04 Cr. is observed as Wheeling Charges Recovery in the provisional accounts. In response to a query for providing details of wheeling charges and other open access charges, the Petitioner was able to provide only partial break-up of this amount as shown below:

Table 101: HPSEBL Submission – Details of Wheeling Charges Recovery for FY18

Name of Party	Amount (Rs. Cr.)
Yogindra Power	0.77

Name of Party	Amount (Rs. Cr.)
Kanchanjunga	1.66
IA ENERGY	2.35
Suryakanta	1.89
Malana	19.48
Total	**26.16**

5.16.4 Further, the Commission observes that the recovery of wheeling charges also includes Rs. 94.04 Cr. on account of recovery by HPSEBL on account of PGCIL charges for sale of GoHP free power. Since the above amount has already been adjusted by the Commission in the HPSEBL's PGCIL charges approved under the power purchase cost, Rs. 94.04 Cr. has been reduced from the overall wheeling charges recovery.

5.16.5 The Commission therefore, approves the Non-Tariff income for FY 2017-18 as summarised below:

Table 102: Trued-up Non-Tariff Income for FY18 (Rs. Cr.)

Particulars	Provisionally Trued-up
Meter Rent/Service Line Rentals	46.53
Recovery for theft of Power / Malpractices	0.07
Wheeling Charges Recovery	30.01
Peak load violation charges	28.15
Miscellaneous Charges from Consumers	3.94
Sub-Total	**108.70**
Interest on Staff loans & Advances	0.40
Income from Investments	2.53
Delayed Payment Charges from PGCIL	0.37
Interest on Advances to Suppliers / Contractors	0.97
Income fee collected against Staff Welfare Activities	0.07
Miscellaneous Receipts	29.94
Sub-Total	**26.28**
O&M Charges Recovery from HPPTCL	6.52
O&M Charges Recovery from Distribution	1.75
Subsidies against loss on account of flood	6.00
Income from Trading	4.71
Sub-Total	**18.98**
Total Non-Tariff Income	**153.96**

5.17 Aggregate Revenue Requirement

5.17.1 The ARR approved by the Commission in the Mid-term review Order for third Control Period, as submitted by the Petitioner in its true-up petition and now approved by the Commission for FY 2017-18 are shown in the table below:

Table 103: Summary of Provisionally Trued-up ARR for FY18 (Rs. Cr.)

Particulars	MTR Order	Petition	Provisionally Trued-up
Power Purchase Expenses	**2,939.58**	**3,101.38**	**3,010.81**

Particulars	MTR Order	Petition	Provisionally Trued-up
Operation & Maintenance Costs	**1,673.58**	**1,928.24**	**1,718.13**
Employee Cost	*1,543.27*	*1,776.49*	*1,576.38*
R&M Cost	*58.03*	*94.15*	*94.15*
A&G Cost	*62.28*	*47.60*	*47.60*
Additional amount for Safety Measures	*10.00*	*10.00*	
Interest & Financing Charges	257.70	261.31	248.37
Depreciation	93.90	93.90	93.90
Return on Equity	30.24	30.24	30.24
Provision for Bad & Doubtful Debtors	-	14.87	-
Less: Non-Tariff & Other Income	(185.26)	(248.00)	(153.96)
Aggregate Revenue Requirement	**4,809.74**	**5,182.40**	**4,947.50**

5.18 Adjustments to ARR

5.18.1 In the mid-term review Order of third Control Period, the Commission has made following adjustments in the final ARR, the impact of which has to be considered in True-up of FY 2017-18.

- The Commission has considered adjustment of cumulative revenue gap of Rs. 119.55 Cr on account of final True up of FY12 to FY14 and True-up of FY15 along with carrying cost in the ARR for FY 2017-18.
- The Commission has also approved Rs. 0.23 Cr. and Rs. 1.21 Cr on account of Truing Up of second control period for HPPTCL and HPSLDC in the mid-term review Order. Since these expenses have already been adjusted in the books of account of HPSEBL in respective heads, separate adjustment has not considered in the ARR of FY 2017-18.
- In addition, the Commission had approved a provisional amount of Rs. 85 Cr. towards arrears to be paid by HPSEBL on account of 7th Pay Commission in FY 2017-18 which was to be trued-up as per actual. In response to the queries, the Petitioner informed that it has not made any payment with respect to arrears of 7th Pay Commission in FY 2017-18. Accordingly, the Commission has not considered adjustment of 7th Pay Commission arrears for true-up of FY 2017-18.

5.18.2 The trued-up ARR for FY 2017-18 as approved by the Commission after considering the approved adjustments is as below:

Table 104: Final Approved ARR after Adjustments for FY18 (Rs. Cr.)

Particulars	Approved
Aggregate Revenue Requirement	**4,947.50**
Add :	
Impact of Final Truing up for FY13 & FY14	119.55
Total ARR including adjustments	**5,067.05**

5.19 Revenue Gap

5.19.1 The Revenue Gap/Surplus for FY 2017-18 based on the approved trued-up costs and revenues of HPSEBL is as determined below:

Table 105: Approved Revenue Gap for FY18 (Rs. Cr.)

Particulars	Petitioner submission	Trued-up Surplus/(Gap)
Total ARR including adjustments	**5,388.39**	**5,067.05**
Revenue		
Revenue from sale of power within state	4,622.72	4,622.72
Revenue from sale of power outside state	714.98	714.98
Total Revenue	**5,337.70**	**5,337.70**
Revenue Surplus/(Gap)	**-50.69**	**270.65**

5.19.2 Based on the provisional truing-up of ARR for FY 2017-18, the Commissions approves a revenue surplus of Rs. 270.65 Cr. which has been carried forward for adjustment in ARR for FY 2020-21.

5.20 Carrying Cost

5.20.1 The Petitioner has requested for approval of the revenue gap along with carrying cost as per the provisions of clause (2) of Regulations 11 as amended by HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) (Second Amendment) Regulations, 2018.

5.20.2 The Commission has undertaken final true-up of uncontrollable parameters for FY 2017-18 based on the provisional accounts provided by the Petitioner. As per the true-up, the following revenue surplus and gap was determined for FY 2017-18:

Table 106: Approved Revenue Surplus / (Gap) for FY18 (Rs. Cr.)

Particulars	Amount
Revenue Surplus / (Gap) for FY18	**270.65**

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

"(2) The distribution licensee, for the approved true-up of any year over and above that approved in the Tariff Order for that year, shall be entitled to a carrying cost at one (1) Year weighted average State Bank of India (SBI) MCLR / any replacement thereof as notified by RBI for the time being in effect applicable for one (1) Year period of the relevant Year plus 300 basis points and for any true-up resulting in less than that approved in the Tariff Order for that year, the carrying cost shall be recovered at the same rate."

5.20.4 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 107: Approved Carrying Cost for Revenue Surplus/ (Gap) (Rs. Cr.)

Particulars	FY18	FY19	FY20
Opening Gap	-	285.54	317.38
Surplus/ (Gap) on account of truing-up of uncontrollable parameters for FY16	270.65	-	-
Closing	270.65	285.54	317.38
Interest Rate for Carrying Cost	*11.00%*	*11.15%*	*11.55%*
Carrying Cost	14.89	31.84	36.66

Particulars	FY18	FY19	FY20
Total (Gap)/Surplus	**285.54**	**317.38**	**354.03**

5.20.5 The cumulative revenue surplus based on provisional true-up for FY 2017-18 has been adjusted in the ARR for FY 2020-21 in the subsequent Chapter. However, any change in the final audited accounts with respect to provisional accounts shall be reviewed in the subsequent Tariff Order and additional surplus/ gap shall be considered appropriately.

6 Analysis of the Annual Performance Review (APR) and ARR for FY21

6.1 Background

6.1.1 The Commission has analyzed the Annual Performance Review (APR) Petition for FY 2019-20 and revised the Aggregate Revenue Requirement (ARR) for FY 2020-21 based on the submissions of the Petitioner for the past years and actual information for current year as per availability.

6.1.2 The Commission held technical validation session with HPSEBL to validate the data submitted by the Petitioner and sought further clarifications on various issues. The Commission has considered all information provided by the Petitioner subsequent to filing of tariff petition including response to queries of the Commission, responses during technical validation session, additional submissions, etc. as part of the tariff petition.

6.1.3 This Chapter contains detailed analysis of the HPSEBL's ARR petition and the Commission's Annual Performance Review of various parameters for determination of revised ARR for the distribution business of HPSEBL for FY 2020-21.

6.2 Aggregate Revenue Requirement (ARR) of HPSEBL as per 4th MYT Order

6.2.1 The Aggregate Revenue Requirement approved by the Commission for HPSEBL for the Fourth Control Period (FY20-FY24) under its MYT Order dated June 29, 2019 is summarized in the table below:

Table 108: Approved ARR for the Fourth Control Period as per MYT Order (Rs. Cr.)

Particulars	FY20	FY21	FY22	FY23	FY24
Power Purchase Expenses for Supply in the State	**3,028.47**	**3,286.97**	**3,499.30**	**3,576.31**	**3,675.41**
Cost of electricity purchase including own generation	2,653.02	2,880.13	3,053.77	3,090.03	3,157.70
Inter-State Charges					
Power Grid Charges	290.56	310.90	332.67	355.95	380.87
Open Access Charges	70.01	74.91	80.16	85.77	91.77
Intra-State Charges					
HPPTCL Charges	9.76	13.21	23.65	34.32	33.87
SLDC Charges	5.12	7.82	9.06	10.24	11.20
Operation & Maintenance Costs	**1,840.84**	**1,959.09**	**2,084.40**	**2,217.23**	**2,357.29**
Employee Cost	1,698.22	1,809.02	1,926.91	2,052.36	2,185.86

Particulars	FY20	FY21	FY22	FY23	FY24
R&M Cost	92.70	99.49	106.22	112.91	118.78
A&G Cost	49.91	50.58	51.26	51.95	52.65
Interest & Financing Charges	194.66	218.18	238.67	253.80	260.67
Depreciation	127.29	140.99	154.60	167.33	178.73
Return on Equity	42.88	49.68	56.43	62.74	68.39
Less: Non-Tariff & Other Income	(116.19)	(122.00)	(128.10)	(134.51)	(141.23)
Aggregate Revenue Requirement	**5,117.95**	**5,532.91**	**5,905.28**	**6,142.90**	**6,399.26**

6.3 Approach of the First APR under 4th MYT Control Period

6.3.1 In accordance with the HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011 and amendments thereof, HPSEBL has filed for APR for FY 2020-21.

6.3.2 The Commission in its MYT Order for Fourth Control Period (FY20 to FY24) dated 29th June, 2019 has fixed the targets for controllable parameters i.e. O&M expense, depreciation, return on equity, interest on loans, etc. Any variation on these controllable parameters like depreciation, return on equity, interest and finance charges shall be considered at the time of final truing-up. However, any variation on account of factors deemed uncontrollable such as power purchase cost and energy sales is subject to revision in the Annual Performance Review exercise after prudence check by the Commission.

6.3.3 HPSEBL has filed for a review of the ARR for FY 2020-21 and requested for corresponding revision of tariff for FY 2020-21 for meeting the revenue gap based on the revised ARR and revenue based on the existing tariff.

6.3.4 In this chapter, the Commission has reviewed the ARR for FY 2020-21 on account of changes in the uncontrollable parameters as per the provisions of MYT Regulations, 2011 and amendments thereof. Other controllable components of costs i.e. O&M expense, depreciation, return on equity, interest on loans, etc. are considered as per the amount approved by the Commission in the MYT Order for the Fourth Control Period.

6.4 Sales Forecast

6.4.1 HPSEBL has submitted actual sales for FY 2018-19 at 9,038 MUs which has been considered as the base for projection of energy sales for FY 2019-20 and FY 2020-21. The Petitioner has projected energy sales by applying the appropriate category-wise CAGR of based on the historical trend and average growth rate in past few years considering actual sales for FY 2018-19 as base year.

6.4.2 However, the Petitioner vide its letter dated 11.05.2020 has submitted that due to nationwide lockdown applicable from March 23, 2020 onwards, the energy sales has declined substantially due to closure/ slowdown in industrial and commercial activities. As a result the energy sale of April 2020 has reduced by ~48% as compared with April 2019. The Petitioner has further submitted that given the prevailing circumstances, the decline in sales is expected to continue for next few months and has estimated an overall decline of around 900 MUs for the year. Accordingly, the Petitioner has proposed revision in sales forecast from 9,343 MUs to 8,509 MUs for FY 2020-21.

6.4.3 In view of the additional submissions of the Petitioner, the Commission has also reassessed its past approach for projection of sales for each category for FY 2020-21.

6.4.4 Sales for FY 2019-20 has been estimated based on CAGR corresponding to different lengths of time for each consumer category on actual sales for FY 2018-19. While doing so, the Commission has also taken into consideration the actual sales of seven months for FY 2019-20.

6.4.5 Subsequently, for projecting the sales for FY 2020-21, the Commission has taken appropriate adjustments in the estimated sales for FY 2019-20 considering the decline in sales during the month of April as reported by the Petitioner and an estimation of overall impact of the lockdown across various categories in the state. For few categories such as Domestic, Non-domestic Non-commercial, Irrigation and Drinking Water Pumping, Agricultural, Public Lighting, Bulk Supply and Temporary categories, the sales have been projected considering limited impact. However, for projecting the sales in Industrial category for FY 2020-21, the Commission has considered a reduction in approved sales over the estimated sales for FY 2019-20 considering the effect of the lockdown and delay in return to normal operations by such industries. Similarly, the sales for Commercial category for FY 2020-21 has also been projected to reduce taking cognizance of the substantial and continued effect on the tourism industry including hotels, restaurants, malls, shopping complexes, etc.

6.4.6 On the basis of the approach detailed above, the Commission approves total sales of 8,663 MUs for FY 2020-21. The category-wise sales approved for FY 2020-21 is detailed in subsequent sections:

Domestic Supply

6.4.7 The energy sales to domestic category during FY 2013-14 to FY 2018-19 have grown at a CAGR of 3.4%. It is observed that the growth in sales recorded for FY 2018-19 was 5% over the past year. Also, a comparison of seven month actual sales data for FY 2019-20 with corresponding months of FY 2018-19 reflects a growth of 5.6%.

6.4.8 The Commission has adopted two years CAGR of 4.2% for sales projections in domestic category for FY 2019-20. However, the sales for FY 2020-21 have been approved similar to FY 2019-20.

Non Domestic Non Commercial Supply (NDNCS)

6.4.9 The Commission has adopted 4 year CAGR of 4.6% as the growth rate for projections of energy sales for FY 2019-20 considering the recent year growth in sales. However, the Commission has not considered any growth in NDNC category sales for FY 2020-21 and approved the sales similar to estimated sales of FY 2019-20.

Commercial Supply

6.4.10 The sales to commercial category have seen consistent growth over the last few years. The Commission has projected the sales for FY 2019-20 at growth rate of 6.4% in line with the 5 year CAGR.

6.4.11 However, for projecting energy sales of commercial category for FY 2020-21, the Commission has considered a reduction of 10% in approved energy sales of FY 2019-20 due to anticipated slowdown in the tourism and associated sector.

Industrial Power Supply

6.4.12 Based on the actual sales data for FY 2018-19 and seven months of FY 2019-20, the Commission has projected the sales to the industrial categories as below:

Small and Medium Industrial Power Supply

6.4.13 The Commission has observed variation in the growth of sales in this category during the past years with a decrease by 1.1% and 3.5% in FY 2016-17 and FY 2017-18, respectively followed by an increase of 3.5% in FY 2018-19. Further, seven month data for FY 2019-20 also indicates that consumption of small and medium enterprises has declined with respect to last year corresponding months.

6.4.14 Therefore, the Commission has not considered any growth in sales in this category for FY 2019-20. For projection of sales for FY 2020-21, the Commission has considered a decline of 3% in the estimated sales from FY 2019-20 considering the decline in reported sales for the month of April 2020 and estimated impact on the industries due to lockdown during subsequent months.

Large Industrial Power Supply

6.4.15 An analysis of year-on-year growth of sales for last six years in this category indicates significant revival during the last three years after a negative growth in FY 2015-16. The growth in actual sales during FY 2017-18 and FY 2018-19 has been 6.0% and 11.1%, respectively, in this category.

6.4.16 The Commission has considered a growth rate of 3.0% for the sales projection in this category for FY 2019-20 keeping in view the last seven month growth in actual sales over FY 2018-19. For projecting sales for FY 2020-21, the Commission has considered a decline of 3% in sales for FY 2020-21 in view of reduced demand for the month of April and May of 2020 from such large industrial consumers.

6.4.17 The Commission in the MYT Order for Fourth Control Period had directed the Petitioner to maintain proper records and provide correct break-up of industrial contracted demand, number of consumers and sales for each sub-category for past five years in future tariff filings. The Petitioner in the subsequent queries of the Commission has provided category wise and slab wise details of consumer number and sales for FY 2017-18 and 2018-19. However, mismatch is observed in the break-up provided by the Petitioner across several categories

6.4.18 **The Commission further directs the Petitioner to submit the correct break-up and consistent details of industrial contracted demand, number of consumers and sales for each sub-category.**

Irrigation and Drinking Water Pumping Supply (IDWPS)

6.4.19 The Commission has projected sales for FY 2019-20 considering a growth rate of 2% in line with the growth of ~2% of seven month sales of FY 2019-20 to the corresponding months of FY 2018-19. However, the Commission has not considered any growth in the sales for this category for FY 2020-21.

Public Lighting

6.4.20 No specific trend is observed in the year on year growth of sales to public lighting. It is observed that the energy sales have remained range bound in the last 5 years. Therefore, the Commission has considered no growth in sales projections for this category both for FY 2019-20 and FY 2020-21.

Agricultural Supply

6.4.21 For projecting the energy sales for agricultural supply category, the Commission has considered marginal growth of 1.3% based on one year CAGR for estimating FY 2019-20 sales and no growth has been considered for FY 2020-21.

Bulk Supply

6.4.22 In case of bulk supply, negative or stagnant trend is observed over a period of 3-5 years. An assessment of seven month sales of FY 2019-20 indicates a growth of 3.5% over the corresponding months of FY 2018-19. Therefore, the Commission has considered 3% growth in sales projection for this category for FY 2019-20 and no increase in sales for FY 2020-21.

Temporary Supply

6.4.23 The analysis of sales in this category indicates that the sales have been range bound between 30-40 MUs in the last 4 years. Therefore, the Commission has not considered any growth in the temporary supply sales for projections of FY 2019-20 and FY 2020-21.

6.4.24 After detailed scrutiny of the consumer category wise sales, the Commission estimates the following sales to retail consumers within the State for FY 2020-21:

Table 109: Revised Approved Sales for FY21 (MUs)

S. No.	Consumer Category	MYT Approved	HPSEBL's Submission	HPSEBL's Revised Submission	Revised Approved
1	Domestic	2,204	2,223	2,267	2,288
2	NDNC	165	159	159	163
3	Commercial	672	696	521	544
4	Temporary	42	36	36	38
5	Small Power	85	93	78	77
6	Medium Power	119	116	98	108
7	Large Power	5,121	5,230	4,558	4,640
8	Govt. Irrigation & Water Pumping	691	566	566	577
9	Public Lighting	13	10	10	10
10	Irrigation & Agriculture	86	65	65	64
11	Bulk Supply	165	151	151	155
	Total	**9,363**	**9,343**	**8,509**	**8,663**

6.5 Transmission and Distribution Losses

6.5.1 For the Fourth Control Period, the Commission had considered the T&D loss reduction of 0.20% each year and had approved a T&D loss trajectory in the MYT Order which was similar to that proposed by the Petitioner in its MYT Petition for the Fourth Control Period. As per the Clause of MYT Order for Fourth Control Period:

"7.4.6 …………the Commission has taken a fair approach while fixation of the T&D trajectory for the fourth Control Period and has approved losses as per the past performance and proposal of the Petitioner.

……………"

6.5.2 The Petitioner has continued with the T&D loss target of 10.10% for FY 2020-21 as approved in the MYT Order for Fourth Control Period. The Commission has considered the approved T&D loss for FY 2020-21 as below:

Table 110: Approved T&D loss for FY21

Particulars	FY21
Approved T&D loss	10.10%

6.6 Energy Requirement

6.6.1 The Commission's estimates of energy requirement at state periphery for FY 2020-21 are based on the revised sales and T&D loss target approved by the Commission. The Commission's estimate for power requirement is tabulated as below:

Table 111: Approved Energy Requirement for FY21

Particulars	MYT	Petitioner	Revised Approved
Sales (MU)	9,363	9,343	8,663
Approved Loss (%)	10.10%	10.10%	10.10%
Energy Requirement at State Periphery for own consumption (MU)	**10,415**	**10,393**	**9,637**

6.7 Power Purchase

6.7.1 As per the MYT Regulations, power purchase is an uncontrollable parameter and needs to be reviewed every year based on actuals. Hence, any variation in the power purchase cost shall be trued up at the end of every year of the Control Period.

6.7.2 For the analysis of ARR of FY 2020-21, the Commission has updated the station-wise projection of energy availability and power purchase cost for FY 2020-21 taking into consideration the actual normative parameters achieved by generating stations in FY 2017-18 FY 2018-19 and six months of FY 2019-20 as well as change in allocation, if any.

6.7.3 The following power generating stations have been considered for the purpose of estimation of power availability for the Control Period:

- HPSEBL's own generating stations

- Purchase from BBMB and shared stations;
- Purchase from Baspa, private SHPs up to 25 MW and under APPC mechanism for REC;
- Purchase of Free and Equity power from the GoHP;
- Purchase through bilateral short term arrangements;
- Purchase from Central Generating Stations of NTPC, NHPC, SJVNL, NPCIL and THDC; New Plants expected to be commissioned during FY 2019-20 and FY 2020-21;

6.7.4 In the following sub sections, estimation of power purchase along with certain assumptions thereof, from each of the above sources has been discussed.

Allocation and Energy Availability from Own Generating Stations

6.7.5 Based on the existing arrangements between the HPSEBL and GoHP, the Commission has considered 100% allocation from HPSEBL's own generating stations except those stations where HPSEBL is obligated to supply 12% free power to the GoHP. The Commission has considered energy availability from the HPSEBL's own generating stations as per the MYT Order owing to submission of incomplete Petition by the Petitioner for its generation business and Ghanvi-II station.

6.7.6 In case of Uhl-III (3X33, 100 MW), the Petitioner has submitted that the first unit of Uhl-III is expected to commission in March 2020, second unit in April 2020 and third unit in June 2020. Therefore, the Commission has projected generation from Uhl-III based on tentative commissioning schedule as submitted by the Petitioner.

6.7.7 The table below summarizes HPSEBL's share, generation and auxiliary consumption considered by the Commission for the projection of power purchase quantum from own generating stations above 25 MW for FY 2020-21 whereas the generation from power projects below 25 MW has been considered under renewable power (non-solar).

Table 112: Allocation and Energy Availability from Own Generating Stations for FY 2020-21*

Generating Station	Capacity (MW)	Generation (MUs)	HPSEBL Share	Annual Energy available to HPSEBL (MUs)
Larji	126	586.82	88%	510.20
Bhaba	120	464.70	100%	459.12
Bassi	60	346.83	100%	344.40
Giri	60	289.55	100%	287.52
Uhl-III	100	315.42	88%	308.36
Total Energy Available				**1909.6***

**Excluding own generating stations with capacity of less than 25MW*

Allocation and Energy Availability from firm Share in Central Generating Stations (CGS)

6.7.8 The State of Himachal Pradesh has firm allocated share in Central Sector Generating Stations (CGS) of National Thermal Power Corporation (NTPC), National Hydroelectric Power Corporation (NHPC), Satluj Jal Vidyut Nigam Limited (SJVNL) and Nuclear Power Corporation Limited (NPCIL).

6.7.9 The Petitioner is also procuring unallocated power from few CGS. The distribution of this unallocated power among the constituents of Northern Region is decided from time to time, based on the power requirement and power shortage in different States.

6.7.10 In MYT Order, power from unallocated share (15 MW) from select NTPC stations namely, Unchahar-I, II, III & IV, Rihand-I, II, III, Singrauli Super Thermal Plant (SSTP) and Dadri-II as part of bundled power from Singrauli Solar plant has been approved. However, Northern Regional Power Committee (NRPC) has made certain revisions in the allocation of power from most of the thermal generating stations which includes allocation from newly commissioned 660MW Tanda II Thermal Power Station. An allocation of 0.15% of power share from Tanda II Thermal Power Station is made by NRPC in the overall unallocated share of HPSEBL. The details of revised unallocated share of HPSEBL is summarized in the table below:

Table 113: Energy Availability from firm Share in Central Generating Stations

Station	Capacity (MW)	Unallocated Share	
		%	MW
Unchahar-I	420	0.07%	0.294
Unchahar-II	420	0.21%	0.882
Unchahar-III	210	0.21%	0.441
Rihand-1 STPS	1000	0.18%	1.8
Rihand-2 STPS	1000	0.19%	1.9
Singrauli STPS	2000	0.18%	3.6
Tanda II	660.00	0.15%	0.99
Rihand-3 Units-1,2	1000	0.21%	2.1
Unchahar IV	500	0.21%	1.05
Dadri-II	980	0.20%	1.96
Total Thermal (Bundled)			**15.00**
Singrauli Solar	15	100	15.00
Total			**30.00**

6.7.11 The Commission has therefore, considered allocation of firm and unallocated power from CGS in accordance with latest allocations issued by the NRPC.

6.7.12 The energy available from NTPC (except gas based stations) has been considered based on the average PLF achieved by respective generating stations during the last 3 years (FY17 to FY19), based on the data available from CEA. In case of gas based stations (Anta, Auriya and Dadri), the Commission has considered the normalized PLF during FY 2016-17, FY 2017-18 and FY 2018-19. The Commission has considered normative auxiliary consumption as approved by CERC to arrive at the energy generated from each of these stations.

6.7.13 The Petitioner further submitted that it has surrendered its share of firm power (4.22%) from Unchahar-IV w.e.f. 12.04.2018 while unallocated share of 0.21% is continued towards bundling of Singrauli solar power. Similarly, in response to the Commission's letter, the Petitioner also submitted that power from Meja-I TPS has also been surrendered from COD vide NRPC letter dated 03.12.2018.

6.7.14 In case of NPCIL plants, the Commission has considered the average PLF for last 3 years (FY17 to FY19) along with normative auxiliary consumption for projecting the energy availability from these stations.

6.7.15 In case of generating stations of NHPC and SJVNL, average energy generated during the last 3 years (FY17 to FY19) has been considered for estimating future energy available from these stations.

6.7.16 The table below summarizes the allocation as well as energy available from CGS during the MYT Control Period.

Table 114: Approved Energy Availability from firm Share in Central Generating Stations for FY21

Name of Generating Station	Expected PLF/ Energy at Ex Bus (MUs)	HPSEBL Share (%)	Energy available to HPSEBL (MUs)
SJVNL			
Nathpa Jhakri SOR	6921.84	2.47%	168.92
Rampur SOR	1934.73	2.81%	53.71
Total			**222.63**
NPCIL			
NAPP	3392.26	3.2%	97.63
RAPP (V & VI)	3274.44	3.4%	100.75
Total			**198.38**
NTPC – Thermal			
Anta (G)	565.69	3.58%	19.64
Auriya (G)	486.00	3.32%	15.65
Dadri (G)	1841.93	3.01%	53.78
Unchahar-I	2706.54	1.70%	42.86
Unchahar-II	2706.54	2.90%	76.11
Unchahar-III	1353.27	3.81%	49.75
Rihand-1 STPS	7575.36	3.50%	255.77
Rihand-2 STPS	7575.36	3.30%	248.61
Singrauli Bundled	14932.88	100%	26.53
Kahalgaon – II	10416.95	1.53%	145.04
Rihand-3 Units-1,2	7575.36	3.37%	248.24
Kol dam HEP	3,184.24	15.00%	472.86
Unchahar-IV	3723.00	4.22%	7.11
Total			**1,680.19**
NHPC			
Salal	3,360.91	1.00%	32.94
Tanakpur	447.64	3.84%	17.02
Chamera I	2,351.01	2.90%	67.36
Chamera II	1,479.69	3.67%	53.65
Uri	2,733.68	2.70%	73.19
Dhauliganga	1,071.83	3.57%	37.81

Name of Generating Station	Expected PLF/ Energy at Ex Bus (MUs)	HPSEBL Share (%)	Energy available to HPSEBL (MUs)
Total			**281.97**
Grand Total			**2383.17**

Energy Availability from Unallocated Power from CGS

6.7.17 The Petitioner's share in CGS unallocated quota varies from time to time based on the allocation made to HP depending upon power requirement and power shortage in different States. As per the recent firm share and unallocated share allocation by NRPC as on 01.11.2019, the State of HP is getting 15MW of unallocated power which is in lieu of bundled solar power from Singrauli under JNNSM. The Commission has considered this under Singrauli Bundled Power for FY 2020-21.

