Fourth Annual Performance Review Order For 4th MYT Control Period (FY20-FY24) & Determination of Tariff for FY24 & True-up of FY22 of 4th MYT Control Period for Himachal Pradesh State Electricity Board Limited (HPSEBL)

March 31, 2023

Himachal Pradesh Electricity Regulatory Commission

BEFORE THE HIMACHAL PRADESH ELECTRICITY REGULATORY COMMISSION AT SHIMLA
PETITION NO: 01/2023

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

IN THE MATTER OF:

Approval of the Aggregate Revenue Requirement (ARR) for FY 2024 and the Fourth Annual Performance Review (APR) of the Fourth MYT Order for the Control Period (FY 2019-20 to FY 2023-24) 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 Fourth Annual Performance Review Order under Fourth Control Period (FY 2019-20 to FY 2023-24) and determination of Wheeling and Retail Supply Tariff for FY 2023-24 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 2021-22.

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 2023-24 under fourth MYT Control Period (FY 2019-20 to FY 2023-24) and approved the Wheeling and Retail Supply Tariff for FY 2023-24 in accordance with the guidelines laid down in Section 61 of the Electricity Act, 2003, the National Electricity Policy, the National Tariff Policy and the Regulations framed by the Commission that stipulate that the Wheeling and Retail Supply Tariff shall be decided every year taking into account adjustments on account of allowed variations in Uncontrollable Parameters.

The Commission, in exercise of the powers vested in it under Section 62 of the Electricity Act, 2003, orders that the approved Tariffs together with “Schedule of General and Service Charges” shall come into force w.e.f. 1st April, 2023.

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, 2024. In the event of failure on the part of the Licensee to file application for approval of Wheeling and Retail Supply Tariff for the ensuing financial year, in terms of Regulation 37 of the MYT Regulations, 2011 on or before November 30, 2023, the Tariff determined by the Commission shall cease to operate after March 31, 2024, 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 MYT Regulations, 2011, the consequential Orders which the Commission may issue to give effect to the subsidy that the State Government may provide, shall not be construed as amendment of the notified Tariff. The Licensee shall, however, make appropriate adjustments in the bills to be raised on Consumers for the subsidy amount in the manner as the Commission may direct.

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

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

-Sd-	-Sd-	-Sd-
(SHASHI KANT JOSHI) **Member**	**(YASHWANT SINGH CHOGAL)** **Member Law**	**(DEVENDRA KUMAR SHARMA)** **Chairman**

Shimla

Dated: March 31, 2023

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1 INTRODUCTION

1.1 History of HPSEBL

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

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

1.1.3 In accordance with provisions of the Electricity Act, 2003 (Act for Short), the functions, assets, properties, rights, liabilities, obligations, proceedings and personnel of Himachal Pradesh State Electricity Board (HPSEB) were vested with the Government of Himachal Pradesh vide Notification No. MPP-A(3)-1/2001-IV dated 15th June, 2009. These functions, assets, properties, rights etc. earlier vested with the Government of Himachal Pradesh were re-vested into corporate entities namely Himachal Pradesh State Electricity Board Limited (HPSEBL) and Himachal Pradesh Power Transmission Corporation Limited (HPPTCL) vide the 'Himachal Pradesh Power Sector Reforms Transfer Scheme' in accordance with the provisions of the Act and were notified vide notification No. MPP-A(3)-1/2001-IV, dated 10th June, 2010. The HPSEBL, thus, came into being with effect from the date of re-vesting i.e., 10th June, 2010. In the said transfer Scheme, the functions of generation, distribution and trading of electricity have been entrusted with the HPSEBL.

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

1.2 Himachal Pradesh Electricity Regulatory Commission

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

Functions of the Commission

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

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

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

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

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

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

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

g) levy fee for the purposes of this Act;

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

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

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

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

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

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

b) promotion of investment in electricity industry;

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

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

1.3 Overview of HPSEBL

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

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

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

1.4 Fourth APR of fourth MYT Control Period and Tariff Petition for FY 2023-24

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

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

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

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

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

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

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

1.4.4 The Commission had adopted three-year Control Period 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 in it under 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 has issued MYT Order for fourth Control Period (FY 2019-20 to FY 2023-24) for distribution business of HPSEBL on 29th June 2019. Subsequently, the Commission has issued the First Annual Performance Review Order under the fourth Control Period for the distribution business of HPSEBL on 06th June 2020.

1.4.6 The Petitioner has now filed the Petition for approval of Fourth Annual Performance Review for fourth MYT Control Period (FY2020-FY2024) and determination of Tariff for FY 2023-24 with the Commission under Sections 62, 64 and 86 of the Act, read with the HPERC MYT Regulations, 2011. Also, as part of the MYT Petition, HPSEBL has submitted final Truing-up of uncontrollable parameters of FY 2021-22 of the fourth Control Period.

1.4.7 This is Fourth Annual Performance Review Order under fourth Control Period (FY 2019-20 to FY 2023-24) and determination of Wheeling and Retail Supply Tariff for FY 2023-24 along with true-up of uncontrollable parameters for FY 2021-22. In this Order, the Commission has undertaken analysis based on actual values of FY 2021-22 for approval of Wheeling and Retail Supply Tariffs for FY2023-24 based on the updated information submitted by HPSEBL. Also, final Truing-up of uncontrollable parameters for FY 2021-22 has also been undertaken based on the final audited accounts of HPSEBL.

1.4.8 As per the MYT Regulations, 2011, Wheeling and Retail Supply Tariff shall be decided every year taking into account the adjustment on account of allowed variations in uncontrollable parameters based on the Annual Performance Review (hereinafter referred as "APR") Petition filed by the Licensee. Further, revenue gap/surplus on account of final Truing-up of FY 2021-22 has been considered for recovery along with the revised ARR for FY 2023-24.

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

1.5 Admission of Petition and Interaction with the Petitioner

1.5.1 HPSEBL filed the application for Annual Performance Review for fourth MYT Control Period (FY 2020-24) along with approval of ARR and determination of Wheeling and Retail Supply Tariff for FY 2023-24, with the Commission on 28th November 2022. Based on various observations/ deficiencies pointed out by Commission, HPSEBL has submitted further details and clarifications subsequently.

1.5.2 The Commission admitted the Petition submitted by HPSEBL vide interim Order dated 11th January 2023. There have been a series of interactions between the HPSEBL and the Commission, both written and oral, wherein the Commission sought additional information/ clarifications and justifications on various issues, critical for the analysis of the Petition.

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

Table 1: HPERC Communication to the Petitioner

Sl.	HPERC's Communication	Date
1	HPERC-F(1)-47/2022-2485-86	19.12.2022
2	HPERC-F(1)-47/2022-2744	09.01.2023
3	HPERC-F(1)-47/2022-2747-48	11.01.2023
4	HPERC-F(1)-47/2022-3156-57	15.02.2023
5	Email Communication to HPSEBL	04.03.2023

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 Petitioner has submitted replies to the Commission's queries and made additional submissions as detailed hereunder:

Table 2: Petitioner Communication to the Commission

Sl.	HPSEBL's Communication	Date
1	Response to HPERC's Letter dated 19.12.2022	02.01.2023
2	Response to HPERC's Letter dated 09.01.2023 & 11.01.2023	19.01.2023
3	Response to HPERC's Letter dated 15.02.2023	23.02.2023
4	Response to HPERC's Email dated 04.03.2023	15.03.2023
5	Additional submission	28.02.2023
6	Additional submission	21.03.2023

Public Hearings

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

Table 3: List of Newspapers for Publication of Stakeholders Comments

Sl.	Name of News Paper	Date of Publication
1.	The Tribune (English)	14^{th} January, 2023
2.	Amar Ujala (Hindi)	14^{th} January, 2023
3.	Indian Express (English)	16^{th} January, 2023
4.	Himachal Dastak (Hindi)	16^{th} January, 2023

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

Table 4: List of Newspapers for Public Notice by Commission

Sl.	Name of News Paper	Date of Publication
1.	Hindustan Times- Chandigarh & Jalandhar Edition (English)	19^{th} January, 2023
2.	Amar Ujala – Chandigarh & Dharamshala Edition (Hindi)	19^{th} January, 2023

1.5.8 The stakeholders were requested to file their objections by 20th February, 2023. HPSEBL was required to submit replies to the suggestions/ objections to the Commission by 25th February, 2023 with a copy to the objectors on which the objectors were required to submit rejoinder by 1st March, 2023.

1.5.9 The Commission issued a public notices informing the public about the scheduled date of public hearing as 4th March, 2023 and its subsequent postponement to 7^{th} March 2023, due to administrative reasons. All the parties, who had filed their objections/ suggestions, were also informed about the date, time and venue for presenting their case in the public hearing.

1.5.10 The Public hearing in the Petition has been conducted in the Commission on 7^{th} March, 2023 and all Stakeholders/ objectors have been heard at length.

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

2 INTERACTION MEETING WITH THE MANAGEMENT OF THE HPSEBL

2.1.1 During the process of determination of Annual Revenue Requirement and Tariff of the Distribution Licensee for FY 2023-24, the Commission interacted with the Management of the HPSEBL to discuss various issues on 27th March, 2023 to facilitate smooth and timely implementation of the various programmes/works being undertaken by the HPSEBL and also to know the status of various directives issued in the previous Tariff Orders of the Commission. The interactive session further enables the Commission to know the initiatives taken by HPSEBL to improve its performance on various fronts. The issues which were discussed during the interactive session are summed up below:

2.2 Reforms Initiatives proposed to be undertaken to turn around the HPSEBL to a profitable entity.

2.2.1 The HPSEBL informed that implementation of the SAP-ERP system has been carried out in the Company. Now for FY 2023-24, the revenue and capital budget has been incorporated in the SAP-ERP system which will help the Company to have proper monitoring at centralized level and the ERP will not allow excess expenditure against the allotted budget. Further, HPSEBL has also started execution of central payment utility services, service book updating, Auto generation of salaries and updation of Revenue and Capital Budget through SAP-ERP.

2.2.2 The Commission is of the view that the technological intervention by HPSEBL is a good step in the right direction. It, however, needs to be ensured that the same does not become just another tool adding only to the overall cost of the HPSEBL. The IT system must be utilized fully for the benefits which are perceived from it. The Commission, therefore, directs the HPSEBL that it must be ensured that there is no manual intervention in the SAP-ISU billing system.

2.2.3 The Commission further directed HPSEBL to rationalize its large workforce after implementation of the SAP-ERP system as many of the Units must have become redundant. Also, the HPSEBL must ensure that the services being given to the Staff should be automated and there should not be any manual intervention.

2.2.4 The Commission reiterates its earlier observation with regard to the transmission and the generation assets which the HPSEBL is presently holding. The HPSEBL is having the transmission assets of more than 33 kV voltage levels. In most of the States in the country, these assets are being operated by the respective State Transmission Licensees. In our State, both HPSEBL and HPPTCL (STU) have been constructing and operating the transmission assets. This leads to duplication of efforts and manpower as well. The Commission of late has directed HPSEBL not to construct any new transmission assets but in the name of augmentation of existing assets being operated by them, HPSEBL still demands CAPEX from the Commission for these assets. The Commission believes that the planning and execution of the transmission assets should be with HPPTCL and the existing transmission assets with HPSEBL should be transferred over to the HPPTCL for better planning, operation and accounting so that HPSEBL's major focus is on the Distribution side. Such an action would also help in technical intervention, automation of Sub-stations and their operation from a central control room. It will avoid duplication of transmission functions being performed by both HPSEBL and HPPTCL at present. This will also help in reducing the employee cost of HPSEBL and providing cheaper electricity to the people of the Pradesh. Such a step would ensure long term sustainability of the DISCOM.

2.2.5 The HPSEBL owns Hydro Generating Plants of Capacity aggregating around 500 MW and also have some Hydro Projects under construction as well. Most of these Plants are old and O&M is the only cost which HPSEBL has to incur. The Commission observes that there is a huge scope for reducing the O&M cost of the plants being operated by HPSEBL. Also, one of the other major concerns is the lower Capacity Utilisation Factor (CUF) achieved vis-à-vis the Design Energy of some of the Plants and **very high per unit employee cost of most of the small hydroelectric projects**. In case the CUF achieved is lower than the Design Energy of the Plant, the Generator is not able to recover its Annual Fixed Charges (AFC) fully as approved by the Commission. The Commission has noted that barring a few HEPs namely Larji, Bhaba and Gaj, all other Stations are generating well below their design energy. Per unit generation cost of most of the Generation Stations in HPSEBL is much higher compared to the revenue accrual. One of the reasons for this higher O&M cost is the higher cost of manpower posted in most of the small power plants. This ultimately is leading to a situation where the HPSEBL directly or indirectly pumps in money each year to the generation wing. Such additional burden of huge gap of revenue accrual v/s expenditure in generation wing is getting passed on to the Electricity Consumers in the State. The Commission in its various Tariff Orders has given the guidelines and directives to improve the operational performance of these Hydro Power Plants. But, no concrete action has so far been taken by the HPSEBL. GoHP has created a separate entity namely the Himachal Pradesh Power Corporation Ltd. (HPPCL) for construction and operation of new Power Plants in the State. The Commission believes that the planning, execution and operation of the generation assets should be with the HPPCL and all the existing generation assets of HPSEBL be transferred to the HPPCL on the same analogy as has been recommended for transference of transmission assets to HPPTCL as discussed above. Therefore, the duplicity of the transmission and generation functions by the HPSEBL which is leading to the enhanced cost on account of high Operation & Maintenance can be reduced if the same are transferred to HPPTCL and HPPCL respectively. The transfer of the Generation and Transmission assets of the HPSEBL to HPPCL and HPPTCL respectively should be along with the transfer of employees and corresponding liabilities as well.

2.3 Roadmap to reduce the high employee cost of HPSEBL, which is highest

in the country in terms of per unit sale of energy.

2.3.1 The HPSEBL informed that its management has approved the implementation of E-Office up to the Division level and is underway in the Head Quarter. After successful implementation in head office, further rollout to other units shall be done which shall result in reduction of employee cost in a phased manner. The HPSEBL also submitted that all type of future human resource recruitments shall be done after approval from the Commission.

2.3.2 The Commission directed the HPSEBL to come up with a road map to reduce its employee cost. The HPSEBL agreed that it will submit it within one month i.e., by 30th April, 2023 positively.

2.3.3 The Commission opined that HPSEBL must focus on its core function i.e., Distribution Business. The other businesses namely Generation, Transmission and new Power Projects should be transferred along with associated manpower and liabilities to other Government entities such as HPPCL and HPPTCL which are presently looking after these activities. This would further ensure the reduction of operational cost of the HPSEBL significantly. The Commission further impressed upon the HPSEBL that it should focus on creating better power system infrastructure instead of opening of new Divisional or Circle Offices. In addition to above, the Commission also advised the HPSEBL to ensure that unmanned Substations are Commissioned in future so that employee cost can be reduced. The HPSEBL was also conveyed that any new offices may be opened only after full justification and should not add to the employee cost and that HPSEBL shall obtain approval with complete justification from the Commission before mooting any proposal for opening the new Offices.

2.4 Steps being taken to improve the reliability and quality of power supply to the Consumers especially in the Industrial Areas wherein the Consumers are complaining of unscheduled power failure/ cuts.

2.4.1 The HPSEBL informed that it is having following major industrial areas in Himachal Pradesh. (I) Baddi Industrial Area, (II) Barotiwala Industrial Area, (III) Manpura Industrial Area, (IV) Nalagarh Industrial Area, (V) Kala Amb Industrial Area, (VI) Paonta Sahib Industrial Area and Tahliwal Industrial Area.

2.4.2 The HPSEBL informed that, at present there is no master plan to take care of the interests of Industrial Consumers. The HPSEBL is still running the system with existing infrastructure with slighter modifications which are not in consonance with the growth of industries. Due to lack of infrastructure, the HPSEBL is lagging behind in providing ground connectivity to overcome the problem of increase in additional load and to provide continuous supply to the Consumer etc.

2.4.3 The HPSEBL further conveyed that it shall be formulating the Master Plan for each Industrial Area giving due consideration to the proposals of Stakeholders at all levels. This Master plan shall take care of the interest of end Consumers at all voltage level. This Master Plan shall not only take care of quality and reliability but shall also be providing n-1 redundancy to the end Consumers. It was conveyed to the HPSEBL that this problem is since the long time and the HPSEBL should have come up with the master plan and implemented the same by now. The Commission requested HPSEBL to submit a master plan by 30th June, 2023.

2.4.4 The Commission advised the HPSEBL to work on the Policy of GoHP to make HP as a Green State by phasing out the use of DG sets. Further, the HPSEBL should provide double sourced supply to the Industrial Consumers as per n-1 contingency rule.

2.4.5 The Commission observed that in many places especially in the rural pockets, the distribution transformers have not been replaced for the years even after completion of their useful life and sometimes, these transformers are overloaded beyond their rating capacity. It was also observed that there is a lack of planning in the areas where the transformers achieve the load as per standard and timely action is not taken to upgrade them.

2.4.6 The HPSEBL was directed to submit the quarterly status report of the CAPEX schemes approved by the Commission. If status is not updated regularly, the Commission may withdraw the approval of such Schemes at any time in future.

2.5 Status of strengthening of Power System in the Kala Amb areas which is facing both the issues relating to quality and reliability of power.

2.5.1 The issue of quality and reliability of power supply in the Kala Amb area has been a cause of concern for quite some time now. The transmission and distribution system strengthening has not happened as per the plan. The Commission directed the HPSEBL to come up with a sound proposal within one month from the date of issuance of current Tariff Order for FY 2023-24 for strengthening of Power System in the Kala Amb area.

2.6 Power Procurement strategy and planning especially to cater the load of the State in view of the growth in the demand of electricity seen in the recent years.

2.6.1 The HPSEBL informed that, it is facing about 650 MU’s annual deficit and to overcome the deficit, the HPSEBL is opting for Banking Arrangements every year with about 20% extra assured power. It was informed that the HPSEBL has already floated the LOIs for FY 2023-24 for banking arrangements.

2.6.2 The Commission advised HPSEBL to re-examine its decision on banking arrangement because as per the current scenario, the rates of sale of energy in Power market are quite high. The Commission advised HPSEBL that banking of electricity is unsound and poor commercial arrangement and HPSEBL may lose around Rs 100 to 200 crores with this arrangement. The Commission further advised the HPSEBL to tie up for its new power requirements from Solar Power Plants and Hydrogen Plants to make Himachal Pradesh a Green Energy State by March 2026. HPSEBL was told to review its overall strategy for vanishing the use of Thermal power (which is about 1800 MUs per year) by March 2026 to make Himachal as Green State. The HPSEBL was also directed to act on sound commercial principles in future and not to adopt this method of banking of electricity. Yet, in case the DISCOM intends to do banking in future it should take prior approval from the Commission.

2.7 Load Forecasting on short-term, medium-term and long-term basis so as to make plan for Power Procurement and disposal of the surplus power.

2.7.1 HPSEBL informed that a Scheme amounting to about Rs. 6 Crore per year has been framed for load-forecasting of short term, medium term and long-term through software.

2.7.2 The HPSEBL was directed to review the proposal and hire an expert consultant for exact load forecasting instead of any proposal of a Scheme having high cost on year-to-year basis. The HPSEBL was also suggested to assign in future the forecasting of its hydro plants (In terms of water discharge and other) to the Civil Engineering professionals, who can develop this system for Generation Wing of HPSEBL.

2.8 Detail of AT&C Losses and T&D losses of the HPSEBL. No improvement has been seen in it and is hovering in the range of 11-13 % for the last 7-8 years. Proposal to achieve trajectory defined by the Commission.

2.8.1 The Commission has observed that penalty is being imposed on HPSEBL due to non-achievement of T&D losses Trajectory.

2.8.2 The Commission enquired about the losses in high revenue Circles like Solan and Nahan. It was informed that the loss in Solan Circle at present is in the range of 4 to 5 % and the same in Nahan Circle it is around 7%. The HPSEBL agreed to ensure that the T&D losses of Solan circle would be brought down to 3 % or less by next year. Further, the Commission directed upon capping of T& D losses at Circle level at 20% having losses more than 20% from the next control period.

2.8.3 As per the request of the HPSEBL, the T& D losses target of Kullu and Dalhousie Circle will be capped after deducting the wheeling components, if any. The HPSEBL expressed that the reason of increase in T&D losses in these Circles are due to increase in wheeling power outside. Further, it was agreed that the Rohru Circle losses capping at 20% will be done within a period of three years after further discussion with HPSEBL management.

2.9 Status of Capital works in progress and status of Capitalization thereof. Status of implementation of the Reform Linked Distribution Scheme (RDSS).

2.9.1 The HPSEBL informed the Commission that currently Smart Meters have been installed in the cities of Shimla and Dharamshala. Further, the HPSEBL informed that it has planned to replace the remaining energy meters with Smart Meters under the RDSS. It was informed that the Scheme has been approved under the TOTEX mode wherein the meter cost will be recovered through the meter rent. The Commission was of the view that the meter rent cost should be recovered from the benefit on account of increased savings/ revenue to the HPSEBL after implementation of the Scheme. However, the matter shall be reviewed separately by the Commission. Further, the HPSEBL was asked to furnish the status of the Capital works approved by the Commission on quarterly basis. The Commission informed HPSEBL that any technological intervention in CAPEX or TOEX mode should bring in benefits to consumers in the State and should reduce the per unit cost of electricity rather than putting in additional burden to the consumers.

2.10 Subsidy payments by Government of Himachal Pradesh. Proposal of the GoHP Subsidy for Electricity Consumers for FY 2023-24.

2.10.1 The HPSEBL informed that the GoHP has proposed to provide subsidy to Domestic and Agriculture Sector Consumers only during FY 2023-24 and it should not increase from the last year's level. The payment of subsidy shall be made through Direct Benefits Transfer (DBT) mode. For implementation of this facility, AADHAR Number of electricity Consumers needs to be maintained in Data Base of HPSEBL. It was informed that this process shall require 5-6 months for implementation. The Commission complemented efforts of HPSEBL for DBT.

2.10.2 The HPSEBL informed that the 20 Paisa per unit subsidy given in FY 2022-23 has been withdrawn by the GoHP and moreover, now the subsidy has been proposed to be given to only one connection through DBT. The clarification on subsidies on Fixed Charges, however, was not received from the GoHP.

2.10.3 The HPSEBL was directed to take matter with GoHP for further clarification on the aforementioned points and the same should be updated/submitted to the Commission accordingly.

2.11 Implication of the imposition of water cess on hydro generation by the GoHP for FY 2023-24 and any notification in this regard by GoHP in view of the media reports that the Consumers of the State shall not be affected on account of Water Cess.

2.11.1 HPPSEBL informed that the total impact of Water Cess has been proposed to be around Rs. 1104 Cr. for the Financial Year 2023-24.