Allocation and Energy Availability from Shared Generating Stations

6.7.18 HP has fixed allocation from Shanan and Shanan (Extension) at 1 MW at 60% PLF and 45 MU respectively. For power availability from Yamuna, the Commission has considered the approved power generation as per the MYT Order for UJVNL Hydro Stations. In case of energy available from Khara, the Commission has considered the average of the energy generated during last three years.

Table 115: Allocation and Energy Availability from Shared Generating Stations for FY21

Name of Generating Station	Expected PLF/ Energy Generated	Aux Cons.	HPSEB Share	Annual Energy available to HPSEBL (MUs)
Shanan	60%		Fixed at 1 MW	5.26
Shanan (Extension)			Fixed 45MU	45.00
Yamuna		1%	24.68%	387.83
Khara		1%	20%	53.20
Total Available from Shared Generating Stations				**491.29**

Allocation and Energy Availability from IPP with Long-term PPA

6.7.19 The total energy available from Baspa-II HEP has been considered based on design energy of 1050 MUs as per the MYT Order for the Fourth Control Period of Baspa-II approved by the Commission and secondary energy equivalent to average of last three years. Any variations in the quantum available shall be considered at the time of truing-up of FY 2020-21.

Allocation and Energy Availability from Free Power

6.7.20 The GoHP has free power entitlement in several stations including NTPC, NHPC, SJVNL, PSPCL, HPSEBL and IPPs in lieu of project site used by these generating stations. This power is available to HPSEBL for meeting its power requirement as per mutually agreed terms between HPSEBL and GoHP at a price fixed by the Commission.

6.7.21 The GoHP has 12% free power share in seven of the HPSEBL own generating stations viz. Ghanvi, Baner, Gaj, Larji, Khauli, Ghanvi-II, Uhl-III and in three

NHPC plants (i.e. Bairasiul, Chamera-I, Chamera-II), Shanan (500 KW), Baspa II, Nathpa Jhakri. Further, it has 13% free power share in Chamera-III (NHPC), Kashang (HPPC), 20% in Malana, 4.6% in Ranjeet Sagar Dam and 16.23% in Chanju HEP. In addition, GoHP is scheduled to receive free power from new stations expected to commission in the coming years.

6.7.22 Considering the total energy requirement of HPSEBL in FY 2020-21, the Commission has only approved the free power availability from the stations which are connected to intra-state network. While projecting the power generation from these generating stations, the Commission has considered either last 3 years average or design energy generation based on availability.

6.7.23 The table given below shows the Commission's estimates of plant-wise energy availability to the HPSEBL for FY 2020-21:

Table 116: Energy Availability from Free Power (MU) for FY21

Free Power	Petition	Now Approved
Baira Siul	0.35	-
Chamera-I	1.97	-
Chamera-II	1.25	-
Shanan Share	2.63	2.63
Ranjeet Sagar Dam Share	70.76	66.24
Malana	67.46	67.36
Baspa - II	156.15	154.86
Nathpa Jhakri HEP	12.46	-
Ghanvi	10.56	11.07
Baner	6.08	7.21
Gaj	4.68	4.55
Larji	72.58	69.57
Khauli	5.13	5.95
Kol dam HEP	5.33	-
Rampur SOR	2.86	-
Uhl-III	47.30	47.30
Ghanvi II	4.22	6.20
Kashang IV	22.26	22.81
Chanju	18.26	17.54
Small HEP/ Private Micro - Free	103.42	120.53
Total	**615.71**	**603.82**

Allocation and Energy Availability from BBMB

6.7.24 In case of generating stations of BBMB, the average energy has been considered based on the energy generated during the last 3 years (FY17 to FY19). The table below summarizes the allocation as well as energy available from BBMB stations for FY 2020-21.

Table 117: HPSEBL Share and Energy Availability from BBMB for FY21

Name of Generating Station	Energy (ex-bus)	HPSEB Share	Energy available to HPSEBL (MUs)

Name of Generating Station	Energy (ex-bus)	HPSEB Share	Energy available to HPSEBL (MUs)
BBMB Old		Fixed 1.2LU/day	43.80
BBMB New	4595.87	7.19%	327.14
Dehar	3165.74	5.75%	180.27
Pong	1564.71	2.98%	46.22
Total			**597.44**

Energy Availability from Renewable Power (Non-Solar and Solar)

6.7.25 The Petitioner is required to comply with the HPERC (Renewable Power Purchase obligation and its Compliance) Regulation, 2010 and its subsequent amendments wherein the Commission has approved the non-solar and solar renewable power procurement trajectory to be complied by the licensee. The targets laid down by the Commission as per Himachal Pradesh Electricity Regulatory Commission (Renewable Power Purchase Obligation and its Compliance) (Fifth Amendment) Regulations, 2018 for non-solar and solar power purchase for FY 2020-21 is given in the table below:

Table 118: Minimum quantum of purchase from Renewable Sources

Financial Year	Total RPPO %age	Minimum Non-Solar RPPO %age of the total purchase	Minimum Solar RPPO %age of the total purchase
FY 2020-21	19.00%	10.25%	8.75%

Renewable Power (Non-solar)

6.7.26 The Petitioner has own generating hydro power plants which are lower than 25MW capacity and qualify under the renewable power projects. The Commission has considered availability from these plants based on the availability considered in the MYT Order for the Fourth Control Period dated 29th June 2019. The table given below summarizes HPSEBL's share, generation and auxiliary consumption considered by the Commission for the projection of power purchase quantum from own generating stations (less than 25MW capacity) for FY 2020-21:

Table 119: Allocation, HPSEBL share and Energy Availability from Own Generating Stations for FY21

Name of Generating Station	Capacity (MW)	Generation (MUs)	HPSEBL Share	Auxiliary Consumption (MUs)	Annual Energy available to HPSEBL (MUs)
Andhra	16.95	87.30	100%	0.87	86.43
Ghanvi	22.50	93.34	88%	1.12	81.15
Baner	12.00	60.67	88%	0.61	52.86
Gaj	10.50	38.31	88%	0.38	33.38
Khauli	12.00	49.95	88%	0.35	43.65
Binwa	6.00	29.25	100%	0.20	29.05
Thirot	4.50	17.74	100%	0.16	17.58
Gumma	3.00	11.83	100%	0.12	11.71
Holi	3.00	11.83	100%	0.12	11.71

Name of Generating Station	Capacity (MW)	Generation (MUs)	HPSEBL Share	Auxiliary Consumption (MUs)	Annual Energy available to HPSEBL (MUs)
Bhaba Aug	4.50	17.74	100%	0.16	17.58
Nogli	2.50	9.85	100%	0.10	9.75
Rongtong	2.00	7.64	100%	0.08	7.56
Sal-II	2.00	7.88	100%	0.09	7.79
Chaba	1.75	6.54	100%	0.07	7.59
Rukti	1.50	7.67	100%	0.08	6.47
Chamba	0.45	1.77	100%	0.02	1.75
Killar	0.30	1.16	100%	0.01	1.15
Ghanvi II	10.00	52.27	88%	0.50%	45.45
Total					**472.61**

6.7.27 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.

6.7.28 The Commission has considered an increase of 3% y-o-y in availability of power from private SHPs. The table below summarizes energy availability for HPSEBL from own and private small and micro hydel projects:

Table 120: Energy Availability from Small Hydro Own and IPPs/ Private Stations for FY21

Particulars	Energy Available (MUs)
Small Hydro Own Generation	472.61
Small HEP/ Private Micro <5MW	1,100.76
Small HEP/ Private Micro >5MW	244.08
Total Non-solar Renewable Power	**1817.45**

6.7.29 Further, HPSEBL has submitted procurement of power from two municipal solid waste to energy projects with total capacity 3.5 MW (2.5+1) which are expected to be commissioned during FY 2020-21. The energy availability from these two stations has been considered based on the submission of the Petitioner as provided in the table below:

Table 121: Energy Availability from Municipal Solid Waste Projects for FY21(MUs)

Particulars	FY21
Municipal Solid Waste (MSW) projects	24.53

6.7.30 The power procured by HPSEBL from any other renewable source during FY 2020-21, for which the Commission has approved generic tariff, shall be considered at the time of truing up based on the actuals.

Renewable Power (Solar)

6.7.31 The Petitioner is procuring solar power from NTPC's Singrauli Solar PV Power Project (15 MW) bundled with thermal power, in which 15 MW of power is being made available to HPSEBL from FY15 onwards. The bundling ratio of solar & conventional thermal is 1:1 in MW terms. Further, the Petitioner has also submitted that it is procuring power from SECI w.e.f. 6th June, 2015 against contracted capacity of 20 MW.

6.7.32 In addition to above mentioned solar power, HPSEBL has also submitted details of procurement of additional solar power from existing and upcoming private developers with cumulative installed capacity of 44.30 MW with expected quantum of 73.73 MUs by end of FY 2020-21. Out of total planned capacity of 44.30 MW, 18.90 MW was already commissioned, while remaining solar plants with capacity of 25.40 MW are expected to be commissioned during FY 2020-21.

6.7.33 The Petitioner has submitted that balance solar power, if needed, may be allowed to adjust from excess non-renewable power available for FY 2020-21.

6.7.34 The Commission has considered the submission of the Petitioner in regard to solar power procurement from the following solar sources for FY 2020-21:

Table 122: Energy Availability from Solar Power (MUs) for FY21

Sources	FY21
Singrauli Solar	20.87
SECI	43.36
Additional Private Solar plants	73.73
Total	**137.97**

6.7.35 Further, the Petitioner should undertake procurement of sufficient solar power or REC certificates to meet any shortfall in the solar RPO requirement for FY 2020-21 in line with the Himachal Pradesh Electricity Regulatory Commission (Renewable Power Purchase Obligation and its Compliance) (Fifth Amendment) Regulations, 2018.

Energy Availability from Private Micro Hydel Projects (Purchase at APPC under REC Framework)

6.7.36 The Petitioner also purchases power at APPC rate from small and micro hydel projects which are under the REC framework. The details of such plants along with the installed capacity are provided in table below:

Table 123: List of Small and Micro HEPs along with Installed Capacity

Name of Project	Installed Capacity
Balsio	5 MW
Suman Sarwari-II	2.25 MW
Belij ka Nallah-II	3.50 MW
Shimla	5 MW
Barhl Top	5 MW
Kotagad	3.5 MW
Upper Joiner	12 MW
Sumez	14 MW
Jongini	16 MW
Baner-II	6 MW

6.7.37 In case of power available from micro hydro projects under REC mechanism, the Commission has considered an increase of 3% in the energy generated in FY19 for each year during the Fourth Control Period. The details of the same are provided below:

Table 124: Energy Availability from IPPs and Private SHPs for FY21 (MUs)

Particulars	FY21
Small HEP/ Private Micro – REC	222.81

Energy Availability from Equity Share in Generating Plants

6.7.38 The GoHP has equity share of 22% in the Nathpa Jhakri and 26.1% share in Rampur HEP. The Commission has projected the energy available from NJPS for FY 2020-21 based on actual energy generated during the last three years (FY17 to FY19). The details of power projected from these plants are as per table below:

Table 125: HPSEBL share and Energy Availability from NJPS and Rampur for FY21

Name of Generating Station	HPSEBL Share	Annual Energy available to HPSEBL (MUs)
Rampur Equity	26.1%	491.79
Nathpa Jhakri Equity	22%	1,477.26
Total from Equity share		**1,969.04**

Allocation and Energy Availability from Other Sources, Bilateral and Short Term Arrangements

6.7.39 For the purpose of projecting power purchase from Bilateral, Short term arrangements and Banking, the Commission has carried out a month-wise demand supply analysis for FY 2020-21.

6.7.40 For FY 2020-21, the Commission has considered that the commercially prudent surplus power available during the summer months can be banked to meet the shortfall during the winter months. Any further shortfall can be met from the GoHP free/equity power share and market purchases. However, the Petitioner may consider the most appropriate combination of banking and bilateral arrangement for meeting the deficit on commercial principles and with the intention of reducing the power purchase cost. The summary of monthly demand supply positions during FY 2020-21 is shown in the tables as follows:

Table 126: Monthly Demand Supply Position – FY21

Power Purchase	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
Sales (MU)	470	506	708	783	767	778	788	756	737	765	795	810	**8,663**
Losses	10.10%	10.10%	10.10%	10.10%	10.10%	10.10%	10.10%	10.10%	10.10%	10.10%	10.10%	10.10%	**10.10%**
Monthly Demand (MU) State Periphery	**523**	**562**	**788**	**871**	**853**	**865**	**876**	**841**	**820**	**851**	**885**	**901**	**9,637**
Monthly Availability (MU) State Periphery	801	1,272	1,402	1,577	1,624	1,290	765	521	455	416	412	553	**11,088**
Deficit Power (MU) State Periphery							(111)	(321)	(365)	(435)	(472)	(349)	**(2,052)**
Deficit Power (MU) Ex Bus							(115)	(332)	(379)	(451)	(490)	(362)	**(2,192)**
Surplus Power (MU) State Periphery	278	710	615	706	771	424	-	-	-	-	-	-	**3,504**
Surplus Power (MU) Ex Bus	289	736	637	732	799	440	-	-	-	-	-	-	**3,634**
Net Surplus/(Deficit) (Ex Bus)	**289**	**736**	**637**	**732**	**799**	**440**	**(115)**	**(332)**	**(379)**	**(451)**	**(490)**	**(362)**	**1,505**

6.7.41 Based on the analysis of month-wise energy demand and supply considering the firm sources, it is observed that the Petitioner shall be in a deficit for a period November to March. However, on an annual basis, surplus power is available to HPSEBL. Therefore, the surplus during summer months can be banked for meeting the winter shortfall during FY 2020-21.

6.8 Power Purchase Cost

6.8.1 In the following sub sections, the Commission has estimated the cost of the projected power purchase quantum along with certain assumptions thereof, from each of the above sources. While doing so, the Commission has exercised due caution in analysing the recent trends and available tariff orders of the stations.

6.8.2 The tariff for Central Generating Stations (CGS) is determined by Central Electricity Regulatory Commission (CERC) for a Control Period of five years. The last tariff approved by CERC is for the Control Period FY 2014-19. It is observed that the new CERC (Terms and Conditions of Tariff) Regulations, 2019 for determination of tariff for CGS for the Control Period 2020-24 has been issued on 7th March, 2019. However, the Tariff Orders for the generating stations are yet to be issued. Therefore, the impact on the fixed cost for central generating stations cannot be determined with certainty at the time of issuance of this Order. In absence of the tariff orders for CGS, the Commission has considered appropriate assumption for projecting the power purchase cost for the Fourth Control Period which are detailed in the write-up of respective sources.

Generation cost of HPSEBL own stations

6.8.3 The Petitioner has submitted of the MYT Petition of its Generation Business for Fourth Control Period dated 15th Oct 2019 and capital cost and tariff determination for Ghanvi-II hydel station. However, due to various inconsistencies and gaps in the Petition, the Commission has not admitted the same for approval. The Commission has sent a detailed discrepancy note to the Petitioner on MYT Petition for Generation business and Ghanvi-II hydel station. However, it was observed that at the time of this Order, the Petitioner is yet to submit the response to queries raised by the Commission.

6.8.4 In view of the above, the Commission has followed a similar approach as considered in the MYT Order for Fourth Control Period, wherein the Commission has continued with the AFC determined for FY 2019-20 with an escalation of 3% y-o-y for determining the power purchase cost during the Fourth Control Period from these stations. For generating stations where generic tariff is applicable (i.e. Ghanvi, Khauli, Thirot, Gumma, Holi, Bhaba Aug, Sal-II and Killar), the Commission has considered a tariff of Rs. 2.25 per unit as approved by the Commission in its Order dated 15.01.2014 against Petition no. 54/2013.

Cost of Free Power

6.8.5 The purchase rate of free power available to HPSEBL from GoHP has been fixed at 250 paise/unit for FY 2020-21 in line with the Commission's latest Order dated 01.06.2020. Therefore, in order to project the power purchase cost for FY

2020-21, the Commission has considered the same rate of 250 paise/unit for determining free power available to the HPSEBL from GoHP for FY 2020-21.

Cost of Power from NPCIL Stations

6.8.6 The cost of power for NPCIL plants were approved and notified by the Department of Atomic Energy (DAE) as per Tariff Notifications No. 4/08/02/2018-Power/3852 & 3859 dated 22.03.2018 for a block period of FY2017-18 to FY2021-22. Accordingly, the Commission has considered the DAE approved rates for determining the cost of power for NPCIL plants for FY 2020-21.

Cost of Power from BBMB and Other Plants

6.8.7 For BBMB Old station and Shanan, the Commission has considered an escalation of 1% on the variable charges on the actual power purchase cost as submitted by HPSEBL for FY 2018-19.

6.8.8 For BBMB New, Dehar, Khara and Pong stations, considerable difference in the variable cost in FY 2018-19 and nine months of FY 2019-20 has been observed. Therefore, the Commission has considered the cost of power from these stations based on the nine months actual power purchase cost during FY 2019-20 as submitted by the Petitioner under Form-4a.

6.8.9 For Yamuna stations, approved annual charges for FY21 by UERC have been considered as per the MYT Tariff Order for FY20 to FY22 dated 27.02.2019 for UJVNL.

Cost of Power from SJVN Plant

6.8.10 For projecting the cost of power from Rampur station and NJPS stations for FY 2020-21, the Commission has considered an escalation of 1% on annual fixed charges approved by CERC for FY 2018-19 for Nathpa Jhakri dated 19.07.2019 and Rampur HEP dated 26.06.2019.

6.8.11 Any additional changes in tariff from NJPS or Rampur station on account of revised tariff for FY 2020-21 shall be considered at the time of truing-up for the respective year.

Cost of Power from IPPs and Private SHPs

6.8.12 The Commission has considered the Annual Fixed Cost from Baspa-II Plant as per the Tariff Order for Fourth Control Period for Baspa-II issued by the Commission. Further, the Commission has also considered cost towards secondary energy based on the PPA provisions. Additional cost towards higher availability from Baspa plant has also been considered.

6.8.13 For projecting the power purchase cost from private SHPs, average rate of power from private SHP during FY 2018-19 has been considered along with existing quantum of power being available from various private SHPs in FY 2020-21.

6.8.14 APPC for purchase of power from SHPs generator in the State availing REC facility has been considered as per the Commission's Order dated 15th February, 2020 in petition No.76/2019 for determination of APPC i.e. at the rate of Rs. 2.49/ unit.

Cost of Additional Solar Power

6.8.15 The Petitioner has been procuring bundled power from Singrauli Solar power plant. The Commission has considered the cost of thermal power (15 MW) in the previous sections. For solar power of 15 MW, a rate of Rs. 7.87 per unit has been considered as per the actual rate in FY 2018-19. Similarly, as per the SECI agreement, power from SECI has been considered at a rate of Rs.5.90 per unit for FY 2020-21 which includes STU charges payable in Rajasthan.

6.8.16 In addition to the solar power being procured by HPSEBL from Singrauli solar power plant and SECI, additional quantum has been considered from private solar IPPs in line with the claim of the Petitioner. The rate of these private solar plants has been considered as the weighted average rate for all plants for which PPAs have been signed by the Petitioner.

Cost of Power from NTPC stations

6.8.17 In the absence of Tariff Orders of the respective years for CGS, the Commission has considered the fixed cost approved for FY 2018-19 for the NTPC stations with an escalation of 1% y-o-y to arrive at the fixed cost for FY 2020-21 and has applied the allocation to the state of HP for approving the fixed cost from the respective CGS plants for the Fourth Control Period.

6.8.18 The variable cost for existing NTPC thermal generating stations, including Fuel Price Adjustment (FPA) for the Control Period has been based upon the 9 months actual power purchase data for FY 2019-20, 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. Other Charges (per unit) have been considered to be at the same level as per actual for FY 2018-19 submitted by HPSEBL in Form 4a.

Cost of Power from NHPC Plants

6.8.19 As reasoned earlier, the tariff order for NHPC stations for 2020-24 is yet to be issued by CERC. Therefore, the Commission has considered an annual escalation of 1% on the annual charges approved by the CERC for FY 2018-19 and has applied the allocation of power from these plants to the State of HP to compute the charges payable by the Petitioner in FY 2020-21. The other charges paid by NHPC are considered to be at the level as actually paid by HPSEBL during FY 2018-19.

Source-wise Power Purchase Cost

6.8.20 Based on the principles discussed above, the table below summarizes power purchase cost of each plant for FY 2020-21.

Table 127: Approved Power Purchase Cost for FY21 (Rs. Cr.)

Name of Station/ Source	MUs	Cost (Rs. Cr.)	Rate (Rs/ unit)
Own Generation			
Bhaba	459.12	37.94	0.83
Bassi	344.40	28.70	0.83
Giri	287.52	27.59	0.96
Andhra	86.43	12.99	1.50

Name of Station/ Source	MUs	Cost (Rs. Cr.)	Rate (Rs/ unit)
Ghanvi	81.15	18.26	2.25
Baner	52.86	11.74	2.22
Gaj	33.38	12.25	3.67
Larji	510.20	121.17	2.37
Khauli	43.65	9.82	2.25
Binwa	29.05	7.08	2.44
Thirot	17.58	3.96	2.25
Gumma	11.71	2.64	2.25
Holi	11.71	2.64	2.25
Bhaba Aug	17.58	3.96	2.25
Nogli	9.75	3.84	3.94
Rongtong	7.56	2.73	3.60
Sal-II	7.79	1.75	2.25
Chaba	7.59	2.25	2.96
Rukti	6.47	1.10	1.70
Chamba	1.75	0.43	2.48
Killar	1.15	0.26	2.25
Uhl III - BVPCL	308.36	138.76	4.50
Ghanvi II	45.45	10.23	2.25
Total - Own Generation	**2,382.22**	**462.07**	**1.94**
GoHP Power			
Shanan Share	2.63	0.66	2.50
Ranjeet Sagar Dam Share	66.24	16.56	2.50
Malana	67.36	16.84	2.50
Baspa - II	154.86	38.71	2.50
Ghanvi	11.07	2.77	2.50
Baner	7.21	1.80	2.50
Gaj	4.55	1.14	2.50
Larji	69.57	17.39	2.50
Khauli	5.95	1.49	2.50
Uhl-III	47.30	11.83	2.50
Ghanvi II	6.20	1.55	2.50
Kashang	22.81	5.70	2.50
Chanju	17.54	4.39	2.50
Small HEP/Private Micro - Free	120.53	30.13	2.50
Total - GoHP Power	**603.82**	**150.96**	**2.50**
NTPC			
Anta	19.64	15.08	7.68
Auriya	15.65	16.80	10.73
Dadri (G)	53.78	30.18	5.61
Unchahar-I*	42.86	20.90	4.88
Unchahar-II*	76.11	36.45	4.79

Name of Station/ Source	MUs	Cost (Rs. Cr.)	Rate (Rs/ unit)
Unchahar-III*	49.75	25.88	5.20
Rihand-1 STPS*	255.77	57.31	2.24
Rihand-2 STPS*	248.61	52.19	2.10
Rihand-3 Units-1,2*	26.53	5.54	2.09
Singrauli STPS*	145.04	48.77	3.36
Kahalgaon – II	248.24	71.31	2.87
Dadri-II TPS*	10.53	6.21	5.90
Kol dam HEP	472.86	228.86	4.84
Tanda II	7.71	2.36	3.06
Unchahar IV*	7.11	3.69	5.19
Total - NTPC	**1,680.19**	**621.53**	**3.70**
NPCIL			
NAPP	97.63	31.34	3.21
RAPP (V & VI)	100.75	40.81	4.05
RAPP (VII & VIII)			
Total - NPCIL	**198.38**	**72.14**	**3.64**
NHPC			
Salal	32.94	6.49	1.97
Tanakpur	17.02	5.40	3.17
Chamera-I	67.36	12.78	1.90
Chamera-II	53.65	10.44	1.95
Uri	73.19	11.26	1.54
Dhauliganga	37.81	9.06	2.40
Total - NHPC	**281.97**	**55.44**	**1.97**
Other CG & Other Shared Stations			
BBMB Old	43.80	5.40	1.23
BBMB New	327.14	32.04	0.98
Dehar	180.27	17.29	0.96
Pong	46.22	2.38	0.51
Shanan (available to HPSEB)	5.26	0.21	0.40
Shanan Ext (available to HPSEB)	45.00	0.94	0.21
Yamuna	387.83	53.72	1.39
Khara	53.20	5.00	0.94
Total – Other CG & Other Shared Stations	**1,088.72**	**116.98**	**1.07**
SJVNL			
Nathpa Jhakri HEP	168.92	37.38	2.21
Nathpa Jhakri Equity	1,504.53	332.89	2.21
Rampur SOR	53.71	22.63	4.21
Rampur Equity	498.90	209.35	4.20

Name of Station/ Source	MUs	Cost (Rs. Cr.)	Rate (Rs/ unit)
Total - SJVNL	**2,226.07**	**602.25**	**2.71**
Other IPPs & Private SHPs			
Small HEP/ Private Micro<5MW	1,100.76	313.72	2.85
Small HEP/ Private Micro>5MW	244.08	63.46	2.60
Small HEP/ Private Micro - REC	222.81	55.48	2.49
Baspa - II	1,050.06	227.86	2.17
Baspa - II Secondary Energy	97.21	40.50	4.17
Total – IPPs & Private SHPs	**2,714.92**	**701.02**	**2.58**
Solar			
Singrauli Solar	20.87	16.44	7.87
SECI Solar	43.36	25.59	5.90
Additional Solar Power	73.73	32.84	4.45
Total - Solar	**137.97**	**74.88**	**5.43**
Co-Gen			
Waste to Energy (WTE)	**24.53**	**19.38**	**7.90**
Grant Total	**11,338.78**	**2,876.64**	**2.54**

6.9 PGCIL & HPPTCL Charges

6.9.1 PGCIL Charges for FY 2020-21 have been approved based on the actual inter-state transmission charges paid by the Petitioner during FY 2018-19 (after netting off any amount recoverable from PTC on account of PGCIL wheeling charges and recovery from GOHP towards free share) with an escalation of 10% each year.

6.9.2 In addition to the above, the Petitioner has submitted that it has been paying non-POC charges from July 2017 onwards to PGCIL towards POWERGRID Kala Amb Transmission Assets (PKATL assets) i.e. GIS Substation 7x105 MVA (1-ph), 400/220 kV at Kala Amb (HP) and LILO of Karcham Wangtoo-Abdullapur 400kV D/C and 40% Series Compensation (COD of the Asset: 12th July 2017). The bills have been accepted provisionally in line with the CERC Order dated 22.08.2014 in Petition No. 93/TT/2014, CERC Order dated 04.01.2017 in petition No. 155/MP/2016 of Patran Transmission Company Limited and Regional Transmission Accounts for the respective month issued by NRPC.

6.9.3 In the petition No. 104/MP/2018, the Petitioner had contended that transmission charges for PKATL assets shall be included in PoC mechanism and recovered from all constituents of Northern Region. CERC in Order dated 18.09.2018 in Petition No. 104/MP/2018 has allowed 15.5% charges recovery through PoC mechanism and 84.5% of total annual charges from the Petitioner till the downstream transmission network is made ready by HPPTCL & connected with

GIS Substation 7x105 MVA (1-ph), 400/220 kV at Kala Amb (HP). The Petitioner submitted that it has appealed before APTEL against the CERC order dated 18.09.2018.

6.9.4 The Commission asked the Petitioner to clarify its claim along with adequate justification for approving the large portion of the annual charges allocated to HPSEBL. In response to the query of the Commission, the Petitioner has submitted Annual Charges approved by CERC is to be paid for PKATL assets by HPSEBL till commissioning of downstream system by HPPTCL. The annual charges approved is summarized in the table below:

Table 128: CERC Approved Annual Fixed charges for PKATL (Rs. Cr.)

Period	FY18	FY19	FY20	FY21	FY22	FY23	FY24
CERC Approved Annual Charges (100%)	52.15	57.82	72.52	70.58	68.66	66.822	64.86
84.5% of Annual charges to be paid by HPSEBL to PGCIL	**44.07**	**48.85**	**61.28**	**59.64**	**58.01**	**56.46**	**54.80**

6.9.5 The Petitioner has submitted that the utilities in other States under similar situations are also paying bilateral charges to PGCIL and in case all transmission assets of states are included under PoC Mechanism then the corresponding share of HPSEBL shall be significantly higher than the amount being paid as bilateral charges presently. Accordingly, the Petitioner has requested the Commission to allow the charges as disallowance will impact the financial health of HPSEBL.

6.9.6 It is observed that HPSEBL has not provided any details of working with regard to allocation of PKATL charges in case the downstream network would have been created. Considering that the Petitioner has filed an appeal before APTEL which is current pending, the Commission has provisionally considered the amount of charges required to be paid by HPSEBL towards PKATL assets during FY 2020-21 which would otherwise result in financial difficulties to the Petitioner.

6.9.7 However, the Petitioner is directed to take up adequate representations to various authorities which would prevent such significant incidence of annual fixed charges of PKATL assets on HP state only. 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 2020-21 while approving this amount.

6.9.8 HPPTCL charges have been considered as approved by the Commission in the MYT Order of HPPTCL for the Fourth Control Period. The summary of the PGCIL and HPPTCL transmission charges approved for FY 2020-21 are summarized in table below:

Table 129: Approved PGCIL & HPPTCL Charges for FY21 (Rs. Cr.)

Particulars	Petitioner Submission	Now Approved
PGCIL Charges	314.55	254.20
HPPTCL Charges	15.12	15.12

6.10 Other Power Purchase Related Charges

6.10.1 The SLDC charges are considered as approved in the Mid-Term Performance Review Order of HPSLDC for FY 2020-21.

6.10.2 The Short-Term Open Access (STOA) charges have been approved based on the actual open access charges submitted by the Petitioner for FY 2017-18 with an annual escalation of 7%. 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 130: Approved SLDC & Short-term Open Access Charges for FY21 (Rs. Cr.)

Particulars	Petitioner Submission	Now Approved
SLDC Charges	7.82	7.82
Open Access charges	74.91	55.16
Total	**82.73**	**62.98**

6.11 Operation and Maintenance (O&M) Expenses

6.11.1 As per the MYT Regulations 2011 and amendments thereof, O&M expenses are controllable and hence the O&M expenses approved for the Control Period, as per the methodology specified in the Regulations, are not subjected to truing-up in the APR.

6.11.2 HPSEBL in its APR Petition for FY 2020-21 has claimed higher employee cost, R&M expense and A&G expense for FY19 as against the approved amount for the respective year in the MYT Order for the Fourth Control Period.

6.11.3 The Petitioner has submitted the break-up of O&M expenses for FY 2018-19 and first six months of FY 2019-20 for distribution business based on provisional accounts as summarised in the table below:

Table 131: Actual O&M expense for FY19 and 6 months of FY20 as submitted by Petitioner (Rs. Cr.)

Particulars	FY19	FY20 (6 months)
Employee Expense	1710.77	865.59
R&M expense	96.63	13.05
A&G expense	47.38	16.11
Total	**1854.78**	**894.75**

6.11.4 Under employee expenses, the Commission has observed that the total employee expenses of Rs. 1809.02 Cr. is already approved for FY 2020-21 in the MYT Order for Fourth Control Period, after adjusting for return on GoHP equity share and pension contributions from other departments as required under 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 against the claim of Rs 1891.82 by the Petitioner for FY 2020-21.

6.11.5 Based on the submissions of actual employee cost for FY 2020-21, it is observed that the Petitioner has not 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. The Petitioner has also not adjusted the pension contribution of generation, BVPCL, Projects & S&I employees from the proposed employee expenses.

6.11.6 Considering the above claims, the Commission feels that the earlier approved employee expenses for FY 2020-21 in the MYT Order for Fourth Control Period are adequate to support the proposed employee expenses by HPSEBL for FY 2020-21.

6.11.7 Further, the expenses shall be trued-up based on the actual pension and terminal liabilities and any impact on account of arrears of seventh pay commission at the time of truing-up. Therefore, the Commission has approved the employee expenses as given in the table below:

Table 132: Revised Employee Cost Approved for FY21 (Rs. Cr.)

S. No.	Particulars	MYT Approved	Petitioner's Submission	Approved
A	**Employee Cost**	**1,020.36**	**1009.92**	**1,020.36**
B	**Pension and Terminal benefits**	**896.67**	**931.17**	**896.67**
	Less:			
	Annual Share of State Government (Return on GoHP Equity approved for Generation and Distribution)	(47.50)	-	(47.50)
	Pension contribution of employee on deputation	-	-	-
	Pension contribution of generation employees	(11.11)	-	(11.11)
	Pension contribution of BVPCL, Projects and S&I employees	(4.26)	-	(4.26)
C	**Gross Employee Cost (A+B)**	**1,854.16**	**1,941.09**	**1,854.16**
D	Less: Capitalization	-45.14	49.27	-45.14
E	**Net Employee Cost approved (C-D)**	**1,809.02**	**1,891.82**	**1,809.02**

6.11.8 The Commission observes that employee cost contributes to nearly 92% of the total O&M expenses. The Commission believes that employee's efficiency and productivity has huge impact on financial health of the utility. In this regard, it is directed that the HPSEBL must conduct a necessary exercise to identify deadwoods and officers/officials with doubtful integrity. After identification, suitable necessary action after completing all codal formalities should be taken against such employees. The Commission must be apprised about the same every six months.

6.11.9 The Commission in its earlier tariff orders has also directed HPSEBL to frame an incentives/disincentives scheme for the employees. But, inspite of repetitive query and directions, the Petitioner has not taken any action so far in this regard. The Commission further directs the Petitioner to prepare an incentive/ disincentive scheme for its employees based upon some measurable operational parameters and submit the same to the Commission within two months of issuance of this order.

6.11.10 Under A&G expenses, the Petitioner has claimed Rs. 55.19 Cr. for FY 2020-21 against approved A&G expense of Rs. 50.58 Cr. under MYT Petition for Fourth

Control Period. The Commission observes that the above difference is majorly on account of change in base year figure i.e. FY 2017-18 for estimating A&G expenses for FY 2020-21. The A&G expense for each year of the Fourth Control Period has already been approved in the MYT Order and no revisions is envisaged.

6.11.11 Under the R&M expenses, the Commission had approved the expenses of Rs. 99.49 Cr. under MYT Petition for Fourth Control Period which includes an additional provisioning of Rs. 20 Cr. towards new IT expenses. Against the above approved R&M expenses, the Petitioner has claimed higher expense of Rs. 133.71 Cr. for FY 2020-21 including additional provisioning of Rs. 20 Cr.

6.11.12 The Commission observes that the Petitioner is booking IT related expenses (AMC, ATS and other IT expenses) under office and equipment head of R&M expenses. Under this head the Petitioner has claimed Rs. 43.63 Cr. in FY 2020-21 which is 85% higher than the actual of Rs. 28.97 Cr. in FY 2017-18. The provisioning amount of Rs. 20 Cr. was allowed by the Commission for meeting the additional requirement of expenses towards IT systems in data centre. However, it is observed that the same is being considered in the base year while projecting office and equipment head of R&M expenses for FY 2020-21 and further an additional amount of Rs. 20 Cr. is being included resulting in double accounting of similar expenses.

6.11.13 Further, a comparison between approved and actual cost submitted by the Petitioner for FY 2018-19 and six months of FY 2019-20 indicates that the variations are not large enough requiring any revisions in projections for FY 2020-21. Accordingly, the Commission has retained the A&G and R&M expense for FY 2020-21 as approved in the MYT Order.

6.11.14 The Commission has continued with the projections of O&M costs as approved in the MYT Order for FY 2020-21 and the same shall be dealt at the time of truing-up based on the prudence check. The details of the O&M expenditure approved by the Commission for FY 2020-21 is detailed below:

Table 133: O&M Expense Approved for FY21 (Rs. Cr.)

Particulars	Approved in MYT	Petitioner's Submission	Approved Now
Employee Cost	1,809.02	1,891.82	1,809.02
R&M Expense	99.49	133.71	99.49
A&G Expense	50.58	55.19	50.58
Total O&M Expense	**1,959.09**	**2,075.71**	**1,959.09**

6.11.15 The Commission is of the opinion that the O&M expenses of HPSEBL are significant as compared to the neighbouring states primarily on account of high employee cost and pension liabilities. It is time that the Petitioner should optimize its cost elements and bring about efficiency in its operations which would also help in reducing the overall cost of supply. For the purpose, the Petitioner is directed to prepare an efficiency improvement plan for next five years and submit to the Commission within three months from the date of issuance of the Order. The plan should include actionable points which the Petitioner would follow to reduce its various cost elements over the next five years. As part of the plan, HPSEBL should also focus on high employee cost and deliberate on reducing it by way of outsourcing of Class 3 and 4 employees, sharing of pension cost with HP Government, and other aspects.

6.12 Depreciation

6.12.1 Depreciation for each year of the 4th Control Period in the MYT Order dated 29th June 2019 has been approved by the Commission. Being a controllable parameter dependent on capitalization, depreciation shall be reviewed at the end of the Control Period.

6.12.2 Therefore, the Commission approves the depreciation for FY 2020-21 as approved in the MYT Order for the Fourth Control Period.

6.13 Working Capital Requirement

6.13.1 In view of the revision in power purchase cost, receivables, consumer security deposits, etc.; the Commission has re-determined the working capital requirement for FY 2020-21. The revised approved working capital requirement is summarized below:

Table 134: Working Capital Requirement Approved for FY21 (Rs. Cr.)

Particulars	Approved in MYT Order	Petitioner's Submission	Now Approved
O&M Expense for one month	163.26	173.4	163.26
Receivables equivalent to 2 months average billing	852.76	1000.09	799.87
Maintenance Spares 15% of the O&M expense for one month	13.75	26.01	13.28
Less: Consumer Security Deposit	429.40	378.85	481.10
Less: One Month Power Purchase	273.91	243.03	266.97
Working Capital Requirement	**326.46**	**577.61**	**228.34**

6.14 Interest and Financing Charges

6.14.1 The Commission has approved a capital investment plan, capitalization schedule, source of funding and financing as part of the Business Plan for the Fourth Control Period in the MYT Order. This capital plan shall be reviewed at the end of the mid-term review/ end of the Control Period based on actual. Accordingly, the interest on capital loans have been considered equal to that approved for FY 2020-21 in the MYT Order for Fourth Control Period.

6.14.2 The interest on working capital has been considered as per the Third Amendment in the MYT Regulations, 2011. Accordingly, rate of interest on working capital has been considered equal to one year State Bank of India (SBI) MCLR as applicable on 1st April 2020 plus 300 basis points. The revised estimates of interest on working capital requirements is as below:

Table 135: Approved Interest on Working Capital for FY21 (Rs. Cr.)

Particulars	Approved in MYT Order	Petitioner's Submission	Now Approved
O&M Expense for one month	163.26	173.4	163.26
Receivables equivalent to 2 months average billing	852.76	1000.09	800.76

Particulars	Approved in MYT Order	Petitioner's Submission	Now Approved
Maintenance Spares 15% of the O&M expense for one month	13.75	26.01	13.28
Less: Consumer Security Deposit	429.40	378.85	481.10
Less: One Month Power Purchase	273.91	243.03	267.41
Working Capital Requirement	**326.46**	**577.61**	**228.79**
Rate of Interest on Working Capital	11.15%	11.55%	10.75%
Interest on Working Capital	**36.40**	**66.71**	**24.59**

6.14.3 The Commission has referred to the Himachal Pradesh Electricity Regulatory Commission (Security Deposit) (Second Amendment) Regulations, 2015 which prescribes the use of weighted average of actual Bank Rate(s) for the previous year to calculate the interest rate on consumer security deposit for FY 2020-21. Further, the revised interest on consumer security deposit is determined as provided in table below:

Table 136: Approved Interest on Consumer Contribution for FY21 (Rs. Cr.)

Particulars	Approved in MYT Order	Petitioner's Submission	Now Approved
Opening consumer security deposit	393.06	369.4	434.43
Additions	36.33	9.5	46.67
Closing consumer security deposit	429.40	378.9	481.10
Rate of Interest for Consumer Security Deposit	6.58%	6.58%	5.32%
Interest on Consumer security deposit	**27.07**	**24.63**	**24.33**

6.14.4 Based on the details of interest and financing charges discussed above, the revised approved Interest and Finance charges for FY 2020-21 are as below:

Table 137: Revised Interest and Finance Charges for FY21 (Rs. Cr.)

Particulars	Approved in MYT Order	Petitioner's Submission	Now Approved
Interest on Long Term Loans	154.75	387.37	154.75
Interest on Working Capital	36.40	66.71	24.55
Interest on Consumer Deposit	27.07	24.63	24.33
Total	**218.22**	**478.71**	**203.63**

6.15 Return on Equity

6.15.1 Considering the controllable nature of the parameter, the Commission has considered the approved RoE for FY 2020-21 in the MYT Order for the Fourth Control Period.

6.16 Non-tariff and Other Income

6.16.1 For the purpose of projection of non-tariff, the Commission has considered y-o-y increase of 5% over FY 2018-19 actual non-tariff income to project the non-tariff income for FY 2020-21. Adjustments on account of delayed payment surcharge, etc. have been undertaken in the base-year actual non-tariff income.

The non-tariff income approved by the Commission for FY 2020-21 is summarized in table below:

Table 138: Revised Approved Non-Tariff Income for FY21 (Rs. Cr.)

Particulars	MYT Approved	Petitioner Submission	Now Approved
Total Non-Tariff Income	**122.00**	**213.57**	**178.23**

6.17 Aggregate Revenue Requirement

6.17.1 The table given as follows provides a summary view of the Aggregate Revenue Requirement of Distribution business as approved by the Commission for FY 2020-21:

Table 139: Aggregate Revenue Requirement for FY21 (Rs. Cr.)

Particulars	MYT Approved	Petitioner Submission	Revised ARR
Power Purchase Expenses for Supply in the State	**3,286.97**	**3,328.71**	**3,208.94**
Cost of electricity purchase including own generation	2,880.13	2,916.31	2,876.64
Inter-State Charges			
Power Grid Charges	310.90	314.55	254.20
Open Access Charges	74.91	74.91	55.16
Intra-State Charges			
HPPTCL Charges	13.21	15.12	15.12
SLDC Charges	7.82	7.816	7.816
Operation & Maintenance Costs	**1,959.09**	**2,080.71**	**1,959.09**
Employee Cost	1,809.02	1,891.82	1,809.02
R&M Cost	99.49	133.71	99.49
A&G Cost	50.58	55.19	50.58
Interest & Financing Charges	218.18	478.71	203.68
Depreciation	140.99	209.44	140.99
Return on Equity	49.68	116.20	49.68
Less: Non-Tariff & Other Income	(122.00)	(213.57)	(178.23)
Aggregate Revenue Requirement	**5,532.91**	**6,000.52**	**5,384.14**

6.17.2 In addition to the above Distribution ARR, the Commission has considered the following adjustments in ARR of FY 2020-21:

A) True-up of FY 2017-18 along with carrying cost

6.17.3 The Commission has approved a revenue surplus of Rs. 354.03 Cr. (along with carrying cost) towards provisional truing-up of FY 2017-18 which has been carried forward and adjusted in ARR of FY 2020-21.

B) Provision of Past year SJVNL payables

6.17.4 The Petitioner has submitted that revision of AFC of Rampur HEP by CERC vide order dated 26.06.2019 has resulted into an additional financial implication of Rs. 222.77 Cr. on HPSEBL on account of past arrears only. The Petitioner has further submitted that revision of AFC of Nathpa Jhakri HPS by CERC vide order dated 19.07.2019 has resulted into an additional revenue of Rs. 69.21 Cr to HPSEBL on account of overpayment in the previous year.

6.17.5 Accordingly the Commission has considered a provision of net amount of Rs. 159.86 Cr to be adjusted in the ARR of FY 2020-21. The amount is to be paid by HPSEBL to SJVNL plants on account of revision in AFC by CERC for Nathpa Jhakri HPS and Rampur HEP for the period 2014-19.

C) Provision towards COVID relief fund

6.17.6 The Petitioner vide its letter dated 22.04.2020 has informed the Commission that GoHP has announced various concessions to electricity consumers to meet the financial hardship being faced by industrial, commercial and other consumers. The same has been announced after representation of Industrial Consumers requesting concessional package for mitigating difficulties being faced by the consumers in the State. The Petitioner submitted that it has notified following measures for implementation:

i. Waiver of Delayed Payment Surcharge for all consumers up to 30.04.2020 for all bills issued during March and April 2020 and up to 31.05.2020 for all bills issued during May 2020

ii. Waiver of 100% Fixed Charges for hotels and restaurants under commercial category of consumers for six months (April 2020 to September 2020)

iii. Moratorium on payment of fixed charges for Industrial, Commercial and Agricultural consumers for the next two billing cycle April'2020 and May'2020. The demand charges so accumulated are allowed to be recovered equitably in three equal installments over next three bills of 2020 (July, August and September)

iv. Rebate of 1% subjected to maximum of Rs 10,000 for Industrial, Commercial and Agriculture Consumers

v. Rebate of Rs 10 for digital payments by Domestic Consumers

6.17.7 Accordingly, the Petitioner has requested the Commission to take cognizance of the likely impacts of lockdown in the ARR and revenues of HPSEBL while finalising the Tariff for FY 2020-21.

6.17.8 The Commission acknowledges the unprecedented situation due to ongoing COVID-19 pandemic which to some extent are beyond the control of the Petitioner and consumers.

6.17.9 As the Government of HP has proposed number of measures for providing relief /concessions to specific consumer categories as well as consumers at large, the Petitioner should pursue and expedite recovery of such relief amount made available by the GoHP which would enable limited financial impact on the Petitioner and requirement for additional working capital requirement.

6.17.10 The Commission has earmarked an amount of Rs. 50 Cr. as part of FY 2020-21 ARR for meeting any additional financial liabilities which may arise in the current financial year due to the uncertainties prevailing because of COVID-19 and are not covered under GoHP relief/ concessions provided to various consumers. The Petitioner is directed to provide details of such amount at the time of truing-up for FY 2020-21 along with detailed working for the same. Also, the petitioner is required to take prior approval of the Commission before extending any incentives to the Consumers under COVID relief fund.

6.17.11 Accordingly, the total revenue requirement for FY 2020-21 including various adjustments are summarised below:

Table 140: Total Revenue Requirement for FY21 including Past Adjustments (Rs. Cr.)

Particulars	Amount Approved
Annual Revenue Requirement for FY21	**5,384.14**
Add:	
Provision towards COVID Relief Fund	50.00
Provisioning of Past SJVNL payables	159.86
Impact of True-up of FY 2017-18	(354.03)
Total Revenue Requirement for FY21	**5,240.0**

6.18 Allocation of Distribution ARR into Wheeling and Retail Supply

6.18.1 As per the MYT Regulations, 2011, the total Distribution ARR for the Control Period has to be allocated between Wheeling and Retail Supply business. The wheeling charges would be calculated on the Wheeling ARR and the Retail Tariffs would be calculated on the Retail Supply ARR.

6.18.2 The Petitioner has proposed the allocation of Distribution ARR into Wheeling and Retail Supply business based on the allocation approved by the Commission. In absence of segregated information for wheeling and retail supply being maintained by the Petitioner, the Commission has no alternative but to continue with the segregation as approved in the MYT Order.

6.18.3 The allocation statement approved by the Commission in the MYT Order for Fourth Control Period is as under:

Table 141: Approved Allocation of ARR of Distribution Business

Particulars	Wheeling	Retail Supply
Power Purchase Expenses	0%	100%
PGCIL Charges	0%	100%
HPPTCL Charges	0%	100%
SLDC Charges	0%	100%
Open Access Charges	0%	100%
Employee Expenses	70%	30%
R&M Expense	90%	10%
A&G Expense	60%	40%

Particulars	Wheeling	Retail Supply
Interest and Financing Charges	95%	5%
Depreciation	95%	5%
Return on Equity	100%	0%
Non-tariff Income	0%	100%
Wheeling Charges	100%	0%

6.18.4 The summary of Wheeling and Retail Supply ARR for the Control Period is shown as follows:

Table 142: Approved ARR of Wheeling Business for FY21 (Rs. Cr.)

Particulars	Amount
Operation & Maintenance Costs	1,386.20
Interest & Financing Charges	193.49
Depreciation	133.94
Return on Equity	49.68
Less: Wheeling charges recovered from short-term OA consumers	(24.26)
Aggregate Revenue Requirement	**1,739.06**

Table 143: Approved ARR of Retail Supply Business for FY21 (Rs. Cr.)

Particulars	Amount
Power Purchase Expenses for Supply in the State	3,208.94
Operation & Maintenance Costs	572.89
Interest & Financing Charges	10.18
Depreciation	7.05
Less: Non-Tariff & Other Income	(153.97)
Aggregate Revenue Requirement	**3,645.09**

7 TARIFF PHILOSOPHY AND DESIGN

7.1 Tariff Principles

7.1.1 The philosophy of tariff determination is primarily guided by the principles enshrined in Section 61 of the Electricity Act, 2003, Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2011, National Tariff Policy and the National Electricity Policy.

7.1.2 The Commission has issued amendments to the HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011 on 1st November, 2013 wherein the Commission has laid down the principle of progressively moving towards the targeted roadmap of (-) 10% and (+) 5% of the average cost of supply by end of the Fourth Control Period for all categories of consumers excluding life line consumers. The Commission has continued with the approach as per these regulations while approving tariff for the FY 2020-21.

7.1.3 However, the Regulation 41-B also states that during the interim periods as mentioned as sub regulations (3) and (4), the Commission shall, with an objective of broadly assessing, the trends and levels of category wise cost of supply for indicative purposes also carry out suitable exercise based on the available data, suitable assumptions and the concepts as may be considered appropriate. The assumptions and methodologies to be broadly followed for the allocation of costs for the purpose of cost to serve calculations has been considered similar to that followed in the MYT Order for the third Control Period.

7.2 Sales at Various Voltage Level

7.2.1 Based on the voltage-wise sales data provided by the Petitioner, the Commission has apportioned the voltage level sales for FY 2020-21 as provided in the table as follows:

Table 144: Estimated Sales at different Voltage Levels for FY21 (MU)

Category		FY 2020-21			
	Total Sales (MU)	EHT (>=66 kV)	HT (33kV)	HT (>11 kV & <33kV)	LT (<11 kV)
Sales apportioned at different voltage levels		21%	13%	28%	38%
Total (within State)	**8,663**	**1,801**	**1,127**	**2,466**	**3,268**

7.2.2 The cost to serve at different voltage level as calculated on this basis is indicated in the following table:

Table 145: Cost to Serve for FY21

Particulars	Generation bus bar	>=66 kV	> 11 kV	< 11 kV	Total
Energy Input (MU)	9,887.4	9,887.4	8,086.0	4,492.3	
Loss (MU)		-	-	-	-
Sales at respective level (MU)		1,801.4	3,593.7	3,268.3	8,663.4
Cost at respective level (Rs. Crore)	2,768.2	543.8	843.9	727.5	4,883.3
Cost Allocation (Rs. per unit)					
Power Purchase Cost		2.92	2.58	2.00	
Cost of Losses		0.10	0.18	0.33	
Transmission & Open Access Charges		0.38	0.38	0.38	
Distribution Cost (> 33kV)		0.94	0.83	0.83	
Distribution Cost (> 11 kV)			1.21	1.10	
Distribution Cost (< 11 kV)				1.97	
Cost of Serve Model		**4.34**	**5.19**	**6.62**	**5.71**

** Rs. 5.71 per unit is the average cost of supply without considering past gap and carrying cost*

7.2.3 The above cost does not include the impact of the expenses pertaining to the past periods which have been approved at Rs. 354.03 Cr. of surplus amount on account of provisional truing-up of FY 2017-18 along with carrying cost, provisioning of Rs. 50 Cr. towards COVID Relief Fund and provisioning of Rs 160 Cr. towards Past SJVNL payables. These amounts shall also have to be adjusted to the above stated costs and shall decrease the average cost of supply marginally by about 17 paise per unit. The total average cost of supply including these provisions adds up to Rs. 5.54 per unit.

7.2.4 The Commission would like to clarify here that these calculations have been made only for indicative purposes and for assessing the trends and not for fixing the tariffs. However, the data relating to cost allocation shall be used for determining the voltage-wise open access charges as adoption of an average rate for this purpose shall otherwise be restrictive to open access, as discussed in separate chapter relating to open access.

7.2.5 In view of the provisions of the Regulations and also in absence of authentic information regarding voltage level cost and losses, the Commission has computed the average cost of supply, as also mandated in the National Tariff Policy and amended HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011, for purpose of fixation of tariff for various categories of consumers for the second year of the Fourth Control Period i.e. FY 2020-21.

7.2.6 The average cost of supply computed for FY 2020-21 is provided in the table below:

Table 146: Average Cost of Supply for FY21 based on approved ARR

Particulars	FY21
Approved Aggregate Revenue Requirement (Rs. Cr.)	**5,384.1**
Less: Sale of Surplus Power (Rs. Cr.)	435.4
Net Aggregate Revenue Requirement (Rs. Cr.)	**4,948.7**
Projected Sales (MUs)	8,663.4
Average Cost of Supply (Rs./unit)	**5.71**

7.2.7 The average cost of supply for FY 2020-21 works out to be Rs. 5.71 per unit which does not include the prior period and other adjustments. Taking into account the adjustments, the average cost of supply comes out to be Rs. 5.54 per unit.

7.3 Revenue from Existing Tariff

7.3.1 The Commission has computed the revenue from various categories as per the sales approved for FY 2020-21 and the existing applicable tariff in the respective categories. The summary of the estimated revenue for the FY 2020-21 is summarized in table below:

Table 147: Revenue for FY21 based on Existing Tariff

Consumer Category	Sales (MUs)	Revenue (Rs. Cr.)
Industrial Power Supply		
Small Industries	124.1	75.8
Medium Industries	61.1	37.1
Large Industries	4,639.7	2,619.1
Domestic	2,288.0	1,148.3
Irrigation and Drinking Water	640.8	373.9
Commercial	543.9	325.2
Bulk Supply	155.2	92.8
Non Domestic Non Commercial	162.5	93.6
Public Lighting	10.4	5.3
Temporary	37.5	33.5
Total	**8,663.4**	**4,804.6**

7.4 Revenue from Sale of Power Outside State

7.4.1 In previous Tariff Orders, the Commission has been directing HPSEBL to show commercial prudence in its power arrangements and avoid purchasing of costly surplus power. Therefore, sale of surplus power in previous Orders have been considered similar to the purchase cost to exclude any impact of the difference in purchase and sale cost of this surplus power on the consumers in the State.

7.4.2 However, considering a significant reduction in industrial and commercial demand due to lockdown in early months of FY 2020-21, a large quantum of firm power remained surplus with the utility. Also, the average rate of sale of surplus power on the power exchanges also remained low during these months. In view of such uncontrollable factors, the Commission in this Order has departed from the previous methodology and has considered the rate for sale of this surplus power at a rate of Rs. 3.00 per unit. The approximate rate of power sold at exchange and RE Power is considered in the range of Rs. 2.50 per unit and Rs. 4.00 per unit respectively to derive an average rate of Rs. 3.00 per unit for sale of surplus power.

7.4.3 The Commission feels that the existing conditions are for a short duration and the Petitioner should plan its power procurement and sale in a manner that optimizes the overall power purchase cost and directs the Petitioner to optimize sale of such surplus power at competitive rate in order to reduce the burden on consumers. Any variation in the rate and quantum of surplus power shall be considered at the time of final truing-up based on actual.

7.4.4 The Commission has also allowed for contingency buffer of 200 MU to maintain continuous supply in the State in case of any unforeseeable difficulty i.e. shutdown of any generating station, increase in sales within State, etc. In case the power remains unused, the same is estimated to be sold at the power exchange rate. The Petitioner should continue to sell surplus RE power which would help in better recovery rate for surplus power and reduce the burden on consumers.

7.4.5 The projected revenue from sale of power outside State is tabulated as follows:

Table 148: Revenue from Sale of Power outside the State for FY21

Parameters	Units (MUs)	Revenue (Cr.)	Cost (Rs. per unit)
Sale of Contingent Purchase	200	60	3.00
Sale of Surpluses for Trading due to PPA obligation	1,251	375	3.00
Total	**1,451**	**435**	**3.00**

7.5 Revenue Surplus/Gap at Existing Tariff for FY21

7.5.1 Taking into account the revenue from sale within state at existing tariffs, revenue estimated from sale of power outside state for FY 2020-21 is as follows:

Table 149: Revenue Surplus/ Gap for FY21 based on Existing Tariff (Rs. Cr.)

Parameters	Amount
Approved Aggregate Revenue Requirement	**5,384.1**
Add:	
Final Truing up of uncontrollable parameters for FY18	(354.0)
Provision towards COVID Relief Fund	50.0
Provisioning of Past SJVNL payables	159.9
Total Revenue Requirement for FY21	**5240.0**
Less: Revenue from Sale of Power outside State	435.4
Less: Revenue from Sale of Power within the State at Existing Tariff	4804.6
Total Revenue	**5240.0**
Revenue Surplus/ (Gap)	**0.0**

7.5.2 Considering the revenue from existing tariff, it is observed that the Petitioner will meet the approved ARR. This revenue gap also takes into account the adjustments on account of revenue gap for provisional true-up of FY 2017-18 along with carrying cost and impact of provisioning towards COVID relief fund and SJVNL past payables.

7.5.3 Further, any amount received by HPSEBL during FY 2020-21 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.

7.5.4 The Commission directs the Petitioner to transfer any surplus revenue realized in FY 2020-21 at approved tariffs to the MYT Contingency Reserve as per Regulation 12 of the HPERC (Terms and Condition for determination of Wheeling Tariff and Retail Supply Tariff) Regulation, 2011.

7.5.5 In view of the above, the Commission finds it prudent to not revise the prevailing tariff of various consumer categories for FY 2020-21.