2.11.2 Imposition of Water Cess on Hydro Generation by GoHP, will have an impact of approximately Rs. 1.20 to 1.30 per unit on the Consumer Tariff. HPSEBL was directed to seek the decision of the GoHP regarding bearing of this additional burden and convey the same to the Commission by 28-03-2023 positively otherwise, the impact will be considered in the Tariff of FY 2023-24.

2.12 Status of UDAY Scheme with respect to conversion of government loan into grant and equity as per the tripartite agreement.

2.12.1 The HPSEBL informed that the matter of the conversion of UDAY loan of Rs. 2890.50 Cr into grant and equity is still under consideration of the State Government and latest communication in this respect has been made on 22nd March, 2023.

2.12.2 The HPSEBL was directed to take up the matter with GoHP strongly as the Commission will not allow anything related to UDAY loans except for the provisions as provided in the tripartite agreement between the GoI, the GoHP and the HPSEBL.

2.13 Payment of bilateral charges by the HPSEBL towards Power Grid Kala Amb Transmission Asset and Hamirpur Transmission Bays- Status of the utilization of these assets thereof.

2.13.1 HPSEBL informed that the Kala-Amb 220/132 kV Sub-Station is being constructed by HPPTCL and is yet to be Commissioned. HPSEBL informed that they are paying the bilateral charges of PGCIL as per the Hon'ble CERC Order due to non-Commissioning of the above asset by the HPPTCL. The HPSEBL informed that they had challenged the Order of Hon'ble CERC in the Hon'ble APTEL wherein it has been remanded back to the Hon'ble CERC. It was further informed that Hon'ble

CERC after taking the Cognizance of the Order dated 09.05.2022 passed by Hon'ble APTEL has heard the parties and reserved the Order. Final Order in the matter is still awaited. However, the HPSEBL has filed the execution Petition before the Hon'ble APTEL during March, 2023.

2.13.2 Regarding non-utilization of two number of bays by HPSEBL at Hamirpur Sub-station of the PGCIL, the Transmission charges for these bays amounting to Rs.68 Lakh/ Annum is being charged from HPSEBL through bilateral billing till utilisation of these bays by HPSEBL as per the CERC Orders and thereafter these charges will be recovered through PoC mechanism. It has been conveyed by the HPSEBL that there were 6 Nos 220 KV bay at 400/220 PGCIL Sub-Station, Chowki- Kankiri at Hamirpur, out of which 4 Nos bays have been utilized for LILO of 220 KV D/C Jalandher-Mattansidh Transmission Line (The 2 Nos bays towards Jalandher and 2 Nos bays towards Mattansidh end). The remaining 2 No bays have been constructed but not utilized in any Sub-station of HPSEBL. HPSEBL has requested the HPPTCL for surrendering these bays.

2.13.3 The HPSEBL was directed to move an application before Hon'ble CERC for early disposal of the matter.

2.14 Segregation of Account Heads for different Business Units. The HPSEBL has claimed that they are maintaining separate accounts for each Business Units and is also preparing the Segment wise Balance Sheet and P&L Account from 2011-12 onwards. These accounts are neither audited nor proper allocations of common costs undertaken. Besides, the HPSEBL also has to maintain separate Power Plant wise Accounts. Further, segregating the accounts of the Licensed Distribution Business into Wheeling Business and Retail Supply Business are also required

2.14.1 In response to the above the HPSEBL submitted that HPSEBL is continuously preparing the Segment Wise Balance Sheet and P&L Account from 2011-12 onwards which forms part of the annual reports published. As all the business units of the Company are integral parts of the DISCOM, it is not possible to allocate the common cost among all the business units. However, efforts are being made to allocate the common costs across each business units from the FY 2023-24 onwards. Company will allocate the common cost at Head Office (HO) level to the different business units. For Tariff filing, HPSEBL is regularly segregating the cost into Distribution and Generation business separately and the same is also reconciled with the Commission before finalisation of the Tariff Order. Moreover, during the on-going Tariff Petition, the HPSEBL has separately disclosed the cost pertaining to the S&I business. For segregation of the wheeling business and retail supply business, the HPSEBL has committed to implement the said proposal w.e.f. next MYT i.e., FY-2025 to FY 2029.

2.14.2 The Commission agrees that the HPSEBL are allocating the cost in different business units but the main issue is authenticity of these separated accounts as they are not audited individually. Further, there is a common cost at the Head Office level which is required to be allocated to all the business units

2.14.3 The HPSEBL was directed to segregate its account into different businesses and also the Licensed Distribution Business Accounts be segregated into Wheeling

Business and Retail Supply Business units from FY 2023-24 onwards ,so that the provisions can be implemented from the next Control Period (FY25-FY29).

2.15 Fixed Asset Register (FAR) – Timelines for its Completion in all respect.

2.15.1 HPSEBL submitted that FAR of the all the accounting units of the Company are being prepared as on date. Further, the FARs are on the SAP-ERP and are properly being maintained as end-to-end process has been defined in the system i.e., right from inception of the Scheme to incurring capital expenditure, capitalization and depreciation thereof. The GFA of the Company from 1972 to 2010 has been compiled but due to non-availability of the Sub Head/Wing wise detail of assets, the actual amount of depreciation cannot be calculated i.e., as multiple rates are available in one class of asset. As the different rate of depreciation is applicable on individual asset class so due to non-availability of the Sub Head wise asset details, the depreciation is calculated on the basis of rates approved by the HPERC. The HPSEBL has requested for 3 months' time period for completion of the FAR in all respect.

2.15.2 The Commission accepted the request of HPSEBL and provided time up to 30th June, 2023 for completion of Fixed Asset Register in all respect and to report compliance within a month thereafter.

2.16 Commissioning of UHL-III HEP

2.16.1 The Commission enquired from HPSEBL regarding the Commissioning of Uhl-III HEP project as it has been deferred multiple times. It looks like that the project has unending Commissioning schedule. The Commission further asked the HPSEBL to update regarding present status of the project as well as final timeline for competition of the project.

2.16.2 The HPSEBL Management informed and committed that the project will be Commissioned by June, 2024 positively.

3 SUMMARY OF THE TRUE-UP PETITION FOR FY 2021-22

3.1 Background

3.1.1 The Petitioner has requested Commission to true-up the expenditure and revenue for FY 2021-22 based on the final audited accounts. The component wise submissions made by the Petitioner is provided in the subsequent sections.

3.2 Energy Sales, Consumers, and connected load

3.2.1 The Petitioner has submitted the actual category-wise energy sales, Consumers and connected load for FY 2021-22 as detailed in the tables below:

Table 5: Petitioner Submissions- Energy Sales for FY22 (MU)

Category	Approved in 2nd APR Order	Actual
Industrial Power Supply	5,489	5,993.30
Domestic	2,383	2,457.51
Govt. Irrigation & Water Pumping	585	665.51
Irrigation & Agriculture	62	85.10
Commercial	648	621.88
Bulk Supply	152	151.59
Non-Domestic Non-Commercial	173	149.10
Public Lighting	11	11.29
Temporary	46	62.80
Total Sales	**9,550**	**10,198.09**

Table 6: Petitioner Submissions- Category wise Consumers for FY22

Category	Approved in MYT Order	Actual
Industrial Power Supply	**34,942**	**34,494**
Domestic	22,05,466	22,09,720
Govt. Irrigation & Water Pumping	7,900	8,191
Irrigation & Agriculture	39,545	39,370
Commercial	2,99,493	3,06,001
Bulk Supply	279	342
Non-Domestic Non-Commercial	32,497	31,376
Public Lighting	1,156	1,239
Temporary	9,037	20,484
Total Consumers	**26,30,315**	**26,51,217**

Table 7: Petitioner Submissions- Category wise connected load for FY22 (MW)

Category	Approved in MYT Order	Actual
Industrial Power Supply	**2,025**	**2,013**
Domestic	4,305	4,321
Govt. Irrigation & Water Pumping	363	374
Irrigation & Agriculture	251	218
Commercial	885	899
Bulk Supply	133	142
Non-Domestic Non-Commercial	248	241
Public Lighting	6	6
Temporary	40	102
Total Connected Load	**8,257**	**8,317**

3.2.2 The Petitioner has requested the Commission to approve the sales, Consumers, and connected load for FY 2021-22 as per actuals.

3.3 Revenue from Sale of Power

3.3.1 The Petitioner has submitted that the actual revenue from sale of power within the State for FY 2021-22 is given in the table below:

Table 8: Category-wise Revenue from Sale of Power for FY22 (Rs Cr)

Category	Approved in 2nd APR Order	Actual
Small Industry	74.90	66.93
Medium Industry	38.38	66.88
Large Industry (HT and EHT)	2,923.01	3,159.12
Domestic	1,190.23	1,178.25
Irrigation and Drinking Water* / Agriculture & Irrigation	374.96*	48.05
IPH	-	499.32
Commercial	386.90	389.88
Bulk and Grid Supply	89.94	108.30
Non-Domestic Non-Commercial	99.76	103.06
Public Lighting	5.50	5.85
Temporary Metered Supply	42.11	54.73
Total	**5,225.69**	**5,680.36**

**Approved revenue for Irrigation and Drinking Water amounting to Rs. 374.96 Cr includes the recovery from IPH, whereas the actual revenue from Agriculture & Irrigation and revenue from IPH are shown as separate line items.*

3.3.2 Further, the Petitioner has submitted that in the 2nd APR Order for 4th MYT Control Period, the Commission had approved revenue from sale of power outside the State of Rs. 857.92 Cr against which the actual revenue is Rs. 1,036.23 Cr. However, banking being a cashless transaction, notional cost from sale of the banked power amounting to Rs. 329.72 Cr which has been considered in the accounts has been excluded from the revenue from sale of power outside the State. Accordingly, the actual revenue from sale of power outside the State during FY 2021-22 considered for true-up is given in the table below:

Table 9: Revenue from Sale of Power outside State for FY22 (Rs. Cr)

<table>
<tr><th rowspan="3">Particulars</th><th colspan="2">Approved</th><th colspan="2">Actual</th></tr>
<tr><th>Sales</th><th>Revenue</th><th>Sales</th><th>Revenue</th></tr>
<tr><th>MUs</th><th>Rs. Cr.</th><th>MUs</th><th>Rs. Cr.</th></tr>
<tr><td>Contingency sale</td><td></td><td></td><td></td><td></td></tr>
<tr><td>UI Sale</td><td>1371.00</td><td>527.68</td><td>18.91</td><td>63.01</td></tr>
<tr><td>IEX Sale</td><td></td><td></td><td>705.02</td><td>359.58</td></tr>
<tr><td>PXIL Sale</td><td></td><td></td><td>40.80</td><td>23.49</td></tr>
<tr><td>Sub-total Contingency sale (1)</td><td>1371.00</td><td>527.68</td><td>764.73</td><td>446.08</td></tr>
<tr><td>RE Sale</td><td></td><td></td><td></td><td></td></tr>
<tr><td>GMR / Upto 125% of contracted capacity</td><td rowspan="8">817.00</td><td rowspan="8">330.24</td><td>88.06</td><td rowspan="2">60.02</td></tr>
<tr><td>GMR/ Over and above 125%</td><td>57.40</td></tr>
<tr><td>through Manikaran PL for ED Goa</td><td>91.80</td><td>39.12</td></tr>
<tr><td>through APPCL for ED Goa</td><td>92.23</td><td>39.30</td></tr>
<tr><td>through TPTCL for TPDDL (N)</td><td>84.60</td><td>261.40</td></tr>
<tr><td>through TPTCL for TPDDL (RTC)</td><td>587.83</td><td></td></tr>
<tr><td>through PTC for PSPCL (N)</td><td>129.60</td><td>174.54</td></tr>
<tr><td>through PTC for PSPCL (RTC)</td><td>306.77</td><td></td></tr>
<tr><td>Sub-total RE sale (2)</td><td>817.00</td><td>330.24</td><td>1438.29</td><td>574.38</td></tr>
<tr><td>Others (Reactive power, HVPNL, GoHP and other receipts)* (3)</td><td>0.00</td><td>0.00</td><td>0.00</td><td>24.38</td></tr>
<tr><td>Less: Rebate allowed for Timely payments for Outside state sales (4)</td><td>0.00</td><td>0.00</td><td>0.00</td><td>8.61</td></tr>
<tr><td>Total Revenue from sale of power outside state (1+2+3-4)</td><td>2188.00</td><td>857.92</td><td>2203.02</td><td>1,036.23</td></tr>
</table>

1. Total amount of Rs. 63.01 Cr. is booked under Accounting Head "HPLDC Reactive", of which Rs. 3.84 Cr. corresponds to UI sale (as submitted in Form 4a) and the remaining amount corresponds to HPLDC power sale.

2. Others include receipts from Rs. 0.43 Cr. of Reactive Energy Charges Inter-constituent booked under Head "HVPNL and UPCL", Rs. 0.67 Cr. of Recovery of RLDC charges from GoHP booked under Head "GoHP", Rs. 23.28 Cr. of Wheeling charges received booked under Heads "Malana Wheeling, NTPC, Yogindra Power Company, I A Energy, Suryakanta, Nanti Hydro, Bharagarh (lower Aleo), Sandhya and HPSLDC".

3. During FY 2021-22, HPSEBL has allowed rebate of Rs. 8.61 Cr. towards timely payments for Inter-state sale of power. This amount has been booked under Finance cost (Note 2.31, AC Head. 78.821 to 78.831). Accordingly, this amount has been adjusted against the revenue from sales of power outside the state.

3.4 Power Purchase Cost

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

- Power purchase expenses are considered as per the actual bills received from the generating companies. Therefore, the expenses also include the payment towards arrears of power purchased during the past years.
- Central Electricity Regulatory Commission (CERC) has revised the Tariff of

various Central Generating Stations and accordingly, the arrears amount has also been considered for such Stations.

- For own Generating Stations, the cost of power purchase is computed as per the approved annual Fixed Charge and Energy Charge for each generating station as per MYT Order for Generation Business dated 11thNovember, 2021 and Tariff Order on determination of Capital Cost and Project Specific Levelized Tariff for Ghanvi II SHEP (10 MW) dated 28thSeptember, 2022 have been considered.
- The Station wise power purchase cost & quantum for FY 2021-22 on actual basis on Form-4a for respective station have been reconciled with Annual accounts. The PGCIL charges, HPPTCL charges, SLDC charges are on actual bills from the respective generating station/transmission company. The sale of renewable energy, contingent energy sale outside the State, banking energy transactions with other utilities are as per the bilateral renewable energy/banking energy agreements.

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

Table 10: Station-Wise Power Purchase Quantum & Cost for FY22

Particulars	Approved in 2nd APR Order		Actual			
	Generation Ex-Bus	Amount	Generation Ex-Bus	Amount	Arrears	Total Amount
	(MUs)	(Rs. Cr)	(MUs)	(Rs. Cr)	(Rs. Cr)	(Rs. Cr)
Own Generation						
Bhaba	459.12	39.08	634.87	50.44	0	50.44
Bassi	344.4	29.56	316	19.83	0	19.83
Giri	287.52	28.42	225.98	19.09	0	19.09
Andhra	86.43	13.37	70.55	10.56	0	10.56
Ghanvi	81.15	18.26	85.99	19.35	0	19.35
Ghanvi II	45.45	10.23	40.42	12.77	0	12.77
Baner	52.86	12.1	35.05	9.61	0	9.61
Gaj	33.38	12.62	35.48	9.86	0	9.86
Larji	510.2	124.8	504.47	62	0	62
Khauli	43.65	9.82	46.9	10.55	0	10.55
Binwa	29.05	7.29	31.31	6.89	0	6.89
Thirot	17.58	3.96	6.84	1.54	0	1.54
Gumma	11.71	2.64	5.21	1.17	0	1.17
Holi	11.71	2.64	7.33	1.65	0	1.65
Bhaba Aug	17.58	3.96	11	2.47	0	2.47
Nogli	9.75	3.96	4.68	2.47	0	2.47
Rongtong	7.56	2.81	1.04	1.57	0	1.57
Sal-II	7.79	1.75	0	0	0	0
Chaba	7.59	2.32	5.62	2.05	0	2.05
Rukti	6.47	1.14	4.55	0.45	0	0.45
Chamba	1.75	0.45	1.42	0.47	0	0.47
Killar	1.15	0.26	0	0	0	0

Particulars	Approved in 2nd APR Order		Actual			
	Generation Ex-Bus	Amount	Generation Ex-Bus	Amount	Arrears	Total Amount
	(MUs)	(Rs. Cr)	(MUs)	(Rs. Cr)	(Rs. Cr)	(Rs. Cr)
Uhl HEP	0	0	0	0	0	0
Ligthi	0	0	0.35	0.08	0	0.08
Billing	0	0	0.73	0.16	0	0.16
Own Generation Total	**2,073.86**	**331.4**	**2,075.79**	**245.03**	**0**	**245.03**
NTPC						
Anta (G)	15.08	12.19	1.24	8.23	0.55	8.77
Anta (L)	0	0	0	0	0	0
Anta (LNG)	0	0	0.21	0	0	0
Auriya (G)	14.66	14.63	7.54	16.72	-0.45	16.27
Auriya (L)	0	0	0.32	0	0	0
Auriya (LNG)	0	0	4.07	0	0	0
Dadri (G)	49.99	23.14	7.96	24.73	5.62	30.36
Dadri (L)	0	0	4.53	0	0	0
Dadri (LNG)	0	0	1.75	0	0	0
Unchahar-I	40.25	17.97	67.61	27.84	1.65	29.49
Unchahar-II	71.02	31.05	185.62	75.32	9.93	85.25
Unchahar-III	46.5	22.54	77.72	33.67	0.41	34.07
Unchahar-IV	5.78	2.92	31.12	11.11	0.23	11.34
Rihand-1 STPS	260.07	60.5	283.97	63.94	2.81	66.75
Rihand-2 STPS	252.04	54.98	236.37	50.64	0.68	51.32
Rihand-3 STPS	25.17	5.35	266.15	74.37	0.05	74.42
Kahalgaon - II	251.69	73.91	162.07	57.47	0.14	57.61
Singrauli STPS	146.56	50.48	69.47	12.51	1.17	13.68
Dadri-II TPS	8.82	5.01	39.84	16.04	1.25	17.29
Tanda TPS	5.94	2.74	86.24	26.86	0.99	27.85
Koldam	476.27	258.93	447.64	244.94	2.09	247.03
Singrauli Solar	20.33	16	20.2	15.91	0.01	15.92
Jhajjar TPS	0	0	0	0	0.02	0.02
NTPC Total	**1,690.17**	**652.34**	**2,001.66**	**760.3**	**27.15**	**787.44**
NHPC						
Chamera I	70.65	14.49	51.67	11.41	0.63	12.05
Chamera II	50.38	8.69	46.65	10.59	0.27	10.86
Dhauliganga	41.09	11.44	42.43	11.35	2.85	14.2
Salal	33.61	4.96	32.38	8.26	0.23	8.48
Tanakpur	17.53	6.39	16.1	5.93	0.1	6.03
Uri	76.53	16.22	77.44	17.34	1.15	18.49
Chamera III (GoHP RLDC)	0	0	0.02	0.02	0.09	0.11
Parbati III (GoHP RLDC)	0	0	0	0.04	0.06	0.1
Bairasuil (GoHP RLDC)	0	0	0	0.01	0.02	0.03
Sewa II	0	0	0	0	0.37	0.37
Uri II	0	0	0	0	0	0

Particulars	Approved in 2nd APR Order		Actual			
	Generation Ex-Bus	Amount	Generation Ex-Bus	Amount	Arrears	Total Amount
	(MUs)	(Rs. Cr)	(MUs)	(Rs. Cr)	(Rs. Cr)	(Rs. Cr)
Dulhasti	0	0	0	0	0	0
NHPC Total	**289.79**	**62.2**	**266.7**	**64.96**	**5.76**	**70.72**
SJVNL						
NathpaJhakri SOR	170.42	42.49	163.4	40.98	-0.47	40.51
NathpaJhakri Equity	1,517.88	378.41	1,524.76	372.01	-3.47	368.54
Rampur SOR	53.83	25.94	45.71	27.08	-2.19	24.88
Rampur Equity	499.98	240.91	495.63	238.02	6.8	244.82
SJVNL Total	**2,242.11**	**687.74**	**2,229.50**	**678.09**	**0.67**	**678.75**
DoE, GoHP - Rampur Arrears (SJVNL)						
DoE, GoHP - Rampur Arrears (SJVNL)	0	0	0	0	**10.18**	**10.18**
Rampur Arrears Total	**0**	**0**	**0**	**0**	**10.18**	**10.18**
NPCIL						
NAPP	101.48	30.63	102.13	30.86	0.28	31.15
RAPP (V & VI)	104.75	40.25	108.48	42.44	-0.54	41.9
NPCIL Total	**206.23**	**70.88**	**210.61**	**73.3**	**-0.25**	**73.05**
Other CG & Shared Stations						
BBMB Projects						
BBMB Old	43.8	5.54	43.8	4.22	0	4.22
BBMB New	336.67	21.89	295.6	6.35	0.31	6.66
Dehar	180.58	16.9	173.26	14.77	0	14.77
Pong	44.08	2.58	31.32	1.9	0	1.9
BBMB Projects Total	**605.13**	**46.91**	**543.98**	**27.24**	**0.31**	**27.55**
PSPCL Projects						
Shanan	5.27	0.12	5.26	0.43	0.1	0.53
Shanan Ext	45	0.98	45	3.24	0.36	3.6
Bilateral with PSPCL on 11kV	0	0	0	0	0	0
PSPCL Projects Total	**50.27**	**1.1**	**50.26**	**3.67**	**0.46**	**4.13**
UJVNL Projects (Yamuna)						
Yamuna (Chibro)	0	0	222.8	25.2	-1.98	23.22
Yamuna (Khodri)	0	0	106.21	14.32	-0.94	13.38
Yamuna (Dhakrani)	0	0	38.37	8.1	-0.34	7.76
Yamuna (Dhalipur)	0	0	60.85	10.12	-0.54	9.58
Yamuna (Kulhal)	0	0	31.97	5.52	-0.28	5.23
Arrear	0	0	0	0	0	0
Yamuna Total	**424.26**	**61.44**	**460.21**	**63.26**	**-4.09**	**59.17**
UPJVNL Project						
Khara	51.15	2.26	69.2	6.09	0.02	6.11
UPJVNL Total	**51.15**	**2.26**	**69.2**	**6.09**	**0.02**	**6.11**
SECI						
SECI solar	43.22	25.53	41.94	24.91	0.02	24.93
SECI Total	**43.22**	**25.53**	**41.94**	**24.91**	**0.02**	**24.93**