7.6 Changes in Tariff Structure

7.6.1 In view of the submission of the Petitioner and other stakeholders with respect to changes in the tariff applicability and tariff structure, the proposed and approved tariff related changes are discussed as below:

Applicability of Domestic Tariff for residential paying guests

7.6.2 The Petitioner has proposed for inclusion of "residential paying guests" under the Domestic Supply Tariff. The Petitioner has also submitted that "residential paying guests" are presently being charged under Commercial Supply Tariff, however individual consumers who are on rent are charged with Domestic Supply Tariff which is causing a dichotomy in application.

7.6.3 The Commission recognised that consumer staying on rent or as paying guest belong to same nature of supply. Accordingly in line with the proposal of the Petitioner, the Commission has modified the applicability of domestic and commercial tariff.

Applicability of Commercial Tariff for processing facilities for agriculture

7.6.4 The Petitioner has also proposed for suitable modification in applicability of IDWPS Category of Schedule of Tariff. The Petitioner has submitted to exclude the "processing facilities for agriculture" from IDWPS Category and include the same under Commercial Category of Tariff considering the nature being commercial activities.

7.6.5 The Commission observes that the current schedule clearly distinguishes the category of services covered under "processing facilities for agriculture". The schedule also provides clarity on various services which are covered under relevant industrial schedule of tariff. Thus, the Commission feels that no further changes are required in the schedule of IDWPS Category.

Applicability of Industrial Tariff for consumers registered with Industries Department

7.6.6 The Petitioner has also proposed for suitable modification in applicability of Commercial Supply Schedule of Tariff by excluding all consumers registered with

Industries Department for setting up hotels, cold storage units etc. as industrial units. The Petitioner has also submitted to consider the above consumers under relevant category of Industrial Power Supply.

7.6.7 The Commission observes that categorization of consumers in various categories are done taking into consideration their nature of supply and not on the basis of registration with various Departments. The Commission also observes that the proposal provided by the Petitioner is ambiguous and lacks detailed clarification on the subject. The Petitioner is required to submit a detailed proposal in this regard in the subsequent petition.

Changes in Applicability of Domestic Tariff for Students

7.6.8 The Petitioner has proposed that under clause D of Domestic Supply of Schedule of Tariff, the charges being recovered from the students are based on actual consumption. The Petitioner has requested the Commission to delete the actual consumption as it is not practically feasible for field units to verify the same.

7.6.9 The Commission concurs with the submission of the Petitioner that recording actual consumption will be difficult especially for the hostel students. In accordance with the proposal, the Commission has modified the changes in Domestic Category.

Changes in Interest rate of LPS

7.6.10 Several consumers, industries and associations during stakeholder consultation process have requested the Commission for reduction of LPS rate.

7.6.11 Late payment surcharge is being charged to discourage the consumers from delay in payment to the Utility. However, the Commission in line with the submissions of the stakeholders feels that LPS presently being charged from consumers are on higher in comparison to interest rate applicable on short-term loans (12-13%). Accordingly, the Commission has revised the LPS to 1.5% as detailed out in Annexure-1 of this Order.

7.7 Approved Tariff

7.7.1 The Commission has retained the tariff structure as per the MYT Order for the Fourth Control Period. The existing tariff for each category is as under:

DS: Domestic Supply

7.7.2 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; 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 managed by Government and Private institutions 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.

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 3.70 per kWh, the next 1,750 (175*10) at Rs 4.60 per unit and the balance 500 units at Rs. 5.10 per unit. Fixed charge shall be Rs. (40x10).*

7.7.3 The Commission has retained the existing tariff for Domestic category as under:

Table 150: Existing and Approved Tariff for Domestic Category

Description Units/month	Existing		Approved	
	Energy Charges (Rs/kWh)	Fixed Charges (Rs. /con/month)	Energy Charges (Rs/kWh)	Fixed Charges (Rs. /con/month)
0-60 (Lifeline consumers including BPL)	3.30	40.00*	3.30	40.00*
0-125	3.95	70.00	3.95	70.00
126-300	4.85	70.00	4.85	70.00
301 & above	5.45#	70.00	5.45#	70.00
Pre-paid meter $	4.85	NIL	4.85	NIL

**fixed charge for tribal and difficult area 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

$ 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.

7.7.4 The Commission is continuing with the approach followed during the previous Tariff Orders whereby it had extended the benefit of lower electricity tariff available for BPL households, also to very poor and marginalized consumers, in line with the principles laid out in Electricity Act, National Electricity Policy and National Tariff Policy.

7.7.5 The applicable rebates and surcharges for this category have been detailed in Part III of Annexure I of this Order.

NDNC: Non Domestic Non Commercial Supply

7.7.6 This schedule is applicable to Government and semi Government offices; Government – Hospitals, primary health centres, dispensaries and veterinary hospitals; Educational Institutions viz. Schools, Universities; I.T.Is, Colleges, Centre for Institute of Engineers, Sports Institutions, Mountaineering Institutions and allied sports and Libraries Hostels, Government Libraries, Centre for Institute of Engineers, Hostels and residential quarters attached to the educational institutions if supply is given at a single point; Religious places such as Temples, Gurudwaras, Mosques, Churches with connected load greater than 5 kW; Sainik and Government Rest Houses, Anganwari worker training centres, Mahila mandals, village community centers; Hospitals run on charity basis; 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); Electric Charging Stations for electric vehicles; lifts operating under group housing societies, apartments, etc.

Note:

(1) In the case of residences attached to the Government as well as private Institutions, the same shall be charged at the 'Domestic tariff' where further distribution to such residential premises is undertaken by the Petitioner and the Petitioner provides meters for individual consumers.

(2) Lifts in residential premises shall be charged at the 'Domestic tariff'

7.7.7 The Commission has retained the existing tariff for NDNCS category as shown in the table below:

Table 151: Existing and Approved Tariff for NDNC Category: Upto 20kVA

Slab	Existing		Approved	
	Energy Charges (Rs. /kWh)	Fixed Charges (Rs. /con/month)	Energy Charges (Rs. /kWh)	Fixed Charges (Rs. /con/month)
Up to 20kVA	5.00	130.00	5.00	130.00
Pre-paid meter	4.90	NIL	4.90	NIL

Table 152: Existing and Approved Tariff for NDNCS Category: Above 20kVA

Slab	Existing			Approved		
	Energy Charges (Rs/kVAh)	Fixed Charges (Rs/con/	Demand Charge (Rs/kVA/	Energy Charges (Rs/kVAh)	Fixed Charges (Rs/con/	Demand Charge (Rs/kVA/

		month)	month)		month)	month)
Above 20kVA	4.70	-	140	4.70	-	140

7.7.8 The applicable rebates and surcharges for this category have been detailed in Part III of Annexure I of this Order.

CS: Commercial Supply

7.7.9 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.

7.7.10 The Commission has retained the existing tariff for the Commercial Supply category as shown in the tables below:

Table 153: Existing and Approved Tariff for CS Category: Upto 20kVA

Slab	Existing		Approved	
	Energy Charges (Rs. /kWh)	Fixed Charges (Rs. /con/month)	Energy Charges (Rs. /kWh)	Fixed Charges (Rs. /con/month)
Up to 20kVA	5.10	130.00	5.10	130.00

Table 154: Existing and Approved Tariff for CS Category: Above 20kVA

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 20-100 kVA	4.85	-	110	4.85	-	110
Above 100kVA	4.75	-	170	4.75	-	170

7.7.11 The applicable rebates and surcharges for this category have been detailed in Part III of Annexure I of this Order.

SIP: Small Industrial Power Supply

7.7.12 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 recognized 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.

7.7.13 The Commission has retained the existing tariff for the SIP category as shown in the tables below:

Table 155: Existing and Approved Tariff for Small Industrial Supply

Slab	Existing			Approved		
	Energy Charges	Fixed Charges (Rs. /con/ month)	Demand Charges (Rs./kVA/month)	Energy Charges	Fixed Charges (Rs. /con/ month)	Demand Charges (Rs./kVA/ month)
Up to 20kVA	4.75 (Rs./kWh)	140	-	4.75 (Rs./kWh)	140	-
Above 20kVA - 50kVA	4.60 (Rs/kVAh)	-	100	4.60 (Rs/kVAh)	-	100

7.7.14 For new industries coming into production after 01.06.2020, the energy charges shall be 10% lower than the approved energy charges for the respective category for a period of 3 years.

7.7.15 For existing industries which have undergone expansion in the FY 2018-19 onwards and/or shall be undergoing expansion in this financial year i.e. FY2020-21, energy charges shall be 10% lower than the approved energy charges corresponding to the respective category for a period of three years for quantum of energy consumption corresponding to proportionate increase in contract demand.

Provided that such expansion if undertaken during 1.07.2019 to 31.05.2020, 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.

7.7.16 The applicable rebates and surcharges for this category have been detailed in Part III of Annexure I of this Order.

MIP: Medium Industrial Power Supply

7.7.17 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.

7.7.18 The Commission has retained the existing tariff for the MIP category as shown in the tables below:

Table 156: Existing and Approved Tariff for Medium Industrial Supply Category

Slab	Existing	Approved

	Energy Charges (Rs/kVAh)	Fixed Charges (Rs/con/ month)	Demand Charge (Rs/kVA/ month)	Energy Charges (Rs/kVAh)	Fixed Charges (Rs/con/ month)	Demand Charge (Rs/kVA/ month)
Above 50kVA-100kVA	4.60	-	120	4.60	-	120

7.7.19 For new industries coming into production after 01.06.2020, the energy charges shall be 10% lower than the approved energy charges for the respective category for a period of 3 years.

7.7.20 For existing industries which have undergone expansion in the FY 2018-19 onwards and/or shall be undergoing expansion in this financial year i.e. FY2020-21, energy charges shall be 10% lower than the approved energy charges corresponding to the respective category for a period of three years for quantum of energy consumption corresponding to proportionate increase in contract demand.

Provided that such expansion if undertaken during 1.07.2019 to 31.05.2020, 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.

7.7.21 The applicable rebates and surcharges for this category have been detailed in Part III of Annexure I of this Order.

LIPS: Large Industrial Power Supply

7.7.22 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".

7.7.23 The Commission has retained the existing tariff for the Large Industrial Power Supply category as shown in the tables below:

Table 157: Existing and Approved Tariff for Large Industrial Power Supply Category

Slab	Existing			Approved		
	Energy Charges (Rs/kVAh)	Fixed Charges (Rs/con/ month)	Demand Charge (Rs/kVA/ month)	Energy Charges (Rs/kVAh)	Fixed Charges (Rs/con/ month)	Demand Charge (Rs/kVA/ month)
EHT						
220 kV and above	4.20		425.00	4.20		425.00
132 kV	4.25		425.00	4.25		425.00
66 kV	4.30		425.00	4.30		425.00
HT-1 (up to 1 MVA)	4.60	-	250.00	4.60	-	250.00

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)
HT-2 (More than 1 MVA)	4.35	-	400.00	4.35	-	400.00

7.7.24 For new industries coming into production after 01.06.2020, the energy charges shall be 10% lower than the approved energy charges for the respective category for a period of 3 years.

7.7.25 For existing industries which have undergone expansion in the FY 2018-19 onwards and/or shall be undergoing expansion in this financial year i.e. FY2020-21, energy charges shall be 10% lower than the approved energy charges corresponding to the respective category for a period of three years for quantum of energy consumption corresponding to proportionate increase in contract demand.

Provided that such expansion if undertaken during 1.07.2019 to 31.05.2020, 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 form 2 MVA to 3 MVA, the monthly units consumption for the purpose of lower energy charges shall be considered in proportion of the original contracted demand and increased contracted demand. i.e. In case of monthly consumption in 6 LUs, the lower energy charges shall be applicable on 2 LUs while 4 LUs shall be billed at the regular energy charge.

7.7.26 The applicable rebates and surcharges for this category have been detailed in Part III of Annexure I of this Order.

BS: Bulk Supply

7.7.27 This schedule is applicable to general or mixed loads to M.E.S and other Military establishments, Central PWD Institutions, Hospitals, Departmental colonies, A.I.R Installations, Aerodromes, Bus Stands with single point connection, construction power to hydroelectric projects, tunnel construction and other similar establishments where further distribution to various residential and non-residential buildings is to be undertaken by the consumers for their own bona fide use and not for resale to other consumers with or without profit. However, in case of MES, this schedule shall continue to apply till such time M.E.S. do not avail open access.

7.7.28 The Commission has retained the existing tariff for the Bulk Supply category as shown in the tables below:

Table 158: Existing and Approved Tariff for Bulk Supply

Slab	Existing	Approved

	Energy Charges (Rs/kVAh)	Fixed Charges (Rs/con/mth)	Demand Charge (Rs/kVA/mth)	Energy Charges (Rs/kVAh)	Fixed Charges (Rs/con/mth)	Demand Charge (Rs/kVA/mth)
LT	4.80	-	250.00	4.80	-	250.00
HT	4.30	-	350.00	4.30	-	350.00
EHT	4.10	-	350.00	4.10	-	350.00

7.7.29 The applicable rebates and surcharges for this category have been detailed in Part III of Annexure I of this Order.

SLS: Street Lighting Supply

7.7.30 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.

7.7.31 The Commission has retained the existing tariff for Street Lighting category as shown in the table below.

Table 159: Existing and Approved Tariff for Street Lighting Supply Category

Existing		Approved	
Energy Charges (Rs. /kWh)	Fixed Charges (Rs. /con/mth)	Energy Charges (Rs. /kWh)	Fixed Charges (Rs. /con/mth)
4.95	130.00	4.95	130.00

7.7.32 The applicable rebates and surcharges for this category have been detailed in Part III of Annexure I of this Order.

TS: Temporary Metered Supply

7.7.33 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.

7.7.34 The Commission has retained the existing tariff for Temporary Supply category as shown in the tables below:

Table 160: Existing and Approved Tariff for Temporary Meter Category (upto 20kVA)

Slab	Existing		Approved	
	Energy Charges (Rs. /kWh)	Fixed Charges (Rs. /con/mth)	Energy Charges (Rs. /kWh)	Fixed Charges (Rs. /con/mth)
Up to 20kVA	7.00	200.00	7.00	200.00

Table 161: Existing and Approved Tariff for Temporary Meter Category (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)
Above 20kVA	6.30	-	400.00	6.30	-	400.00

7.7.35 The applicable rebates and surcharges for this category have been detailed in Part III of Annexure I of this Order.

IDWPS: Irrigation and Drinking Water Pumping Supply

7.7.36 The existing schedule is applicable to Government connections for water and irrigation pumping and also covers all consumption for bona fide Pump House lighting. This schedule shall also be applicable to private Irrigation Pumping loads. This schedule shall also be applicable to green houses, poly houses, mushroom growing, poultry farms and sheds, processing facilities for agriculture, pond fish culture in farmer's own agriculture land, pisci-culture, horticulture, floriculture and sericulture etc. where all such activities are undertaken by farmers only under this category. This schedule will also be applicable to temporary agricultural loads such as wheat threshers, paddy threshers, tokas, and cane crushers. This schedule shall be applicable to sewerage treatment plant.

7.7.37 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.

7.7.38 The Commission has retained the existing tariff for this category as shown in the tables below:

Table 162: Existing and Approved Tariff for IDWPS upto 20kVA

Slab	Existing		Approved	
	Energy Charges (Rs. /kWh)	Fixed Charges (Rs. /con/mth)	Energy Charges (Rs. /kWh)	Fixed Charges (Rs. /con/mth)
Up to 20kVA	3.70	90.00	3.70	90.00

7.7.39 The two-part tariff applicable for IDWPS for connected load above 20 kVA shall be as shown in the table as follows:

Table 163: Existing and Approved Tariff for IDWPS above 20kVA

Slab	Existing	Approved

	Energy Charges (Rs/kVAh)	Fixed Charges (Rs/con/mth)	Demand Charge (Rs/kVA/ mth)	Energy Charges (Rs/kVAh)	Fixed Charges (Rs/con/ mth)	Demand Charge (Rs/kVA/mth)
LT	5.00	-	100.00	5.00	-	100.00
HT	4.60	-	300.00	4.60	-	300.00
EHT	4.20	-	400.00	4.20	-	400.00

7.7.40 The applicable rebates and surcharges for this category have been detailed in Part III of Annexure I of this Order.

RT: Railway Traction

7.7.41 The Commission has retained the existing tariff for Railway Traction as shown in the table below:

Table 164: Existing and Approved Tariff for Railway Traction

Existing			Approved		
Energy Charges (Rs/kVAh	Fixed Charges (Rs/con/mth)	Demand Charge (Rs/kVA/mth)	Energy Charges (Rs/kVAh)	Fixed Charges (Rs/con/mth)	Demand Charge (Rs/kVA/mth)
4.70	-	400.00	4.70	-	400.00

7.7.42 The applicable rebates and surcharges for this category have been detailed in Part III of Annexure I of this Order.

7.7.43 The average revenue realization as percentage of average cost based on the tariff approved for FY 2020-21 is provided below:

Table 165: Average realization as % of Average CoS for FY21

Consumer Category	FY21 (Approved Tariff)
Industrial Power Supply	102%
Domestic	91%
Irrigation and Drinking Water	105%
Commercial	108%
Bulk Supply	108%

7.8 Overall Revenue-Expenditure Position of HPSEBL at Approved Tariff

7.8.1 The Commission has computed the revenue surplus/ gap for FY 2020-21 based on the approved ARR and approved tariff which is given in the table below:

Table 166: Projected Revenue at Approved Tariff and Revenue Surplus/ (Gap) for FY21

Parameters	Amount (Rs. Cr.)
Industrial Power Supply	
Small Industries	75.8
Medium Industries	37.1
Large Industries	2,619.1
Domestic	1,148.3

Parameters	**Amount (Rs. Cr.)**
Irrigation and Drinking Water	373.9
Commercial	325.2
Bulk Supply	92.8
Non Domestic Non Commercial	93.6
Public Lighting	5.3
Temporary	33.5
Projected Revenue at Approved Tariff for FY20	**4,804.6**
Total Approved ARR (including prior period adjustments)	**5240.0**
Less: Revenue from Sale of Power outside State	435.4
Less: Revenue from Sale of Power within the State at Existing Tariff	4804.6
Total Revenue	**5240.0**
Revenue Surplus / (Gap)	**0.0**

7.8.2 Based on the above table it is observed that the Petitioner would be able to meet the approved ARR. Further, any amount received by HPSEBL during FY 2020-21 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.

7.8.3 The Commission directs the Petitioner to transfer any surplus revenue realised in FY 2020-21 at approved tariffs to the MYT Contingency Reserve as per Regulation 12 of the HPERC (Terms and Condition for determination of Wheeling Tariff and Retail Supply Tariff) Regulation, 2011.

7.9 Subsidy by Government of Himachal Pradesh

7.9.1 The Govt. of Himachal Pradesh has made a provision of Rs. 480 Cr. in the financial budget for 2020-21, for providing rollback subsidy to electricity consumers of domestic and agriculture categories during the year.

7.9.2 In accordance with provisions of Section 65 of the Electricity Act, 2003, the Commission in terms of sub-regulation (5) of Regulation 42 of the Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011 in giving effect to the subsidy hereby makes the following provisions:

a. The effective energy charges for Domestic Supply category, as proposed by the GoHP after accounting for Government subsidy, shall be as given in the table below:-

Table 167: Subsidized tariff for Domestic category

Particulars	**Units/month**	**Approved Tariff for FY21 (Rs/kWh)**	**GoHP Subsidy for FY21 (Rs./kWh)**	**Effective Tariff after subsidy (Rs/kWh)**
Lifeline consumers	0-60	3.30	2.30	1.00

Particulars	Units/month	Approved Tariff for FY21 (Rs/kWh)	GoHP Subsidy for FY21 (Rs./kWh)	Effective Tariff after subsidy (Rs/kWh)
Other consumers	0-125	3.95	2.40	1.55
	126-300	4.85	1.90	2.95
	Above 300	5.45	1.05	4.40
	Prepaid consumers	4.85	1.90	2.95

b. With respect to agricultural consumers under Irrigation and Drinking Water Pumping Supply (IDWPS) category, the energy charges shall be Rs 0.50 per kWh to the consumer category up to contract demand upto 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.

c. The above revised tariffs in respect of Domestic and Agricultural consumers shall be effective from June 1, 2020. HPSEBL shall give appropriate adjustments in consumer bills for the subsidy amount.

d. 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.

7.9.3 The Commission orders that subsidy amount shall be paid in advance to the HPSEBL as per the provisions of Section 65 of the Electricity Act, 2003, and reconciled after every quarter. HPSEBL is directed to submit quarterly report regarding the payment of subsidy as well as the outstanding amount; if any. **In case the State Government fails to pay subsidy on time, interest on such outstanding amounts shall be recoverable by the Petitioner**. Further, in case the State Government fails to pay the subsidy, as per the provisions of Section 65 of the Act, the tariffs in respect of above two categories shall stand reverted back to the original tariff, as approved by the Commission in this tariff order.

8 OPEN ACCESS AND RENEWABLE POWER PURCHASE OBLIGATION

8.1 Introduction

8.1.1 The Commission has permitted Open Access to all the generators irrespective of installed capacity and to all the consumers having contract demand above 1 MVA. The Commission has also made enabling provisions for availing the Open Access in its MYT Regulations, 2011 by segregation of the ARR of the distribution licensee in to ARR for Retail Supply and Wheeling Supply. Accordingly, the Wheeling Tariff and Retail Supply Tariffs are being determined by the Commission for each year of the Control Period.

8.1.2 Based on the wheeling ARR approved in Para 6.18.4, the average wheeling charges for FY 2020-21 are as below:

Table 168: Wheeling Charges for FY21

Particulars	Amount
Total ARR for Wheeling Business approved for FY21 (Rs. Cr.)	1,739.0
Approved Energy Sales (MU)	8,663.4
Average Wheeling Charge (paisa per unit)	**201**

8.1.3 The above computed average wheeling charge of 201 paisa is for the total distribution network of HPSEBL. Most of the open access consumers are utilizing higher voltage level of the network and therefore, applying the average wheeling charge would restrict the open access within the State. Therefore, for the purpose of promoting open access, the Commission has worked out the voltage-wise wheeling charge applicable for open access consumers at various voltage level.

8.1.4 Regulation 27 (2) of the Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011 stipulate that:

"*The distribution licensee shall maintain separate books of accounts for wheeling and retail supply business. For such period until accounts are segregated and separate books of accounts are maintained, the Commission shall stipulate the ratio of allocation of all expenses and return component, based on data obtained from the distribution licensee*."

8.1.5 In the absence of separate accounts for wheeling and retail supply business, the ARR of HPSEBL for FY 2020-21 have been segregated into wheeling and retail supply businesses in accordance with the allocation statement as detailed in subsequent section. The various charges payable by the consumers availing open access have been determined in this chapter.

8.2 Wheeling Charges

8.2.1 The distribution system of HPSEBL consists of lines and associated equipment at various voltage levels of EHV, HV and LV connected with the generating stations, HPPTCL system and the consumers of HPSEBL. Accordingly, the charges for these consumers is required to be computed based on capacity basis (per MW) as against the short-term open access consumers for which the wheeling charges shall be determined based on per unit basis.

8.2.2 The Commission in the Fourth Control Period has approved capacity based wheeling charges for long-term and medium-term open access consumers based on the limited data made available by the Petitioner for computing long-term wheeling charges.

8.2.3 The Commission observes that a complete proposal for determination of voltage wise wheeling charges has not been submitted by the Petitioner. On being queried, the Petitioner has only been able to provide partial data of voltage wise sales, actual capacity of generator, etc. Therefore, in the absence of complete data, the Commission has continued with same the methodology adopted by the Commission in the MYT Order for Fourth Control Period for determining wheeling charges.

8.2.4 Wheeling costs varies with each voltage level at which the supply is wheeled and forms an integral part of the wheeling tariff. In the absence of details of actual voltage wise assets of HPSEBL, the Commission has apportioned the cost of HPSEBL's wheeling business to various voltage classes. Accordingly, the Commission has determined the wheeling charges for the EHT (66 kV and above), HT (33 kV), HT (11 kV to less than 33 kV) and other voltage levels (less than11 kV) of the distribution system. Certain reasonable assumptions have however been made, wherever required, in view of the non-availability of complete data which are detailed below:

8.2.5 The assumptions and methodology used by the Commission for computing the voltage-wise wheeling charges is as below:

Assumptions

8.2.6 The Commission has considered the following assumptions:

(1) Demand: The corresponding demand based on the sales of HPSEBL at each voltage level assuming a load factor of 60% has been considered along with the Capacity of the generators connected at the respective voltage level for computation of capacity based wheeling charges.

(2) Energy Input: Energy input into the State transmission system is considered for intra-state consumption. Also, the Commission has considered the energy generation from the plants connected at the various voltage level for the computation of wheeling charges.

(3) Data on cost segregation across voltage levels is done based on reasonable assumptions in absence of data submitted by the Petitioner.

Sales at various voltage levels

8.2.7 Based on the information provided by the Petitioner with regard to the voltage-wise data of sales, the Commission has apportioned the sales approved for FY 2020-21 at EHT, HT and LT voltage-levels as presented in the table below:

Table 169: Estimated Sales at different Voltage Levels for FY21 (MU)

Category		FY 2020-21			
	Total Sales (MU)	EHT (>=66 kV)	HT (33kV)	HT (>=11 kV & <33kV)	LT (<11 kV)
Sales apportioned at different voltage levels		20.8%	13%	28.5%	37.7%
Total (within State)	**8,663**	**1,801**	**1,127**	**2,466**	**3,268**

8.2.8 Further, the estimated energy generated by the various generators connected at different voltage level have been considered additionally.

Cost Segregation and Methodology

8.2.9 The Commission in MYT Order for Fourth Control Period has 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. However, it is observed that the Petitioner has not submitted any suitable justification behind segregating the cost at each voltage level for estimating wheeling charges for FY 2020-21.

8.2.10 On being queried by the Commission, the Petitioner submitted that the wheeling cost has been allocated among different voltage levels based on the same allocation ratio as approved by Commission in previous tariff order dated 29.06.2019.

8.2.11 The Commission, thus in absence of any adequate details related to voltage-wise assets, has continued with the methodology adopted in MYT Order for Fourth Control Period to allocate wheeling cost among different voltage levels.

8.2.12 To arrive at the cost of wheeling at the various voltage levels, the total Wheeling ARR at various voltage levels has been apportioned to different voltage levels (i.e., EHT, HT and LT) in the following ratio:

Table 170: Allocation of Wheeling cost across voltage levels

Particulars	EHT (>66 kV)	HT (33 kV)	HT (>=11 kV & <33kV)	LT (<11 kV)
Allocation Ratio	21%	20%	28%	31%

8.2.13 The Wheeling ARR at higher voltage levels has been further apportioned to lower voltage levels, since the EHT and HT system is also being used for LT supply.

8.2.14 The Power handled at each voltage level has been estimated taking into account the demand of HPSEBL and capacity available. In response to one of the query, the Petitioner has submitted the details of capacity of generators at different voltage levels as represented below:

Table 171: Details of capacity of generators at different voltage levels

Particulars	220 kV	132 kV	66 kV	33 kV	22 kV	11 kV
Hydro IPPs	-	-	26.0	340.4	50.1	0.4
Open Access Generators	-	122.0	51.5	5.0	-	-
Own Generation	120.0	246.0	49.5	50.0	15.3	0.8
Solar IPPs	-	-	-	15.0	-	3.9
Total	**120.0**	**368.0**	**127.0**	**410.4**	**65.4**	**5.1**

8.2.15 In addition to the above demand, energy flow at each voltage level has been estimated based upon the sales of HPSEBL and generation at each voltage level.

Table 172: Allocation of estimated power handled and energy flow across different voltage levels

Particulars	EHT (>=66 kV)	HT (33 kV)	HT (>=11 kV & <33kV)	LT (<11 kV)
Estimated Power handled (MW)	**958**	**624**	**539**	**622**
Consumer Demand (MW)	*343*	*214*	*469*	*622*
Generator Load (MW)	*615*	*410*	*70*	
Estimated Energy Flow (Mus)	**4,765**	**3,103**	**2,804**	**3,268**
Consumer Energy Flow (Mus)	*1,801*	*1,127*	*2,466*	*3,268*
Generator Energy Flow (Mus)	*2,963*	*1,975*	*337*	-

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

8.2.16 The approved wheeling charges as determined by the Commission are tabulated as follows:

Table 173: Approved Wheeling Charges for Open Access Consumers for FY21- Short Term Customers

Sl.	Description		EHT (≥66kV)	HT (33kV)	HT (≥11kV & <33kV)	LT (<11kV)
A	Total Wheeling ARR (Rs. Cr.)		1,739			
B	Cost apportioned (%)		21%	20%	28%	31%
C	Cost apportioned (Rs. Cr.)	A*B	365	348	487	539
D	Cost allocation brought forward from the next higher voltage block) (Rs. Cr.)	(E-(F x H/1000))		240	389	472
E	Total Allocation (Rs. Cr.)	C+D	365	588	876	1,011
F	Estimated Energy (MUs)		4,765	3,103	2,804	3,268
G	Total Energy Flow (MUs)		13,939	9,175	6,072	3,268
H	**Wheeling Charges (Paisa per unit)**	**H= E*1000/ G**	**26**	**64**	**144**	**309**

Table 174: Approved Wheeling Charges for Open Access Consumers for FY21- Long Term and Medium Term Customers

Sl.	Description		EHT (≥66kV)	HT (33kV)	HT (≥11kV & <33kV)	LT (<11kV)
A	Total Wheeling ARR (Rs. Cr.)		1,739			
B	Cost apportioned (%)		21%	20%	28%	31%
C	Cost apportioned (Rs. Cr.)	A*B	365	348	487	539
D	Cost allocation brought forward from the next higher voltage block) (Rs. Cr.)	(E-(F x H/1000))		238	143	194
E	Total Allocation (Rs. Cr.)	C+D	365	586	630	733
F	Estimated Load (MW)		958	624	539	622
G	Total Demand Flow (MW)		2,743	1,786	1,161	622
H	**Wheeling Charges (Rs. Per MW per month)**	**H=(E*10^7)/G/12**	**1,10,938**	**2,73,265**	**4,52,147**	**9,82,950**

8.2.17 The long-term and medium-term open access entail firm allocation of wheeling capacity by HPSEBL to the consumer availing open access as well as generators. Accordingly, the charges for these customers have been determined based on capacity basis (per MW) as against the short-term open access customers for which the wheeling charges has been determined based on per unit basis.