Particulars	Approved in 2nd APR Order		Actual			
	Generation Ex-Bus	Amount	Generation Ex-Bus	Amount	Arrears	Total Amount
	(MUs)	(Rs. Cr)	(MUs)	(Rs. Cr)	(Rs. Cr)	(Rs. Cr)
HPPCL						
Beradol Solar	0	0	8.03	3.46	0	3.46
HPPCL Total	**0**	**0**	**8.03**	**3.46**	**0**	**3.46**
JSW Energy						
Baspa - II - Primary	1,050.06	229.96	1,050.06	242.75	28.9	271.66
Baspa - II Secondary Energy	100.29	41.62	99.12	0	0	0
JSW Energy (Baspa) Total	**1,150.35**	**271.58**	**1,149.18**	**242.75**	**28.9**	**271.66**
Private SHPs/ Solar IPPs						
Small HEP/ Private Micro	1,483.37	420.75	1,711.73	524.85	0	524.85
Small HEP/ Private Micro -REC	297.83	69.99	298.39	70.57	0	70.57
Solar IPPs	83.97	37.41	41.09	17.72	0	17.72
Pvt. SHP/Solar IPPs Total	**1,865.17**	**528.15**	**2,051.21**	**613.14**	**0**	**613.14**
Free Power						
Own generation						
Larji FP	69.57	17.32	68.79	17.13	0	17.13
Ghanvi FP	11.07	2.76	11.73	2.64	0	2.64
Baner FP	7.21	1.79	4.78	0.52	0	0.52
Gaj FP	4.55	1.13	4.84	0.7	0	0.7
Khauli FP	5.95	1.48	6.4	1.44	0	1.44
Ghanvi II FP	6.2	1.54	5.51	1.74	0	1.74
Uhl HEP FP	0	0	0	0	0	0
Small HEP/ Private Micro - FP	140.25	34.92	161.6	39.26	0	39.26
Interstate						
Baira Siul FP	0	0	9.15	2.28	0	2.28
Chamera-I FP	0	0	20.71	5.16	0.06	5.22
Chamera-II FP	0	0	14.52	3.62	0.09	3.71
Chamera-III FP	0	0	10.71	2.67	-0.06	2.61
Parbati-III FP	0	0	9.7	2.44	0	2.44
Koldam FP	0	0	24.69	6.15	-0.17	5.99
NathpaJhakri FP	0	0	59.89	14.92	0.13	15.05
Rampur FP	0	0	18.01	4.49	0.14	4.63
Shanan FP	2.63	0.65	2.63	0.65	0	0.65
Ranjeet Sagar Dam FP	78.2	19.47	52.11	12.69	0	12.69
Malana FP	67.41	16.78	63.02	15.69	0	15.69
Baspa FP	155.22	38.65	156.71	39.02	0	39.02
Kasang FP	22.58	5.62	27.02	6.73	0	6.73
Chanju FP	21.06	5.24	19.39	4.83	0	4.83
SwaraKuddu	0	0	5.74	1.43	0	1.43
Free Power Total	**591.91**	**147.38**	**757.63**	**186.2**	**0.2**	**186.4**
THDC						

Particulars	Approved in 2nd APR Order		Actual			
	Generation Ex-Bus	Amount	Generation Ex-Bus	Amount	Arrears	Total Amount
	(MUs)	(Rs. Cr)	(MUs)	(Rs. Cr)	(Rs. Cr)	(Rs. Cr)
THDC	0	0	0	0	***0***	***0***
THDC Total	**0**	**0**	**0**	**0**	***0***	***0***
Other Sources						
UI Purchase	0	0	261.13	239.97	0.53	237.21
Contingency purchase (IEX)	0	0	466.36	167.27	0	167.27
Contingency purchase (PXIL)	0	0	81.4	30.07	0	30.07
Other Sources Total	**0**	**0**	**808.89**	**437.3**	**0.53**	**434.55**
Short term Purchase (from traders)						
M/s NVVN (At Seller Periphery)	0	0	47.71	11.61	0	11.61
M/s TPPTCL (At Seller Periphery)	0	0	303.13	81.86	0	81.86
M/s MPL (At Seller Periphery)	0	0	21.6	7.83	0	7.83
M/s Adani Enterprise Ltd. (At Seller Periphery)	0	0	938.93	245.47	0	245.47
M/s PTC India (At Seller Periphery)	0	0	132.12	64.07	-3.29	60.78
Short term traders Total	**1,723.60**	**464.09**	**1,443.49**	**410.84**	**-3.29**	**407.55**
Banking Purchase						
Banking Purchase	0	0	651.54	0	0	0
Co-Gen						
Waste to Energy (WtE)	24.53	19.38	0	0	0	0
Grand Total (excluding Banking)	**13,031.75**	**3,372.38**	**14,168.29**	**3,840.52**	**66.58**	**3,903.81**
Grand Total (including Banking)	**13,031.75**	**3,372.38**	**14,819.83**	**3,840.52**	**66.58**	**3,903.81**

3.4.3 The Petitioner has submitted that higher quantum of power purchase has resulted in increase in actual power purchase cost as compared to approved.

3.5 Transmission & Other Charges

3.5.1 The Petitioner has submitted that during FY 2021-22 it has paid PGCIL charges, HPPTCL charges, SLDC charges, STOA charges, etc. to the tune of Rs. 617.82 Cr. A few of the considerations made by the Petitioner are summarized below:

3.5.2 For the purpose of Truing up, the provisioning of Rs. 2.14 Cr for LADF (DoE) in FY 2021-22 has been excluded.

3.5.3 The detail of Transmission& SLDC charges claimed by the Petitioner are mentioned below:

Table 11: Petitioner Submissions- Summary of Transmission Charges in FY22 (Rs Cr.)

Particulars	Approved in 2nd APR Order	Actual
Transmission Charges		
PGCIL #		
PoC Charges	472.97	614.82
PKATL Asset		59.78

Particulars	Approved in 2nd APR Order	Actual
Hamirpur		0.74
ULDC Charges		2.66
Less: GoHP free power Recovery		128.69
Less: Rebate		0.00
Net PGCIL Charges	**472.97**	**549.31**
HPPTCL Charges		
STU charges	37.10	25.00
ADPHL		3.63
Phoojal		1.30
Bhoktoo		7.65
Total HPPTCL charges	37.10	**37.58**
SLDC Charges	6.05	3.29
STOA Charges	5.00	23.69
Sub-total- A	**521.12**	**613.87**
Other Charges		
Trading Margin	0.00	0.26
UPPTCL Charges		2.11
Budhil Hydro Trans. Charges (SHP 26 MW power)		0.68
Malana Wheeling charges paid (SHP 17.5 MW power)		0.47
Other Charges		0.43
Sub-total- B	**0.00**	**3.95**
Grand Total- (A+B)	**521.12**	**617.82**

3.5.4 The total power purchase cost for FY 2021-22 submitted by the Petitioner is summarized in the table below:

Table 12: Petitioner Submission- Summary of Power Purchase Cost in FY22 (Rs Cr.)

Particulars	Actual
Power Purchase Cost (Interstate) (Excluding Cost of Own Generation)	3,658.78
PGCIL	549.31
HPPTCL	37.58
SLDC Charges	3.29
STOA charges	23.69
Other Cost (System/Marketing operation charges, NRLDC)	3.95
Power Purchase Cost (including transmission & other charges)	**4,276.60**
Add: Own Generation	245.03
Total Power Purchase Cost (including Own Generation)	**4,521.63**

3.5.5 HPSEBL has requested the Commission to approve power purchase cost of Rs. 4,521.63 Cr for True-Up of FY 2021-22.

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

Table 13: Petitioner Submission- Reconciliation of Power Purchase Cost with Audited Accounts for FY22 (Rs Cr.)

Particulars	As per Accounts	Submitted
Power Purchase Cost	4,603.88	-
Less: LADF DoE	2.14	-
Power Purchase Cost (including transmission & other charges)	**4,601.74**	**4,276.60**
Less: Banking power purchase	329.72	-
Power Purchase Cost	**4,272.02**	**4,276.60**
Less: Variation	0.00	4.58
Power Purchase Cost	**4,272.02**	**4,271.93**

3.5.7 The Petitioner has submitted that the difference in Power Purchase Cost and those booked in Power Purchase sheet is due to the compensation received/ TCS differential amount booked in Accounts and due to rounding off. The details of the same are presented in the following table:

Table 14: Reconciliation of Power Purchase Cost with Annual Accounts for FY22 (Rs. Cr.)

Particulars	Difference	Remarks
M/s NVVN (At Seller Periphery)	1.48	(Compensation received)
M/s TPPTCL (At Seller Periphery)	1.89	(Compensation received)
M/s Adani Enterprise Ltd. (At Seller Periphery)	0.00	(Compensation received)
NHPC	0.02	(TCS Difference)
SJVNL	1.22	(TCS Difference)
Baspa	0.07	(TCS Difference)
Total	**4.67**	

3.6 Transmission and Distribution Loss

3.6.1 The Petitioner has submitted that T&D loss of 10.90% for FY 2021-22 was approved in the Mid-term Performance Review Order with 0.20% reduction each year for the remaining year(s) of the Third Control Period. The Petitioner further submitted that based on the actual sales & power purchase quantum, it has achieved T&D loss level of 12.59% during FY 2021-22.

Table 15: Petitioner Submission- Transmission and Distribution loss (%age)

Particulars	Approved in MYT Order	Approved in MPR Order	Actual
T&D loss	9.90%	10.90%	12.59%

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

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

3.6.3 The Petitioner has requested the Commission to approve the T&D loss of 12.59% and also submitted for revision of T&D loss as follows:

i. The T&D loss target for FY 2018-19 as approved in the 3rd MYT Order dated 12thJune 2014 was 12%, however, as per the T&D loss trajectory approved by HPERC for the 4th Control Period, the target for FY 2019-20 is 10.30%, that is 1.70% reduction in T&D losses in 1 year. Thus, the trajectory approved by HPERC is highly skewed and is not pragmatic or achievable.

ii. During FY 2021-22, in the Kullu Circle, HPSEBL has procured total 449 MUs from various IPPs in the region and the total energy sale was 283.36 MUs.

iii. From the month wise generation and sales data, it is evident that during the year, Kullu Circle had surplus energy for almost 9 months and this surplus energy was wheeled out of the Circle which has resulted into additional losses in the Kullu Circle.

iv. Out of total 449 MUs of energy generation from IPPs in Kullu Circle during the year, 442 MUs were wheeled at 33kV and remaining 7 MUs were wheeled at 11kV. Thus, majority of the surplus generation available in the Kullu Circle was wheeled at 33kV and thus additional losses have been incurred by HPSEBL due to additional generation from these IPPs at 33kV, thus HPSEBL needs to be compensated for the losses incurred on account of wheeling of this additional power from the IPPs. The above factor has not been accounted for while approving the T&D loss trajectory in the MYT Order and MPR Order.

v. Thus, HPSEBL has claimed compensation of around 12.42 MUs in the overall T&D Losses for FY 2021-22 on account of wheeling of surplus power from various IPPs in the Kullu Circle of HPSEBL.

3.7 Energy Balance

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

Table 16: Petitioner Submission- Energy Balance for FY22 (MU)

Particulars	Actual
Units Procured from Interstate- Generating Stations (including GoHP power stations connected to ISTS)	8,845.56
Banking Purchase at ISTS	651.54
Interstate Transmission Loss (%)	3.51%
Transmission Loss (MUs)	332.99
Net Energy Available at Periphery	**9,164.12**
Power Available within the state	**4,513.83**
(i) State Generating Stations	2,075.79
(ii) GoHP Power (own generation & IPPs)	378.80
(iii) IPPs	2,059.24
Power from Other Sources	**808.89**
(i) UI Power	261.13
(ii) IEX/PIXIL	547.77
Total Energy Available at HP periphery	**14,486.85**
Energy Sales Within the state	10,198.09
Inter-state Sale of Power	**2,820.30**
(i) Sale of Power (including UI & IEX)	764.73
(ii) Banking	617.29
(iii) RE Sale	1,438.29
Total Energy Available for sale within the state	**13,018.39**
Total Energy Sale	**14,486.85**
T&D loss (in MUs)	**1,468.46**
T&D loss (%)	**12.59%**

3.8 Incentive for Over-achievement of T&D Loss

3.8.1 The Petitioner has submitted that it has been able to achieve an overall T&D loss level of 12.59% for FY 2021-22 against the approved target of 10.90% for FY 2021-22 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.

3.8.2 The Petitioner has submitted the losses resulting from the under-achievement of T&D loss for FY 2021-22 as shown in the table below:

Table 17: Petitioner Submission- Losses on account of under-achievement of T&D Loss for FY22 (MU)

Sl.	Particulars	Actual
A	Energy Sales within state (MU)	10,198.09
B	T&D Losses (%)	10.90%
C	**Power Purchase requirement to meet state requirement (MU)**	**11,445.66**
D	**Inter-state Sale (MU)**	**2,820.30**
	(i) Banking Arrangement (MU)	617.29
	(ii) Sale Outside the state (MU)	2,203.02
E	Total Power Purchase Quantum approved at State Periphery (MU)	14,265.97
F	Actual Power Purchase Quantum at State Periphery (MU)	14,486.85
G	**No. of units loss (MU)**	**(220.88)**

3.8.3 Further, the Petitioner has submitted that Himachal Pradesh Electricity Supply Code, 2009 provides for the levy of Lower Voltage Supply Surcharge (LVSS) in respect of all the Consumers availing electricity supply at a voltage lower than the Standard Supply Voltage. Also, the General Conditions of the Tariff notified by the Commission in the Tariff Orders of respective years provide for levy of Lower Voltage Metering Surcharge (LVMS) in respect of the Consumers for whom the metering is being done actually on the lower voltage side of the transformer instead of the higher voltage side at which the load has been sanctioned by HPSEBL. The objective behind levy of LVSS and LVMS is that whenever power is supplied by HPSEBL at a voltage lower than the standard supply voltage, it results into higher T&D losses in the distribution system of the DISCOM. As these additional T&D losses are attributable to a particular category of Consumers who are availing power supply at a voltage lower than the standard supply voltage and thus, these charges are being recovered from these particular Consumers only in the shape of LVSS. Similarly, whenever the metering of any Consumer is done on the lower voltage side of transformer instead of higher voltage side of the transformer, in that case the transformation losses of the transformer are borne by HPSEBL and the Consumer is billed lower. Thus, to recover the differential amount on account of metering on the lower voltage side of transformer, LVMS @ 2% on Energy Charges is levied on such Consumers. Thus, both LVSS and LVMS are levied on specific Consumers to compensate for the additional T&D losses incurred by the DISCOM for supplying power to such Consumers.

3.8.4 Further, the Petitioner has stated that T&D loss is a controllable parameter for which the targets are approved by HPERC in the Tariff Order of respective years and in case of non-achievement of approved trajectory, penalty is imposed on HPSEBL. However, supply of power to specific Consumers with LVSS and LVMS distorts the T&D loss achievement of HPSEBL for which penalty is imposed by the Commission. It is pertinent to mention that revenue recovered by HPSEBL on account of LVSS and LVMS is passed on to the Consumers of the State, however, HPSEBL is not adequately compensated for the penalty levied for non-achievement of T&D losses on account of these Consumers. Given the fact that HPSEBL cannot deny power supply to Consumers with LVSS or LVMS and thus, HPSEBL shall be adequately compensated for additional T&D losses incurred in the system on account of power supply to these Consumers.

3.8.5 During FY 2021-22, total 883 MUs of energy has been supplied with LVSS. For working out the compensation in T&D losses the "Approved Loss Level for Open Access Consumers" at different voltages has been considered by HPSEBL. The Petitioner has submitted that additional T&D losses of 33.46 MUs on account of energy supply to Consumers with LVSS needs to be compensated in the overall T&D losses.

3.8.6 Further, the Petitioner has submitted that during FY 2021-22, the total energy quantum of LVMS Consumers was 126 MUs which has resulted into additional T&D losses to the tune of 2.52 MUs (@2%) which needs to be compensated in the T&D losses. Therefore, total compensation on account of LVSS and LVMS is to the tune of 36 MUs and needs to be adjusted in the overall T&D losses for FY 2021-22. Accordingly, the Petitioner has worked out net under-achievement of 172.46 MUs (i.e., 220.88 - 36.00 -12.42).

3.8.7 The Petitioner has computed the penalty for under-achievement of T&D loss as detailed in table below:

Table 18: Petitioner Submission-Penalty for under-achievement of T&D Loss for FY22 (Rs Cr.)

Particulars	Unit	Actual
No. of Units	**MU**	**172.46**
Cost of Power for under-achievement		
Cost of Power Purchase from Other than own resource	Rs Cr	3,592.20
Power purchased from other than own sources	MU	12,092.50
Less: PGCIL losses	MU	332.99
Net Power Purchase	MU	11,759.51
Cost of Power Purchase from Other than own sources	**Rs/kWh**	**3.05**
Total disincentive	Rs Cr	(52.68)
HPSEBL's Share	%	60%
HPSEBL's disincentive on account of T&D loss under achievement	**Rs Cr**	**(31.61)**

3.8.8 Accordingly, the Petitioner has requested the Commission to approve power purchase cost to Rs 4,490.02 Cr. for FY 2021-22 which also includes penalty of Rs 31.61 Cr (i.e., 4,521.63-31.61).

3.9 Employee Cost

3.9.1 The Petitioner has submitted that the total employee expenses are amounting to Rs. 1,942.25 Cr for business as a whole as per Annual Accounts.

3.9.2 Further, in regard to the disallowed “Return on GoHP Equity” of Rs. 47.50 Cr, “Pension Contribution of generation employees (tentative)” of Rs. 11.89 Cr and

"Pension Contribution of BVPCL, Projects and S&I employees" of Rs. 4.56 Cr, the Petitioner has submitted the following –

i. The Petitioner has considered the disallowance of amount of Rs. 47.50 Cr towards "Return on GoHP Equity" as approved in the MYT Order dated 29.06.2019.

ii. The Petitioner submits that investigation & exploitation of hydro potential of the State either through State Sector or through Central, Joint and Private Sectors is also entrusted with the HPSEBL. Though the employees are deputed or deployed across other business, they are part of HPSEBL, as a whole business and cannot be parted or shown separately. Further, HPSEBL submits that the amount of Rs. 4.56 Cr attributed towards "Pension Contribution of BVPCL, Projects and S&I employees" is incorrect, as no amount is being paid by HPSEBL towards the above head.

3.9.3 The employee cost submitted by the Petitioner for the FY 2021-22 is summarized in the table below.

Table 19: Petitioner Submission- Employee Cost for FY22 (Rs. Cr.)

SI.	Particulars	Approved in MYT Order	Approved in 2nd APR Order	True Up
A	**Salaries & Allowances**			
	Salaries (Basic) + Dearness Pay			297.70
	Merger of DA with Basic (Proposed)			0.00
	Grade pay			0.00
	DA			380.68
	Employee Arrears - 5th Pay Commission			0.00
	Other Allowances			24.79
	Overtime			4.57
	Bonus			0.00
	Salaries - Total (A)			**707.74**
B	**Other Staff Cost**			
	Medical Expense Reimbursement			6.76
	Fee & Honorarium			0.01
	Earned Leave Encashment			80.85
	Salary/Wages of Outsourced/Contractor.			57.12
	Leave Salary Contribution			0.05
	Payment under Workmen's Compensation			0.78
	LTC			0.01
	Staff Welfare Expenses			0.10
	Other Staff Cost - Total (B)			**145.68**
	Total salary cost and other staff cost (A+B)	**1,079.16**	**1,079.16**	**853.42**
C	**Terminal Benefits**			
	Provident Fund Contribution			0.00
	Superannuation Boards Contribution			1.46
	Pension - Base			838.65
	Pension-Commuted Value			54.95
	Pension - 5th Pay Commission Arrears			0.00

SI.	Particulars	Approved in MYT Order	Approved in 2nd APR Order	True Up
	Gratuity			106.07
	Any other Items (MRC to pensioners, benevolent fund Ex-gratia, GIS and DLI)			28.11
	Employee Contribution towards CPS			23.42
	Terminal Benefits - Total(C)	**959.44**	**959.44**	**1,052.66**
D	**Gross Employee Cost (A+B+C)**	**2,038.60**	**2,038.60**	**1,906.08**
E	Less: Employee Cost Capitalisation	47.74	47.74	52.26
F	Less: Employee Attrition Impact			0.00
G	**Total Employee Cost (D-E-F)**	**1,990.86**	**1,990.86**	**1,853.82**
H	**Provisions**			
	Less Provision: - Terminal Benefits			0.00
	Less Provision: - ADA			0.00
	Less Provision: - 7th pay Commission			0.00
	Total Provision Less: -	**0.00**	**0.00**	**0.00**
I	Less: Return on GoHP equity, Pension contribution on deputation, generation employees, BVPCL, Projects and S&I employees	**63.95**	**63.95**	**47.50**
	Return on GoHP Equity approved for Generation and Distribution	47.5	47.5	47.50
	Pension Contribution of generation employees (tentative)	11.89	11.89	0.00
	Pension Contribution of BVPCL, Projects & S&I employees	4.56	4.56	0.00
	Net Employee Cost (G-H-I)	**1,926.91**	**1,926.91**	**1,806.32**

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

3.10 Administrative & General Expenses

3.10.1 The Petitioner has submitted that the total Administrative & General Expenses amounting to Rs. 73.20 Cr (Rs. 70.56 Cr in Distribution and Rs. 2.64 Cr in Generation) are booked in Accounts. The Petitioner has submitted that 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 2021-22 is summarized in the table below.

Table 20: Petitioner Submission- Actual Vs Approved A&G Expense for FY22 (Rs. Cr.)