8.2.18 In case of generators, wheeling charges shall be levied on the contracted Power at the connection point in the distribution system.

8.2.19 In case the power is withdrawn from the distribution system at a voltage level which is different from the voltage level for injection of power into the distribution system, the wheeling charges corresponding to the lower voltage level shall be applicable.

8.2.20 In case where power is injected at HT level into an EHT substation of the licensee, the wheeling charges shall be worked out by allowing increase of 5% on the wheeling charges applicable for EHT system.

8.2.21 In case of Generators these will be applicable on the energy injected into the system.

8.2.22 The wheeling charges being determined above shall be applicable prospectively from the date of issuance of this Order till the determination of the fresh rate.

8.3 Wheeling Charges for Renewable Generator

8.3.1 In accordance with section 86(1)(e) read with section 61(h) of the Electricity Act, 2003, the Commission, for the promotion of renewable can provide suitable measures for connectivity with the grid. The small hydroelectric projects up to an installed capacity of 25 MW are covered under the renewable energy sources. In order to promote generation from these renewable sources, the Commission decides that the wheeling charges payable by the SHPs covered under renewable energy sources shall be comparable to the wheeling charges for the EHV category of open access consumers for FY 2020-21. 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.

8.3.2 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 upto 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.

8.4 Wheeling Charges for Embedded Consumers availing Short-Term Open Access

8.4.1 The consumers availing short-term open access while simultaneously maintaining their contract demand with the distribution license shall, in addition to the applicable demand charges, pay wheeling charges @50% of the wheeling rates applicable at respective voltage levels. Such consumers shall, however, have to pay the distribution losses applicable at relevant voltage levels. However, if the consumer avails open access over and above the contract demand, full wheeling charges shall be payable. These wheeling charges shall be fixed, without any subsequent true-up.

8.5 Additional Surcharge

8.5.1 The Commission had determined the Additional Surcharge for the consumers availing short-term open access vide its Tariff Order for FY 2019-20 in MYT Order of Fourth Control Period. An additional surcharge of 61 paisa per kWh had been determined in the Order.

8.5.2 The Petitioner along with its tariff petition has made a fresh application for determination of additional surcharge of 62 paisa per unit for FY 2020-21. The summary of the Petitioner’s submission has already been covered in Chapter 3.

8.5.3 In line with the methodology adopted in MYT Order of Fourth Control Period, the Commission has revised the additional surcharge for FY 2020-21. For the computation of additional surcharge, the overall annual fixed charges to be considered for the determination of additional surcharge at the injection point was worked out as 105 paise per unit in the following table:

Table 175: Fixed Cost relating to Generating Capacity (at Generating Stations)

Sl.	Name of the Plant	Capacity (in MW)	Expected Net Annual Generation (MUs)	AFC for FY18-19 (Rs. Cr.)	Annual Fixed Cost (p/unit)	Power Purchase during FY19 (MUs)	Total fixed cost of power purchase (Rs. Cr.)
1	Rihand-I	1000	6813	601	88	256	23
2	Rihand-II	1000	6962	509	73	249	18

Sl.	Name of the Plant	Capacity (in MW)	Expected Net Annual Generation (MUs)	AFC for FY18-19 (Rs. Cr.)	Annual Fixed Cost (p/unit)	Power Purchase during FY19 (MUs)	Total fixed cost of power purchase (Rs. Cr.)
3	Rihand-III	1000	6776	1043	154	248	38
4	**Total**	**3000**	**20551**	**2153**	**315**	**753**	**79**
5	**Average of fixed cost rate (paise/kWh)**						**105**

8.5.4 The Commission has worked out the per unit rate of the transmission charges of power grid and HPPTCL in the following table:

Table 176: Fixed Cost relating to Power Grid & HPPTCL Transmission System (at Injection points)

Month	PGCIL			HPPTCL
	POC Slab Rate (Rs/MW/month)	Reliability Support Charges Rate (Rs/MW/month)	HVDC Charge Rate (Rs/MW/month)	Transmission Charges (Rs/MW/month)
Apr-18	76,892	31,340	45,981	8,491
May-18	76,892	31,340	45,981	8,491
Jun-18	76,892	31,340	45,981	8,491
Jul-18	77,565	31,725	44,812	8,491
Aug-18	77,565	31,725	44,812	8,491
Sep-18	77,565	31,725	44,812	8,491
Oct-18	79,511	32,002	45,832	8,491
Nov-18	79,511	32,002	45,832	8,491
Dec-18	79,511	32,002	45,832	8,491
Jan-19	58,067	32,046	45,245	8,491
Feb-19	58,067	32,046	45,245	8,491
Mar-19	58,067	32,046	45,245	8,491
Average/month	**73,009**	**31,778**	**45,468**	**8,491**
Average Fixed Cost@ Load Factor at injection point (paise/kWh)			**24**	**1**

8.5.5 The Commission has worked out the per unit basic rate of Power Grid charges and HPPTCL transmission charges as 24 paise per unit and 1 paise per unit respectively.

8.5.6 Based on the above details, the Commission has computed the rate of additional surcharge as 60 paise/kWh as per details given in the table below.

Table 177: Computation of Additional Surcharge approved by the Commission for FY21

Sl.	Particulars	FC at injection point	FC at consumer end
1	Fixed Cost of Stranded Capacity (p/kWh)	105	110
2	Transmission Charges		
i	PGCIL (p/kWh)	24	26
ii	HPPTCL (p/kWh)	1	1
3	Total Fixed Cost payable (1 + 2) (p/kWh)	131	137

Sl.	Particulars	FC at injection point	FC at consumer end
4	Recovery of Fixed Charges as demand charges from EHT consumers		90
5	50% of wheeling charges for EHT consumers (p/kWh)		13
6	Net Recovery through Demand Charges, eligible for adjustment (p/kWh)		87
7	**Balance payable in shape of additional surcharge (p/kWh) (3 – 6)**		**60**

8.5.7 The additional surcharge being determined above shall be applicable prospectively from the date of issuance of this Order till the determination of the fresh rate.

8.6 Cross Subsidy Surcharge

8.6.1 Sub-regulation 2 of Regulation 3 of Himachal Pradesh Electricity Regulatory Commission (Cross Subsidy Surcharge, Additional Surcharge and Phasing of Cross Subsidy) Regulations, 2006 stipulates that the Consumers availing Open Access shall have to pay the Distribution Licensee Cross Subsidy Surcharge which shall be determined by the Commission on a methodology and surcharge formula mentioned in the National Tariff Policy.

8.6.2 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

8.6.3 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

8.6.4 The Cross-subsidy Surcharge has been worked out based on the above methodology and formula as per the revised Tariff Policy. Further, the Commission in line with its HPERC (Cross Subsidy Surcharge, Additional Surcharge and Phasing of Cross Subsidy) Regulations, 2006, is required to reach a normative level of 20% of its opening level. Considering the same, the Cross Subsidy Surcharge computed and approved by the Commission for FY 2020-21 is tabulated below:

Table 178: Approved Cross Subsidy Surcharge for Long-Term & Medium-term Open Access Consumers

Sl.	Description of Consumers	Cross Subsidy Surcharge (S) (Rs./ unit)	20% of Cross Subsidy Surcharge (Rs./ unit)	20% of the Tariff applicable to respective category (Rs./unit)	Minimum of (B) & (C) (Rs./ unit)
		(A)	(B)	(C)	(D)
1	Large Industrial Power Supply EHT Consumers	2.14	0.43	1.05	0.43
2	HT 2 Consumers	2.23	0.45	1.16	0.45
3	Irrigation & Drinking Water Supply Category - EHT Consumers	2.83	0.57	1.19	0.57
4	Irrigation & Drinking Water Supply Category - HT Consumers	1.68	0.34	1.23	0.34
5	Bulk Supply Category - EHT Consumers	2.32	0.46	1.08	0.46
6	Bulk Supply Category - HT Consumers	1.32	0.26	1.15	0.26

Cross subsidy surcharge for Short-Term Open Access Consumers

8.6.5 In case of short term open access by the consumer, the rates as per table above shall be applicable only in cases where open access is availed for the full day (24 hours of the day) and the same quantum of power is availed through open access throughout the day. However certain consumers may avail open access for certain hours of the day to meet part of their requirement. The computed cross-subsidy surcharge for peak hours for FY 2020-21 based on the above formula are marginally higher than the approved cross-subsidy surcharge for peak hours during FY 2019-20.

8.6.6 Further, as per the present tariff structure, the tariff during peak hours are higher than the normal hours and the cross subsidy surcharge computed as per revised formula will be higher as compared to normal hours. Therefore, the Commission has approved the cross subsidy surcharge for peak hours and non-peak hours considering 20% of the computed cross subsidy in line with its HPERC (Cross Subsidy Surcharge, Additional Surcharge and Phasing of Cross Subsidy) Regulations, 2006.

Table 179: Cross Subsidy Surcharge for Short-Term Open Access Consumers during Time of the Day

Sl.	Description of Consumers	Cross-subsidy surcharge for part of the day	
		Non-Peak Hours (Rs./unit)	Peak Hours (Rs./unit)
1.	Large Industrial Power Supply EHT Consumers	0.43	0.70
2.	HT 2 Consumers	0.45	0.63
3.	Irrigation & Drinking Water Supply Category - EHT Consumers	0.57	0.69
4.	Irrigation & Drinking Water Supply Category - HT Consumers	0.34	0.43
5.	Bulk Supply Category - EHT Consumers	0.46	0.46
6.	Bulk Supply Category - HT Consumers	0.26	0.26

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

8.6.7 The Commission also feels that in some cases the consumers may have to avail Open Access because of inability of Distribution Licensee to supply power during certain specific hours for reasons of power shortages etc. In order to avoid any hardships to consumers, the Commission hereby stipulates that in cases where the Distribution Licensee has communicated in advance to the consumer about its inability to meet any part of power requirements of a consumer for a specific duration, the cross subsidy surcharge shall not be applicable for such part of the energy requirement (for which Distribution Licensee had expressed its inability to supply) as is met through open access during such periods.

8.6.8 The Commission has continuously endeavored to reduce the cross-subsidy and has been guided by the principles laid down in the National Tariff Policy. Since the target of realization being (-)15% and (+)10% of average cost of supply was achieved for most categories by FY 2018-19, the Commission in the amendments to the Regulations, 2011 have laid down a road map for with a target that by end of Fourth Control Period (i.e. FY 2023-24), tariff for consumer categories, other than lifeline consumers, shall be within (-)10% and (+)5% of the average cost of supply. However, for computation of cross-subsidy surcharge, the Commission is following the formula specified in the tariff policy notified by Government of India.

8.7 Infrastructure Development Charges

8.7.1 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.

8.7.2 The Commission observes that HPSEBL has submitted a variation of 8.3% in the total normative rate as per Cost Data for FY 2017-18 over the previous year. However, the Petitioner has not proposed an increase on the existing rates of IDC on the basis of increase in the procurement cost of equipment/ material as per Cost Data for FY 2017-18. This variation in normative rates may fetch nominal additional amount during current financial year, most of which shall be from the contribution from the new consumers. The incremental amount to be collected through this proposed hike may be very nominal as compared to the funds already available with HPSEBL for the CAPEX works. The Commission expects HPSEBL to carry on the CAPEX works expeditiously as there is no dearth of funds for the purpose and the Commission has been quite liberal in allowing funds for this purpose.

8.7.3 Taking into consideration above and other factors like energy load growth in the State, additional incremental revenue collection, available revenue with HPSEBL collected on account of normative IDC, the Commission decides to extend the normative IDC rates and associated conditions as decided vide its Order dated 10th October, 2016 for FY 2020-21.

8.8 Distribution Losses

8.8.1 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 to the respective licensees. The distribution losses at following rates shall be applicable to the open access consumers/ Customers including generators, other licensees and traders:

Table 180: 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%

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

8.8.3 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.

8.9 Renewable Power Purchase Obligation (RPPO)

8.9.1 The Commission vide Regulation 4 of the HPERC (Renewable Power Purchase Obligation and its Compliance) Regulations, 2010 (read with amendments) had specified the minimum ceiling of solar and non-solar RPPO for the distribution licensee over a time span of ten years.

8.9.2 The Commission has also issued Himachal Pradesh Electricity Regulatory Commission (Renewable Power Purchase Obligation and its Compliance) (Sixth Amendment) Regulations, 2019 dated 05.02.2020 which proposes amendment to the minimum percentage of RPPO requirement. These regulations have fixed a RPPO trajectory for FY 2020-21.

8.9.3 Accordingly, the minimum RPPO target of the distribution licensee for solar and non-solar energy for FY 2020-21 is as under:

Table 181: Minimum Quantum of Purchase from Renewable Sources

Particular	Minimum RPPO %age of the gross requirement
Non-Solar	10.25%
Solar	8.75%
Total RPPO	**19.00%**

8.9.4 Therefore, based on the energy availability from non-solar and solar sources as detailed in Power Purchase section of chapter-6 of this Order, the Petitioner is expected to meet its non-solar and solar RPPO during FY 2020-21.

8.9.5 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.

9 DIRECTIONS AND ADVISORIES

9.1 Background

9.1.1 The Commission had issued directions and advisories to HPSEBL in the MYT Order for the Fourth Control Period against which the Petitioner has submitted a directive compliance report as a part of the MYT tariff Petition. However, in most of the replies, petitioner has requested for additional time. During the processing of the MYT Petition for the Fourth Control Period, after repeated queries, the Petitioner has submitted partial details.

9.1.2 The following table summarizes the compliance status of old directives and new directions for the Fourth Control Period against which the Petitioner is mandated to submit timely compliance status:

9.2 Compliance of Old Directives

Table 182: Compliance of Old Directive

<table>
<tr><th>Sl.</th><th>Directives Specified in Section 11 of the MYT Order for 4th Control Period</th><th>Status of Compliance</th><th>Commission's View</th></tr>
<tr><td>1.</td><td>The Petitioner is required to provide details of all categories and the details of principal outstanding, surcharge outstanding etc. as required under the directive. The Petitioner is directed to undertake category-wise and age-wise analysis of the arrears with breakup of the arrears into:
• Principal outstanding
• Surcharge outstanding</td><td>The detail of the category wise receivable for the FY 2018-19 is as under;
<table><tr><th>Category</th><th>Total amount outstanding (Rs. Cr)</th></tr><tr><td>I&PH</td><td>265.87</td></tr><tr><td>MC/NAC etc.</td><td>4.60</td></tr><tr><td>Other Govt. Deptt.</td><td>20.61</td></tr></table></td><td>The Petitioner has submitted that receivables of FY 2017-18 has mostly recovered. However, it has not provided any details/ status of pending and recoverable amount of past years.

Further, the Petitioner has submitted details of outstanding of FY 2018-19. It is observed from the details furnished</td></tr>
</table>

<table>
<tr><th>Sl.</th><th>Directives Specified in Section 11 of the MYT Order for 4th Control Period</th><th>Status of Compliance</th><th>Commission's View</th></tr>
<tr><td></td><td>Arrears of less than one years
Arrears of one to five years
Arrears older than five years
The Commission also directs the Petitioner to identify non-recoverable arrears and initiate proceedings for writing the same off.</td><td><table><tr><td>Domestic</td><td>80.77</td></tr><tr><td>Commercial</td><td>63.24</td></tr><tr><td>Industrial</td><td>94.05</td></tr><tr><td>Others</td><td>37.15</td></tr><tr><td>Total</td><td>566.29</td></tr></table><table><tr><th>Age of receivables</th><th>Total amount (Rs. Cr)</th></tr><tr><td>Less than 1yr</td><td>532.32</td></tr><tr><td>1yr to 5 yr</td><td>28.31</td></tr><tr><td>More than 5yr</td><td>5.66</td></tr><tr><td>Total</td><td>566.29</td></tr></table>HPSEBL would like to state that the outstanding amount of previous year i.e. FY 2017-18 has now mostly been recovered</td><td>by the Petitioner that out of the outstanding of Rs. 566 Cr., approx. Rs. 532 Cr. is less than one years and therefore the Commission considers that the same would be recoverable as all these consumers would be live and drawing energy from the HPSEBL. With respect to the balance amount of Rs. 265.87 Cr., data shows that majority of the dues are towards I&PH and Industrial categories and should be recovered by the Petitioner.

Therefore, the Commission further directs the Petitioner to make sincere efforts in mobilizing its resources for collection of outstanding arrears. The Petitioner is required to provide status of recovery of past 3 years along with the details of the action taken in this regard along with the APR petition for FY22.

Also, the Petitioner is required to provide the details of recoverable and non-recoverable arrears against all arrears greater than 1 year along with the subsequent tariff petition.</td></tr>
<tr><td>2.</td><td>As per the MYT Regulations, 2011, HPSEBL is required to take approval of each 33kV scheme separately along with supporting documents. The Petitioner is yet to file fresh application for approval of these schemes.</td><td>As far as the approval in respect of each 33kV scheme is concerned, it is to submit that HPSEBL is ensuring compliance to the same and all schemes are being forwarded to the Commission along with the requisite details for approval.</td><td>The Petitioner has submitted that all schemes are being forwarded to the Commission for approval.
However, the Commission has not received any such proposal/ petition/ application from the petitioner seeking approval for 33kV scheme.

The Petitioner is directed to take</td></tr>
</table>

Sl.	Directives Specified in Section 11 of the MYT Order for 4th Control Period	Status of Compliance	Commission's View
			scheme-wise approval in a time bound manner i.e. prior to implementation /execution of scheme. In absence of prior-approval, the Commission shall not consider the cost of such schemes for the purpose of tariff determination.
3.	The Petitioner is directed to keep pursuing with the various developers/ agencies for recovery of the balance amount booked under S&I. The Petitioner is further directed to provide developer-wise detail of amount outstanding towards S&I unit and provide details of follow-up undertaken during each year and amount recovered from each developer. The above information is required to be submitted along with the APR petition for each year of the Fourth Control Period.	HPSEBL is taking up the necessary steps in this direction and is ensuring the compliance to the same. It is submitted that HPSEBL has been continuously taking steps to recover the outstanding amount booked under S&I from various developers. The detailed note on the status of recovery of the amount booked under S&I along with details of correspondence made is at Annexure Q33e.	The Petitioner has submitted a note highlighting measures taken to recover the balance amount booked under S&I along with status of recovery of the amount booked under S&I along with copy of correspondences. The Petitioner in the annexure has also provided details of expenditure incurred and amount outstanding towards S&I unit. The Commission has noted the compliance in this regard and dropped this directive. However, the Petitioner is required to pursue with the developers for recovery of SI charges.
4.	The Petitioner is required to file the tariff petitions for Ghanvi-II HEP and Uhl-III HEP within three months from the date of this Order.	HPSEBL submits that the petition for Capital Cost determination of Ghanvi-II (10MW) SHEP shall be filed before 15.12.2019 In respect of Uhl-III (100MW) HEP HPSEBL submits that project has not been commissioned yet and the petition shall be filed within 3 months of commissioning of Uhl-III HEP.	The Commission has noted the submission of the Petitioner with regard to the Petition for Ghanvi-II (10MW) SHEP which has been filed in December 2019.
5.	With regards to actual sales, no. of consumers and connected load details for sub-categories (HT-1, HT-2 and EHT), the Petitioner is directed to maintain formats, reconcile the data submitted in the past years and submit it during subsequent tariff petitions.	HPSBEL submits that due to issues of providing connectivity at the left out 47 Nos. Sub-Divisions, we could not complete the computerized Billing in the entire 238 Sub-Divisions; 47 Sub-Divisions are still left and are scheduled to be completed by March 2020. Thereafter the bifurcation of HT-1, HT2 and EHT consumers can be provided by HPSEBL.	Adequate details with respect to industrial consumers are pending since long and the information being provided are either inconsistent or unreliable. The Petitioner should ensure compliance of this directive in the next tariff Petition.

Sl.	Directives Specified in Section 11 of the MYT Order for 4th Control Period	Status of Compliance	Commission's View
		However, to store this information on monthly basis, necessary changes in the software have been initiated.	
6.	The Petitioner must continue to pursue the matter with different entities (Generation, BVPCL, Projects and S&I) and maintain proper records against pension contribution made by them. These details must be submitted along with subsequent tariff petitions.	The details of pension contribution as required by the Commission is attached as Annexure-B 11(d). Further, the matter has been taken up with all the entities (all the generating Stations, BVPCL, Projects and S&I, SJVNL & HPPCL) of HPSEBL to provide list of employees serving in their institutions from 14.06.2010 to till date The pension contributions made by various entities for FY 19 are submitted as Annexure Q1i.	It is observed that the details provided by the Petitioner on pension contribution by different entities are incorrect and does not pertain to the said directive of the Commission. The Petitioner is directed to take this matter on priority and maintain proper records against pension contribution made by different entities (Generation, BVPCL, Projects and S&I) and submit the same with subsequent tariff petition.
7.	The Petitioner is required to submit the report on voltage-wise cost of supply at the earliest and positively before 30th June 2018.	HPSEBL shall submit the Voltage wise Cost of Supply report to the Commission within one month.	It is observed that considerable delay has already happened in this study. The Petitioner is directed to finalize and submit the findings of the study immediately post issuance of this Order.
8.	The Petitioner is directed to complete the provision of furnishing details of security deposits in case of HT and EHT consumers which should be extended to all billing units within three months of issuance of this Order and status of compliance to be provided to Commission.	HPSEBL submits that details of security deposits are being shown in the respective bills of all the consumers covered under SAP ISU Billing. By March 2020 all the Sub-Divisions will be covered under computerized billing and thus all the consumers will be covered as per the directive of the Commission.	The Petitioner is required to provide a detailed report on furnishing of details of security deposit with monthly electricity bills within one month of the issuance of this Order. Details of number of consumers (sub-division wise) for which the same has been implemented should be provided along with the filing for next tariff petition.
9.	The Petitioner is required to provide year wise details of capital expenditure and capitalization undertaken as part of all central government funded capital schemes during the third Control Period.	The details of capital expenditure and capitalization in respect of centrally sponsored scheme for the 3rd Control Period from FY 15 to FY 19 are submitted as Annexure Q1k.	The Petitioner has provided details of capital expenditure and capitalization for the 3rd Control Period from FY 15 to FY 19.

Sl.	Directives Specified in Section 11 of the MYT Order for 4th Control Period	Status of Compliance	Commission's View
			However, the Commission during the technical validation session has pointed variance in the capitalization figure of few central schemes furnished in various documents submitted by the Petitioner. The Petitioner is directed to maintain reliable data of capitalisation and submit the same with subsequent tariff petition.
10.	Steps to implement Accounting Procedures for Maintenance of data for Capital Works and schemes both at field-level and headquarter level. The Petitioner is required to take adequate steps to collect and maintain data from the fields at the head office level. A compiled quarterly report (soft copy) of such data collected from the field should be provided to the Commission on quarterly basis.	HPSEBL submits that the Accounting Procedures for Maintenance of data for Capital Works and Schemes both at field level and headquarter level have been circulated through the Accounting Manual 2017, Part VI. Further, fields were also directed to keep the capitalization/capital expenditure data strictly as per the HPERC guidelines.	The Petitioner is directed to submit quarterly reports at end of each quarter, failing to which result in non-compliance.
11.	The Commission has approved additional cost towards such public campaigns as proposed by the Petitioner. The Petitioner is directed to provide year-wise details of expenditure incurred in the past against the approved expenditure along with the APR petition for the respective year.	Reply attached as Annexure 7.1.	The Petitioner has not made any submission in this regard. The Commission directs the Petitioner to resubmit the information for each year along with next tariff petition.
12.	The Commission directs the Petitioner to replace all remaining defective and non-function meters within six months of issuance of this Order and provide status update to the Commission.	The status of feeder metering and DT metering as on 30.06. 2019 is at Annexure Q33g.	The Petitioner has submitted the status report on metering. The Commission observes that a small portion of feeders are still left to be metered. (22KV feeders- 96.14%, 11kV- 99.82% and DTRs- 96.56%). However, the Petitioner has not

Sl.	Directives Specified in Section 11 of the MYT Order for 4th Control Period	Status of Compliance	Commission's View
			provided any details on replacement of defective meter in its submission. Accordingly, the Petitioner is directed to complete the remaining metering within three months of issuance of this Order and provide status update to the Commission on metering and defective meter replacement. The Petitioner is also required to submit a yearly progress report on metering for last 5 years.
13.	Chairman, HPERC advised that the posts in Electrical Sub-Divisions must be filled up first so as to ensure proper billing and maintenance of the distribution system. Also, the technical staff should not be utilized for office works. The Petitioner should immediately address the manpower issues being faced at the sub-division level by way of reallocation of existing employees / technical staff at the sub-division level and provide the status of action taken within three months of issuance of this Order.	HPSEBL is ensuring compliance to the same.	The compliance was to be taken up immediately by HPSEBL and it is observed that no action has been taken in this regard. The Petitioner is required to provide details at sub-division level along with posts which are currently sanctioned, occupied and empty. The Commission further directs the Petitioner to submit the details within three months of the issuance of this Order.
14.	During the technical validation session for True Up of FY 16, the Petitioner was directed to submit a concrete plan/readiness for implementation of the new provisions as proposed in the tariff petition of FY19 (prepaid meter installation, proposal of rebate of 3% on energy charge, proposal for increase in demand charges of cement industry, etc.)	**Prepaid meter installation: -** In respect of Prepaid Meters, it is submitted that presently under PFC funding, SMART Meters having the functionality of both pre-paid as well as post-paid, have been proposed in respect of Shimla and Dharamshala towns, being SMART Cities. In respect of another 13 towns similar SMART Meters are being proposed under a World Bank funded scheme, which is still under consideration by the GoI. In respect of the remaining State same shall be considered/proposed based on the experience gained from above proposals.	With respect to prepaid meter installation, the Commission has noted the submission of the Petitioner. The Petitioner is required to provide a detailed proposal for its proposal of rebate of 3% on energy charges along with working.

Sl.	Directives Specified in Section 11 of the MYT Order for 4th Control Period	Status of Compliance	Commission's View
		Proposal of rebate of 3% on energy charge: Proposal for rebate of 3% on energy charges to pre-paid consumers is under consideration and shall be finalized taking into account the features available in the SMART Meters to be procured by HPSEBL. It is submitted that Additional Chief Secretary (MPP & Power), GoHP has proposed to consider reduction in power retail tariff for purchased power by the consumers through prepaid meters those are being installed by Discom. HPSEBL submits before Commission to make appropriate provisions in the Tariff Order for the same. **Proposal for increase in demand charges of cement industry: -** HPSEBL requests the Commission to drop the directive as the same requires comprehensive study before implementation.	
15.	Details of RECs including opening balance, addition, sale, closing balance, amount recovered from sale during the last five years should be made available along with the subsequent tariff petition.	The details of RECs is attached at **Annexure 7.2**	The compliance is noted. The Annexure provided by the Petitioner includes details of Solar and Non-solar RECs issued to HPSEBL in last five years and sold through IEX. The Petitioner is further directed to provide year wise details of amount recovered through sale of RECs along with its booking details under annual account for last five years.
16.	The Petitioner is directed to pursue with the MoP for surrender of its share in Gas Plants such as Anta, Auriya, Dadri and Kodlam HEP as the cost per unit from these stations is significantly higher than the alternate power procurement options available.	In compliance to the directives of the HPERC to surrender costly thermal power from NTPC upcoming projects, it is added that HPSEBL with the best efforts has got the following project de-allocated for lifetime through Ministry of Power, GOI:	The compliance is noted. Petitioner is directed to inform the status of such deallocation to the Commission.