Sl.	Particulars	Approved in MYT Order	Approved in 2nd APR Order	True Up
A	**Administration Charges**			
	Rent, Rates & Taxes			5.22
	Statutory Dues			2.37
	Rental charges against smart metering project			15.00
	Telephone, Postage & Telegrams			0.99
	Consultancy Charges			0.53
	Conveyance & Travel			10.68
	Regulatory Expenses			2.39

Sl.	Particulars	Approved in MYT Order	Approved in 2nd APR Order	True Up
	Licence fee Distribution & Transmission payable to HPERC			2.66
	Income Tax Updating Charges			0.14
	Consumer Redressal Forum			0.65
	Insurance			0.10
	Purchase Related Expenses & Other Charges			0.72
	IT and other Initiatives			0.00
	Sub Total-Administration Charges (A)			**41.45**
B	**Other Charges**			
	Fees & Subscriptions, Books & Periodicals			0.61
	Printing & Stationery			1.35
	Advertisement Expenses			0.63
	Electricity Charges			7.40
	Water Charges / Cold weather expenses			0.46
	Legal Charges*			5.65
	Audit Fee			0.01
	Statutory Audit Fee			0.18
	Internal Audit Fee			0.00
	Expenditure on Gift/ Presentation			0.01
	Entertainment Charges			0.07
	Training to Staff			1.52
	Fees for SAS Examination			0.00
	Public Interaction Program			0.28
	Contribution/Donations			0.00
	Expenditure on providing cost free CFL bulb Domestic Consumer			0.00
	Expenses incurred on capacity building for Poverty Reduction			0.00
	Public Expenses / Other professional charges			0.38
	Expenditure related to High level Committee			0.00
	Expenditure related to high level committee for formulation of power policy-other expenses			0.00
	Exp. On GIS/Gloval Position			0.85
	Transaction Charges to SCAs for collection of energy bills			2.90
	Compensation paid for non-compliance of Renewable Power			0.00
	TA/DA Internal Auditor			0.00
	TA/DA Statutory Auditor			0.00
	Private Vehicle hire charges			3.37
	Charges on a/c of service rendered by central board keeping agency under new pension scheme			0.05
	Exp. On IPAVAST Connectivity Charges etc.			2.02

Sl.	Particulars	Approved in MYT Order	Approved in 2nd APR Order	True Up
	Publicity expenses			0.12
	Providing ID to staff at Vidyut Bhawan			0.00
	Technical fees			0.00
	Freight Material related Expenses			0.01
	Misc. Expenses			0.32
	Sub Total-Other Charges (B)			**29.11**
	A&G - Grand Total (A+B)	51.26	51.26	**70.56**
C	Less: Capitalisation	0.00	0.00	0.00
	Less: Rental charges against smart metering project	0.00	0.00	15.00
	Net A&G Costs (A+B-C)	**51.26**	**51.26**	**55.56**

3.10.2 The Petitioner has justified the higher A&G expenses as follows:

i. Payment of Rs. 5.65 Cr. towards legal charges as per the Directions from Statutory authority, which are of uncontrollable and non-recurring in nature.

ii. The amount of Rs. 15.00 Cr. booked under "Rental charges against smart metering project" is towards meeting the various milestone of implementing smart metering project and same is excluded from A&G expenses.

iii. Multi-fold increase in regulatory expenses of HPSEBL from Rs. 1.20 Cr. in FY 2016-17 to Rs. 4.05 Cr. in the FY 2021-22 i.e., approximately 340% increment in the overall Regulatory expenses.

iv. The total electricity charge of Rs. 7.40 Cr. have been incurred during FY 2021-22, out of which around 20% (Rs. 1.50 Cr.) is towards Data Center and Disaster Recovery Center of HPSEBL, which cannot be controlled.

3.10.3 The Petitioner has requested for approval of A&G expenses on actual as the above mentioned are unavoidable statutory and mandatory expenses.

3.11 Repairs and Maintenance Expenses

3.11.1 The Petitioner has submitted that the total R&M expenses amounting to Rs. 175.04 Cr (Rs. 141.66 Cr in Distribution and Rs. 33.38 Cr in Generation) are booked in Accounts. The actual R&M expenses for distribution business in comparison to the approved R&M expenses are given in following table:

Table 21: Petitioner Submission- Approved Vs Actual Repairs and Maintenance Expenses for FY22 (Rs. Cr.)

SI.	Particulars	Approved in MYT Order	Approved in 2nd APR Order	True Up
A	**R&M Cost**			
	Plant & Machinery			0.56
	Buildings			3.25
	Civil Works			1.64
	Hydraulic Works			0.26
	Lines, Cables Networks			75.42
	Vehicles			1.43
	Furniture & Fixtures			0.05

SI.	Particulars	Approved in MYT Order	Approved in 2nd APR Order	True Up
	Office Equipment			59.05
	Other i.e., cost of vehicle other than vehicle			0.00
	R&M Cost - Total (A)			**141.66**
B	Any other Items (Reallocated to Capital Works) (B)			0.00
C	**R&M Costs (A-B)**	**86.22**	**86.22**	**141.66**
D	**Costs Reallocated**			
	Less: Cost Reallocated to Employee Cost and A&G Expenses			0.00
	Less: Cost Reallocated to Depreciation			0.00
	Less: Cost Reallocated for Recovery of cost of vehicle from O&M and other units			0.00
	Total Costs Reallocated (D)			0.00
	Provisional amount towards data centre approved in MYT Order dated 29.6.2019	20.00	20.00	
	Net R&M Expenses (C-D)	**106.22**	**106.22**	**141.66**

3.11.2 The Commission, in the Tariff Order for FY 2021-22, provisionally allowed an additional amount of Rs. 20 Cr. towards new R&M expenditure on IT infrastructure and Data centre, which shall be Trued up based on actual expenditure under R&M expenses for the respective year. The Petitioner has submitted the actual expenditure incurred towards IT expense is Rs. 52.72 Cr with following component wise details:

Table 22: Petitioner Submissions- Abstract of R&M Expenses towards IT Infrastructure for FY22 (Rs. Cr.)

Particular	Amount
Annual Technical Support (ATS)	19.68
Annual Maintenance Charges (AMC)	17.35
Other R&M Expenses	15.69
Total	**52.72**

3.11.3 The Petitioner has requested to true up the figures of R&M Expenses of Rs. 141.66 Cr., as per actuals as the variation in R&M expenses is on account of expenditure towards IT infrastructure.

3.12 Interest & Finance Charges

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

3.12.2 Further, the Petitioner has claimed "FDR pledged against LC for securing Power Purchase" as additional component in working capital, for which it has submitted as follows:

i) Earlier, HPSEBL had to establish the Inland Letter of Credit (ILC) against only few PPAs due to which the amount of charges was on very lower side. But in August 2019, the Ministry of Power (MoP), Government of India (GoI) has made it mandatory for all Discoms to open ILCs against all the PPAs failing which no power will be scheduled by the generator to the Discoms. Due to this the HPSEBL had to establish ILCs against all the PPAs and ILC charges increased thereafter. At present the ILCs are established against fixed deposits on which the banks will charge ¼th of normal charges.

ii) However, HPERC has directed the Company to avail ILC against the State Government guarantee. In compliance to that the HPSEBL has called the first NIQ on 28th February 2022 for ILC limit of Rs. 300 Cr. from all the banking institutions. But only 2 banks have shown interest in providing LC against State Government Guarantee, out of which one bank later withdrew its proposal for reasons unknown to HPSEBL. Thereafter, a second NIQ was issued on 30thJuly 2022 against which following three banks have submitted their in-principle EOI/proposal, which is detailed hereunder:
   a. ICICI Bank: The bank proposed ILC amounting to Rs. 30 Cr. only against Government Guarantee with a condition to route all the revenue through their branches with a first lien for recovery of principal and interest.
   b. Bank of Maharashtra: Cash Credit of Rs 100 Cr. @ 7.70% (Six Month MCLR) & LC amounting to Rs. 100 Cr. @2% Commission.
   c. SBI: LC of Rs 300 Cr backed by 10% cash margin @ 0.40 to 0.60% subject to fulfilling of RBI prudential norms.

iii) The said proposal is under process of finalization but has been delayed due to implementation of Model Code of Conduct on account of General Elections to Legislative Assembly of HP. Further, the details of FDRs pledged against the LC created as of 31stMarch 2022 & LC charges are submitted by the Petitioner.

iv) It is therefore, requested to consider the amount of FDRs pledged against the LCs for the FY 2021-22 as a working capital requirement as the funds were blocked due to the LC mechanism devised by the Central Government. Moreover, as per the working capital requirement methodology considered by the Commission, the working capital requirement is reduced by the one month power purchase whereas company have to block the funds amounting to 105% of the monthly bill of the power generators which is causing a severe liquidity crunch to the company. Therefore, till the financial closure of the proposed LC from the banks, either interest on the blocked funds in the form of FDRs may be allowed or the working capital requirement of the company may be calculated without considering the power purchase cost for one month.

3.12.3 Accordingly, the working capital requirement claimed for FY 2021-22 is as below:

Table 23: Petitioner Submissions- Working Capital Requirement for FY22 (Rs. Cr.)

Particulars	Approved in MYT Order	Approved in 2nd APR Order	True Up
O&M expenses for 1 month	173.70	173.70	166.96
Receivables equivalent to 2 months average billing	876.48	874.78	946.73
Maintenance Spares (15% of O&M Expense of 1 Month netted off for provisions and terminal benefits)	14.55	26.05	12.48

Particulars	Approved in MYT Order	Approved in 2nd APR Order	True Up
Less: one-month power purchase	291.61	324.46	376.80
Less: Consumer Security Deposit	465.73	489.99	472.71
Add: FDR pledged against LC for securing Power Purchase	0.00	0.00	250.09
Total Working Capital	**307.40**	**260.09**	**526.75**
Rate of Interest on Working Capital	11.15%	10.00%	10.00%
Interest on Working Capital	**34.27**	**26.09**	**52.67**

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

3.12.4 The computation of Maintenance spares is submitted as follows:

Table 24: Petitioner Submissions- Maintenance spare computation for FY 2021-22

S. No.	Particulars	Amount (Rs. Cr.)
A	**Total O&M expenses for FY 2021-22**	
(i)	Employee expense (netted off for provisions and terminal benefits)	801.16
(ii)	R&M expense	141.66
(iii)	A&G expense	55.56
	Sub-total A	**998.38**
B	**Maintenance spare (15%X(A/12))**	**12.48**

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

3.12.6 Accordingly, the Petitioner has requested the Commission to approve interest on working capital to Rs 52.67 Cr for FY 2021-22.

3.13 Interest on Consumer Security Deposit

3.13.1 The interest on Consumer Security Deposit claimed by the Petitioner for FY 2021-22 is as below:

Table 25: Petitioner Submissions- Interest on Consumer Security Deposit for FY22 (Rs. Cr.)

Particulars	Approved in MYT Order	Approved in 2ndAPR Order	Actual
Opening		452.77	440.34
Addition		37.23	32.37
Closing		489.99	472.71
Interest on Consumer security deposit	**29.46**	**20.30**	**17.02**

3.13.2 The actual interest expenses submitted by the Petitioner for FY 2021-22 are as below:

Table 26: Petitioner Submissions- Interest and Finance Charges for FY22 (Rs. Cr.)

Particulars	Approved in MYT Order	Approved in 2ndAPR Order	Actual
Interest on Long Term Loan	174.93	174.93	174.93
Interest on Working Capital	34.27	26.09	52.67
Interest on Consumer Security Deposit	29.46	20.30	17.02

Particulars	Approved in MYT Order	Approved in 2nd APR Order	Actual
Total Interest & Finance Charges	**238.67**	**221.31**	**244.62**

3.14 Other Controllable Parameters

3.14.1 The depreciation and return on equity claimed by the Petitioner for FY 2021-22 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 27: Petitioner Submissions- Depreciation and Return on Equity for FY22 (Rs. Cr.)

Particulars	Approved in MYT Order	Actual
Depreciation	154.60	154.60
Return on Equity	56.43	56.43

3.15 Non-Tariff Income (NTI) and Other Income

3.15.1 The Petitioner has submitted that it has not considered the delayed payment surcharge of Rs. 58.94 Cr from Consumers and has not claimed expenses on capitalization of works carried out through Consumer contribution, deposit works, grant and capital subsidy as per HPERC Tariff Regulations. Therefore, Amortization of Grants aggregating to Rs. 225.19 Cr has not been considered while computing non-Tariff income. Further, subsidies from State Govt. (UDAY) of Rs. 92.66 Cr have not been considered.

3.15.2 The Petitioner has submitted that "Income from investments" (A/C 62.220) of Rs. 146.66 Cr includes heads like income from advance/loan from BVPCL (A/C 62.220) of Rs. 42.84 Cr, receipts under R-APDRP A of Rs. 8.53 Cr, receipts under R-APDRP B of Rs.85.66 Cr, receipt under FDR (LC) of Rs. 1.44 Cr, Interest on Loan and Licensees (recovery of excess GPF Interest) of Rs. 0.03 Cr and Delayed Payment Surcharge from Consumers of Rs. 5.19 Cr, which are not considered for purpose of NTI. Therefore, these heads have been excluded while claiming NTI.

3.15.3 The detail of non-Tariff income submitted by the Petitioner for true-up for FY 2021-22 is summarized in the table below.

Table 28: Petitioner Submissions- Non-Tariff Income for FY22 (Rs. Cr.)

Particulars	Approved in MYT Order	Approved in 2nd APR Order	Actual
Meter Rent/Service Line Rentals			52.13
Recovery for theft of Power / Malpractices			0.59
O&M Charges Recovery			0.00
Peak Load Violation Charges			-0.09
Miscellaneous Charges from Consumers			4.75

Particulars	Approved in MYT Order	Approved in 2nd APR Order	Actual
Non-Tariff Income – Total			**70.55**
Other Income			
Interest on Staff loans & Advances			0.07
Income from Investments			2.97
Interest on Loans & Advances to Licensees			0.00
Delayed Payment Charges from Consumers			58.94
Delayed Payment Charges from PGCIL			0.00
Interest on Advances to Suppliers / Contractors			0.00
Interest on Banks (other than on Fixed Deposits)			0.90
Income from Trading			13.05
Other Misc. Receipt trading			0.00
Income fee collected against Staff Welfare Activities			0.56
Miscellaneous Receipts			47.90
O&M Charges Recovery from HPPTCL			0.00
Recovery of Investigation & Survey Charges			0.00
Amortization of Govt. grants			225.19
Subsidies from State Govt. (UDAY)			92.66
Subsidies against loss on account of flood & other			1.00
Prior Income			0.00
Other Income – Total			**443.24**
Total Non-Tariff Income & Other Income			**500.62**
Less: Income items not considered			
Delayed Payment Charges from Consumers			58.94
Delayed Payment Charges from PGCIL			0.00
Amortization of Govt. grants			225.19
Subsidies from State Govt. (UDAY)			92.66
Net Non-Tariff Income & other income considered	**128.10**	**238.16**	**123.83**

3.16 Miscellaneous written off

3.16.1 The Petitioner has submitted that in FY 2021-22, it has incurred expenses of Rs. 4.99 Cr. (Rs. 1.70 Cr. in Distribution and Rs. 3.29 Cr. in Generation) towards Misc. Losses & write off, Write off to Scrap Account and Extra ordinary debit (Including subsidies against Loss) booked under Account Code 79.5, 79.74 and 79.8. Therefore, the Petitioner has requested to allow the said expenses.

3.17 Prior Period Cost

3.17.1 The Petitioner has requested to allow employee cost related to previous year amounting to Rs. 0.36 Cr booked under Account Code 83.3, 83.5 and 83.8. Further, the impact of Truing up of FY 2018-19 and FY 2019-20 amounting to Rs. (-) 27.60 Cr. and Rs. 119.82 Cr. respectively, are approved in MPR Order dated 29th March 2022. The Petitioner has requested to consider the above impacts while Truing up of FY 2021-22.

3.17 Annual Revenue Requirement (ARR)

3.17.1 Based on the above submissions, the actual ARR for True-up of FY 2021-22 after adjustment of past years is given in table below:

Table 29: Annual Revenue Requirement for FY22 (Rs Cr)

Particulars	Approved in MYT Order	Approved in 2nd APR Order	Actual
Power Purchase Expenses for Supply in the State	**3,499.31**	**3,893.49**	**4,490.02**
Cost of electricity purchase including own generation	3,053.77	3,372.38	3,903.81
Interstate charges			
PGCIL Charges	332.67	472.97	549.31
STOA Charges	80.16	5.00	23.69
Intra-state charges			
HPPTCL Charges	23.65	37.10	37.58
SLDC Charges	9.06	6.05	3.29
Other Charges (System/Marketing, reactive power, UI (Malana), Trading Margin, NLDC)	0.00	0.00	3.95
Incentive for over-achievement of T&D loss	0.00	0.00	-31.61
Operation & Maintenance Costs	**2,084.39**	**2,084.39**	**2,003.54**
Employee Cost	1,926.91	1,926.91	1,806.32
R&M Cost	106.22	106.22	141.66
A&G Cost	51.26	51.26	55.56
Interest & Financing Charges	**238.67**	**221.32**	**244.62**
Interest on Long term loan	174.93	174.93	174.93
Interest on Working Capital	34.27	26.09	52.67
Interest on Consumer Security Deposit	29.46	20.30	17.02
Depreciation	154.60	154.60	154.60
Return on Equity	56.43	56.43	56.43
Add: Miscellaneous write off	0.00	0.00	1.70
Prior Period Expenses	0.00	0.00	0.36
Less: Non-Tariff & Other Income	(128.10)	(238.16)	(123.83)
Aggregate Revenue Requirement (ARR)	**5,905.30**	**6,172.07**	**6,827.45**
Add: Past period Cost			
(i) Impact of True-up of FY 2018-19	0.00	(194.70)	(27.60)
(ii) Impact of True-up of FY 2019-20	0.00	(93.86)	119.82
(iii) Provision for payment of arrears to PSPCL against the Shanan share	0.00	22.44	0.00
(iv) Provision towards impact of HPSEBL generation Petition	0.00	50.00	0.00
(v) Provision towards impact of 7th Pay Commission revision	0.00	25.00	0.00
(vi) Provision towards Truing-up of controllable parameters for third Control Period	0.00	100.00	0.00
Total ARR including adjustments	**5,905.30**	**6,080.88**	**6,735.23**
(i) Revenue at existing Tariff	0.00	5,248.69	5,680.36
(ii) Revenue from sale outside state	0.00	857.92	1,036.23
Total Revenue		**6,106.61**	**6,716.60**
Revenue Surplus (+) / Gap (-)		**25.74**	**(18.63)**

3.18 Revenue Gap

3.18.1 The details of Revenue Gap submitted by the Petitioner for true up of FY 2021-22 is summarized in the table below.

Table 30: Petitioner Submissions- Revenue Gap for FY22 (Rs. Cr.)

Particulars	Approved in 2ndAPR Order	True Up
Annual Revenue Requirement (ARR) for FY 22	**6,080.88**	**6,735.23**
Revenue		
Revenue at existing Tariff	5,248.69	5,680.36
Revenue from sale outside state	857.92	1,036.23
Total Revenue	**6,106.61**	**6,716.60**
Revenue Surplus (+) / Gap (-)	**25.74**	**(18.63)**

3.18.2 The Petitioner has requested the Commission to approve Revenue Gap of Rs. 18.63 Cr for FY 2021-22.

3.19 Carrying Cost

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

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

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

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

Table 31: Petitioner Submissions- Carrying Cost for FY22 (Rs. Cr.)

Particulars	FY22	FY23
Opening Balance	0.00	(19.56)
Surplus/ (Gap) on account of Truing-up of uncontrollable parameters for FY 2021-22	(18.63)	0.00
Closing balance	**(18.63)**	**(19.56)**
Interest Rate for Carrying Cost	9.96%	10.53%
Carrying Cost	(0.93)	(2.06)
Total Gap including Carrying Cost	**(19.56)**	**(21.62)**

4 SUMMARY OF THE APR PETITION FOR FY 2023-24

4.1 Introduction

4.1.1 This Chapter summarizes the highlights of the Annual Performance Review (APR) Petition filed by the Petitioner for review of Aggregate Revenue Requirement (ARR) for FY 2023-2024 in the MYT Order for the fourth Control Period.

4.1.2 The Annual Performance Review (APR) Petition filed by the Petitioner constitutes the revised projections of expenditure and revenue for FY 2023-24 based on figures of sales, power purchase and other parameters of previous years and first half (April to September) of FY 2022-23.

4.2 Energy Sales, Consumers and connected load

4.2.1 The Petitioner has mentioned that the sales for FY 2022-23 and FY 2023-24 has been projected based on the actual energy sales of the base year i.e., FY 2021-22.

4.2.2 The Petitioner while projecting sales for FY 2022-23 has considered actual sales of H1 of FY 2022-23, and for H2 of the FY 2022-33 has considered appropriate CAGR/YoY growth over the actual second half, H2 energy sales of FY 2021-22.

4.2.3 The Petitioner has projected the energy sales for FY 2023-24, considering appropriate CAGR/YoY growth over the energy sales of FY 2022-23.

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

- There is consistent growth in domestic sales. Hence, a subjective assumption of 6% y-o-y growth has been considered.
- The non-domestic non-commercial sales has grown at an average growth rate of 3.31% in the last 6 years, hence a subjective assumption of 4% y-o-y growth has been considered.
- Post lockdown, there has been a significant growth within the commercial category. Further, the Y-o-Y growth in the energy sales for FY 2016-17, FY 2017-18 and FY 2018-19 has been in the range of 6.29% to 8.37%. Hence, a subjective assumption of 6% y-o-y growth has been considered.
- There is no consistent pattern of growth in case of temporary sales, hence a subjective assumption of 6% y-o-y growth has been considered.
- The industries have been the backbone of economic growth of the State of Himachal Pradesh. The large industries have seen significant growth during the past years due to promotion of industries through rebates and incentives. Therefore, a subjective assumption of 1% & 6% y-o-y growth has been considered for Small Industries & Large Industries respectively.

- Irrigation and Agriculture sales have been growing consistently over the past years. Hence, a 5-Yr CAGR of 8.24% have been considered for projection.
- Govt. irrigation and water pumping sales have been growing consistently over the past years. Hence, an average growth rate of 5.75% has been considered for projection.
- Public Lighting sales have been growing consistently over the past years. Hence, a 3-Yr CAGR of 2.89% has been considered for projection.
- There is no consistent pattern of growth in case of bulk supply sales, hence a subjective assumption of 1% y-o-y growth has been considered.
- The Petitioner has projected 20 numbers of Electric Vehicle Charging Station (EVCS) for FY 2023-24. The energy sales for the EVCS have been projected considering 1% growth over the average monthly energy consumption of EVCS located at the premises of HRTC Bus stands at Mandi, Saulikhad, Shimla and Suni.

4.2.5 The Petitioner has submitted revised projection of sales for FY 2022-23 and FY2023-24 are shown in following table:

Table 32: Sales projection for FY23 and FY24 (MUs)

Categories	FY22	CAGR Considered	FY23				FY24	
	Base Year		Approved	H1 Actual	H2-Revised	Total	Approved	Revised
Domestic	2,457.51	6.00%	2,483.00	1,214.74	1,371.34	2,586.08	2,419.00	2,741.24
NDNC	149.10	4.00%	181.00	72.02	95.31	167.33	190.00	174.02
Commercial	621.88	6.00%	661.00	336.17	357.17	693.34	795.00	734.94
Temporary	62.80	6.00%	46.00	27.54	37.43	64.98	48.00	68.88
Small Power	87.38	1.00%	92.00	41.15	45.56	86.71	86.00	87.58
Medium Power	99.87	1.00%	103.00	50.80	51.45	102.25	121.00	103.28
Large Supply	5,806.05	6.00%	5,405.00	3,057.68	3,147.40	6,205.08	5,450.00	6,577.38
Govt. Irrigation & Water Pumping	665.51	5.75%	598.00	336.14	355.31	691.45	789.00	691.45
Irrigation & Agriculture	85.10	8.24%	65.00	40.44	36.05	76.49	120.00	76.49
Public Lighting	11.29	2.89%	11.00	5.07	6.30	11.37	14.00	11.37
Bulk Supply	151.59	1.00%	152.00	64.08	93.56	157.64	177.00	157.64
EV Charging Stations	NA	1.00%	NA	NA	NA	NA	NA	1.45
Total	**10,198.09**	**-**	**9,798.00**	**5,245.82**	**5,596.90**	**10,842.72**	**10,209.00**	**11,425.72**

4.3 Power Purchase

4.3.1 The Petitioner has considered power purchase as per actual for first half of FY 2022-23 (i.e., April to September) and projections have been made for 2nd half of FY 2022-23 (October to March) based on assumptions.

4.3.2 The Petitioner has submitted that during the months of April 2022 & May 2022 the hydro generation in the State has been affected due to dry spell of the weather. Hence the hydro generation of the State did not pick up as expected affecting the power supply availability in the State. Since HP is 90% Hydro power dependent State, therefore, to meet the rise in power supply demand additional requirement of power was met with requisitioning the GoHP free power.

4.3.3 Further, the Petitioner has mentioned that in Order to meet the power deficit, HPSEBL management decided to procure the power from HPPCL projects (Kashang HEP & Sawra Kuddu HEP saleable energy) on short term basis in FY 2022-23 and accordingly in a Joint Petition, the bilateral PPAs between HPSEBL and HPPCL were approved by the Commission in its Order dated 19th April 2022.

4.3.4 Therefore, on short-term basis, ex-bus saleable energy (87%) is being procured by HPSEBL from HPPCL projects i.e., Kashang HEP (Installed Capacity-65MW) & Sawra Kuddu HEP (Installed Capacity-111MW) for the period from 1st May 2022 to 31st March 2023. The anticipated total saleable energy from HPPCL projects in FY 2022-23 is around 530 MUs & tentative cost will be Rs. 202 Cr at mutually agreed sale rate of Rs. 3.40 per kWh at ex-bus energy and the wheeling charges on actual basis.

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

4.3.6 The Petitioner has mentioned that the procurement of power from the additional solar projects has been low against the anticipations made from April 2022 onwards. Also, the Commissioning of Municipal Solid Waste to Energy project and plants like UHL-III (100 MW) and (RAPS) Unit8 is not being anticipated in FY23 and FY24 and hence are not considered by the Petitioner for power purchase projections for FY24.

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

Central Generating Stations (NTPC, NHPC and SJVNL)

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

- The Petitioner has submitted that CERC has approved Tariff for the Central Generating Stations namely Unchahar Stages I, II, III, IV, Dadri II (NCT II), Rihand II, Dhauliganga HPS, NJHPS & Rampur HPS for the control period FY 2019-24. Hence, for the above-mentioned generating Stations, the Petitioner has considered approved AFC for cost projections of FY 2022-23 and FY 2023-24.
- Since the Tariff Orders for Central Generating Stations like Rihand Stage - I & III TPS, Singrauli STPS, Tanda II STPS, Chamera I&II HPS, Salal HPS, Tanakpur HPS, Uri HPS are awaited, the Petitioner has considered the AFC for FY 2018-19 as the base. Further, in case of NTPC station ~5% increase on the provisional AFC of FY 2022-23 has been considered to arrive at the provisional AFC for FY 2023-24.
- Further, the Petitioner has appraised the Commission of the additional financial implications on HPSEBL on account of ash transportation charges

of the NTPC stations on account of change in law event vide MoEF&CC, GoI Notification dated 03.11.2019 & dated 25.01.2016.

- The Petitioner has submitted that for energy projections of all thermal generating stations For FY 2023-24. it has considered the same units as given in the MYT Order dated 29th June 2019. However, in case of Koldam HPS, NHPC stations, SJVNL stations, UJVNL stations, UPJVNL stations, BBMB stations, the Petitioner has projected the energy based on the average of last three years.
- The Petitioner has submitted that it has taken up the matter of surrendering of SoR share of Thermal Stations / Gas Stations i.e., Unchahar I TPS, Anta, Auraiya & Dadri GPS having completed 25 years of PPA life with NTPC & MoP, GoI and accordingly SoR share from Unchahar I TPS (1.67%) has been de-allocated to HP in March 2022 and for Anta Gas (3.58%), Auraiya Gas (3.32%) & Dadri Gas (3.01%) SoR share has been de-allocated from Himachal Pradesh in June 2022. Also, the Petitioner has submitted that unallocated share of NTPC stations for bundling with Singrauli solar (15 MW) has also been revised and the same has been considered during projection of units for FY 2023-24.
- Further, the Petitioner has mentioned that they have taken up the matter of reallocation of surrendered share of power from Chamera III, Parbati III, Koteshwar, Tehri & Koldam HPS with the Ministry of Power, GoI. The total energy availability projected by the Petitioner during FY2023-24 is 276.55MU.

New Commissioning Schedule in FY 2022-23 (October 2022 to March 2023 & FY 2023-24):

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

4.3.10 Also, with respect to upcoming Small Hydro Projects upto 25 MW and Solar projects, the information has been provided as annexure by the Petitioner.

PSPCL Billing

4.3.11 The Petitioner has submitted that it has a fixed share of 45 MUs per annum and for Shanan Old project (60 MW) the Petitioner is having a fixed share of 1 MW at PLF of 60%.

4.3.12 The Petitioner has considered the Tariff of Rs. 1.2704 per unit for Shanan old project as approved in PSPCL Tariff Order for FY 2022-23. However, for Shanan extension project (50 MW) the Petitioner has considered a rate of Rs. 0.72 per unit for the remaining period of FY 2022-23 & for FY 2023-24.

BBMB Projects

4.3.13 With respect to BBMB generating stations the Petitioner has considered the same rate as approved by Commission in the ARR Order dated 29th March, 2022.

UJVNL and UPJVNL Projects

4.3.14 The Petitioner has mentioned that it has 20% entitlement in Khara HEP of UPJVNL. Thus, the Petitioner has considered the rate as per the Petition filed by UPJVNL before UPERC for cost projection for the remaining period of FY 2022-23 & for FY 2023-24.

4.3.15 In case of UJVNL projects i.e., Chibroo, Khodri, Dhalipur, Dhakrani, Kulhal HEPs, the rates approved by the UERC Tariff Order for FY 2022-23 dated 31st March 2022 have been considered by the Petitioner.

NPCIL

4.3.16 The Petitioner has submitted that it has considered the per unit cost as per the bills of September 2022 for NAPP and RAPP (Units V & VI).

4.3.17 However, for the RAPP (Units VII & VIII) the Petitioner has considered the same rate of RAPP (V & VI) projects for FY 2022-23 and FY 2023-24.

Upcoming SHP & Solar IPP

4.3.18 As per Petitioner's submission, certain IPP owned projects are going to be Commissioned by ending March 2023 & in FY2023-24. Therefore, the Petitioner has planned power procurement from said projects. The total energy availability in FY2023-24 is going to be around 68.29 MU. Further, the Petitioner has submitted that upcoming SHP capacity of 25 MW is expected to be Commissioned by 2023-24.

Free Power

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

4.3.20 Further, the Petitioner has mentioned that in compliance to the directives issued by the Commission the Petitioner has written to the Directorate of Energy, GoHP to source its free power in Central Generating Stations on full year basis to HPSEBL. The reply from DoE, GoHP is awaited.

Short term power purchase

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

Step towards Go Green State by year 2030

4.3.22 The Petitioner has appraised the Commission that in alignment to Ministry of Power, GoI vide its notification dated 22nd March 2021, the Petitioner had written to NTPC for exiting from the PPAs. Out of these generating stations, share of Unchahar-I TPS was got surrendered w.e.f. 25th March 2022 and the share from 3 Gas generating stations got surrendered w.e.f. 1st June 2022; however, the MoP, GoI Order is still awaited.

4.3.23 Thus, to replace the surrendered thermal power with green power, the following steps have been initiated by the Petitioner:

- The Petitioner has entered into short term PPA with HPPCL for purchase of saleable energy (around 530 MU) from its Kashang HEP (65 MW) and Sawra Kuddu HEP (111 MW) for the period from 1st May 2022 to 31st March, 2023.
- The Petitioner has initiated process for purchase of around 850 MU hydro power from HPPCL projects namely Kashang HEP (1x65 MW), Sainj HEP (2x50 MW) and Sawra Kuddu HEP (3x37 MW) and other solar plants to be installed within State on long term basis through competitive mode. The generation from Sawra Kuddu HEP on one hand will help the State to go green and on the other will help HPSEBL to meet its Hydro Power Obligation.
- The Petitioner has proposed to purchase power from upcoming project of HPPCL i.e., Shongtong Karcham HEP (3x150 MW) which is expected to be Commissioned in year 2026 and energy generation will be to the tune of around 1500 MU per year. This generation will again help the State to go green and will help HPSEBL to fulfil its Hydro Power Obligation.
- The Petitioner is in process of purchasing solar power to the tune of around 150 MW from SJVNL which may come in the year 2024.
- The Petitioner is planning to take back already surrendered SoR share from five Hydro generating stations i.e., Chamera III, Parbati III, Tehri HEP, Koteshwer HEP & Koldam HEP.
- The Petitioner has planned for procurement of 250 MW Solar Power through Tariff Based Competitive Bidding Process from Grid Connected Solar Photovoltaic (PV) Power projects located within Himachal Pradesh with the prior approval of the HPERC. This procurement of solar power of 250 MW (438 MU per annum at 20% Capacity Utilization Factor) by the Petitioner would help towards achieving the status of Green Energy State, in line with the principal objective of HP Energy Policy 2021 and will encourage Solar Power Generation as Renewable Energy Generation within the State.
- Further, the Petitioner has apprised the Commission that MoU has been signed between the Government of India, GoHP and the Bank of Germany (KfW) for construction of four new power projects of 67 MW in Chamba. Also, the Petitioner has mentioned that the four projects are Sai Kothi I (15MW), Sai Kothi II (18 MW), Devi Kothi (16 MW) and Hail (18 MW), the details of these projects are submitted to the Commission.

RPO Trajectory

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

Table 33: RPO projection for FY24

Particulars	Units	Revised
Sales within state	Mus	11,425.72
T&D Loss	%	9.50%
Energy requirement at HP Periphery	Mus	12,625.10
Consumption met from Hydro	Mus	9,070.74

Particulars	Units	Revised
Sales less Hydro consumption	Mus	3,554.36
Solar	Mus	134.98
Non-Solar	MUs	2,286.67
Total (Solar + Non-Solar)	MUs	2,421.65

4.3.25 Based on the above discussion, the station wise power procurement and associated cost for FY 2022-23& FY 2023-24 is depicted in the following table:

Table 34: Summary of Power Purchase Projected for FY23 and FY24

List of Stations	FY23		FY24	
	Energy MUs	Cost Rs. Cr.	Energy MUs	Cost Rs. Cr.
Own Generation				
Above 5 MW				
Bhaba	611.10	50.17	564.77	48.22
Bassi	310.31	19.71	317.06	20.38
Giri	254.79	27.23	205.09	34.07
Larji	524.46	64.33	546.82	67.43
Andhra	64.45	10.56	69.54	11.35
Ghanvi	71.60	16.11	84.29	18.97
Ghanvi II	38.10	11.12	38.99	11.38
Baner	37.31	10.17	38.31	10.56
Gaj	32.97	9.83	41.65	11.46
Binwa	28.34	6.82	31.75	7.53
Thirot	13.45	3.03	3.34	0.75
Gumma	8.91	2.00	3.13	0.70
Holi	7.01	1.58	3.38	0.76
Khauli	34.20	7.70	42.25	9.51
Bhaba Aug	5.92	1.33	8.70	1.96
5 MW and below				
Nogli	6.34	2.86	5.29	2.78
Rongtong	2.77	1.95	0.45	1.57
Sal-II	2.42	0.54	0.00	0.00
Chaba	4.97	2.04	5.03	2.13
Rukti	4.18	0.46	3.84	0.46
Chamba	1.35	0.48	1.61	0.54
Killar	0.53	0.12	0.00	0.00
Ligthi	0.33	0.07	0.33	0.07
Billing	1.16	0.26	0.44	0.10
Uhl III	0.00	0.00	0.00	0.00
Total Own Generation (A)	**2,066.98**	**250.47**	**2,016.04**	**262.67**
NTPC				
Anta (G)	0.00	0.70	0.00	0.00
Anta (L)	0.00	0.00	0.00	0.00
Anta (LNG)	0.01	0.02	0.00	0.00
Auriya (G)	0.00	1.35	0.00	0.00
Auriya (L)	0.00	0.00	0.00	0.00
Auriya (LNG)	0.00	0.00	0.00	0.00
Dadri (G)	0.00	0.28	0.00	0.00
Dadri (L)	0.01	-0.06	0.00	0.00
Dadri (LNG)	0.61	1.56	0.00	0.00
Unchahar-I	26.58	13.91	1.49	0.97
Unchahar-II	124.75	64.77	76.11	50.77
Unchahar-III	66.79	35.93	49.75	33.51
Unchahar-IV	23.18	10.47	7.11	4.80
Rihand-1 STPS	260.57	59.44	255.77	62.88

List of Stations	FY23		FY24	
	Energy MUs	Cost Rs. Cr.	Energy MUs	Cost Rs. Cr.
Rihand-2 STPS	284.23	64.27	248.61	59.42
Rihand-3 STPS	271.05	77.05	248.24	75.82
Kahalgaon - II	244.34	108.58	145.04	76.26
Singrauli STPS	37.02	7.58	26.53	5.65
Dadri-II TPS	98.63	48.97	10.53	7.07
Tanda TPS	63.05	26.94	15.42	8.86
Koldam	453.91	251.06	477.68	261.70
Singrauli Solar	21.26	16.56	20.27	15.95
Jhajjar TPS	0.00	0.00	0.00	0.00
Arrears	0.00	66.19	0.00	0.00
Total NTPC (B)	**1,975.96**	**855.57**	**1,582.54**	**663.67**
Solar				
SECI Solar	44.31	26.21	42.53	25.18
Total Renewable Sources (C)	**44.31**	**26.21**	**42.53**	**25.18**
NPCIL				
NAPP	87.80	22.65	101.51	31.80
RAPP (V & VI)	110.43	32.70	108.26	44.52
RAPP (VII)	39.26	15.38	94.90	42.70
RAPP (VIII)	0.00	0.00	0.00	0.00
Arrears	0.00	**0.58**	0.00	0.00
Total NPCIL (D)	**237.49**	**71.30**	**304.67**	**119.03**
NHPC				
Chamera I	55.98	12.71	61.62	20.15
Chamera II	47.07	9.97	37.17	11.26
Dhauliganga	44.39	10.90	42.80	17.42
Salal	32.17	8.28	34.69	11.10
Tanakpur	15.88	5.96	15.50	6.59
Uri	80.60	19.98	81.66	24.66
Chamera III (GoHP RLDC)	0.28	0.06	0.00	0.00
Parbati III (GoHP RLDC)	0.00	0.02	0.00	0.00
Bairasuil (GoHP RLDC)	0.00	0.01	0.00	0.00
Sewa II	0.00	0.00	0.00	0.00
Uri II	0.00	0.00	0.00	0.00
Arrears	0.00	5.15	0.00	0.00
Total NHPC (E)	**276.37**	**73.03**	**273.43**	**91.18**
HPPCL				
Kasang HEP	136.70	49.90	211.28	105.64
Beradol Solar	0.00	0.00	0.00	0.00
Sawra Kuddu (87%)	253.96	88.97	331.58	198.95
Sainj (87%) @ 50%	0.00	0.00	138.48	83.09
Total HPPCL (F)	**390.65**	**138.87**	**681.35**	**387.68**
BBMB Stations				
BBMB Old	43.82	4.22	43.82	4.43
BBMB New	318.94	20.69	356.56	27.70
Dehar	172.91	12.25	175.89	21.05
Pong	43.27	2.33	40.79	2.27
Arrears	0.00	-2.11	0.00	0.00
Total BBMB Stations (G)	**578.95**	**37.38**	**617.05**	**55.46**
PSPCL Project				
Shanan	5.26	0.67	5.26	0.67
Shanan Ext	44.00	3.17	45.00	3.24
Bilateral with PSPCL on 11kV	0.00	0.00	0.00	0.00
Total PSPCL (H)	**49.26**	**3.84**	**50.26**	**3.91**
UJVNL Projects				
Total UJVNL (I)	**422.81**	**60.14**	448.46	67.27
UPJVNL				

List of Stations	FY23		FY24	
	Energy MUs	Cost Rs. Cr.	Energy MUs	Cost Rs. Cr.
Khara	59.93	5.72	75.80	9.10
Total UPJVNL (J)	**59.93**	**5.72**	**75.80**	**9.10**
SJVNL				
Nathpa Jhakri SOR	164.86	42.24	170.98	43.26
Nathpa Jhakri Equity	1,524.72	383.98	1,522.87	385.34
Rampur SOR	48.36	23.98	53.71	25.73
Rampur Equity	495.57	234.49	498.84	239.03
DoE, GoHP - Rampur Arrears (SJVNL)	0.00	78.46	0.00	0.00
Total SJVNL (K)	**2,233.51**	**763.14**	**2,246.40**	**693.37**
THDC				
Tehri	0.00	0.00	0.00	0.00
Koteshwar	0.00	0.00	0.00	0.00
Arrear	0.00	0.15	0.00	0.00
Total THDC (L)	**0.00**	**0.15**	**0.00**	**0.00**
GoHP Free Power				
Baira Siul FP	3.69	0.92	68.92	17.16
Chamera-I FP	8.85	2.20	286.74	71.40
Chamera-II FP	6.75	1.68	0.00	0.00
Chamera-III FP	5.53	1.38	0.00	0.00
Parbati-III FP	13.71	3.41	0.00	0.00
Koldam FP	8.03	2.00	0.00	0.00
Nathpa Jhakri FP	22.44	5.59	0.00	0.00
Rampur FP	6.64	1.65	0.00	0.00
Shanan FP	2.63	0.66	2.64	0.66
Ranjeet Sagar Dam FP	68.04	16.94	72.86	18.14
Malana FP	65.88	16.40	67.52	16.81
Baspa FP	162.47	40.45	157.62	39.25
Kasang FP	21.30	5.30	31.57	7.86
Chanju FP	18.68	4.65	20.60	5.13
Larji FP	70.86	17.64	74.57	18.57
Ghanvi FP	9.76	2.43	11.49	2.86
Baner FP	5.09	1.27	5.22	1.30
Gaj FP	4.50	1.12	5.68	1.41
Khauli FP	4.66	1.16	5.76	1.43
Ghanvi II FP	5.20	1.29	5.32	1.32
Small HEP/ Private Micro - FP	140.06	34.87	134.64	33.52
Swara Kuddu	8.86	2.21	0.00	0.00
Uhl III	0.00	0.00	0.00	0.00
Total Free Power (M)	**663.64**	**165.25**	**951.15**	**236.84**
Baspa				
Baspa - II - Primary	1,176.34	270.34	1,155.89	278.04
Baspa - II Secondary Energy	0.00	0.00	0.00	0.00
Total Baspa (N)	**1,176.34**	**270.34**	**1,155.89**	**278.04**
Private IPPs				
Small HEP/ Private Micro	1,603.88	482.44	1,711.73	495.61
Small HEP/ Private Micro -REC	275.09	68.50	298.39	74.30
Capacity Addition	0.00	0.00	52.69	15.12
Solar IPPs	56.48	24.13	56.61	25.47
Intra Solar capacity addition	0.00	0.00	15.57	7.01
Waste to Energy	10.15	8.02	24.53	19.38
Total Private IPPs (O)	**1,945.60**	**583.09**	**2,159.52**	**636.90**
Others				
UI Purchase	72.77	68.28	0.00	0.00
Contingency purchase (IEX)	321.46	237.29	0.00	0.00
Contingency purchase (PXIL)			0.00	0.00
Short term purchase (traders)	0.00	0.00	0.00	0.00

List of Stations	FY23		FY24	
	Energy MUs	Cost Rs. Cr.	Energy MUs	Cost Rs. Cr.
Total Others (P)	**394.23**	**305.57**	**0.00**	**0.00**
CGS Hydro Share Back				
Chamera III	0.00	0.00	33.63	13.45
Parbati III	0.00	0.00	21.08	6.54
Koteshwar	0.00	0.00	29.71	16.34
Tehri	0.00	0.00	85.13	35.93
Koldam	0.00	0.00	107.00	58.64
Total	**0.00**	**0.00**	**276.55**	**130.89**
Banking				
Total Banking Received	2,307.72	0.00	2,246.24	0.00
Total Generation (excluding Banking)	**12,516.03**	**3,610.06**	**12,881.66**	**3,661.16**
Total Generation (including Banking)	**14,823.75**	**3,610.06**	**15,127.90**	**3,661.16**

4.4 Transmission and Distribution (T&D) Losses

4.4.1 The Transmission and distribution losses for FY23 and FY24 submitted by the Petitioner are as follows:

Table 35: Revised T&D loss trajectory

	FY20	FY21	FY22	FY23	FY24
T&D Loss approved in Tariff Order dated 29.6.2019	10.30%	10.10%	9.90%	9.70%	9.50%
Additional Relaxation on account of COVID	N/A	3.00%	1.00%	0.00%	0.00%
Adjusted T&D loss target	10.30%	13.10%	10.90%	9.70%	9.50%
Actual / T&D Losses Achieved	12.04%	13.95%	12.70%	10.35%	N/A
Approved (Trued up T&D Losses)	10.30%	13.10%	N/A	N/A	N/A

4.5 Energy Balance

4.5.1 Based on the approved loss levels and the sales projections as above, the Petitioner has submitted the revised energy balance for FY23 and FY24. The summary of annual energy balance as proposed by the Petitioner is submitted as follows-

Table 36: Energy Balance for FY23 and FY24

S.I.	Particulars	FY23	FY24
a	Interstate- Generating Stations	7,363.73	8,323.46
b	Banking Purchase at ISTS	2,307.72	2,246.24
c	Interstate Transmission Loss (%)	3.70%	3.19%
d	Transmission Loss (MUs)	272.69	265.16
e	**Net Energy Available at Periphery**	**9,398.75**	**10,304.55**
f	Power Available within the state (i+ii+iii)	4,758.08	4,558.19
(i)	State Generating Stations	2457.63	2016.04
(ii)	Free Power (own generation & IPPs)	354.85	362.37
(iii)	IPPs	1945.60	2179.79
g	**Power from Other Sources at State Periphery (i+ii+iii)**	394.23	-
-(i)	UI Power	72.77	-
(ii)	IEX/PXIL	321.46	-
(iii)	Short term power	-	-
h	**Total Energy Available (e+f+g)**	**14,551.06**	**14,862.74**

S.I.	Particulars	FY23	FY24
i	Energy Sales Within the state	10,842.72	11,425.72
j	**Inter-state Sale of Power (i+ii+iii)**	**2,456.91**	**2,237.64**
(i)	Sale of Power (including UI, Bilateral & IEX/PXIL)	249.75	54.41
(ii)	Banking sale	2,207.16	2,183.22
(iii)	RE sale	-	-
k	**Total Energy Sale (i+j)**	**13,299.63**	**13,663.35**
l	T&D loss (in MUs) (h-k)	1,251.43	1,199.38
m	**Total Energy available for Sale (k+l)**	**14,551.06**	**14,862.74**
n	**T&D loss (%) = (1-(energy sale within the state)/(total energy available-interstate sale))**	**10.35%**	**9.50%**

4.6 Transmission & Other Charges

4.6.1 The Petitioner has mentioned that apart from power purchase cost, it has to pay three major charges which are as below:

4.6.2 **PGCIL Charges:** New CERC (Sharing of Inter-state Transmission Charges and Losses) Regulations, 2020 dated 4th May 2020 have come into force with effect from 1st November 2020. 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 FY 2022-23 and FY 2023-24.