Sl.	Directives Specified in Section 11 of the MYT Order for 4th Control Period	Status of Compliance	Commission's View
		i. North Karanpura ii. Barh-I STPP iii. Barh-II STPP iv. Unchahar-IV v. Meja In addition to above, the following hydro SOR entitlements from the different projects, as detailed below, also stands de-allocated for five years: i. Tehri (Rs. 4.65/unit) ii. Koteshwar (Rs. 4.21/unit) iii. Chamera-III (Rs. 4.25/unit) iv. Parbati-III (Rs. 5.45/unit) v. Koldam (Rs. 5.00/unit) Further, Further, HPSEBL vide letter no. HPSEBL/CE(SO)/IS-05A/2019-680 dated 07.08.2019 has written to the Ministry of Power, Govt. of India for continuation of surrender of SoR shares by HP for another five year from aforementioned five hydro stations. The five year period of surrender of aforesaid power is October 2019 and till date no revision in allocation from these projects is made by Ministry of Power, GoI or by NRPC i.e. re-allocation of HP" share from aforesaid projects to other utilities is still continuing. HPSEBL is making best possible efforts to de-allocate other costly sources and tie up with cheaper sources of power.	
17.	The Commission directs the Petitioner to prepare a detailed proposal on the requirement and procurement of safety equipment and provide relevant details along with cost estimates for approval of the Commission.	HPSEBL submits that the proposal is under finalization and shall be submitted to the Commission subsequently.	As safety and security at the sub-station level is of utmost importance, the Commission directs the Petitioner to finalize the scheme at the earliest and submit along with next tariff Petition.
18.	HPSEBL is directed to submit quarterly report	HPSEBL submits that the quarterly & month wise	The quarterly reports are required to

Sl.	Directives Specified in Section 11 of the MYT Order for 4th Control Period	Status of Compliance	Commission's View
	regarding the payment of subsidy (to electricity consumers of domestic and agriculture categories during FY 2018-19) as well as the outstanding amount; if any.	report of the subsidy assessed and payment of subsidy to consumers for the FY 2018-19 is attached as Annexure 7.3. The quarterly progress report of the same for the FY 2019-20 will be submitted by first week of January 2020 as the finalization of monthly accounts of the company for the said months are under process.	be submitted to the Commission at the end of each quarter and not along with the tariff filing after close of the financial year. The Commission directs the Petitioner to submit the same at the end of each quarter for FY 2020-21.
19.	HPSEBL is directed to maintain account of consumers availing this facility of conversion to renewable power by payment of Rs. 1.50 per unit to HPSEBL and submit the same to the Commission on quarterly basis.	At present no consumer is availing this facility from HPSEBL and same stand conveyed to HPERC vide Letter no. HPSEBL/CE(Comm.)/SERC-26/2019-20-10567-70 dated 05.11.2019	The submission is noted.

9.3 Compliance of Directives of MYT Order

Table 183: Compliance of Directives Issued in 4th MYT Order

Sl.	Directives issued in the MYT Order	Status of Compliance	Commission's View
1.	The Commission directs the Petitioner to prepare 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.	HPSEBL submits that it has identified five strategic Business Units i.e. Generation, Transmission, ALDC, Project & Distribution as per direction of HPERC and are maintaining separate accounts for accounting of each segment/centre. Segment wise Balance Sheet and Profit and Loss Accounts of each Strategic Business Unit is being shown/disclosed from 2011-12 onwards in audited Balance Sheet/ Financial Statements of the Company in the Notes to Accounts. The accounts of each business are also being audited by Statutory Auditors of the Company for consolidation of Balance Sheet of the HPSEBL. As regards, allocation of common cost across each business unit is not feasible due to non-availability of employee data, non-allocation of Govt. grants,	Absence of adequate information with regard to common costs makes the entire exercise futile and irrelevant. The reasons given by the petitioner for non-feasibility to allocate common cost across each business unit due to non-availability of employee data, non-allocation of Govt. grants, loan, working capital & depreciation, etc. are not acceptable simply because all these details/data are with petitioner only. The petitioner has not to procure it from some other organisation/department. The Commission continues its direction for maintaining separate account heads

Sl.	Directives issued in the MYT Order	Status of Compliance	Commission's View
		loan, working capital & depreciation etc. However, efforts are being made by the management for the same.	for each Business unit and prepare separate accounts in line with the previous direction.
2.	The Commission directs the Petitioner to streamline its accounting policy on this matter going forward and direct its field units to initiate the process of booking revenue from CSS and additional surcharge in the respective account heads thus created. The Petitioner is further directed to ensure that segregated accounts with separate details of revenue recovered on account of CSS and additional surcharge are furnished in the subsequent tariff petitions.	Based on the earlier directives of the Commission, HPSEBL submits that it has created the separate heads for booking revenue from Cross Subsidy Surcharge and additional surcharge and revenue is being booked in the respective heads	It is observed that on being queried, the Petitioner has submitted that separate heads for the same has been created during the FY 2018-19 and therefore the amount of cross subsidy surcharge, additional surcharge and open access charges from consumers in respect of FY 18 is not available. The Petitioner is directed to submit the details of revenue from CSS and additional surcharge for FY 2018-19 and FY 2019-20 along with its next Tariff Petition.
3.	The Commission directs the Petitioner to maintain separate account heads for recovery of O&M charges from HPPTCL and submit the details of such charges separately in the subsequent tariff filings.	HPSEBL submits that separate accounts coded BH 23.840 and 61.840 have been created for accounting of O&M charges under BH 23 & 61.	The Commission has noted the compliance. However, the petitioner should submit the details of the same in its subsequent tariff petition.
4.	The Commission takes serious note on the book keeping and internal audit procedures and directs the Petitioner to undertake adequate steps to strengthen the accounts team and processes in order to ensure compliance to accounting standards. The Petitioner is required to submit a detailed note and proposed actions to ensure compliance to this directive within three months of issuance of this Order.	HPSEBL submits that the financial statements of the company are required to be prepared in accordance with Indian Accounting Standards (Ind AS). Further, Internal Audit for FY 2018-19 has been carried out by the audit teams comprising of Accounts Officers of Head Office level and Asstt. Accounts Officers of field level in phased manner. The CAG of India had certified the final accounts of the erstwhile HPSEB for FY 2010-11 (1.4.2010 to 13.6.2010) as giving a true and fair picture of the state of affairs with certain qualifications. Further, endeavours have been made by the management to improve the accounts such as in respect of reconciliation of debit and credit	The compliance in this regard is noted. It is observed that there are several comments/ observations of the Auditor with respect to the FY 2017-18 annual accounts of the Petitioner. One of the comments even highlights the reasonableness of the under-invoicing by HPSEBL. The Auditor has also pointed out differences in Solan Circle revenue being reported under various MIS. The Petitioner should provide detailed reasoning regarding each auditor comment and in what manner it plans to undertake course correction in its book keeping and internal process. The

Sl.	Directives issued in the MYT Order	Status of Compliance	Commission's View
		advice and inter Company transactions, clearance of old advances and suspense balances, cleaning of balance sheet etc. by way writing off of petty and old accounts etc. As may be read from the Accounts, 18 Nos of the 29 Accounting Standards in force has been complied. Most of them are also partly complied. The reason for noncompliance of these standards is primarily the fact that the accounts of the Company have been based on the provision of Electricity Supply Annual Accounts Rules (ESAAR), 1985. The improvement in accounts, as in any other sphere, is a continuing process and the Company making full efforts for the same. Caution has been taken to make appropriate disclosures either in the Accounting Policies or by way of Notes of Accounts, so that the transparency aspect is duly taken care of. Neither mis-appropriation/ embezzlements have come to the notice of the Management nor pointed out by the audit.	same should be submitted along with next tariff petition.
5.	The Commission directs the Petitioner to submit the actual losses in all circles along with the true-up claim of each year in the tariff petition and provide a list of targeted measures undertaken to reduce loss levels in these circles.	HPSEBL submitted the Circle-wise T&D losses for FY2018-19. Measures taken to reduce the T&D Losses: • **Replacement of Electromechanical meters with Electronic meters:** Regular calibration and maintenance of meters will further ensure accurate functioning of meters and identify the faulty meters to be replaced. • **Theft-** Limited or no checks on the field leads to higher power pilferages, incorrect billing & theft cases, staff collusion with conniving consumers etc. enhance the losses which further deteriorate the health of the DISCOMs. Hence, regular visits to the fields and	The Commission has noted the submission of the Petitioner in this regard. The Petitioner has submitted details of actual Circle-wise T&D losses for FY 2018-19 along with measures taken for loss reduction. It is observed that few circles of HPSEBL have continued to have higher losses like- Rampur: 23.53% Rohru: 43.80% Kangra: 24.22% Kullu: 21.16%

Sl.	Directives issued in the MYT Order	Status of Compliance	Commission's View
		being vigilant is very important. In HPSEBL there are Flying squad units at Board level beside field units of HPSEBL make regular checks by making surprise visits to various places of different category of consumers. During FY 2017-18 total 212 theft cases were noticed and Rs. 6,19,52,573/- amount was collected and during FY2018-19 total 191 theft cases were noticed and Rs. 8,43,73,570/- amount was collected. This can further be reduced by strengthening of these FSUs by way of induction of more qualified/technical and frequent inspections at suspected location. • **Strengthening of LT Distribution Network:** The main reason of T&D loss is due to distribution of electricity in lower level voltage. The lines length ratio of LT/HT should be minimum and in HPSEBL the LT/HT ratio is about 1.85 for FY2018-19. • **Energy audit:** Feeder wise Energy audit at 33kv, 22kV &11kV is being done to identify the feeders having High HT and LT losses higher than the targets fixed by HPERC. After identification of feeders, field units are regularly directed to reduce losses along with to submit compliance report.	Dalhousie: 22.13% The Petitioner is further directed to carry energy audit in each of the high loss areas and submit a report within three months of the issuance of this Order. The Petitioner is directed to provide actual instances of feeders which were identified based on such energy audit reports and losses were curtailed by appropriate action during last 3 years. The petitioner to submit the same along with next tariff petition. Further, division and circle-wise T&D loss for last five years to be submitted along with the report.
6.	The Commission directs the Petitioner to seek prior approval from the Commission before entering into any agreement for procurement or transmission of power in the future.	HPSEBL has taken up the matter with HPPTCL to get the Interim Agreement approved from the Commission. HPSEBL is ensuring compliance to the directive on seeking the prior approval from the Commission before entering into any agreement	The Commission has noted the compliance in this regard.

Sl.	Directives issued in the MYT Order	Status of Compliance	Commission's View
		for procurement or transmission of power in the future.	
7.	The Commission directs the Petitioner to submit separate information with respect to the pension contribution of employees in Generation, BVPCL, Projects and S&I along with subsequent tariff petitions each year.	The details of pension contribution as required by the Commission is attached as Annexure-B 11(d). Further, the matter has been taken up with all the entities (all the generating Stations, BVPCL, Projects and S&I, SJVNL & HPPCL) of HPSEBL to provide list of employees serving in their institutions from 14.06.2010 to till date The pension contributions made by various entities for FY 19 are submitted as Annexure Q1i.	It is observed that the details provided by the Petitioner on pension contribution by different entities are incorrect and does not pertain to the said directive of the Commission. The Petitioner is directed to take this matter on priority and maintain proper records against pension contribution made by different entities (Generation, BVPCL, Projects and S&I) and submit the same with subsequent tariff petition.
8.	The Commission directs the Petitioner to undertake adequate measures for utilizing its IT infrastructure for generating monthly, quarterly and annual MIS reports and utilize the information for planning and decision-making. Also, the Commission directs the Petitioner to make use of these MIS reports to provide comprehensive and reliable information with respect to compliance on directives given by the Commission in this Order in a time bound manner. Also, a summary of monthly/ quarterly compliances undertaken by the Petitioner against the directives issued in this Order is required to be furnished by the Petitioner along with the APR Petition	HPSEBL submits that it has scheduled the completion of ISU Billing by March 2020 in all the Sub-Divisions and SAP ERP in the entire State by March 2021. After implementation of SAP ERP and SAP ISU Billing, accurate data/information shall be maintained in the system and can be submitted to the Commission on the formats to be specified on monthly or quarterly, half yearly and yearly basis.	The Petitioner is directed to submit quarterly reports at the end of each quarter to the Commission for FY 2020-21.
9.	The Commission directs the Petitioner that every query raised by the stakeholders should be appropriately responded to in future.	HPSBEL submits that it has taken note of the Commission's observations and will ensure appropriate response to stakeholder queries in future.	The compliance is noted.
10.	The Commission directs the HPSEBL to strengthen its Energy Efficiency and Conservation Cell. The Commission also directs HPSEBL to undertake campaigns through media and direct	HPSEBL has a dedicated cell to effectively implement the programmes/activities regarding Energy Efficiency and Conservation Measures. Moreover, a dedicated Public Relations Officer Cell is functioning in HPSEBL to implement public	No details with respect to activities being undertaken by such cells have been submitted. The Petitioner is directed to furnish detailed list of activities/ campaigns programmes

Sl.	Directives issued in the MYT Order	Status of Compliance	Commission's View
	interactions programmes in the interest of all the stakeholders. Further, a quarterly report regarding the programmes and activities undertaken by the Petitioner should be submitted to the Commission.	campaigns etc.	undertaken by these cells in the area of energy efficiency and conservation in the past three years. Also, quarterly report at the end of each quarter regarding the update on existing and proposed new plans of various programmes and activities undertaken/ to be undertaken by the Petitioner is required to be submitted to the Commission.
11.	The Commission directs the Petitioner to submit information with respect to capital expenditure, capitalization, funding, etc. along with the true-up for the respective year. The Petitioner is also directed to submit the Asset Commissioning Certificates for HT works issued by the competent authority for assets capitalized in the respective year. The Commission also directs the Petitioner to submit necessary details (DPRs, cost estimates, purpose of investment, tentative completion dates etc.) for the schemes proposed in Fourth Control Period and seek investment approval before initiating new works as proposed in the capital investment plan	HPSEBL submits that year wise detail of capital expenditure and capitalization in respect of all the schemes up to FY 2017-18(on actual basis) and FY 2018-19(Provisional) is enclosed as **Annexure 7.4**. Further, the Format A & D of the Capex formats will be submitted by the first week of the January 2020 positively as the same is under compilation.	The Petitioner has submitted details of capital expenditure and capitalization for FY 2017-18 and FY 2018-19 along with funding of each scheme. However, the Commission during the technical validation session has highlighted in mismatch of capitalisation figure of central scheme provided in various documents. This indicates inappropriate recording of scheme wise capitalisation by the Petitioner. The Commission takes strict view on the submission made by the Petitioner with respect to capitalisation. The Petitioner is directed to maintain the reliable data and to submit necessary details (DPRs, cost estimates, purpose of investment, tentative completion dates etc.) for the schemes proposed in Fourth Control Period.
12.	The Commission directs the Petitioner to prepare the list of schemes for utilizing 80% of the compensation amount. The Commission also direct the Petitioner to submit detailed cost benefit analysis and DPRs for the schemes proposed to be financed from this fund and take prior approval from the	Detail of schemes is attached at **Annexure 7.5**	No details with respect to schemes have been submitted by the Petitioner under this Annexure. The Commission directs the Petitioner to resubmit the information along with next tariff petition.

<table>
<tr><th>Sl.</th><th>Directives issued in the MYT Order</th><th>Status of Compliance</th><th>Commission's View</th></tr>
<tr><td></td><td>Commission before implementation of the proposed works.</td><td></td><td></td></tr>
<tr><td>13.</td><td>The Commission directs the Petitioner to ensure that the entire data for all sub-categories of the tariff schedule should be streamlined till the filing of next tariff petition and the roll-out is completed in the pending circles. The Petitioner is required to submit these circle-wise, month-wise, sub-category-wise details of number of consumers, connected load and energy sales for subsequent years along with the tariff petition.</td><td>As already submitted under Directive 8, HPSBEL reiterates that after implementation of computerized Billing in all the Sub-Divisions by March 2020, the circle wise, month wise, Sub category-wise details of number of consumers, connected load and energy sales shall be provided. We are already in the process of preparation of Dashboard for the existing 191 Sub-divisions already covered under SAP ISU Billing.</td><td>The Petitioner is directed to submit consistent information with respect to slab-wise sales, load, etc. across all categories and all sub-divisions in the subsequent tariff petition for detailed analysis.</td></tr>
<tr><td>14.</td><td>The Commission directs the Petitioner to submit quarterly T&D loss levels for all circles and divisions to the Commission. Further, the Petitioner is directed to identify circles / divisions with high T&D loss levels and prepare a roadmap for measures to be undertaken during the Fourth Control Period for aligning the loss in these circles/ divisions with the average loss targets. The Petitioner should submit the roadmap with proposed actions to the Commission within three months from issuance of this Order.</td><td>HPSEBL submits that Circle wise T&D loss targets have been fixed for all Operation Circles of HPSEB for FY2019-20 which are tabulated as below and for the Division wise losses all Operation Circles are directed to fix up the targets at Division level. HPSEBL shall compile quarterly data of Circle wise and Division wise T&D losses and shall submit the same to HPERC.
<table>
<tr><th>Sr. No.</th><th>Name of (OP) Circles</th><th>Targets for T&D Losses (%) for FY 2019-20</th></tr>
<tr><td>1</td><td>Shimla</td><td>9.80</td></tr>
<tr><td>2</td><td>Rampur</td><td>16.00</td></tr>
<tr><td>3</td><td>Rohru</td><td>27.00</td></tr>
<tr><td>4</td><td>Solan</td><td>3.80</td></tr>
<tr><td>5</td><td>Nahan</td><td>8.80</td></tr>
<tr><td>6</td><td>Hamirpur</td><td>11.50</td></tr>
<tr><td>7</td><td>Bilaspur</td><td>8.80</td></tr>
<tr><td>8</td><td>Mandi</td><td>15.50</td></tr>
<tr><td>9</td><td>Kullu</td><td>17.00</td></tr>
<tr><td>10</td><td>Una</td><td>8.80</td></tr>
<tr><td>11</td><td>Kangra</td><td>16.00</td></tr>
<tr><td>12</td><td>Dalhousie</td><td>15.50</td></tr>
<tr><td></td><td>Overall T&D Loss</td><td>8.50</td></tr>
</table></td><td>As per the directive of the Commission, the Petitioner is required to identify circles / divisions with high T&D loss levels and prepare a roadmap for reduction of losses. The existing target is for one year only while a trajectory has been provided for the Control Period. Also, no quarterly update of the T&D loss has been submitted at the end of each quarter during FY 2019-20. Thus, the Petitioner is directed to provide circle/ division wise comprehensive roadmap/ action plan to curb the T&D losses within one month of the issuance of this Order and provide quarterly update of T&D loss achieved at each circle/ division level.</td></tr>
<tr><td>15.</td><td>The Commission takes serious concern with</td><td>Category-wise collection efficiency for FY18-19</td><td>It is observed that submission of the</td></tr>
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<tr><th>Sl.</th><th>Directives issued in the MYT Order</th><th>Status of Compliance</th><th>Commission's View</th></tr>
<tr><td></td><td>regard to the negligence shown by the Petitioner in complying with the provisions of the Regulations and directs the Petitioner to submit accurate category-wise collection efficiency for past three years along with its tariff filing for each subsequent year.</td><td>are submitted based on tentative revenue figure as part of the Tariff Petition.
<table><tr><td>I&PH Deptt.</td><td>96</td></tr><tr><td>M.C/N.A.C. etc.</td><td>85.</td></tr><tr><td>Other Govt. Deptt.</td><td>100.</td></tr><tr><td>Domestic</td><td>100.</td></tr><tr><td>Commercial</td><td>99.</td></tr><tr><td>Industrial</td><td>109.</td></tr><tr><td>Others</td><td>99.</td></tr><tr><td>Total</td><td>1</td></tr></table></td><td>Petition with regard to collection efficiency is incomplete as it has only submitted partial details for FY 2018-19 based on tentative revenue basis. Also, the Petitioner has not submitted details of category wise collection efficiency for past years.

The Petitioner is directed to submit details of category wise collection efficiency for past years along with assessment and collection details with subsequent tariff filings.</td></tr>
<tr><td>16.</td><td>The Commission directs the Petitioner to compile the requisite data and submit quarterly reports on parameters such as SAIDI, SAIFI, wheeling and supply availability etc.</td><td>HPSEBL is compiling the quarterly reports on Reliability Indices regularly and is uploading the same on its website. Further the reports are being submitted to the Commission regularly.</td><td>The Commission observes that reports being submitted by the Petitioner is not comprehensive and lacks detailing required as per regulations.

The Petitioner is directed to submit the quarterly report at the end of each quarter failing which suitable actions may be taken by the Commission</td></tr>
<tr><td>17.</td><td>The Commission directs the Petitioner to undertake detailed forecasting of source-wise / month-wise power availability and demand for each year in advance and submit a report to the Commission seeking approval for procurement of power for estimated shortages exceeding 5% of total power procurement during any quarter.
The Commission further directs the Petitioner to undertake load-forecasting activities that would support HPSEBL in power planning and optimize the cost of power purchase as well as maximize the revenue earned by the Petitioner from its surplus power.</td><td>The month-wise power procurement plan/availability to HPSEBL from various sources is approved by HPERC in MYT Order dated 29.06.2019 and HPSEBL is complying to the same. Further, HPSEBL is making all out efforts for meticulous power procurement and shortages in procurement of power is not envisaged. During the 1st two quarters of FY20, the availability from hydro resources has been recorded slightly higher than the anticipation and same has enabled HPSEBL comfortably meet the power requirement. However, Commission's directives regarding submission of report to the Commission for seeking approval for procurement of power for estimated shortages exceeding 5% of total power</td><td>Details of power procurement for estimated shortages during FY 2019-20 quarters and compliance to the directive (approvals for exceeding 5%) are required to be submitted along-with next tariff petition. In absence of such submissions/ approvals, power purchase beyond 5% shall be disallowed by the Commission.</td></tr>
</table>

Sl.	Directives issued in the MYT Order	Status of Compliance	Commission's View
		procurement during any quarter will be complied.	
18.	The Commission directs the Petitioner to furnish quarterly progress reports of capital expenditure and capitalization for distribution business along with details of schemes and their funding pattern regularly.	HPSEBL submits that the quarterly progress report of the CAPEX for the FY 2019-20 will be submitted by first week of January 2020 as the finalization of monthly accounts of the company for the said months are under process	The Petitioner has submitted the details of capex and capitalization for first two quarters of FY 2020-21 in response to queries raised by the Commission. The Petitioner is directed to provide detailed report on capex and capitalisation at the end of each quarter on regular basis.
19.	The Commission directs the Petitioner to share the EHV Planning Report and load flow studies conducted for the proposed EHV works with HPPTCL for future investment planning.	EHV Planning Report and Load Flow Studies carried out by HPSEBL for proposed EHV works stands shared with HPPTCL.	The Petitioner is directed to provide copy of report/ study to the Commission along with details of its correspondences with HPPTCL on sharing of report. The Petitioner is also directed to ensure that new works of 66kV and above under EHV schemes should be undertaken by the State Transmission Utility (STU) in the State, failing which may lead to disallowance of capital cost.
20.	The Commission directs the Petitioner to provide information with respect to miscellaneous capex works undertaken during each year along with the APR and Mid-term Review petition.	HPSEBL in response to query submitted that details of expenses incurred under miscellaneous works are enclosed as Annexure-B 11(j).	Details of miscellaneous works submitted by the Petitioner do not correspond to total amount of miscellaneous works allowed for Fourth control period. The Petitioner is directed to resubmit the information with respect to miscellaneous capex works undertaken during each year of Fourth Control Period The Petitioner is also required to submit details of actual miscellaneous capex FY15 to FY19.
21.	The Commission directs the Petitioner to furnish quarterly status and progress on the	HPSEBL submits that LOA stands issued to M/s PFCCL as implementation agency for installation	Quarterly reports are required to be submitted at end of each quarter. Delay

<table>
<tr><th>Sl.</th><th>Directives issued in the MYT Order</th><th>Status of Compliance</th><th>Commission’s View</th></tr>
<tr><td></td><td>implementation of the smart metering scheme to the Commission.</td><td>of Smart metering Project in Shimla and Dharamshala in September 2019. Quarterly progress reports in respect of same will be shared with the Commission.</td><td>in submission of the same will result in non-compliance. Petitioner is further required to share a summary of the award of work to PFCCL along with status of work as on Sep/ Oct 2020 in its next tariff petition.</td></tr>
<tr><td>22.</td><td>The Petitioner is directed to ensure that the annual capitalisation reports of each true-up year should be prepared in advance before the initiation of tariff filing process along with their asset capitalization certificates for HT works issued by competent authority</td><td>HPSEBL is ensuring compliance to the directive of the Commission in respect of the same.</td><td>The Petitioner is directed to submit annual capitalisation report of each true-up along with true-up petition.</td></tr>
<tr><td>23.</td><td>The Petitioner is directed to furnish the opening, addition, retirement and closing number of employees for each department at the time of true-up and ARR filing. The Petitioner as also required to submit the findings of the Special Committee established under the Chief Engineer (Central Zone) to assess the manpower requirements in Operation, Generation and Transmission wings and any other manpower studies being undertaken by the licensee to the Commission within three months of issuance of this Order.</td><td>During the ensuing year HPSEBL is envisaging to recruit 2665 posts of various categories. The category wise details of various posts to be filled is given in the following table:
<table>
<tr><th>Sl.</th><th>Name of post</th><th>No. of posts (No.’s)</th></tr>
<tr><td>i.</td><td>Assistant Engineer (E)</td><td>35</td></tr>
<tr><td>ii.</td><td>Junior Engineer (Electrical)</td><td>200</td></tr>
<tr><td>iii.</td><td>Junior Engineer (Civil)</td><td>50</td></tr>
<tr><td>iv.</td><td>Junior Engineer (Mechanical)</td><td>20</td></tr>
<tr><td>v.</td><td>Junior office assistant (IT)</td><td>300</td></tr>
<tr><td>vi.</td><td>Junior office Draftsman</td><td>115</td></tr>
<tr><td>vii.</td><td>Law Officer Gr-II</td><td>03</td></tr>
<tr><td>viii.</td><td>Junior T/Mate</td><td>1500</td></tr>
<tr><td>ix.</td><td>Junior Helper (Sub-station)</td><td>392</td></tr>
<tr><td>x.</td><td>Driver</td><td>50</td></tr>
<tr><td></td><td>Total</td><td>2665</td></tr>
</table>
HR Plan is under formulation and shall be shared</td><td>It is observed that submission of the Petitioner does not align with the Commission’s directive. Despite of several directives and time extensions, the Petitioner has merely submitted a recruitment plan and a benchmarking study against HR Plan.

The Commission takes strict view on the non-compliance of the Petitioner in this regard and direct it to submit the same within one month of the issuance of this Order.</td></tr>
</table>

Sl.	Directives issued in the MYT Order	Status of Compliance	Commission's View
		with Commission subsequently. In addition, the Report on Benchmarking Study of HPSEBL being conducted by M/s Feedback Infra Limited is at Annexure Q33j.	
24.	Few of the central generating stations which were earlier surrendered for a period of five years shall be available from FY 2019-20. The Commission directs the Petitioner to pursue the matter with Ministry of Power for continuation of the surrendered power from these stations for an additional period of five years.	HPSEBL has already taken up the matter with Ministry of Power, Govt. of India for continuation of surrender of SoR shares from five hydro stations (i.e. Tehri HEP, Koteshwar HEP, Chamera III HEP, Parbati III HEP & Koldam HEP) by HP for another five year. The five year period of surrender of aforesaid power is October 2019 and till date no revision in allocation from these projects is made by Ministry of Power, GoI or by NRPC i.e. re-allocation of HP's share from aforesaid projects to other utilities is still continuing. HPSEBL is making best possible efforts to de-allocate other costly sources and tie up with cheaper sources of power.	The petitioner is required to pursue rigorously with Ministry of Power for continuation of the surrendered power from these stations for an additional period of five years and submit compliance report in the next tariff filing to the Commission.
25.	The Commission directs the Petitioner to create separate account heads for AMC of hardware and ATS Charges to record expenditure incurred on maintenance of IT cell from FY 2019-20 onwards. Also, the Petitioner to require 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.	HPSEBL submits that separate heads stands created for ATS and FMS charges and the expenses for the past years is being recast accordingly. However, activity wise detail of expenditure for the past years 2014-15 to 2018-19 stands submitted to the Commission in the Technical Validation Session held on 01.05.2019 in Petition No. 28/2019. Further comprehensive detail of recurring expenditure with anticipated expenditure in future years upto 2022-23 alongwith Letter of Awards to different vendors i.e. M/s TCS, M/S HCLI, M/S Nikum, M/S Orbit Tech Sol. etc for AMC, FMS, ATS, Misc/Central Support for SAP ERP also stands submitted under Petition No. 28/2019. Further, the details of R&M expenditure towards IT Cell for FY 2017-18 stands included in the petition.	The compliance is noted.
26.	The Petitioner is directed to separately furnish the details of amount of connectivity charges, name of the vendor, description of the	HPSEBL submits that separate accounting of A&G charges under IT Cell like connectivity charges are being maintained. The details of	The Compliance is noted.

Sl.	Directives issued in the MYT Order	Status of Compliance	Commission's View
	expenditure incurred in the respective year along with similar details of previous three years at the time of true-up. The Petitioner is also required to create a separate head for new expenses incurred on public interaction programme during the Fourth Control Period and furnish these details at the time of truing up.	various connectivity charges i/c internet and Letter of Awards (LOAs) for connectivity of MPLS, VPNoBB issued to M/s BSNL Vodafone, were also submitted to HPERC during the Technical Validation Session held on 01.05.2019 in Petition No. 28/2019. The detail of expenditure incurred during last three years is as under: Year Amount (in Rs) 2016-17: 2,99,91,921 2017-18: 3,10,47,701 2018-19: 2,05,61,678 It is also informed that expenses on a/c of Public interaction programme under BH 76.156 are separately accounted for and shown in Profit & Loss accounts statement Note No 2.29.	
27.	The Commission directs the Petitioner to complete the ongoing exercise of preparing its Fixed Asset Register for distribution business prior to November 2019 and submit it with the subsequent tariff petition	Revised FAR is submitted in soft-copy in the CD.	The submitted FAR is not complete as it lacks details for few divisions. The Petitioner is required to submit the complete FAR with next tariff petition.
28.	The Petitioner is required to service the repayment and interest liability of the Bonds issued by GoHP under UDAY scheme. The Commission directs the Petitioner to take up the matter for conversion of back-to-back arrangement with GoHP into a mix of equity and grants in future years as envisaged under the original tripartite agreement.	HPSEBL submits that the matter for conversion of the UDAY loan into Grant and equity has been taken up with the GOHP and outcome of the same shall be shared with the Commission accordingly.	As the matter is pending from long time, the Petitioner should rigorously pursue and expedite for conversion of the UDAY loan into Grant and equity by GoHP as per original tripartite agreement. Status of the same along with details of communication with GoHP should be shared by the Petitioner in subsequent tariff filing.

9.4 New Directives

New Directives

9.5 Timely Audit and Submission of Accounts

9.5.1 It is observed that the Petitioner has only submitted Provisional Accounts for the period April 1, 2017 to March 31, 2018 along with its True-up Petition in November 2019. However, on being continuously queried, the Petitioner also submitted the Statutory Audited Accounts in March 2020.

9.5.2 It can be noted that the Petitioner has not shown its competence in timely preparation of Audited Accounts and has spent over two years in getting accounts audited by Statutory and CAG Auditors. However, at the same time, utilities in other states have been filing for truing-up of FY 2018-19. This reflects mismanagement by the Petitioner and casual approach towards preparation of Audited Accounts

9.5.3 In view of the above, the Commission directs the Petitioner to undertake suitable steps for timely finalization of accounts for FY 2018-19 and FY 2019-20 and submit truing-up for both the years along with the subsequent tariff petition for FY 2021-22.

9.6 Rebate for Timely Payment

9.6.1 Many stakeholders have requested the Commission to provide for specific provision of rebate on online payment and timely payment of bills in the Tariff Order. However, the Commission feels that any such introduction should be thoroughly studied before implementation. Also, the Commission believes that introduction of such rebate mechanism may encourage consumers in timely payment of bills helping HPSEBL in better management of working capital.

9.6.2 Therefore, the Commission directs the Petitioner to come up with an appropriate rebate plan for such industrial or commercial consumers which should consider detailed proposal on rebate to be offered and cost benefit analysis.

9.7 Non-Compliance of Commission’s Directives

9.7.1 The Commission observes that the Petitioner has not submitted necessary and comprehensive details in compliance report for most of the directives. Also, the Petitioner has not made timely submission of monthly/ quarterly compliances against the directives issued in the previous Orders.

9.7.2 The Commission takes serious view on the Petitioner’s approach for complying with the directive and directs the Petitioner to take up the compliance to directives in a sincere manner. Any non-compliance in this regard may attract penal action by the Commission

9.8 Employer’s Provident Fund

9.8.1 The Commission has observed from the comments of the Auditor that the contribution towards Provident Fund collected from employees have been retained and invested in Fixed Deposits in the bank by HPSEBL. Further, HPSEBL has neither obtained registration with 'Employer's Provident Fund Authorities' nor exemption for creation of Trust as specified in Employer's Provident Fund Act, 1952.

9.8.2 The Commission is of the view that this is a serious non-compliance with respect to the provident fund Act and rules and directs the Petitioner to immediately comply with the same by obtaining a registration with 'Employer's Provident Fund Authorities' failing which the Commission will be forced to disallow the amount of contribution towards provident fund in its future true-up or Tariff Orders.

9.9 PGCIL Charges (PKATL Asset)

9.9.1 The Commission observed that HPSEBL has been paying non-POC charges to PGCIL towards PKATL assets in accordance with the CERC Order. As per Order, these charges are to be paid till the commissioning of downstream transmission network by HPPTCL. The Petitioner has filed an appeal before APTEL against the CERC Order. In view of the above, the Commission has provisionally considered the charges paid by HPSEBL to PGCIL towards PKATL assets to avoid any financial hardships to HPSEBL.

9.9.2 The Petitioner is directed to formulate a committee, within a week of the issuance of this Order, to investigate the reasons for delay in the Kala-Amb project which was required to be executed by HPSEBL at the first place. In respect of this, a detailed report should be prepared by the selected committee and a copy of the report should be submitted to the Commission within six weeks. The selected committee must bring out the name of the Officers/Officials responsible for the delay.

9.9.3 Based on the report of the committee, the Commission shall review the amount required to be paid by HPSEBL to PGCIL due to non-availability of the downstream network. Also, an update on the measures undertaken by HPSEBL should be included as part of the report clearly providing details of efforts being undertaken by HPSEBL and HPPTCL to commission the downstream network at the earliest and avoid the cost currently applicable on HPSEBL.

9.10 Efficiency Improvement

9.10.1 The Commission is of the opinion that the O&M expenses of HPSEBL are exorbitant, as compared to the other states including the states having similar geographical conditions to us, primarily on account of high employee cost and pension liabilities. It is high time that the Petitioner should optimize its cost elements and bring about efficiency in its operations which would also help in reducing the overall cost of supply. For the purpose, the Petitioner is directed to prepare an efficiency improvement plan for next five years and submit to the Commission within two months from the date of issuance of this Order. The plan should include actionable points which the Petitioner would follow to reduce its various cost elements over the next five years. As part of the plan, HPSEBL should also focus on high employee cost and deliberate on reducing it by way of various options including outsourcing of Class 3 and 4 employees, sharing of pension cost with HP Government, and other aspects.

9.11 Identification and Actions taken on Deadwoods and Employees with doubtful Integrity

9.11.1 The Commission is of the firm belief that the financial health of a Utility depends on its employee's efficiency, productivity, sincerity and integrity. In this regard, it is directed that the HPSEBL must conduct a necessary exercise to identify deadwoods and officers/officials with doubtful integrity. After identification, suitable necessary action after completing all codal formalities should be taken against such employees. The Commission must be apprised about the same every six months.

9.12 Incentives/ Disincentives scheme

9.12.1 The Commission in its earlier tariff orders of HPSEBL has time and again opined to frame an incentives/disincentives scheme to the employees. But, no action has been taken so far by HPSEBL inspite of the repeated directions of the Commission in this regard. It is hereby again directed that the HPSEBL must prepare an incentive/ disincentive scheme to its employees based upon some measurable operational parameters and submit the same to the Commission within two months of issuance of this order.

ANNEXURE – I GENERAL CONDITIONS OF TARIFF AND SCHEDULE OF TARIFF

PART-I: General Conditions of Tariff

A. This Schedule of Tariff shall come into force with effect from **1st June, 2020** 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 June, 2020** that was in force with effect from 1st July 2019 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 lockout, fire or any other circumstances considered by the HPSEBL to be beyond the control of the consumer, he shall be entitled to proportionate reduction in demand charge or any other fixed charge, if applicable, provided he serves at least 3 day notice on the supplier for shut down of not less than 15 days duration.

F. Standard Supply Voltage: shall be regulated in accordance with the **Part –II**.

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 mentioned in part-II shall, in addition to other charges, be also charged a 'Lower Voltage Supply Surcharge' (LVSS) at the rates given in the following Table on only the amount of energy charges billed, for each level of step down (as given in following table) from the 'Standard Supply Voltage' to the level of Actually Availed Supply Voltage.

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 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%.*
3) *The LVSS shall be charged at 50% of the rates determined as per the above provisions if any one or all of the following conditions are met:-*
   i. *if supply is given through a dedicated feeder or a joint dedicated feeder and metering for billing purpose is done at the licensee's sub-station; and/or*
   ii. *If the LVSS becomes payable inspite 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. HPSEBL shall, in case of any constraint, always be entitled to impose any restrictions on usage of power during peak load hours in all cases through general or specific order;

ii) In cases where HPSEBL imposes any restrictions through general or specific orders the consumer shall abide by such restrictions failing which the HPSEBL shall be entitled to disconnect the supply to such consumers after giving a notice;

iii) Payment of peak load charges (demand and energy) shall be made as per the respective schedules of tariff;

L. Demand Charge (DC): Consumers under two (2) part tariff, whose energy consumption is billed/ charged in Rs/kVAh, shall in addition to the kVAh charges, be also charged at the rates as per Part-III, the 'Demand Charges' (in Rs/kVA/month), calculated on the actual Maximum Demand (in kVA) recorded on the energy meter during any consecutive 30 minute block period of the month or at 90 % of the Contract Demand (in kVA), whichever is higher but up to a ceiling of contract demand as currently applicable. The demand in excess of Contract Demand will be charged under clause "M" relating to Contract Demand Violation Charges (CDVC).

Explanation:

i) During the actual number of days of billing in any period, the above mentioned parameters i.e. actual recorded Maximum Demand and Contract Demand as the case may be and the prescribed respective rates of charges in the relevant schedule of tariff alone shall form the basis for calculation of Demand Charges and the licensee, based on the number of days of billing in excess or short of a month (of 28 or 29 or 30 or 31 days), shall not apply any other factor other than mentioned in this para, that may alter or vary either of these parameters in any way.

ii) Where the contract demand has not been applied for or sanctioned, the limit corresponding to 90% of the connected load (in kW) converted into kVA by adopting power factor of 0.9 shall be deemed as the contract demand;

M. Contract Demand Violation Charge (CDVC): In the event, the actual Maximum Demand (in kVA) recorded on the energy meter during any consecutive 30 minute block period, exceeds the Contract Demand (in kVA), the consumer shall be charged 'Contract Demand Violation Charges' (CDVC) (in Rs/ kVA) at a rate which shall be three (3) times the rate of the demand charges (DC) (referred to in para '**L**') to the extent the violation has occurred in excess of the Contract Demand.

NOTE: In cases where the Contract Demand has been got reduced temporarily as per applicable provisions; such reduced Contract Demand shall be considered as the Contract Demand for the purpose of determining the Contract Demand Violation Charges (CDVC); if any.

N. Disturbing Load Penalty (DLP): In case where there is unauthorized use of mobile welding sets, polishing machines or similar equipment, the consumer will pay by way of penalty, Rs. 350 per kVA of the load rating of welding set per day, in addition to the energy charges.
However, the consumer may with prior intimation and payment of Rs. 200 per day in addition to the energy charges, as applicable, can use mobile welding, polishing machines or similar equipment. The same shall be applicable to all categories of consumers except Industrial Supply, Bulk Supply, Temporary Supply and welding sets (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-III – 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. 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.

Note: The provisions relating to temporary revision of contract demand as per item S shall not be applicable in case of consumers claiming relief under this clause

Q. Power Factor Surcharge (PFS):

i) If at any point of time, the power factor of consumers, to whom power factor surcharge is applicable as per Part-III 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:

Power Factor = kWh / 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.

v) No new supply to L.T. installations with induction motor(s) of capacity above 3 H.P and/ or welding transformers above 2 kVA shall be given unless shunt capacitors of appropriate ratings are installed to the entire satisfaction of the HPSEBL.

R. Replacement of Defective/Missing/damaged Shunt Capacitors -

i) It will be obligatory on the part of the consumer to maintain capacitors in healthy conditions and in the event of its becoming burnt/ damaged he shall have to inform the Sub Divisional Officer concerned immediately in writing and also to get the defect rectified within a maximum period of one month from the date the capacitor has gone defective.

ii) In case shunt capacitor(s) is/ are found to be missing or inoperative or damaged, one month notice shall be issued to the consumer for rectification of the defect and setting right the same. In case the defective capacitor(s) is/are not replaced / rectified within one month of the issue of the notice, a surcharge @ 10% per month on bill amount shall be levied w.e.f. the date of inspection to the date of replacement of defective/damaged missing capacitors.

S. Temporary Revision of Contract demand:

The consumers to whom two part tariff is applicable shall be entitled to revise their contract demand within the total sanctioned contract demand without surrendering their lien of the total sanctioned contract demand, subject to the following conditions-

(a) the consumer shall not reduce the contract demand to lesser than 50% of the total sanctioned contract demand subject to a further condition that the contract demand shall not be reduced below the lowest limit of contract demand as per the tariff category (or any sub-category thereof) applicable to him:

Provided that the consumer shall not be eligible for temporary revision of contract demand to a value other than the full sanctioned contract demand for a total period of more than six months in one financial year:

Provided further that in cases involving part period of a year e.g. if a consumer takes the connection, or the consumer gets his permanent sanctioned contract demand revised, during the middle of a year, the adjustments shall be made on pro-rata basis.

Illustration.- A HT-2 single supply consumer having sanctioned contract demand of 1.8 MVA shall not be entitled to reduce the contract demand to 1000 kVA or any value lesser than 1000 kVA;

(b) the consumer shall not be entitled to revise the contract demand more than twice a year subject to the condition that the time gap between two successive revisions shall not be less than 3 months;

(c) the consumer shall give a notice of at least one month to the HPSEBL before revising the contract demand under this mechanism. Even though the consumer shall not be required to obtain any sanction from the HPSEBL for change in contract demand under this mechanism, he, so as to avoid the disputes, shall ensure that the notice(s) for such revision are duly served by him upon the licensee through registered post or through courier service or is delivered by hand against signed receipt thereof or;

(d) in cases where the contract demand is reduced under this mechanism, such reduced contract demand shall be applicable for billing purposes; and

(e) in cases where the consumer gets his contract demand reduced permanently, the limit under clause (a) shall be considered with respect to such reduced contract demand, but such reduction shall not be considered to have been made under this mechanism and the time gap of 3 months as per clause (b) shall be reckoned from the date from which the demand was last revised under this mechanism.

Illustration.-If a consumer who is having sanctioned contract demand of 10 MVA temporarily revises the contract demand to 6 MVA w.e.f. 01.07.2020 under this mechanism but gets his sanctioned contract demand permanently reduced to 8 MVA w.e.f. 01.08.2020, he shall have to pay charges based on 6 MVA contract demand till 30.09.2020 (i.e. till the expiry of 3 months period from the date at which the contract demand was last revised i.e. from 01.07.2020. However, if the contract demand is to be reduced permanently to lesser than 6 MVA (say 4 MVA as on 01.08.2020), the demand charges would have been based on a contract demand of 4 MVA during the period upto 30.09.2020.

T. Sanction of Contract Demand:

1) In case of new connections, except for Domestic Supply, the Contract Demand shall invariably be incorporated in the Application and Agreement form as well in the load sanction, irrespective of the connected load.

2) In case of such existing connections, other than Domestic Supply, where the Contract Demand has not been applied for or has not been sanctioned, 90% of the sanctioned connected load, converted in to kVA by adopting a power factor of 0.9, shall be deemed as the Contract Demand till such time the consumer informs HPSEBL about the quantum to be considered as his Contact Demand.

U. HPSEBL shall provide suitable meters capable of recording the parameters for billing purposes as per the tariff structure under respective schedules.

V. In case any dispute regarding interpretation of this tariff order and/or applicability of this tariff arises, the decision of the Commission will be final and binding.

W. The electric vehicle charging stations shall be charged as per tariff applicable to NDNC category. However, any individual charging its electric vehicle in its premises shall be charged tariff under respective tariff category applicable to it.

DEFINITIONS

1. **Act:** means The Electricity Act, 2003 as amended from time to time;

2. **Average Power Factor:** means the ratio of kWh (kilo Watt hour) to the kVAh (kilo Volt Ampere hour) registered during a specific period;

3. **HPSEBL:** means the Himachal Pradesh State Electricity Board Limited;

4. **Commission**: shall mean the Himachal Pradesh Electricity Regulatory Commission;

5. **Connected Load**: expressed in kW, means aggregate of the manufacturer's rated capacities of all energy consuming devices or apparatus connected with the distribution licensee's service line, on the consumer's premises, which can be simultaneously used;

6. **Contract demand**: expressed in kVA units means the maximum demand contracted by the consumer in the agreement with the licensee and in absence of such contract, the contract demand shall be determined in accordance with the relevant sections of this Tariff Order;

7. **Demand Charges**: for a billing period shall mean the amount chargeable based upon the recorded maximum demand in kVA or the contract demand; whichever is higher but up to a ceiling of Contract Demand and shall be calculated at the rates prescribed in this Tariff Order and shall be in addition to the energy charges and other fixed charges wherever applicable;

8. **Energy Charges**: expressed in Rs/kWh or Rs/kVAh for a billing period shall mean the amount chargeable in rupees based on the quantity of electricity supplied measured in (kWh or kVAh) and calculated at the rates prescribed in this Tariff Order. The Demand or other fixed charges, wherever applicable, shall be in addition to the energy charges;

   Note: During the actual number of days of billing in any period, the above mentioned parameters i.e. energy (in kWh or kVAh) and the prescribed respective rates of charges in the relevant schedule of tariff, alone, shall form the basis for calculation of energy 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 para '9' above, that may alter or vary either of these parameters in any way.

9. **Maximum Demand:** means the highest load measured in kVA or kW at the point of supply of a consumer during consecutive period of 30 minutes or as laid down by the Commission, during the month;

10. **Rules:** means the Rules or Safety Regulations made or saved under the Act.

11. **Sanctioned Load**: means the load expressed in kW/kVA of the consumer, which the licensee has agreed to supply, from time to time, in the agreement;

12. **Schedule**: shall mean this Tariff Schedule;

13. **State**: means the State of Himachal Pradesh;

14. **Supplier**: shall mean the Himachal Pradesh State Electricity Board Limited;

15. For the purpose of this tariff order, the voltage wise categorization shall be as follows:

    a) **EHT** means the voltage, which exceeds 33,000 volts; under normal conditions subject, however, to the percentage variation allowed under electricity rules;

    b) **HT** means the voltage higher than 400 volts but not exceeding 33,000 volts under normal conditions, subject, however, to the percentage variation allowed under the electricity rules;

    c) **LT** means the voltage, not exceeding 230 volts between phase and neutral and 400 volts between phases under normal conditions, subject, however, to the percentage variation allowed under electricity rules.

Part-II : Character of Supply -Standard Supply Voltage/ Supply Voltage

Depending upon the minimum and maximum limits of contract demand (or connected load in case of domestic supply) the character of supply under the respective schedules shall be as per the relevant provisions of the Himachal Pradesh Electricity Supply Code, 2009, as amended from time to time. The relevant provisions are as below:

1. Standard Supply Voltage:

The standard supply voltage shall mean the standard voltage at which electricity shall be given to the consumer through a common or dedicated or joint dedicated feeder without payment of any lower voltage supply surcharge (LVSS). Depending upon the connected load(kW or MW), contract demand (kVA or MVA), nature of load and existence of a voltage (volts/kV) and phase in the relevant distribution system, the standard supply voltage for a consumer shall be as provided in clauses (a) and (b) of this para and para 3-

(a) The maximum limits of connected load (kW or MW) and contract demand (kVA or MVA) for the supply of power at a voltage, shall be as under-

S. No.	Standard Supply Voltage	Maximum Connected Load	Maximum Contract Demand
1.	Single phase 230 volts or three phase 415 volts or 2.2 kV; (for supplies not involving special category loads)	50 kW	50 kVA
2.	Three phase 11 kV or 22 kV; (for supplies not involving special category loads)	3 MW	2.2 MVA
3.	Three phase 33 kV	12 MW	10 MVA
4.	Three phase 66 kV	14 MW	12 MVA
5.	Three phase 132 kV or 220 kV	No limits	

Provided that where special category loads are involved, the standard supply voltage shall be 11 kV or 22 kV, as may exist on the relevant distribution system, if–

(i) the total connected load does not exceed 1 MW, irrespective of special category loads; or

(ii) the total quantum of connected load in respect of special category loads does not exceed 750 kW within the overall limit of total connected load upto 3 MW and total contract demand upto 2.2 MVA:

Provided further that, if neither of the limits given in the first proviso, in relation to supplies involving special category loads, are adhered to, the standard supply voltage shall be 33 kV or the appropriate higher voltage in accordance with the limits specified in this clause:

Provided further that where a consumer having connected load of not more than 50 kW is already getting supply at LT voltage immediately before commencement of the Himachal Pradesh Electricity Supply Code (First Amendment) Regulations, 2014, he shall continue to be covered under a LT standard voltage (i.e. single phase 230 volts or three phase 415 volts) irrespective of contract demand already sanctioned in his favour, so long as he does not further extend his connected load or contract demand beyond the specified limits of 50 kW or 50 kVA respectively:

Provided further that where a consumer is getting supply at a voltage higher than the standard supply voltage as per the said specified limits, he shall continue to get supply at such higher voltage without any rebate for higher voltage supply.

(b) Where the connected load or contract demand exceeds the relevant ceiling limit specified in clause (a), the appropriate higher voltage at which both such limits can be adhered to, shall be considered as standard supply voltage and there shall be no minimum limits for supply of power at a particular voltage.

2. Supply at Lower Voltage:

Where the consumer seeks supply of power at a voltage lower than the standard supply voltage as per para (1), the licensee shall supply power at such lower voltage subject to the maximum limits of connected load and contract demand as specified in this para; payment of lower voltage supply surcharge (LVSS) by the consumer at the rates given in the tariff order applicable from time to time; and other conditions, as may be relevant, specified in this para or in para (3) or elsewhere in the Supply Code :-

S. No.	Supply Voltage	Description	Maximum Connected Load	Maximum Contract Demand
1.	11 kV (for supplies not involving special category loads)	(a) If 22 kV or 33 kV voltage level exists in the relevant distribution system.	5 MW	4 MVA
		(b) If 22 kV or 33 kV voltage level does not exist in the relevant distribution system.	6 MW	5 MVA
2.	22 kV (for supplies not involving special category loads)	(a) If 33 kV voltage level exists in the relevant distribution system.	6 MW	5MVA
		(b) If 33 kV voltage level does not exist in the relevant distribution system.	7 MW	5.5 MVA
3.	33 kV	(a) If 66 kV voltage level exists in the relevant distribution system.	15 MW	12 MVA
		(b) If 66 kV voltage level does not exist in the relevant distribution system.	18MW	14 MVA
4.	66 kV	(a) Through a common feeder	18 MW	14 MVA
		(b) Through a dedicated or joint dedicated feeder	30 MW	24 MVA

Provided that all such supplies, excepting the same at Sr. No.4(a), shall be given through dedicated or joint dedicated feeders only and that in case of Sr. No. 4(a) the supply shall be given through a common or dedicated or joint dedicated feeder:

Provided further that in case of supply involving special category loads, the same shall be given at 11 kV or 22 kV subject to further conditions that the total connected load in respect of the special category loads does not exceed 1.5 MW within the total connected load upto 3 MW and contract demand upto 2.2 MVA and that the supply is to be given through a dedicated feeder or a joint dedicated feeder emanating from EHV sub-station:

Provided further that if the conditions given in second proviso, in relation to the supplies involving special category loads, are not adhered to, the supply shall be given at 33 kV or at appropriate higher voltage depending on the total connected load and contract demand:

Provided further that the provisions of this para, shall be further subject to the following condition:-

(i) that the voltage regulation limits shall have to be adhered to while deciding the supply arrangements;

(ii) that in case of special category loads and other such loads which can cause disturbances in the power distribution system, the consumer shall provide suitable protection equipment as per the Central Electricity Authority (Measures relating to Safety and Electric Supply) Regulations, 2010 and other prudent practices to adequately insulate the distribution system from the disturbance caused by such loads;

(iii) that the consumer already getting supply at higher voltage as compared to the standard supply voltage or the limits given in this para, shall not be entitled to any higher voltage supply rebate; and

(iv) that in cases of joint dedicated feeder, the limits of maximum connected load and maximum contract demand as per this para shall be applicable for the summation of the connected loads and contract demands of both the consumers.

Explanation- For the purposes of this para,-

(a) "dedicated feeder" means the electric supply line emanating from the sub-station of the licensee through which electricity is, or is intended to be, supplied to a single consumer; and

(b) "joint dedicated feeder" means the electric supply line emanating from the sub-station of the licensee through which electricity is, or is intended to be, supplied to two consumers.

(i) 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.

(ii) The supply shall be made at the minimum voltage level at which all the relevant limits and conditions are adhered to. However, if the consumer opts for supply of power at a voltage higher than the standard supply voltage, the licensee shall allow the same excepting the cases in which there may be some constraint.

(iii) Where the connected load or contract demand is to be enhanced, the standard supply voltage under para (1) and the supply voltage under para (2) shall be re-determined as per the provisions under the said paras based on enhanced connected load and enhanced contract demand.

Explanation- For the purposes of paras (1) and (2), “special category loads” means furnace loads and mass induction heating loads and shall also include any other load as the Commission may, after taking into consideration electrical characteristics and its impact on the distribution system, by order, declare it to be a special category load.

PART-III: 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 managed by government and private institutions with connected load up to 20kW;

i) Monasteries;

j) Heritage Hotels approved under HP Government's Heritage Tourism Policy, 2017;

k) Residential paying guest;

l) Incredible India Bed-and-breakfast as per GoI, Ministry of Tourism guidelines;

m) "Home Stay Units" in rural areas duly registered with the District Tourism Development Officer; and

n) Offices of the Himachal Pradesh Senior Citizen Forum.

o) Personal Garage for parking of personal light motor vehicle

p) For industrial consumer which are under PDCO due to non-payment of dues or sick closed units with maximum connected load of 20 kW for lighting and security purpose only till regular connection is restored (Pre-paid meter provisionally)

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 3500 units, the first 1250 (125*10) units would be charged at Rs 3.70 per kWh, the next 1750 (175*10) at Rs 4.60 per unit and the balance 500 units at Rs. 5.10 per unit. Fixed charge shall be Rs. (50*10).*

2 **Character of Service:** *Applicable as per the relevant provisions under Part – II.*

3 **Single Part Tariff**

A) Consumers Other than Pre-Paid Metered

a) Fixed Charge (Charges-1)

Description	Fixed Charge (Rs./Month)
Lifeline consumers and Consumers in Tribal & Difficult Areas	40.00
Other consumers	
0-125	70.00
126-300	70.00
Above 300	70.00

b) Energy Charge

Description	Slabs (kWh per month)	Energy Charge (Rs./kWh)
Lifeline consumers	0-60	3.30
Other consumers	0-125	3.95
	126-300	4.85
	Above 300	5.45

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.*

B) Energy Charge [Prepaid *Meter*]

Description	**Slabs (kWh per month)**	**Energy Charge (Rs./kWh)**
Prepaid meter consumers	Entire consumption	4.85

Note:

1. *Subsidy given by GoHP for second slab i.e. 126-300 kWh shall apply to prepaid meter consumers also. Should the GoHP decide to maintain the tariffs at the current levels after subsidy, then the prepaid consumers shall be deemed to be placed in the slab of 126-300 kWh per month and the subsidy applicable for the slab of 126-300 kWh shall also apply to prepaid meter consumers.*
2. *Prepaid meter consumer shall be charged energy charges only and no other fixed charges i.e. meter rent and service charges shall be applicable to such consumers.*

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'.*

***SCHEDULE -* NON-DOMESTIC NON-C*OM*MERCIAL 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 if supply is given at single point;

c) Religious places such as Temples, Gurudwaras, Mosques, Churches etc. with connected load greater than 5 kW;

d) Sainik and Govt. Rest Houses, Anganwari workers training centers, Mahila mandals, village community centres;

e) Government Hospitals, primary health centers, dispensaries and veterinary hospitals;

f) Panchayat Ghars with connected load greater than 5kW;

g) Patwar Khanas and Kanungoo Bhawans (Government Buildings only) with connected load greater than 5kW;

h) Sarais and Dharamsalas run by Panchayats and Municipal Committees or by voluntary organizations.

i) Office of Lawyers and Government recognized Non-Government Organizations (NGOs)

j) Electric Charging Stations for the Electric vehicles

k) Lifts operating in group housing societies, apartments, etc.