4.6.3 The Petitioner has submitted that Non-PoC charges from July 2017 onwards are being paid 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 are accepted provisionally under protest for the period July 2017 onwards in line with CERC Order dated 18.09.2018 in Petition no. 104/MP/2018 wherein CERC has allowed recovery of 84.5% of total annual charges from HPSEBL till the downstream network is made ready by HPPTCL. The Hon'ble APTEL in the Judgment dated 9th May, 2022 in APL No. 343/2018 has set aside the CERC Order dated 18th September, 2018 in Petition No. 104/MP/2018 and directed CERC to pass a fresh & reasonable Order within three months from the date of this Judgment.

4.6.4 HPSEBL has claimed that in compliance to the Hon'ble APTEL Judgment dated 9th May, 2022 CERC has heard the Petition No. 104/MP/2018 fresh on 14th June, 2022. After hearing the parties, CERC has reserved its Order in the matter and the fresh Order is awaited.

4.6.5 **HPPTCL Charges:** The Commission has approved HPPTCL charges for the fourth Control Period and the Petitioner submits that the STU-ARR charges by HPPTCL for FY2022-23 to the Petitioner are billed on pro-rata basis taking into consideration total LTA of the beneficiaries as 693.5MW i.e., HPSEBL =670 MW, Others LTA = 23.5 MW on the ARR of Rs. 36.24 Cr. The Petitioner further mentioned that it has a share of ~96% of the long-term capacity and hence the approved ARR of Rs. 33.87 Cr for FY 2023-24 shall be prorated on the above basis.

4.6.6 Further, the Petitioner has claimed that HPSEBL has been paying the transmission charges for wheeling of 11 MW power of HPSEBL towards Phojal Sub station and

ADHPL's 220 kV dedicated transmission line from Phojal substation to CTU interconnection point at mutually agreed rates. However, as per supplementary Interim Power Transmission Agreement dated 23rd December, 2020, the wheeling capacity was enhanced to 27 MW. Accordingly, the Petitioner has projected the charges for the Phojal Sub-station & ADHPL's 220 kV dedicated transmission line from Phojal Sub-station to CTU interconnection touch point at Nalagarh. The Petitioner has appraised the Commission that the Petitioner has agreed with HPPTCL in paying Rs. 40,000/- per MW/month. Accordingly, the Petitioner has projected provisional monthly charges @ Rs. 10,80,000/-.

4.6.7 Also, the Petitioner has submitted that it also pays charges for the usage of ADHPL 220 kV D/C transmission Line. Further, the Petitioner has submitted that the CERC vide its Order dated 17th October, 2019 in the Petition No. 209/MP/2017 has approved the capital cost of the ADHPL 220 kV D/C transmission Line and determined the AFC from the COD in September 2010 to FY2013-14 and also determined the AFC for FY2014-19 control period, however, ADHPL has appealed before Hon'ble APTEL. The Petitioner has mentioned that the present LTA on ADHPL 220kV D/C line is 243 MW out of which HPSEBL have 27MW. Accordingly, the Petitioner has projected ADHPL line charges subject to final outcome of the ADHPL Petition before Hon'ble APTEL.

4.6.8 Further, the Petitioner has mentioned that HPPTCL has claimed the entire Bhoktoo Sub-Station ARR from the COD from the Petitioner and currently billing the Petitioner on monthly basis. The Petitioner has mentioned that the Commission in its Order dated 25th July 2020 on the HPPTCL Petition has approved the capital cost of 220/66 kV Bhoktoo Pooling Sub-Station & determined the transmission Tariff from COD of the line till FY 2023-24. Accordingly, the Petitioner has projected the HPPTCL charges for Bhoktoo Sub-station for FY 2023-24.

4.6.9 The charges for Kashang Bhaba transmission line have been projected by the Petitioner on prorate basis (65 MW share of HPSEBL out of 195 MW) based on the Tariff determined by Commission vide Tariff Order dated 26.8.2020.

4.6.10 The Petitioner has mentioned that the Commission in its Order dated 28.09.2022 has approved the transmission Tariff for the 33/132kV GIS Sub-station at Chambi (Shahpur) along with 132 kV D/C Dehra-Kangra Transmission Line and for the 33/132kV GIS Sub-station at Pandoh along with LILO of one circuit of 132 kV D/C Kangoo- Bajaura Transmission Line (Asset 1) and Additional 33/132 kV 31.5 MVA Transformer with associated GIS at 33/132 kV Pandoh (Asset-2). Further, the Petitioner has submitted that it has signed a TSA with HPPTCL on 14th July, 2022 for these assets and accordingly has to bear the entire ARR until some other beneficiaries come up to HPPCTL for the usage of these transmission assets. In lieu of the above, the Petitioner has projected the HPPTCL charges for these assets for the FY2023-24 as per the approved ARR for these assets vide HPERC Order dated 28.09.2022.

4.6.11 Moreover, the Petitioner has sought evacuation of 31 MW of power from Hydro Power Projects which have been already Commissioned in the Ravi Basin using the dedicated line of M/s Greenko Budhil HEP. The Petitioner intended to evacuate power from already Commissioned SHEPs using the dedicated transmission line of Budhil till 30.09.2021. The Petitioner has mentioned that the present ARR of HPPTCL for FY2022-23 is Rs. 36.24 Cr. and per MW/month for LTA beneficiaries works out to be Rs. 43,547. Accordingly, the Petitioner has prorated net monthly charges (tentative) of Rs. 15,50,000/- to be payable to M/s Greenko Budhil HEP or to UPCL which is bearing the entire charges of this 220kV S/C Dedicated Transmission line.

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

4.6.13 The summary of the total HPPTCL charges for FY 2023-24 is as follows:

Table 37: Petitioner Submission-HPPTCL charges in (Rs. Cr.)

Particulars	FY23	FY24
STU-ARR (Pro-rata share of HPSEBL i.e., ARR*670/693.5	35.01	34.48
Bhoktoo Sub-station ARR	5.96	5.80
Kashang Bhaba Transmission Line (Pro-rata share of 13% for GoHP free power)	0.98	0.33
Phojal 220kV Sub-Station & associated line	1.30	1.30
ADHPL 220kV Transmission Line upto Nalagarh CTU Point	3.96	3.96
Chambi GIS Sub-station & associated line	13.23	12.89
Arrears - Chambi GIS Sub-station & associated line	22.66	-
Pandoh GIS Sub-station & associated line	8.85	8.65
Arrears - Pandoh GIS Sub-station & associated line	21.98	-
Utilization of 132 kV D/C Malana –Bajaura Line of M/s MPCL	0.42	0.42
HPPTCL Total Charges	**114.35**	**67.85**

4.6.14 **SLDC and STOA Charges:** The Petitioner has mentioned that the HPSLDC charges have been worked out based on the contracted capacity in MW from all sources of power procurement by the Petitioner for FY 2022-23 & FY 2023-24. Accordingly, the Petitioner considering gross contracted capacity of 2758.13 MW and rate as per rate mentioned in HPSLDC Mid Term Review Order dated 12th August 2021 has projected charges for FY 2022-23 & FY 2023-24 as Rs. 1757.24 per MW/month and Rs. 1889.15 per MW/Month respectively.

4.6.15 Further, the Petitioner has mentioned that the STOA charges for FY 2023-24 have been projected in line with the CERC Sharing Regulations, 2020 and GNA Regulations, 2022 vide which for the drawal of power, Discoms are also required to pay for the short-term open access in terms of temporary GNA.

4.6.16 The HPSLDC and STOA charges for the remaining period of FY 2022-23 and FY 2023-24are as follows:

Table 38: Petitioner Submission for SLDC charges and OA charges for FY23 and FY24 (Rs. Cr)

Particulars	FY23		FY24	
	Approved MPR Order	Projected (H2) Total	Approved in MYT Order	Projected
SLDC Charges	4.49	3.55	11.20	3.54
Open Access Charges	24.81	34.30	91.77	127.72

4.6.17 The summary of transmission and other charges proposed by the Petitioner for the FY 2022-23 and FY 2023-24 is as follows:

Table 39: Summary of Transmission and other charges proposed by the Petitioner in (Rs. Cr.)

Particulars	FY23		FY24	
	Approved MPR Order	Projected	Approved MYT Order	Projected
PGCIL Charges	530.85	438.72	380.87	522.00
HPPTCL Charges	67.25	113.73	33.87	67.85
SLDC Charges	4.49	3.55	11.20	3.54
STOA Charges	24.81	34.30	91.77	127.72
Others (UPPTCL, Budhil Ts.)	-	3.24	-	-
Total	**627.40**	**593.54**	**517.71**	**721.12**

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

4.7 Operation & Maintenance Expenses (O&M)

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

4.7.2 Further, the Petitioner has also claimed one time provision of Rs. 5.00 Cr. for FY 2022-23 and FY 2023-24 as allowed by the Commission vide MYT Order dated 29th June 2019. Accordingly, HPSEBL requests the Commission to approve O&M expenses for FY23 and FY24 as follows:

Table 40: O&M charges for FY23 and FY24 (Rs. Cr)

Particulars	FY23		FY24	
	Approved in MPR Order	Revised Projection	Approved in MYT Order	Revised Projection
Employee Cost	2052.36	2052.36	2185.86	2185.86
R&M Cost	112.91	112.91	118.78	118.78
A&G Cost	60.98	65.98	61.68	66.68
Total O&M Expense	**2226.25**	**2231.25**	**2366.32**	**2371.32**

4.8 Interest and finance charges

4.8.1 As per HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011 along with 1st Amendment, 2012 and 2nd

Amendment, 2013, Interest & Finance Charges are the controllable parameter and shall be Trued-up at the end of MYT control period FY 2019-20 to FY 2023-24.

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

Table 41: Petitioner Submissions-Interest on Working Capital for FY23 & FY24 (in Rs Cr)

Particulars	FY23		FY24	
	Approved in MPR Order	Projected	Approved in MYT Order	Projected
O&M expenses for 1 month	185.52	185.94	196.44	197.61
Receivables for two months of revenue from sale of electricity	955.01	1286.41	926.54	1085.82
Maintenance spares @ 15% of O&M Expenses for one month	27.83	27.89	16.25	29.64
Less: one-month power purchase	303.96	350.30	306.28	365.19
Less: Consumer Security Deposit	506.51	498.82	538.40	526.64
Total Working Capital	**357.89**	**651.12**	**294.55**	**421.24**
Rate of Interest on Working Capital	10.00%	10.00%	11.15%	10.00%
Interest on Working Capital	**35.79**	**65.11**	**32.84**	**42.12**

4.8.3 **Interest on Consumer Security Deposit:** The Petitioner has projected Consumer security deposit for the FY 2023-24 as follows:

Table 42: Interest on Consumer Security Deposit for FY23 and FY24 (Rs. Cr)

Particulars	FY23		FY24	
	Approved in MPR Order	Projected	Approved in MYT Order	Projected
Opening	473.43	472.71		498.82
Addition	33.09	26.11		27.82
Closing	506.52	498.82		526.64
Rate of Interest	4.310%	4.250%		4.250%
Interest on Security deposit	**21.10**	**20.64**	**34.25**	**21.79**

4.9 Depreciation, Return on Equity

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

Table 43: Depreciation and RoE claimed for FY23 and FY24 (Rs. Cr)

Particulars	FY23		FY24	
	Approved in MPR Order	Revised Projection	Approved in MYT Order	Revised Projection
Depreciation	167.33	167.33	178.73	178.73
Return on Equity	62.74	62.74	68.39	68.39

4.10 Non-Tariff Income and Other Income

4.10.1 The Petitioner has estimated non-Tariff and other Income for the FY24 as shown in the table below:

Table 44: Non-Tariff income for FY23 and FY24 (Rs. Cr)

Particulars	FY23	FY24
Meter Rent/Service Line Rentals	51.22	51.22
Recovery for theft of Power / Malpractices	0.37	0.37
Wheeling Charges Recovery	0.00	0.00
O&M Charges Recovery	5.26	5.26
Peak Load Violation Charges	-0.03	-0.03
Miscellaneous Charges from Consumers	4.53	4.53
Non-Tariff Income – Total	**61.35**	**61.35**
Other Income		
Interest on Staff loans & Advances	0.14	0.14
Income from Investments	3.16	3.16
Interest on Loans & Advances to Licensees	-	-
Delayed Payment Charges from Consumers*	71.73	71.73
Delayed Payment Charges from PGCIL	0.01	0.01
Interest on Advances to Suppliers / Contractors	0.05	0.05
Interest on Banks (other than on Fixed Deposits)	1.78	1.78
Income from Trading	8.86	8.86
Other Misc. Receipt trading	0.02	0.02
Income fee collected against Staff Welfare Activities	0.24	0.24
Miscellaneous Receipts	50.60	50.60
O&M Charges Recovery from HPPTCL	-	-
Recovery of Investigation & Survey Charges	-	-
Amortization of Govt. grants	137.71	137.71
Subsidies from State Govt. (UDAY)	35.27	35.27
Subsidies against loss on account of flood & other	10.67	10.67
Prior Income	1.26	1.26
Rebate to CPSUs	-	-
Other Income – Total	**321.49**	**321.49**
Total Non-Tariff Income & Other Income	**382.84**	**382.84**
Less: Income items not considered		
Delayed Payment Charges from Consumers*	71.73	71.73
Delayed Payment Charges from PGCIL	0.01	0.01
Amortization of Govt. grants	137.71	137.71
Subsidies from State Govt. (UDAY)	35.27	35.27
Net Non-Tariff Income & other income considered	**138.12**	**138.12**

4.11 Impact of 6th Pay Revision

4.11.1 The Petitioner has mentioned that it has already paid arrears to the tune of Rs. 290 Cr. towards the impact of 6th Pay revision for the period 1st January 2016 to 31st March 2022. Further, the Petitioner has highlighted that while projecting the impact of 6th Pay revision for FY 2023-24, it has claimed 10% escalation over the impact of 6th Pay Commission Revision allowed by the Commission for FY 2022-23.

4.11.2 The impact due to 6th Pay revision projected by the Petitioner during 2022-23 and FY 2023-24 is as follows:

Table 45: Impact of 6thPay Revision claimed for FY23 and FY24 (Rs. Cr)

Impact of Pay Revision	Allowed in MPR Order	FY23	FY24
Impact of the 6th Pay Revision allowed by the Commission	453.75	-	-
Total Number of months considered by Commission for FY 2021-22	3.00	-	-

Impact of Pay Revision	Allowed in MPR Order	FY23	FY24
Total Number of months considered by Commission for FY 2022-23	12.00	-	-
Impact of the 6th Pay Commission Revision allowed by the Commission for FY 2021-22	90.75	-	-
Impact of the 6th Pay Commission Revision allowed by the Commission for FY 2022-23	363.00	363.00	399.30
Arrears paid for 1.1.2016 to 31.3.2022	-	290.00	-
Total Impact of Pay Revision	**453.75**	**653.00**	**399.30**

4.12 Aggregate Revenue Requirement

4.12.1 The Petitioner's submission of ARR and category wise Revenue for the FY 2022-23 and FY 2023-24 has been summarised below:

Table 46: Summary of ARR for FY23& FY24 (in Rs Cr)

Particulars	FY23		FY24	
	ARR approved in MPR	Revised ARR	ARR approved in MYT Order	Revised ARR
Power Purchase Expenses for Supply in the State	**3,647.47**	**4,203.60**	**3,675.41**	**4,382.28**
Cost of electricity purchase including own generation	3,020.07	3,610.06	3,157.70	3,661.16
Inter-state Charges	**555.66**	**473.02**	**472.64**	**649.72**
Power Grid Charges	530.85	438.72	380.87	522.00
Open Access Charges	24.81	34.30	91.77	127.72
Intra-state Charges	**71.74**	**120.52**	**45.07**	**71.40**
HPPTCL Charges	67.25	113.73	33.87	67.85
SLDC Charges	4.49	3.55	11.20	3.54
Others (UPPTCL, Budhil Ts.)	-	3.24	-	-
Operation & Maintenance Costs	**2,226.24**	**2,231.25**	**2,357.29**	**2,371.32**
Employee Cost	2,052.36	2,052.36	2,185.86	2,185.86
R&M Cost	112.91	112.91	118.78	118.78
A&G Cost	60.97	65.98	52.65	66.68
Interest & Financing Charges	**215.03**	**234.00**	**260.67**	**257.50**
Interest on Working Capital	35.79	65.11	32.84	42.12
Interest on Security Deposit	21.10	20.64	34.25	21.79
Interest on Long term Loans	148.24	148.24	193.58	193.58
Depreciation	167.33	167.33	178.73	178.73
Return on Equity	62.74	62.74	68.39	68.39
LC Charges	9.90	9.90	-	9.90
Gross ARR	**6,318.81**	**6,908.81**	**6,540.49**	**7,268.11**
Less: Non-Tariff & Other Income	116.88	138.12	141.23	138.12
Net ARR	**6,201.93**	**6,770.69**	**6,399.26**	**7,129.99**
Impact of True Up of Un-Controllable parameters FY21 - Surplus/(Gap)	526.98	526.98	-	-
Impact of True Up of Controllable parameters (FY15-FY19) - Surplus/(Gap)	473.68	473.68	-	-

Particulars	FY23		FY24	
	ARR approved in MPR	Revised ARR	ARR approved in MYT Order	Revised ARR
Provisioning towards arrears of CGS Orders	75.00	75.00	-	-
Provision towards impact of 6th Pay Commission revision (FY22-3 months and FY23)	453.75	653.00	-	399.30
Impact of True Up of Un-Controllable parameters FY22 - Surplus/(Gap)	-	-	-	(21.62)
Net ARR	**5,730.02**	**6,498.03**	**6,399.26**	**7,550.91**
Revenue from sale of power within state	5,374.31	7,482.06	-	6,498.59
Revenue from sale of surplus power	104.75	236.39	-	16.32
Net Revenue	**5,479.06**	**5,947.28**	**-**	**6,514.92**
Surplus/ (Gap)	**(250.96)**	**(550.75)**	-	**(1,035.99)**
Sales	9,798.00	10,842.72	10,209.00	11,425.72
ACoS	6.33	6.24	6.27	6.24
ACoS (including Past Period Cost)	5.85	5.99	6.27	6.61
ABR	5.59	7.12	-	5.70

4.13 Allocation of ARR into wheeling and retail supply

4.13.1 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 47: Allocation ratio

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

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

Table 48: Allocation of total ARR into wheeling ARR and retail supply ARR (Rs. Cr)

Particulars	Wheeling ARR	Retail Supply ARR	Total
Cost of electricity purchase including own generation	-	3671.06	3671.06
Transmission Charges	-	721.12	721.12
Employee Cost	1530.10	655.76	2185.86
R&M Cost	106.90	11.88	118.78
A&G Cost	40.01	26.67	66.68
Interest & Financing Charges	244.62	12.87	257.50
Depreciation	169.79	8.94	178.73
Return on Equity	68.39	-	68.39
Non-Tariff Income	-	138.12	138.12
ARR	**2159.82**	**4970.18**	**7129.99**

4.14 Revenue at Existing Tariff

4.14.1 The Petitioner has submitted that the revenue at existing Tariff for FY 2023-24 has been estimated as given below:

Table 49: Revenue at Existing Tariff FY24

Categories	FY24 (Existing Tariff)		
	Sales	Revenue	ABR
	MUs	Rs. Cr.	Rs. /unit
Small Power	87.58	55.56	6.34
Medium Power	103.28	68.49	6.63
Large Supply	6,577.38	3,702.85	5.63
Domestic	2,741.24	1,403.02	5.12
Govt. Irrigation & Water Pumping	691.45	467.62	6.76
Irrigation & Agriculture	76.49	35.27	4.61
Commercial	734.94	457.20	6.22
Bulk Supply	157.64	120.11	7.62
Non-Domestic Non-Commercial	174.02	118.71	6.82
Public Lighting	11.37	6.09	5.36
Temporary	68.88	62.84	9.12
EV Charging Stations	1.45	0.82	5.70
Total	**11,425.72**	**6,498.59**	**5.69**

4.15 Revenue from sale of surplus power

4.15.1 The Petitioner has submitted that there is surplus power available for FY 2023-24. The rate for sale of surplus power has been considered by the Petitioner as Rs. 3 per unit as also considered by the Commission in MPR Order dated 29th March 2022. The revenue from sale of surplus power has been estimated as given below:

Table 50: Petitioner Submission-Revenue from sale of surplus power in (Rs. Cr)

Particulars	FY24
Surplus power available (MUs)	54.41

Particulars	FY24
Revenue from sale of surplus power (Rs Cr)	16.32
Rate (Rs per unit)	3.00

4.16 ARR including impact of True Up/ Other Provisions

4.16.1 Accordingly, the Net ARR including approved past period gaps including impact of True Up surplus for FY 2021-22, impact of true up of controllable parameters of 3rd Control Period and the aforesaid provisions is submitted as follows:

Table 51: ARR including past period adjustments (Rs. Cr)

Particulars	FY23		FY24	
	Approved in MPR	Revised ARR	Approved in MYT Order	Revised ARR
ARR	**6,201.93**	**6,770.69**	**6,399.26**	**7,129.99**
Impact of True Up of Un-Controllable parameters FY21 - Surplus/(Gap)	526.98	526.98	-	-
Impact of True Up of Controllable parameters (FY15-FY19) - Surplus/(Gap)	473.68	473.68	-	-
Provisioning towards arrears of CGS Orders	75.00	75.00	-	-
Provision towards impact of 6th Pay Commission revision	453.75	653.00	-	399.30
Impact of True Up of Un-Controllable parameters FY22 - Surplus/(Gap)	-	-	-	(21.62)
Net ARR	**5,730.02**	**6,498.03**	**6,399.26**	**7,550.91**

4.17 Revenue Surplus/ (Gap)

4.17.1 Based on the projection of ARR and Revenue, the revenue surplus / (gap) projected by the Petitioner for FY 2023-24 is provided below:

Table 52: Petitioner Submission- Projected Revenue Surplus/ Gap for FY24 (Rs. Cr)

Particular	Amount
Net ARR for FY24	**7,550.91**
Revenue at existing Tariff	6,498.59
Revenue from sale of surplus	16.32
Total Revenue estimated for FY23	**6,514.92**
Total Revenue Gap /Surplus (-)	**(1,035.99)**

4.18 Revenue at Proposed Tariff

4.18.1 The Petitioner after adjustment of Revenue Gap has estimated revenue at proposed Tariff as below:

Table 53: Petitioner Submissions-Category wise Revenue at proposed Tariffs (Rs. Cr)

Categories	FY24 (Proposed)		
	Sales MUs	Revenue Rs. Cr.	ABR Rs./unit
Small Power	87.58	65.01	7.42
Medium Power	103.28	80.38	7.78
Large Supply	6,577.38	4,366.63	6.64
Domestic	2,741.24	1,571.77	5.73
Govt. Irrigation & Water Pumping	691.45	533.71	7.72
Irrigation & Agriculture	76.49	37.60	4.92
Commercial	734.94	529.79	7.21
Bulk Supply	157.64	135.02	8.57

Categories	FY24 (Proposed)		
	Sales MUs	Revenue Rs. Cr.	ABR Rs./unit
Non-Domestic Non-Commercial	174.02	137.25	7.89
Public Lighting	11.37	6.58	5.79
Temporary	68.88	70.35	10.21
EV Charging Stations	1.45	0.82	5.70
Total	**11,424.27**	**7,534.09**	**6.59**

4.19 Capital Investment in FY 2023-24

4.19.1 The Petitioner has mentioned that as per Regulation 9(6) of the HPERC MYT Regulations, 2011 and its subsequent amendments, review of capital expenditure incurred and capitalisation at the end of each year of the Control Period vis-à-vis approved capital expenditure and capitalisation schedule is required. However, during the normal course, the Commission shall not revisit the approved capital investment on yearly basis during the Control Period and adjustments to depreciation, interest on capital loan and return on equity on account of variations for actual capital expenditure and capitalisation made vis-à-vis approved capital investment plan shall be done during the mid-term performance review and at the end of the Control Period. Accordingly, Commission had approved the following capital investment during the 4th Control Period.

Table 54: Approved capital investment for 4th MYT Control Period (Rs. Cr)

Particular	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	Total
Capital Expenditure	583.68	557.05	555.76	388.12	388.12	2473
Capitalisation	568.63	564.00	560.71	491.67	450.25	2636

4.20 Additional Surcharge

Surrendered Power due to Open Access Consumers

4.20.1 The Petitioner has submitted that during FY23 (up to September 2022), the Power projects from which the power got stranded during different time blocks due to short term open access includes Singrauli STPS, Rihand-2 STPS, Rihand-1 STPS, Rihand-3 STPS, Tanda TPS, Kahalgaon – II, Unchahar-IV, Dadri-II TPS, Unchahar-II, Unchahar-I and Unchahar-III.

4.20.2 However, as per directions of the Commission, HPSEBL is not considering projects that have been categorized under surplus power purchase of the Merit Order Dispatch of FY 2022-23. Therefore, stations considered for computation of Additional Surcharge are Singrauli STPS, Rihand-2 STPS, Rihand-1 STPS, Rihand-3 STPS, Tanda TPS, Kahalgaon – II, Unchahar-II, Unchahar-I and Unchahar-III.

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

Table 55: Total month-wise power purchased by STOA Consumers (Apr- Sep '22) (MUs)

Source	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Total
Total Power purchased by Open Access Consumers	0.50	1.07	0.50	0.66	0.96	0.12	3.81

Table 56: Energy Stranded in power stations from April-22 to Sep-22 (MUs)

Source	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Total
Singrauli STPS	2.07	8.84	6.24	2.86	2.82	1.97	24.81
Rihand-2 STPS	23.40	27.03	26.18	28.60	30.39	22.21	157.81
Rihand-1 STPS	23.31	22.88	26.91	24.18	21.86	11.02	130.17
Rihand-3 STPS	20.63	24.68	25.63	26.21	26.32	21.28	144.75
Tanda TPS	4.02	8.03	7.65	11.36	26.94	1.91	59.92
Kahalgaon - II	13.56	25.73	60.76	18.48	30.57	16.46	165.56
Unchahar-IV	3.67	4.02	8.07	1.81	2.56	0.68	20.80
Dadri-II TPS	8.04	21.32	56.60	1.94	4.45	2.06	94.41
Unchahar-II	11.05	15.59	29.20	9.85	11.46	8.31	85.46
Unchahar-I	4.10	4.46	0.99	0.15	0.16	0.14	9.99
Unchahar-III	7.96	7.57	10.75	6.00	5.43	4.89	42.60
Total	**121.83**	**170.16**	**258.98**	**131.45**	**162.96**	**90.92**	**936.29**

Fixed Cost relating to Generation Capacity (at injection point)

4.20.4 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 57: 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 22	Annual Fixed Charges (Paise/ unit)	Power Purchase (MUs)	Total Fixed Cost of Power Purchase (Rs Cr)
Singrauli STPS	2,000.00	13,830.20	906.17	65.52	37.02	2.43
Rihand-2 STPS	1,000.00	6,980.63	493.82	70.74	284.23	20.11
Rihand-1 STPS	1,000.00	6,850.32	578.09	84.39	260.57	21.99
Rihand-3 STPS	1,000.00	6,980.63	1,007.46	144.32	271.05	39.12
Tanda TPS	1,320.00	9,214.43	1,361.12	147.72	63.05	9.31
Kahalgaon - II	1,500.00	10,526.78	1,140.36	108.33	244.34	26.47
Unchahar-II	420.00	3,127.32	302.36	96.68	124.75	12.06
Unchahar-I	420.00	2,845.86	307.61	108.09	26.58	2.87
Unchahar-III	210.00	1,563.66	191.69	122.59	66.79	8.19
Total	**8,870.00**	**61,919.82**	**6,288.67**	**101.56**	**1,378.35**	**139.99**
Average rate of Fixed Cost at Injection Point (Paise/unit)				**101.56**		

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

4.20.5 The Petitioner has calculated applicable average rate of PGCIL charges of Power Grid (actual up to Sep'22 thereafter average rate corresponding to H1 period is considered) and Transmission Charges of HPPTCL. The fixed costs relating to stranded transmission capacity have been worked out as per details given in table below:

Table 58: Fixed Cost relating to Power Grid & HPPTCL Transmission System (at injection point)

Month	Transmission Charges (Rs. /MW/month)
	PGCIL Charges
Apr-22	292,610
May-22	287,327
Jun-22	294,848
Jul-22	293,025
Aug-22	303,569
Sep-22	300,201
Oct-22*	295,263
Nov-22*	295,263
Dec-22*	295,263
Jan-23*	295,263
Feb-23*	295,263
Mar-23*	295,263
Average/month	**295,263**
Average Fixed Cost @79.69% load Factor at injection point (paise/kWh)	**50.62**

Power Grid, HPPTCL & Distribution System Losses

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

4.20.7 The Petitioner has considered Power Grid losses at 3.70% for FY 2022-23. As power grid losses vary from time to time, therefore, average has been considered.

4.20.8 The losses for HPPTCL system and 132 kV & 220 kV distribution systems for FY 2022-23 have been taken as 0.75% and 2.50% respectively as approved in the Tariff Orders.

Table 59: Power Grid, HPPTCL & Distribution System Losses (%)

Particulars	Losses (%)
Power Grid Losses	3.70%
HPPTCL Losses	0.75%
Distribution System Losses (132 kV & 220 kV)	2.50%

Computation of Additional Surcharge

4.20.9 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 2023-24, is 86.39 paise per unit. After deducting the rate from fixed cost payable to generators, the additional surcharge is computed as 85.16 paise per unit.

4.20.10 Accordingly, the additional surcharge for FY 2023-24 has been worked out as per details given in the following table:

Table 60: Petitioner Submission- Additional Surcharge computation (Paise per kWh)

Description	Fixed Cost at Injection point in paise/kWh	Fixed Cost at Consumer end in paise/kWh
Generation Capacity	101.56	109.15

Description	Fixed Cost at Injection point in paise/kWh	Fixed Cost at Consumer end in paise/kWh
Transmission Capacity	-	-
Power Grid system	50.62	54.40
HPPTCL system	9.22	9.91
Total Fixed Cost payable to Generator	-	173.46
Recovery of Fixed Charge as Demand Charge from EHT Consumers	-	86.39
Balance payable in shape of Additional Surcharge in Paise/kWh	**-**	**87.07**

4.21 Wheeling Charge

4.21.1 The Petitioner has apportioned the sales for FY 2023-24 at EHT, HT and LT voltage-levels as highlighted in the following table:

Table 61: Voltage wise sales for computation of wheeling charges

Category	Total Sales (MU)	220 KV System	132 KV System	66 KV System	HT (33 kV)	HT (>=11 kV &<33kV)	LT (< 11 kV)
Small Power	87.58	0.00	0.00	0.00	0.00	5.88	81.70
Medium Power	103.28	0.00	0.00	0.00	0.00	89.14	14.14
Large Supply	6577.38	584.11	1250.54	787.17	1520.48	2420.54	14.53
Domestic	2741.24	0.00	0.00	0.00	0.00	1.03	2740.22
Govt. Irrigation & Water Pumping	691.45	0.00	0.00	38.55	19.89	325.35	307.66
Irrigation & Agriculture	76.49	0.00	0.00	0.00	0.00	1.88	74.61
Commercial	734.94	0.00	0.00	0.00	0.34	136.69	597.91
Bulk Supply	157.64	0.00	0.00	0.00	26.80	118.92	11.92
Non-Domestic Non-Commercial	174.02	0.00	0.00	0.00	21.62	43.11	109.29
Public Lighting	11.37	0.00	0.00	0.00	0.00	0.00	11.37
Temporary	68.88	0.00	0.00	0.00	0.09	14.33	54.46
EV Charging Stations	1.45	0.00	0.00	0.00	0.00	0.00	1.45
Total	**11425.72**	**584.11**	**1250.54**	**825.72**	**1589.22**	**3156.87**	**4019.27**

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

Table 62: Voltage Wise Cost allocation

220 KV System	132 KV System	66 KV System	HT (33 kV)	HT (>=11 kV &<33kV)	LT (< 11 kV)
4.16%	9.09%	3.75%	21.00%	29.00%	33.00%

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

Table 63: Capacity of generators connected at each voltage level (in MW)

Particulars	220 kV	132 kV	66 kV	33 kV	22 kV	11 kV
Hydro IPP	-	-	62.60	378.45	50.10	0.40
OA Gen	-	122.00	51.50	39.80	-	-
Own Generation	120.00	252.00	49.45	50.00	15.25	1.55
Solar IPP	-	-	-	15.00	1.70	21.40
Total	**120.00**	**374.00**	**163.55**	**483.25**	**67.05**	**23.35**

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

Table 64: Estimated energy flow and power handled at each voltage level

Particulars	Total	220 kV	132 kV	66 kV	33 kV	22 kV	11 kV
Estimated Power Handled (MW)	-	**231**	**612**	**321**	**786**	**668**	**788**
Consumer Demand (MW)	-	111	238	157	302	601	765
Generator Load (MW)	-	120	374	164	483	67	23
Estimated Energy Flow (MUs)	-	**1,162**	**3,052**	**1,614**	**3,918**	**3,480**	**4,132**
Consumer Energy Flow (MUs)	11,426	584	1,251	826	1,589	3,157	4,019
Generator Energy Flow (MUs)	5,932	578	1,802	788	2,328	323	113

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

Table 65:Wheeling charges computed for medium/long term open access Consumers

Particular	220 kV	132 kV	66 kV	33 kV	22 kV	11 kV
Total Wheeling ARR (Rs. Cr.)	2159.82					
Cost apportioned (Rs. Cr.)	89.85	196.28	81.04	453.56	626.35	712.74
Cost allocation brought forward from the next higher voltage block) (Rs. Cr.)	-	83.75	226.04	268.65	469.07	593.00
Total Allocation (Rs. Cr.)	89.85	280.03	307.08	722.21	1,095.41	1,305.74
Estimated Load (MW)	231.13	611.93	320.65	785.61	667.67	788.05
Total Demand Flow (MW)	3,405.04	3,173.91	2,561.98	2,241.33	1,455.72	788.05
Wheeling Charges (Rs.	**21,988.66**	**73,522.78**	**99,883.93**	**268,519.10**	**627,073.48**	**1,380,767.82**

Particular	220 kV	132 kV	66 kV	33 kV	22 kV	11 kV
Per MW per month)						

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

Table 66: Wheeling charges computed for short term open access Consumers

Particular	220 kV	132 kV	66 kV	33 kV	22 kV	11 kV
Total Wheeling ARR (Rs. Cr.)	2159.82					
Cost apportioned (Rs. Cr.)	89.85	196.28	81.04	453.56	626.35	712.74
Cost allocation brought forward from the next higher voltage block) (Rs. Cr.)	-	85.25	249.06	301.68	618.31	697.12
Total Allocation (Rs. Cr.)	89.85	281.53	330.10	755.24	1,244.66	1,409.86
Estimated Energy (MUs)	584.11	1,250.54	825.72	1,589.22	3,156.87	4,019.27
Total Energy Flow (MUs)	11,425.72	10,841.61	9,591.07	8,765.35	7,176.13	4,019.27
Wheeling Charges (Paisa per unit)	**7.86**	**25.97**	**34.42**	**86.16**	**173.44**	**350.78**

4.22 Cross Subsidy Surcharge

4.22.1 The Petitioner has worked out the Cross-subsidy Surcharge based on the above methodology and formula as per the revised Tariff Policy. Further, the Commission in line with 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 2023-24 is shown in following table:

Table 67: Cross Subsidy Surcharge proposed by HPSEBL

Categories	CSS as per formula	20% of CSS	20% of Tariff	Proposed CSS
	(S)	A	B	MIN(A,B)
	Rs. /kWh	Rs. /kWh	Rs. /kWh	Rs. /kWh
Small Power	1.55	0.31	1.48	0.31
Medium Power	3.20	0.64	1.56	0.64
Large Supply	3.00	0.60	1.33	0.60
Domestic	0.00	0.00	1.15	0.00
Govt. Irrigation & Water Pumping	2.73	0.55	1.54	0.55
Irrigation & Agriculture	0.00	0.00	0.98	0.00
Commercial	1.53	0.31	1.44	0.31
Bulk Supply	4.22	0.84	1.71	0.84
Non-Domestic Non-Commercial	2.61	0.00	1.58	0.00
Public Lighting	0.00	0.00	1.16	0.00
Temporary	4.57	0.91	2.04	0.91

Categories	CSS as per formula	20% of CSS	20% of Tariff	Proposed CSS
	(S)	A	B	MIN(A,B)
	Rs. /kWh	Rs. /kWh	Rs. /kWh	Rs. /kWh
EV Charging Stations	0.00	0.00	1.14	0.00

4.23 Proposal for Infrastructural Development Charges (IDC) under HPERC (Recovery of Expenditure for supply of Electricity) Regulations 2012

4.23.1 The Petitioner has mentioned that Commission in MPR Order dated 29th March, 2022 had approved the IDC charges. Accordingly, the Petitioner has not proposed any changes in the IDC charges. The existing IDC charges are as follows:

Table 68: Existing IDC charges

Particulars	Normative Rates
IDC for Applicants under single part Tariff	NIL
IDC for Applicants under two-part Tariff	Rs. 200/- per kVA (or part thereof) of the Contract Demand.

4.24 Present Power Market Scenario

4.24.1 The Petitioner has mentioned that the Commission vide Second APR Order dated 31st May, 2021 had allowed additional night time concession charges @30 paise/unit from FY 2021-22 onwards and also reduced the peak hour Energy Charges by @50 paise/unit. However, the Petitioner has also submitted that the present power exchange rate for night and evening peak power i.e., 18:00 Hrs. to 06:00 Hrs. are highly volatile due to unavailability of solar generation during this period of the day. Thus, the Petitioner despite having Long Term PPAs, is forced to procure/draw costly power during the night and peak hours during certain time blocks and this impact of costly power is passed on to all the Consumers of the State which is not prudent as the poor Consumers of the State shall not be burdened for the benefit of specific Consumers.

4.24.2 Further, the Petitioner has highlighted that the above additional concessions to eligible Consumers during night and peak hours have been allowed for the entire year whereas the Petitioner has surplus hydro generation only during the summer/monsoon months. This surplus power is banked by HPSEBL to meet the requirements during the winter months to optimize the power purchase cost and to counter the impact of volatility of prices in the power market.

4.24.3 Additionally, the Petitioner has mentioned that the Commission in the MPR Order dated 29th March, 2022 has issued directive that Short Term Power procurement during the quarter shall not exceed 5% of the approved limit. However, on account of these concessions in night and peak hours to Consumers, the Petitioner is facing difficulty in ensuring adherence to the directive of the Commission. Accordingly, the Petitioner has prayed that additional concession during night and peak hours as allowed in the Second APR Order dated 31st May, 2021 may be rationalized from FY 2023-24 onwards.

4.25 Tariff Proposal

4.25.1 The Petitioner has not proposed any structural changes in the Tariff for FY 2023-24, however, as per present power market trends discussed above in the Petition, the Petitioner has prayed that additional concession during night and peak hours allowed in the Second APR Order dated 31st May, 2021 may be rationalized from FY 2023-24 onwards.

Rebate in Energy Charges in Retail Supply to Industrial Consumers

4.25.2 The Petitioner has mentioned that the rebate of 10%-15% which is being allowed to Industrial Consumers has resulted in cross subsidized Tariff to the Industrial Consumers with burden to other categories of Consumers of the State. Additionally, the Petitioner has mentioned that the same is not in line with the Tariff Policy/Regulations which envisages reduction of cross subsidy amongst various categories of Consumers with aim to reduce into zero.

4.25.3 The Petitioner has also mentioned that the Industrial Policy is not binding to the Petitioner since it is being governed by various Regulations and Tariff Order Notified by HPERC. In case, the Government of Himachal Pradesh/ Industry Department desire to give the rebate, the same is required to be compensated by way of advance subsidy as per provision of Section 65 of the Act.

4.25.4 Further, the Petitioner has highlighted that the parameter for giving rebate is substantial expansion which is to be certified by Industry Department and in case of multiple substantial expansions, it has become difficult to implement the required provisions as multiple agencies are involved in the process and litigations are being faced wherein Consumers are demanding the rebates as per the Industrial Policy whereas the Petitioner is allowing the rebates as approved by the Commission in relevant Tariff Order.

4.25.5 Thus, the Petitioner has proposed that the existing rebate being allowed as per previous Order is required to be continued. However, for new rebates under Industrial Policy, either the same is be done away with or the Electrical System Parameters shall be the base for rebate in case of substantial expansion.

4.26 Additional Submissions

4.26.1 The Petitioner has made following additional submissions as part of the response to deficiency noted by the Commission:

Deletion of Clause-Q of General Conditions of Tariff:

4.26.2 The Clause Q of Part-I of Schedule of Tariff provides for special provisions for Seasonal Industries. As per the prevailing provisions, the seasonal industries will be charged at the rates under relevant category of Commercial Supply Tariff for the Power Consumption during Off-season. The Petitioner has submitted that in the billing system, it is not possible to levy Tariff of other category (in this case Commercial Tariff) without changing the Category of the Consumer. Moreover, A&A form, is mandatory as per the provisions of the Supply Code for changing the category of any Consumer and thus, implementation of clause Q of Part-I of Schedule of Tariff is not practically possible in the billing System.

4.26.3 The Petitioner has also highlighted that the provision for Temporary Revision of Contract Demand has been incorporated in the Supply Code and thus, seasonal

Industries can utilize these provisions for effective management of Contract Demand during their off-peak season.

4.26.4 In view of the above, the Petitioner has submitted that Clause Q of Part-I of Schedule of Tariff may be deleted for avoiding ambiguities and for avoiding manual interventions in the Billing System of HPSEBL.

Provision for Contingency Power Purchase during FY 2023-24 from Power Exchanges (IEX& PXIL) on Day Ahead Market, Real Term Market & Term Ahead Market:

4.26.5 The Petitioner has submitted that in the MYT Order dated 29 June 2019, the Commission had approved contingent purchase of 200 MUs for each year of the control period i.e., FY 19-20 to FY 23-24. However, in the APR Orders for respective years, the Commission has not approved any contingent purchase due to which HPSEBL is facing difficulties in managing day to day demand & supply position.

4.26.6 The anticipated power supply availability on monthly basis & seasonal basis from all the firm sources in terms of existing long term PPAs for the ensuing financial year are prepared by HPSEBL during the months of December-February of the current financial year. The power supply demand of the State is anticipated based on the current demand pattern, past experiences & anticipated major loads additions in the ensuing year. The HPSEBL ensures to provide 24x7 basis power supply to the electricity Consumers in the State. There is no power cut imposed on account of power shortages in the State for the last few years.

4.26.7 Based on the anticipated monthly power supply position vs anticipated monthly demand of the State, the arrangement for disposal of Summer (May to September) surplus power outside the State are made on merit basis & Winter (November to March) deficits are managed with combination of banking and bilateral purchases. The energy requirements in the month of April & October are affected by the early onset of season of Summer and Winter or prolonging of Winter & Summer season. Therefore, the daily scheduling of power is done as per the anticipated arrangement of power procurement, daily schedule of power generation by the various Generators (CGS/State Sector/Private). Despite all these arrangements, Day Ahead scheduling of power by HPSEBL is subject variations with the day ahead schedule of the generators having PPA with HPSEBL. The generators are allowed to revise their schedule on number of times in a day without restrictions. These fluctuations in day ahead schedule & Intra-day schedule by the generators are balanced out in the daily schedules of HPSEBL which is prepared by ALDC wherein contingent power purchase to meet deficits from power exchanges or selling surplus power on the power exchanges on day ahead basis or Intra-day basis or real time basis is resorted. The daily power supply availability vs demand schedule is prepared one day in advance in terms of the Grid Code and if any shortfall is anticipated on day ahead basis in the scheduled power supply availability with respect to the scheduled demand of the State, power procurement from the Power Exchanges (IEX/PXIL) on merit Order basis is resorted.

4.26.8 Further, the Petitioner has submitted that contingent power purchase/sale on Power Exchanges is daily schedule / day ahead schedule balancing activity of the DISCOM. If the gaps in the time block of the daily schedule / day ahead schedule are allowed, DISCOM will either impose power cuts or resort to contingent purchase from the Power Exchanges. HPSEBL is mandated to provide 24x7 power supply to its Consumers in the State, therefore, contingent power purchase from power Exchanges is resorted.

4.26.9 In view of above, the Petitioner has submitted that contingent purchase quantum of 631.25MUs (i.e., @ 5% of the estimated power requirement of 12625.10MUs for FY2023-24) @ Rs. 7.38/unit (i.e., average contingency Purchase Rate of FY 22-23 submitted in the Petition) may be allowed for FY 23-24. Further to balance out this power purchase, equivalent quantum/cost in the Sale outside the State may be considered.

Compensation for Various Rebates provided to Tourism Sector by HPSEBL during Covid-19 Pandemic

4.26.10 In the MPR Order dated 29 March 2022, the Commission under Section 11.17.7 has approved that:

"Further, the Commission is of the viewpoint that the relief sought by the Petitioner on account of rebate provided to domestic/industrial and Commercial Consumers, concession to tourism sector has been accounted for in the revenue of FY 2020-21 and hence no separate relief is required to be provided in this regard ".