Note: (1) *In the case of residences attached to the Institutions, as at (b), (f) and (g) above, the same shall be charged at the Domestic Supply (DS) tariff, in cases where the consumer seeks a separately metered connection for the residential portion.*

(2) Lifts in residential premises shall be charged at the 'Domestic tariff'

2. Character of service: *Applicable as per the relevant provisions under Part – II.*

3. Consumers Other than Pre-Paid Metered

A) Single Part Tariff for contract demand ≤ 20 kVA

a) Fixed Charge (Charges-1)

Fixed Charge (Rs/month)	130.00

b) Energy Charge (Charges-2)

Energy Charge (Rs./kWh)	5.00

B) Energy Charge [Prepaid *Meter*]

Description	Slabs (kWh per month)	Energy Charge (Rs./kWh)
Prepaid meter consumers	Entire consumption	4.90

4. Two Part Tariff for contract demand > 20 kVA

a) Fixed Charge (Charges-1)

Fixed Charge (Rs/month)	Nil

b) Energy Charge (Charges-2)

Energy Charge (Rs./kVAh)	4.70

c) Demand Charge (Charges-3)

Demand Charge (Rs/kVA/month)	140.00

Demand charges would be levied on the actual maximum recorded demand in a month in any 30 minute interval in a month or 90% of the contract demand, whichever is higher but up to a ceiling of Contract Demand. Contract Demand Violation Charges shall be applicable beyond such ceiling.

Note:

a. *HPSEBL shall continue with the existing practice of installation of tri-vector meters capable of reading parameters applicable for two-part tariff, for all consumers in this category and having connected load of more than 20 kW, even though some of these consumers may be covered in single part tariff.*

b. *The present practice of meter reading through MRI/ AMR shall be continued for all consumers with connected load above 20kW irrespective of applicability of single/ two part tariff.*

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.*

SCHEDULE – COMMERCIAL SUPPLY (CS)

1 Applicability

This schedule is applicable to consumers for lights, fans, appliances like pumping sets, central air conditioning plants, cold storages, lifts, heaters, embroidery machines, printing press, power press and small motors in all commercial premises such as shops, business houses, cinemas, clubs, banks, private offices, private hospitals, petrol pumps, hotels/motels, welding sets, servicing stations, private nursing homes, private rest/guest houses, private research institutions, private coaching institutions, private museums, dry cleaning, garages and private auditoriums, departmental stores, restaurants, lodging and boarding houses, shopping malls and multiplexes.

This schedule shall also include all other categories which are not covered by any other tariff schedule.

Note: *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 Part – II.*

4. Single Part Tariff for contract demand ≤ 20 kVA

a) Fixed Charge (Charges-1)

Fixed Charge (Rs/month)	130.00

b) Energy Charge (Charges-2)

Energy Charge (Rs./kWh)	5.10

5. Two Part Tariff for contract demand > 20 kVA

a) Fixed Charge (Charges-1)

Fixed Charge (Rs/month)	
20 – 100 kVA	Nil
Above 100 kVA	Nil

B) Energy Charge (Charges-2)

Contract Demand	**Energy Charge (Rs./kVAh)**
>20 kVA ≤ 100 kVA (More than 20 kVA but upto 100 kVA)	4.85
Above 100 kVA	4.75

C) Demand Charge (Charges-3)

Demand Charge (Rs/kVA/month)	
>20 kVA ≤ 100 kVA (More than 20 kVA but upto 100 kVA)	110.00
Above 100 kVA	170.00

Demand charges would be levied on the actual maximum recorded demand in a month in any 30 minute interval in a month or 90% of the contract demand, whichever is higher but up to a ceiling of Contract Demand. Contract Demand Violation Charges shall be applicable beyond such ceiling.

Notes:

a) *HPSEBL shall continue with the existing practice of installation of tri-vector meters capable of reading parameters applicable for two-part tariff, for all consumers in this category and having connected load of more than 20 kW even though some of these consumers may be covered under single part tariff.*

b) *The present practice of meter reading through MRI/ AMR shall be continued for all consumers with connected load above 20kW irrespective of applicability of single/ two part tariff.*

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.*

SCHEDULE - *SMALL INDUSTRI*AL 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, 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 provisions under Part-II.*

3. **Single Part Tariff for contract demand ≤ 20 kVA**

a. Fixed Charge (Charges-1)

Fixed Charge (Rs/month)	140.00

b. Energy Charge (Charges-2)

Energy Charge (Rs./kWh)*	4.75

4. **Two Part Tariff for contract demand > 20 kVA ≤ 50 kVA**

a) Fixed Charge (Charges-1)

Fixed Charge (Rs/month)	Nil

b) Energy Charge (Charges-2)

Energy Charge (Rs./kVAh)*	4.60

*__Note__:

a. For new industries coming into production after 01.06.2020, the energy charges shall be 10% lower than the approved energy charges for the respective category for a period of 3 years.

b. For existing industries which have undergone expansion in the FY 2018-19 onwards and/or shall be undergoing expansion in this financial year i.e. FY2020-21, energy charges shall be 10% lower than the approved energy charges corresponding to the respective category for a period of three years for quantum of energy consumption corresponding to proportionate increase in contract demand.

Provided that such expansion if undertaken during 1.07.2019 to 31.05.2020, the energy charges shall be 15% lower than the approved energy charges for the respective category for a period of 3 years for quantum of energy consumption corresponding to proportionate increase in contract demand.

c. *In case of sick unit or permanently disconnected units industrial consumer can avail pre-paid meter with a load upto 20 kW for the purpose of lighting, surveillance and security.*

c) Demand Charge (Charges-3)

Demand Charge (Rs/kVA/month)	100.00

Demand charges would be levied on the actual maximum recorded demand in a month in any 30 minute interval in a month or 90% of the contract demand, whichever is higher but up to a ceiling of Contract Demand. Contract Demand Violation Charges shall be applicable beyond such ceiling.

Note:

a. *HPSEBL shall not only continue with the existing practice of installation of tri-vector meters capable of recording the relevant parameters applicable for two-part tariff for different time blocks of the day, for all consumers in this category having connected load of more than 20 kW, but shall also provide such meters for new/ existing connections under single part tariff wherever the consumer expresses his intention to use power during peak load hours.*

b. *The present practice of meter reading through MRI/ AMR shall be continued for all consumers under this category with connected load above 20kW irrespective of applicability of single/ two part tariff.*

5. **Peak load charges (PLC)**

Description	Additional Charges on Average Demand * (Rs./kVA/month)	Energy Charge for consumption during peak load hours
Contract Demand ≤ 20 kVA	NIL	1.5 times of the normal per kWh charges
Contract Demand > 20 kVA	NIL	Rs. 6.40/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) 80 paise/kVAh for consumption during night hours for the month of July and August 2019;

(ii) 40 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.*

13. Factory lighting and colony supply: *All consumption for bonafide factory lighting i.e. energy consumed in factory premises including factory building, its offices, stores, time keeper office, canteen, library, staff dispensary, welfare centre and factory yard lighting shall be charged under this tariff schedule. The consumption for bonafide use of residential/staff quarters and street lighting of the colony shall also be charged under this tariff schedule if supply is taken at a single point. Such consumption shall be charged for the energy consumed at the following rates:*

a) *During Normal times and night time: Normal Rate subject to the condition that the night time concession as per 10 above shall be given on consumption during night time.*
b) *During peak load hours: The rates (demand and energy) applicable for peak load hours shall be charged.*

If supplies for colony and/or its residences are taken separately then the same shall be charged as per the relevant consumer categories of this schedule of tariff.

SCHEDULE - MEDIUM INDUSTRIAL POWER SUPPLY (MIP)

1. **Applicability**

This schedule is applicable to Industrial consumers with contract demand above 50 kVA but not exceeding 100 kVA including pumps (other than irrigation pumping), tokas, cane crushers, Atta Chakkis, and also for supply to Information Technology Industry (limited only to IT Parks recognised by the State/Central Government). Industrial type of Agricultural loads with connected load falling in the abovementioned range and not covered by Schedule "IDWPS" shall also be charged under this schedule.

2. **Character of service:** *Applicable as per provisions under Part – II.*

3. **Two Part Tariff**

a) Fixed Charge (Charges-1)

Fixed Charge (Rs/month)	Nil

b) Energy Charge (Charges-2)

Energy Charge (Rs./kVAh)*	4.60

***Note**:

a. *For new industries coming into production after 01.06.2020, the energy charges shall be 10% lower than the approved energy charges for the respective category for a period of 3 years.*

b. *For existing industries which have undergone expansion in the FY 2018-19 onwards and/or shall be undergoing expansion in this financial year i.e. FY2020-21, energy charges shall be 10% lower than the approved energy charges corresponding to the respective category for a period of three years for quantum of energy consumption corresponding to proportionate increase in contract demand.*

   Provided that such expansion if undertaken during 1.07.2019 to 31.05.2020, the energy charges shall be 15% lower than the approved energy charges for the respective category for a period of 3 years for quantum of energy consumption corresponding to proportionate increase in contract demand.

c. *In case of sick unit or permanently disconnected units, industrial consumer can avail pre-paid meter with a load upto 20 kW for the purpose of lighting, surveillance and security.*

c) Demand Charge (Charges-3)

Demand Charge (Rs/kVA/month)	120.00

Demand charges would be levied on the actual maximum recorded demand in a month in any 30 minute interval in a month or 90% of the contract demand, whichever is higher but up to a ceiling of Contract Demand. Contract Demand Violation Charges shall be applicable beyond such ceiling.

4. Peak load charges (PLC)

Description	*Additional Charges on Average Demand	Energy Charge
	(Rs./kVA/month)	(Rs./kVAh)
> 50 kVA	NIL	Rs. 6.20

.

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) 80 paise/kVAh for consumption during night hours for the month of July and August 2019;

(ii) 40 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 9 above shall be given on consumption during night time.

b) *During peak load hours: The rates (demand and energy) applicable for peak load hours shall be charged.*

If supplies for colony and/or its residences are taken separately then the same shall be charged as per the relevant consumer categories of this schedule of tariff.

SCHEDULE - LARGE INDUSTRIAL POWER SUPPLY (LIPS)

1. Applicability

This schedule is applicable to all other industrial power consumers with contract demand exceeding 100 kVA including the Information Technology industry (limited only to IT parks recognized by the State/Central Govt.) and not covered by schedule "IDWPS".

2. Character of Service: *Applicable as per provisions under Part – II.*

3. Two Part Tariff

a) Fixed Charge (Charges-1)

Description	Fixed Charge (Rs/month)
EHT	Nil
HT-1 (Contract Demand up to and including 1MVA)	Nil
HT-2 (Contract Demand above 1 MVA)	Nil

b) Energy charge (Charges-2)

Description	Energy Charge (Rs./kVAh)
EHT*	
220 kV and above	4.20
132 kV	4.25
66 kV	4.30
HT-1* (Contract Demand up to and including 1MVA)	4.60
HT-2* (Contract Demand above 1 MVA)	4.35

*__Note__:

a. *For new industries coming into production after 01.06.2020, the energy charges shall be 10% lower than the approved energy charges for the respective category for a period of 3 years.*

b. *For existing industries which have undergone expansion in the FY 2018-19 onwards and/or shall be undergoing expansion in this financial year i.e. FY2020-21, energy charges shall be 10% lower than the approved energy charges corresponding to the respective category for a period of three years for quantum of energy consumption corresponding to proportionate increase in contract demand.*

   Provided that such expansion if undertaken during 1.07.2019 to 31.05.2020, the energy charges shall be 15% lower than the approved energy charges for the respective category for a period of 3 years for quantum of energy consumption corresponding to proportionate increase in contract demand.

c. *In case of sick unit or permanently disconnected units, industrial consumer can avail pre-paid meter with a load upto 20 kW for the purpose of lighting, surveillance and security.*

c) Demand Charge (Charges-3)

Description	Demand Charge (Rs/kVA/month)
EHT	
220 kV and above	425.00
132 kV	425.00
66 kV	425.00
HT-1 (Contract Demand up to and including 1MVA)	250.00
HT-2 (Contract Demand above 1 MVA)	400.00

Note: Demand charges would be levied on the actual maximum recorded demand in a month in any 30 minute interval in a month or 90% of the contract demand, whichever is higher but up to a ceiling of Contract Demand. Contract Demand Violation Charges shall be applicable beyond such ceiling.

4. Peak load charges (PLC)

Description	*Additional Charges on Average Demand (Rs/kVA/month)	Energy Charge (Rs./kVAh)
EHT	NIL	6.00
HT-1	NIL	6.20
HT-2	NIL	6.20

. **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): *Applicable as per provisions under 'Part-1 General Conditions of Tariff' of this Annexure I at following rates:-*

a) For HT-1 category: 80 *paise/kVAh for the month of July and August 2019; and*
40 paise/kVAh for other months.

b) For HT-2 and EHT categories*: 60 paise/kVAh for the month of July and August 2019; and*
40 paise/ kVAh for other months.

9. Power Factor Surcharge (PFS): *Not Applicable*.

10. Disturbing Load Penalty (DLP): *Not Applicable*

11. Factory lighting and colony supply: *All consumption for bonafide factory lighting i.e. energy consumed in factory premises including factory building, its offices, stores, time keeper office, canteen, library, staff dispensary, welfare 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 8 above shall be given on consumption during night time.

b) During peak load hours: The rates (demand and energy) applicable for peak load hours shall be charged.

If supplies for colony and/or its residences are taken separately then the same shall be charged as per the relevant consumer categories of this schedule of tariff.

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.

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 provisions under Part – II of this Annexure I.*

3 Single Part Tariff for contract demand≤20 kVA

a) Fixed Charge (Charges-1)

Description	Fixed Charge (Rs/month)
All consumers	90.00

b) Energy Charge (Charges-2)

Energy Charge (Rs./kWh)	3.70

4. Two Part Tariff for contract demand > 20 kVA

a) Fixed Charge (Charges-1)

Fixed Charge (Rs/month)	
LT	Nil
HT	Nil
EHT	Nil

b) Energy Charge (Charges-2)

Description	Energy Charge (Rs./kVAh)
LT	5.00
HT	4.60
EHT	4.20

c) Demand Charge (Charges-3)

Maximum Demand Charge (Rs/kVA/month)	
LT	100.00
HT	300.00
EHT	400.00

Demand charges would be levied on the actual maximum recorded demand in a month in any 30 minute interval in a month or 90% of the contract demand, whichever is higher but up to a ceiling of Contract Demand. Contract Demand Violation Charges shall be applicable beyond such ceiling.

Notes:

a) *HPSEBL shall not only continue with the existing practice of installation of tri-vector meters capable of recording the relevant parameters applicable for two-part tariff for different time blocks of the day, for all consumers in this category having connected load of more than 20 kW, but shall also provide such meters for new/ existing connections under single part tariff wherever the consumer expresses his intention to use power during peak load hours.*

b) *The present practice of meter reading through MRI/ AMR shall be continued for all consumers with connected load above 20kW irrespective of applicability of single/ two part tariff.*

c) *Government of HP subsidy under this category would only be applicable to agricultural consumers having contract demand of upto 20kVA only irrespective of the voltage levels at which they are connected.*

5. Peak load charges (PLC)

Description	*Additional Charges on AverageDemand (Rs./kVA/month)	Energy Charges (Rs./kVAh)
LT	Nil	6.40
HT	Nil	6.20
EHT	Nil	6.00

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) 40 paise/kVAh for consumption during night hours for the month of July and August 2019;

(ii) 20 paise/kVAh for other months.

11. ***Power Factor Surcharge (PFS):*** *(1) Applicable as per provisions under 'Part-1 General Conditions of Tariff' for the consumers covered under single part tariff.*

(2) Not applicable for consumers covered under two-part tariff

12. ***Disturbing Load Penalty (DLP):*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

13. ***Factory lighting and colony supply:*** *All consumption for bonafide factory lighting i.e. energy consumed in factory premises including factory building, its offices, stores, time keeper office, canteen, library, staff dispensary, welfare centre and factory yard lighting shall be charged under this tariff schedule. The consumption for bonafide use of residential/staff quarters and street lighting of the colony shall also be charged under this tariff schedule if supply is taken at a single point. Such consumption shall be charged for the energy consumed at the following rates:*

a) *During Normal times and night time: Normal Rate subject to the condition that the night time concession as per 10 above shall be given on consumption during night time.*

b) During peak load hours : The rates (demand and energy) applicable for peak load hours shall be charged.

If supplies for colony and/or its residences are taken separately then the same shall be charged as per the relevant consumer categories of this schedule of tariff.

SCHEDULE - BULK SUPPLY (BS)

1 Applicability

This schedule is applicable to general or mixed loads to M.E.S and other Military establishments, Central PWD Institutions, Construction power for Hydro-Electric projects, tunnel construction, Hospitals, 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 provisions under Part – II.*

3. Two Part Tariff

a) Fixed Charge (Charges-1)

Fixed Charge (Rs/month)	
LT	Nil
HT	Nil
EHT	Nil

b) Energy Charge (Charges-2)

Description	**Energy Charge (Rs./kVAh)**
LT	4.80
HT	4.30
EHT	4.10

c) Demand Charge (Charges-3)

Demand Charge (Rs/kVA/month)	
LT	250.00
HT	350.00
EHT	350.00

Demand charges would be levied on the actual maximum recorded demand in a month in any 30 minute interval in a month or 90% of the contract demand, whichever is higher but up to a ceiling of Contract Demand. Contract Demand Violation Charges shall be applicable beyond such ceiling.

4. Lower Voltage Supply Surcharge (LVSS): *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

5. *Lower Voltage Metering Surcharge (LVMS* *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

6. *Late Payment Surcharge (LPS* *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

7. ***Contract Demand Violation Charge:*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

8. ***Night Time Concession (NTC):*** *Not applicable.*

9. ***Power Factor Surcharge (PFS):*** *Not Applicable.*

10. ***Disturbing* Load Penalty (DLP):** *Not Applicable.*

11. ***Peak Load* Charges (PLC):** *Not Applicable.*

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 provisions under Part – II of this Annexure I.*

3. Single Part Tariff

a) Fixed Charge (Charges-1)

Fixed Charge (Rs/month)	130.00

b) Energy Charge (Charges-2)

Energy Charge (Rs./kWh)	4.95

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.*

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 provisions under Part – II of this Annexure I.*

3 Single Part Tariff for contract demand ≤ 20 kVA

a) Fixed Charge (Charges-1)

Fixed Charge (Rs/month)	200.00

b) Energy Charge (Charges-2))

Energy Charge (Rs./kWh)	7.00

4 Two Part Tariff for contract demand > 20 kVA

a) Fixed Charge (Charges-1)

Fixed Charge (Rs/month)	Nil

b) Energy Charge (Charges-2)

Energy Charge (Rs./kVAh)	6.30

c) Demand Charge (Charges-3)

Demand Charge (Rs/kVA/month)	400.00

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.*

SCHEDULE – RAILWAY TRACTION

1 Applicability

This schedule is applicable to Railways for Traction loads.

2 Character of service

Standard Supply Voltage (AC 50 Hz)	≥ 66kV

3 Two Part Tariff for contract demand > 20 kVA

a) Fixed Charge (Charges-1)

Fixed Charge (Rs/month)	Nil

b) Energy Charge (Charges-2)

Energy Charge (Rs./kVAh)	4.70

c) Demand Charge (Charges-3)

Demand Charge (Rs/kVA/month)	400.00

4. **Lower Voltage Supply Surcharge (LVSS):** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*
5. **Lower Voltage Metering Surcharge (LVMS):** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*
6. ***Late Payment Surcharge (LPS):*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*
7. ***Contract Demand Violation Charge:*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*
8. ***Night Time Concession (NTC):*** *Not applicable.*
9. ***Power Factor Surcharge (PFS)*:** *Not Applicable.*
10. **Disturbing Load Penalty (DLP):** *Not Applicable.*
11. **Peak Load Charges (PLC):** *Not Applicable*.

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 threephase energy meter With CT	Rs. 660/- per meter
(h)(i)	Testing & recalibration of HT/EHT metering equipment	Rs. 2000/- per meter
(h)(ii)	With CT/PT combined unit	Rs. 2500/- per unit
(i)	Testing & recalibration of maximum demand indicator	Rs. 660/- per meter
(j)	Testing & adjustment of voltmeter/ ammeter	Rs. 300/- each
(V)	Checking of Capacitors (other than initial checking) on consumer's request:	
(a)	At 400 volts	Rs. 200/- per job
(b)	At 11 kV and above	Rs. 200/- per job
(VI)	General	
(a)	Dielectric strength of oil of various equipment	Rs. 300/- per sample
(b)	Earth test of substation	Rs. 300/- per earth
(c)	Insulation resistance of cables/insulation of various equipment /installations	Rs. 300/- per cable/ equipment

S. No.	Description		Approved by the Commission
C. Testing charges at the time of routine periodical inspections or first test and inspection of new installationwhich includes protectionand control of complete sub-station (including Transformers, Capacitor Banks, Meter and Metering equipment having connected load >50 kW and/or supply voltage 11 kV or higher) and inclusive of all manpower required (Note1:In accordance with Regulation 31 of Central Electricity Authority (Measures Relating to Safety and Electricity Supply) Regulations, 2010, the supplier shall either test the installation himself or accept the test results submitted by the consumer when the same has been duly signed by the licensed by the licensed Electrical Contractor. Note 2: In accordance with Regulation 30 of Central Electricity Authority (Measures Relating to Safety and Electricity Supply) Regulations, 2010, where an installation is already connected to the supply system of the supplier, every such installation shall be inspected and tested at intervals not exceeding five (5) years (known as routine periodical inspections and testing).			
(i)	11/22 kV	**Substations**	Rs. 10,000/-
(ii)	33 kV		Rs. 15,000/-
(iii)	66 kV		Rs. 50,000/-
(iv)	132 kV		Rs. 1,00,000/-
(v)	220 kV		Rs. 3,00,000/-
(vi)	SHP Capacity (up to 2.5 MW)	**Small Hydro Plants**	Rs. 25,000/-
(vii)	SHP Capacity (greater than 2.5 MW)		Rs. 50,000/-
D.	Visiting charges		
	Visiting charges for Officers and staff to Consumers premises for testing of equipment (other than C above)		Rs. 5000/- per day for complete team PLUS actual journey charges as per out turn of vehicle
Remarks: -			
(i) The charges mentioned under 'C' above shall be charged for the actual Periodical Inspection done and shall be on per inspection basis only.			
(ii) Visiting charges mentioned under D above include the visiting charges of M&T staff as well.			
(iii) Charges for HPSEBL's maintenance/testing Vans or Trucks if needed for the purpose will be extra. All Charges shall be got deposited before undertaking the testing work.			
(iv) Complete testing of 11kV, 22kV and 33 kV connections as per item C above shall be conducted before the release of HT connection.			
(v) Test reports on suitable forms will be issued by the operation sub-divisions/M&T Lab, which will be produced by the prospective consumer along with the wiring Contractor's test report.			
(vi) The insulation, earth and oil tests as well as general checking and inspection should be performed by the operation sub-division. Other tests requiring M&T Lab. facilities shall be arranged by the operation sub-division/division in the nearest M&T Lab., or by arranging the visit of the M&T staff to the consumer's premises.			
vii) The requests for testing shall be entertained by the concerned operation sub-division which will be responsible for arrangingall tests including tests by the M&T Lab and also for the recoveries of all thecharges, including those of M&T Lab			
viii) The amount recovered from consumers for testing carried out by theM&T Lab shall be adjusted through inter divisional adjustment between the operation divisions and the M&T divisions.			
2.Changing the position of meter at the request of consumer			
(i)	Single phase		Rs. 100/-
(ii)	Poly phase (LT)without CT		Rs. 250/-
	Poly phase (LT)with CT		Rs. 500/-
(iii)	HT or special meter		Rs. 1100/-
3. Resealing charges			
(i)	Meter cupboard		Rs. 25/-

S. No.	Description	Approved by the Commission
(ii)	Meter Cover or Terminal Cover (single phase)	Rs. 110/- for meter terminal cover and full cost of the meter where M&T seal is found broken.
(iii)	Meter cover or terminal cover (three phase)	Rs. 350/- for meter terminal cover and full cost of the meter where M&T seal is found broken.
(iv)	Cut-out(where it has been independently sealed)	Rs. 100/-
(v)	Maximum demand indicator	Rs. 550/-
(vi)	Potential fuse(s) time switch/CT chamber	Rs. 550/-
4. Monthly meter/equipment rentals:		
(i)	Single phase energy meter low tension	Rs. 15/- per month
(ii)	Polyphase energy meter low tension (up to 50 Amps.)	Rs. 30/- per month
(iii)	a) Polyphase low tension meters with CTs (up to 20 kW)	Rs. 35/- per month
	b) Polyphase low tension meters with CTs(above 20 kW)	Rs. 50/- per month
(iv)	Polyphase 11kV meter with CT/PT without any breaker of HPSEBL	Rs. 550/- per month
(v)	Polyphase 11kV meter with CT/PT with one 11kV breaker of HPSEBL	Rs. 4000/- per month
(vi)	Single phase Pre Paid energy meter low tension	NIL
(vi)	Polyphase 33,22 kV meter with CT/PT without any 33, 22 kV breaker of HPSEBL	Rs. 800/- per month
(vii)	Polyphase 33,22 kV meter with CT/PT with one 33, 22 kV breaker of HPSEBL	Rs. 7000/- per month
(viii)	Polyphase meter with CT/PT with or without circuit breaker of voltage 66 kV and above	
(a)	Polyphase 66 kV with CT/PT without any 66 kV circuit breaker of HPSEBL	Rs. 1300/- per month
(b)	Polyphase 66 kV with CT/PT with 66 kV circuit breaker of HPSEBL	Rs. 13500/- per month
(c)	Polyphase 132 kV with CT/PT without any 132 kV circuit breaker of HPSEBL	Rs. 2500/- per month
(d)	Polyphase132 kV with CT/PT with 132 kV circuit breaker of HPSEBL	Rs. 20000/- per month
5. Reconnection of supply		
(i)	Small Industrial Power Supply consumers (contract demand< = 50 kVA)	Rs. 500/-
(ii)	Medium Industrial Power Supply consumers (contract demand > 50 kVA and < = 100 kVA)	Rs. 1000/-
(iii)	Large Industrial Power Supply consumers (contract demand > 100 kVA)	Rs. 1500/-
(iv)	All other categories of consumers	Rs. 250/-
6. Fuse replacement:		
	Replacement of fuse(s) pertaining to HPSEBL/ Consumer	Rs. 50/-
7. Testing consumer's installation:		
(i)	The first test and inspection of a new installationor of an extension to the existing installation	Nil
(ii)	For everysubsequent visit for the test and inspection of a new installation or of an extension to the existing installation	
(a)	Single Phase LT	Rs. 200/-
(b)	Three phase (LT)	Rs. 500/-
(c)	Three phase (HT)	Rs. 1000/-

S. No.	Description	Approved by the Commission
	Note:- These charges shall be deposited by the consumer in advance before every subsequent visit for inspection of installation	
8. Replacement of meter card:		
(i)	Domestic/NDNCS/Commercial	Rs. 10/- in each case
(ii)	All other categories of consumers	Rs. 10/- in each case
9. Replacement of meter glass:		
(i)	Replacement of broken glass of meter cup board when the consumers is considered to have broken it	Rs. 100/-
(ii)	Replacement of broken or cracked glass of meter when there is no evidence of consumer having broken it or tempered with the meter	Rs. 100/-
(iii)	Replacement of broken glass of meter when the consumer has tempered with or broken by consumer:	
(a)	Single phase	Rs. 500/-* or the actual cost of meter whichever is higher
(b)	Three phase	Rs. 1500/- *or the actual cost of meter, whichever is higher.
	Note-1: This amount will be charged without prejudice to the right of HPSEBL to take any other action or impose penalty on the consumer as per the prevailing rules. Since in such cases, the meter has to be sent to M&T lab, the meter changing charges shall be levied additionally.	
	* This is without prejudice to HPSEBL's right to recover the estimated cost of theft of energy. Principles of natural justice shall invariably be followed and opportunity of being heard given to the consumer before levying such charge.	
10. 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. 10/-
(b)	Medium and large power supply	Rs. 10/-
(c)	All other categories	Rs. 10/-
(iii)	Supply of duplicate copies of Demand notice:	
(a)	Domestic consumers	Rs. 20/-
(b)	Non residential consumers	Rs. 20/-
(c)	Small Industrial and Agriculture consumers	Rs. 20/-
(d)	Medium Industrial consumers	Rs. 20/-
(e)	Large Industrial and other categories of consumers	Rs. 20/-
(iv)	Supply of detailed print out of the meter recording	Rs. 100/-
11. Attendants for functions		
	Deputing attendants (line staff) for all functions.	
	(Per Attendant per day per function limited to 8 hours/day)	Rs. 500/-
12. Cost of Application/Agreement Form and wiring Contractor's test report forms:		
	For all categories	Nil
13. Processing fee for change in contract demand		
	Fee for change in Contract Demand (CD)	Rs. 25/- per kVA of the changed quantum of CD
14. Disconnection Charges (to be paid by authority / agency ordering disconnection*)		
(I)	Small Industrial Power Supply consumers (contract demand< = 50 kVA)	Rs. 500/-

S. No.	Description	Approved by the Commission
(ii)	Medium Industrial Power Supply consumers (contract demand > 50 kVA and < = 100 kVA)	Rs. 1000/-
(iii)	Large Industrial Power Supply consumers (contract demand > 100 kVA)	Rs. 1500/-
(iv)	All other categories of consumers	Rs. 250/-
	** Except on orders passed by Judges* *Note: These charges shall also be applicable for consumers requesting disconnection.*	