4.26.11 In this regard, the Petitioner has submitted that the amount of Rs. 5.22 Cr. on account of rebates provided to Tourism Sector during FY 20-21 under Covid-19 Pandemic has been considered in the overall revenue from sale of Power within State for FY 20-21 amounting to Rs. 4969.18 Cr. which is on assessment basis and not on actual realization basis. Thus, the amount of Rs. 5.22 Cr. has to be excluded from the total revenue from the sale of Power within the State for FY 20-21 amounting to Rs. 4969.18 Cr.

4.26.12 The Petitioner has submitted that this impact of Rs. 5.22 Cr. which remained unaccounted in the MPR Order dated 29.03.2022 may be considered in the True up of FY 21-22 and revised revenue from Sale of Power within State amounting to Rs. 5675.14 Cr. may be considered for FY 21-22.

Errata in rate of holding cost considered in FY 18 and FY 19 in the MPR Order dated 29th March 2022:

4.26.13 The Petitioner has submitted that in the MPR Order dated 29th March 2022, the Commission has erred in the computation of rate of holding cost for the FY 2017-18 and FY 2018-19 and has considered interest rate of 12.43% for calculation of holding cost.

4.26.14 As per Regulation 11(2) of 3rd Amendment of HPERC MYT Regulations, 2011, the applicable rate for carrying cost or holding cost is average SBI MCLR (1 Year) of the relevant year plus 300 basis points.

4.26.15 Moreover, the Commission has considered the rate of 11.00% in True Up of FY 2017-18 in "Table 27: Petitioner Submission- Carrying Cost for FY18 (Rs. Cr.)" of Tariff Order dated 6.6.2021. Further, the Petitioner submitted that the Commission had considered the rate of 11.39% in Provisional True Up of FY 2018-19 in "Table 129: Approved Carrying Cost for Revenue Surplus/ (Gap) (Rs. Cr.)" of Tariff Order dated 31.5.2021.

4.26.16 Therefore, the Petitioner has submitted that the rates of holding cost considered as 12.43% shall be corrected and considered to be 11.00% for FY 2017-18 and 11.39% for FY 2018-19.

Disallowance of one-time provision under A&G Expense in the MPR Order dated 29 March 2022.

4.26.17 The Petitioner has submitted that the one-time provision of Rs. 5 Cr. towards Public Interaction Programme (PIP) and Connectivity charges was allowed in MYT Tariff Order dated 29.6.2019.

4.26.18 Further, the Petitioner has highlighted that the Commission in the Tariff Order has now disallowed the provisional expenses of Rs. 5 Cr. in 4th MYT Control Period and has observed in Para 13.6.7 of the Order, as follows:

"The Commission deliberated on the various responses submitted by the Petitioner and is of the viewpoint that the charges under public interaction programme are not of new origin and were already covered in the base cost while projecting A&G expenses of the fourth control period. Further, the Commission observed that the Petitioner was unable to furnish any documentary evidence in regard to expenses incurred under one time provision of Rs. 5 Cr. Accordingly the Commission feels it appropriate to discontinue the provision of one-time expense of Rs. 5 Cr from the A&G expense of the fourth control period."

4.26.19 In this context, the Petitioner has submitted that the actual expenditure incurred against Public Interaction Programme (under the same head) and Connectivity Charges (under the head "IP VSAT Connectivity Charges") under A&G expenses, along with True Up of FY20 and FY21. Also, the said Accounting Heads (A/H) have been maintained separately for Public Interaction Programme and Connectivity Charges and the amount booked against the same.

4.26.20 The Petitioner has requested the Commission to allow the provision of Rs. 5 Cr. for the 4th MYT Control Period towards Public Interaction Programme and Connectivity charges and approve the A&G expenses in True Up of FY 2019-20 and True Up of FY 2020-21 as approved in the MYT Order.

Errata in calculation of penalty in True Up of FY 2019-20 in the MPR Order dated 29 March 2022.

4.26.21 The Petitioner has submitted that in Para 10.4.2 in the Tariff Order dated 29.03.2022, the following has been mentioned:

"10.4.2 In lieu of the above the Commission has considered revised T&D loss level as 11.30% for FY 2019-20. As per the Petitioner's submission, T&D loss level of 12.08% has been achieved during FY 2019-20."

4.26.22 Further, the Petitioner has highlighted that the Commission has revised the T&D loss target for FY 2019-20 to 11.30%, however, the calculations made under "Table 183: Loss on account of Under-achievement of T&D loss for FY20" and "Table 184: Penalty for Under-achievement of T&D Loss for FY20" have been made considering T&D loss target of 10.30% and the corresponding penalty for underachievement of T&D loss is Rs. 34.26 Cr. The Petitioner has submitted the revised computation of penalty and has requested the Commission to consider the Penalty on account of under-achievement of T&D loss as Rs. 15.21 Cr.

Amendment in Clause E of General Condition of Tariff i.e., Force Majeure Clause

4.26.23 The Petitioner has submitted that in the force Majeure Clause in Tariff Order w.e.f. 01.06.2021, the Force Majeure event as defined in HP Electricity Supply Code in 2009 and its Amendments has been incorporated whereas in the Supply Code 2009, there is no such definition of Force Majeure events. The Petitioner has highlighted that prior to this Amendment, the events of lockout, fire or any other circumstances considered by HPSEBL to be beyond the control of Consumers were mentioned.

4.26.24 The Petitioner has requested that the Force Majeure events may be defined specifically in the Tariff Order so as to deal the cases of Force Majeure being reported by the Consumers. Also, the Petitioner has requested to include the competent authority i.e., WTDs of HPSEBL to approve the Force Majeure events reported & defined in the Tariff Order.

Amendment in Clause E of General Condition of Tariff i.e., Temporary Revision of Contract Demand

4.26.25 The Petitioner has submitted that at present the applicability date of Temporary Revision in Contract Demand has been defined after one month from the date of receipt of application for Temporary Revision of Contract Demand from the Consumer. However, due to Maximum Demand Reset on monthly basis, the effectiveness of Temporary Revision of Contract Demand prior to monthly period of MD Reset is not practically feasible, in view of multiple histories and billing issues. It is requested that the Temporary Revision of Contract Demand may be implemented w.e.f. 1st of the subsequent billing month.

Foot Notes in the Schedule of Tariff in respect of Demand Charges Applicable for Two-Part Tariff Consumers

4.26.26 The Petitioner has submitted that the Demand Charges are charged from Two Part Consumers as per Clause L of General Conditions of Tariff i.e., 90% of Contract Demand or Actual Contract Demand, whichever is higher, upto Sanctioned Contract Demand. A footnote is also inserted in the Schedule of Tariff except Temporary Meter Supply and Railway Traction Categories which may also be inserted for uniform implementation of the Demand Charges and to avoid any misinterpretation by the Consumers/Auditors.

Tentative Impact of Water Cess on Power Purchase cost of Hydro generating station within the Himachal Pradesh

4.26.27 The Petitioner has highlighted that the GoHP vide notification dated 17.2.2023 has imposed water cess on the usage of water for the generation of electricity through water i.e., hydro generation. The GoHP has imposed water cess with immediate effect on all Hydro Power projects in the State of Himachal Pradesh as under:

Table 69: Head wise Tariff against Water Cess imposed by GoHP

Sl	Head	Tariff
1.	For Hydroelectric project with head upto 30 MPR.	Rs. 0.10/m^3
2.	For Hydroelectric project with head above 30 MPR. And upto 60 MPR.	Rs. 0.25/m^3
3.	For Hydroelectric project with head above 60 MPR. To upto 90 MPR.	Rs. 0.35/m^3
4.	For Hydroelectric project with head above 90 MPR.	Rs. 0.50/m^3

4.26.28 Further, the Petitioner has submitted that imposition of above specified Water Cess by GoHP will have impact on the overall Power Procurement Cost of HPSEBL due to impact of water cess on Tariff of Generation Units located in State of Himachal Pradesh including own Generation Plants of HPSEBL. The Petitioner has computed an impact of Rs. 726.65 Cr. including an impact of Rs. 192.14 Cr. towards water cess of own generating stations and Rs. 534.51 Cr. towards power purchase from within the State generating stations (excluding own generation).

4.26.29 Accordingly, the Petitioner has requested the Commission that the impact of water cess (tentative) on power purchase cost through hydro generating stations may kindly be taken into account while allowing the power purchase cost for FY 2023-24.

4.26.30 Also, the Petitioner has mentioned that the water cess has also been imposed by the Government of Uttarakhand which has been challenged by NHPC in the Hon'ble High Court of Uttarakhand. Now in compliance to the Judgment dated 12.7.2022 of Hon'ble Court of Uttarakhand, the hydro generators have raised the electricity bill including the component of water cess. The impact due to water cess (tentative) during FY 2023-24 is likely to be as under:

Table 70: Station wise tentative impact due to Water Cess for FY 2023-24

Sl.	Name of Power House	impact of water cess on generation of one unit (₹)	Projection of Energy FY2023-24 ARR (in MU)	Water Cess Impact in FY2023-24 ARR (Rs. Crore)
1	**2**	**3**	**4**	**5=3*4**
1	Koteshwar (THDC)	0.16	29.7	0.48
2	Tehri (THDC)	0.16	85.1	1.36
3	Yamuna Valley projects (UJVNL)	0.16	448.46	7.18
4	Dhauliganga (NHPC)	0.16	42.80	0.68
5	Tanakpur (NHPC)	0.16	15.50	0.25
	Total			**9.95**

4.26.31 The Petitioner has requested the Commission that the impact of water cess (tentative) on power purchase cost through above mentioned hydro generating stations may be taken into account while allowing the power purchase cost for FY 2023-24.

5 OBJECTION FILED AND ISSUES RAISED BY STAKEHOLDERS DURING PUBLIC HEARING

5.1 Introduction

5.1.1 Nineteen stakeholders filed their written comments/objections on the Petition for 4th APR for the fourth Control Period FY 2019-20 to FY 2023-24 and True-up of uncontrollable parameters of FY 2021-22 filed by the Petitioner. The list of the stakeholders is as follows:

Table 71: Details of Objectors (Stakeholder Consultation)

Sl.	Objector	Address
1.	BBN Industries Association	Baddi Barotiwala Nalagarh Industries Association, EPIP-Jharmajri Road Phase-I, Jharmajri, Baddi, Distt- Solan
2.	Kundlas Loh Udyog	Kundlas Loh Udyog, Village Balyana, P.O Barotiwala, Teh Baddi, Distt: Solan
3.	Confederation of Indian Industries	Confederation of Indian Industries, Block No. 3, Dakshin Marg, Sector 31-A, Chandigarh- 160030
4.	Parwanoo Industries Association	Parwanoo Industries Association (PIA), Plot No. 4-A, Sector-2, Parwanoo, Distt- Solan
5.	Kala Amb Chamber of Commerce & Industry	Kala-Amb Chamber of Commerce & Industry, Trilokpur Road, Kala-Amb- 173030, Distt- Sirmour.
6.	Prime Steel Industries Pvt. Ltd.	Prime steel Industries Pvt Ltd, Baddi-Barotiwala Road, Baddi, Distt Solan (HP)
7.	H. M. Steels Ltd	H.M. Steels Ltd, Trilokpur Road, Village Johron, Kala Amb-173030, Distt-Sirmour
8.	Himachal Pradesh Steel Industries Association	Himachal Pradesh Steel Industries Association, SCO 829, 2nd Floor, NAC Manimajra, Chandigarh
9.	IA Hydro Energy Pvt. Ltd.	IA Hydro Energy Pvt. Ltd., D17, Lane 1, Sector-1, New Shimla, Shimla-171009.
10.	Nalagarh Industries Association	EPIP-JHARMAJRI ROAD, EPIP PHASE-1, JHARMAJRI, Baddi, District solan
11.	Indian Energy Exchange	Indian Energy Exchange, C/o Avanta Business Centre, First Floor, Unit No. 1.14(a), D-2, Southern Park, District Centre, Saket, New Delhi – 110017
12.	Himachal Pradesh Power Corporation Ltd.	Himachal Pradesh Power Corporation Ltd., Himfed Building, BCS, New Shimla, Shimla-171009

Sl.	Objector	Address
13.	Vardhaman Textiles Ltd.	Vardhman Textiles Ltd., Sai Road, Baddi, Distt-Solan Pin 173205
14.	Bharti Airtel Ltd.	Bharti Airtel Ltd., Zonal Office, Block No.11-A, SDA Complex, Kasumpti, Shimla-171009
15.	Sh. K. S. Dhaulta (Consumer Representative)	Sh. K.S.Dhaulta S/o Lt.Sh. P. R..Dhaulta, A_62, Sector-2, Main Road, New Shimla, Shimla-171009
16.	Sh. Anuj Kumar	Not Available(anujkumar0866@gmail.com)
17.	Sh. Manohar Dhiman	Not Available (manohrdhiman@gmail.com)
18.	Sh. Vijay Kumar	Not Available(kumarvijay87858@gmail.com)
19.	Sh. Mechno Vicky	Not Available (mechnovicky@gmail.com)

5.1.2 As detailed out in Chapter 1 of this Order, the Commission through Public Notice in the newspapers has informed the public/stakeholders about the date of public hearing on Petition filed by HPSEBL for approval of ARR and determination of Retail Tariff for FY 2023-24 as 4th March 2023 and its subsequent postponement to 7th March 2023.

5.1.3 The public hearing has been held on 7th Mar 2023 at the Commission at Shimla. The representatives of the stakeholders have presented their cases before the Commission during public hearing.

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

General Objections

5.2 Tariff Petition

Stakeholders' Submission

5.2.1 Confederation of Indian Industries (CII), Parwanoo Industries Association (PIA), and Kala-Amb Chamber of Commerce & Industry (KACCI) and HPSIA (Himachal Pradesh Steel Industries Association) have prayed to the Commission to undertake prudence check on the calculations and eligibility of true up for the controllable/ uncontrollable parameters as per Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011 (MYT Regulations 2011 for short), particularly in respect of T&D Losses and the Manpower Cost.

5.2.2 Shri K.S Dhaulta, Consumer Representative has prayed the Commission for Truing-Up the expenditure and revenue for FY 2021-22 based on the annual accounts submitted with the Petition. Further, the Objector submitted that the Petitioner appears to have not submitted the CAG audited accounts which may project the true and factual statement of accounts and financial picture of the organization.

Petitioner's Response

5.2.3 The Petitioner has responded that objections/suggestions by the Confederation of Indian Industries (CII), Parwanoo Industries Association (PIA), and Kala-Amb

Chamber of Commerce & Industry (KACCI) and HPSIA (Himachal Pradesh Steel Industries Association) are of general and suggestive nature and do not have any objection.

5.2.4 The Petitioner further submitted that the Annual Accounts audited by CAG has already been submitted to the Commission and are also available on the website of HPSEBL. They further submitted that there is no change in the figures of revenue and expense after CAG audit.

Commission's Observations

5.2.5 The Commission has carried out detailed scrutiny of all revenue and expense heads for FY 2021-22 as part of Truing-up. Based on the prudence check of Petitioner's submissions and audited accounts, the Commission has independently analysed each parameter while conducting the true-up exercise and has approved the expenditure as per the provisions of the MYT Regulations 2011 as detailed in Chapter 6 of this Order.

5.2.6 The Commission would also like to highlight that the Petitioner has submitted the Annual Accounts audited by CAG and the comments of the Petitioner were also scrutinised while carrying out the True-up exercise for FY 2021-22.

Objections raised on True-Up of FY 2021-22

5.3 Administrative Charges

Stakeholders' Submissions

5.3.1 Shri K.S Dhaulta, Consumer Representative has submitted that the Petitioner has shown a substantial increase in payment of legal charges to the tune of Rs. 5.65 Cr., which is an area of concern. The Objector has prayed the Commission to ensure that HPSEBL checks and monitors the expenditure on such avoidable legal charges and prepare an effective plan to reduce it.

Petitioner's Response

5.3.2 The Petitioner has responded that the payment of Rs. 5.65 Cr. is made towards the legal charges as per the directions from Statutory authority. These charges are of uncontrollable and non-recurring in nature and are paid as per the direction of statutory authority. Thus, the Petitioner has prayed the Commission to allow these charges as per the actual, over and above the A&G expenses.

Commission's Observations

5.3.3 The Commission has carried out the scrutiny of legal charges claimed by the Petitioner for FY 2021-22 in detail. The details of the legal charges along with the description including the copies of Vendors Invoice were analysed by the Commission. Prudence check undertaken for legal charges is further detailed in Chapter 6 of this Order.

5.4 Rental Charges

Stakeholders' Submissions

5.4.1 Shri K.S Dhaulta, Consumer Representative has submitted that rental charges are on higher side and need to be reduced to lessen its overhead costs. This may impact the revenue gap and ultimately the Tariff for Consumers. Therefore, the Objector has prayed the Commission not to burden the Consumers on this count.

Petitioner's Response

5.4.2 The Petitioner has responded that the amount of Rs. 15.00 Cr. booked under "Rental charges against smart metering project" is towards meeting the various milestones of implementing smart metering project. The Petitioner has prayed the Commission to consider the Net A&G expenses excluding Rental charges of Rs. 15.00 Cr. against smart metering project.

Commission's Observations

5.4.3 The Commission has carried out the scrutiny of Rental charges against smart metering project claimed by the Petitioner for FY 2021-22 in detail. Prudence check undertaken for Rental charges is further detailed in Chapter 6 of this Order.

5.5 Repairs and Maintenance

Stakeholders' Submissions

5.5.1 Shri K.S Dhaulta, Consumer Representative has submitted that there is an increase in the expenses on account of R&M against the approved 2nd APR Order of Rs. 106.22 Cr. The actual expenses incurred of Rs 141.66 show an increase of Rs. 52.72 Cr over the approved expenses. The Objector submitted that there is no break-up provided, hence it is difficult to comment. The Objector further submitted that the Petitioner needs to work out to manage these expenses at minimum level and not to burden the Consumers of the State. He has prayed the Commission to consider it after seeking the audited accounts and ask the HPSEBL to reduce these charges.

Petitioner's Response

5.5.2 The Petitioner has responded that the major R&M expenses are towards the infrastructure for FY 2021-22. Further, the Petitioner has mentioned that they have already submitted justification towards increase in the R&M cost during FY 2021-22 in the data queries raised by the Commission.

Commission's Observations

5.5.3 With regard to the expense towards Repairs and Maintenance, the break-up of the R&M expenses along with its reconciliation with accounts were submitted by the Petitioner in reply to data queries raised by the Commission. In addition, the Petitioner has also provided the justification for increase in R&M expenses in FY 2021-22 in its reply to data queries. It is observed that the claim towards R&M expense was higher by an amount of Rs. 35.44 Cr. which primarily included IT related expenses towards Data Center and Disaster Recovery Center of HPSEBL. Also, due to inclusion of Rs. 17.23 Cr. IT expense relating to past year i.e., FY 2020-21, the overall R&M expense for FY 2021-22 was higher than the approved R&M expense. Based on the additional submissions by the Petitioner, the Commission has carried out the scrutiny of R&M expenses claimed by the Petitioner for FY 2021-22 which is further detailed in Chapter 6 of this Order.

5.6 Actual Employees cost for FY 2021-22

Stakeholders' Submissions

5.6.1 Shri K.S Dhaulta, Consumer Representative has submitted that the actual Employees Expenses for FY 2021-22 are at Rs. 1,806.32 crore. The Objector has prayed the Commission to not allow funds towards terminal benefits liability so as to reduce the Consumer Tariff further. He has mentioned that the Petitioner needs to seriously work out to manage this expense at minimum level and not to burden the Consumers of the State. Further, the HPSEBL may effectively use the latest technology in billing, distribution, and office operations etc. to reduce the manpower and expenses thereof.

5.6.2 Further, the Objector has prayed the Commission to direct Utility to devise a Scheme for the Employees of the utility to be incentivized/disincentivized based on the targets achieved by them. Balance sheets of each generating stations need to be prepared indicating the cost incurred. He has further submitted that rationalization of staff, redeployment, training & specialization in key activities must be ensured by the Petitioner.

5.6.3 Further, the Objector has submitted that Petitioner should rationalize staff structure and deployment based on need / requirement to bring about the desired efficiency. In addition, recruitment of the required field staff has to be made on a continuous basis, based on rational norms, so that a prudent level of much needed active field staff is available for construction, complaints and maintenance activities.

Petitioner's Response

5.6.4 The Petitioner has responded that it has claimed a net employees cost of Rs. 1,806.32 Cr. against the approved figure of Rs. 1,926.91 Cr. as per its submissions in the Petition. The high employee expenses are due to increase in number of pensioners/family pensioners and inflation of the rates of ADA. Being having vast geographical area, the manpower requirement is high. Further, the Petitioner submitted that the terminal benefits shall be treated as uncontrollable expenditure as per Regulation 17.1 of 2nd amendment of HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011.

5.6.5 The Petitioner has further prayed the Commission to allow the employees expenses as per its submissions. Moreover, in line with the HPERC Regulations, the Petitioner is also ensuring the pension contributions from other Utilities towards the services being rendered by HPSEBL employees. Therefore, the pension burden is also paid by the Petitioner while in the other States, the same is borne by the government.

5.6.6 The Petitioner has further submitted that it has been keeping a check on the manpower and has not been recruiting any new non-technical power as per the Orders of the Commission. Further, the Petitioner has submitted that it has initiated work on the following for reduction of the Employees cost:

a. A Committee to work out the proposal for reduction in employee cost has been constituted. The committee will also analyse retirement and recruitment gap.

b. Matter for introducing E-Office has been taken up with NIC.

c. Identification of Dying Cadre is also on the agenda of the committee.

Commission's Observations

5.6.7 The Commission has carried out the scrutiny of employee expenses claimed by the Petitioner for FY 2021-22 in detail. To take care of the large amount of pension and terminal liabilities of erstwhile Board employees, the Commission had issued the HPERC (Terms and Conditions for sharing of Cost of Terminal benefits of Personnel of the Erstwhile Himachal Pradesh State Electricity Board and Successor Entities) Regulations, 2015 which provide 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. The Commission has approved the employee expenses for each year after accounting of such exclusions as also detailed in Chapter 6.

5.7 Power Purchase Expenses

Stakeholders' Submissions

5.7.1 Confederation of Indian Industries (CII), Parwanoo Industries Association (PIA) and Kala-Amb Chamber of Commerce & Industry have mentioned that the power purchase cost as estimated by the Petitioner requires a detailed scrutiny. The power purchase also requires scrutiny in terms of the principle of merit Order purchase. Further, the objectors have submitted that the Petitioner has already surrendered its share of power in some schemes and has requested the Petitioner to do further work in this direction.

5.7.2 Shri K.S Dhaulta, Consumer Representative has highlighted that the Petitioner has procured 14,486.85 MUs against the approved 13,031.75 Mus for FY 2021-22. This procurement includes Banking Purchase, own generation and Inter State Transmission Losses. Thus, the Petitioner has incurred total Power Purchase Cost of Rs. 4,521.63 Cr including own generation costs & Transmission Charges. There is a discernible increase in Power purchase cost as compared to that of approved one. The reason assigned for this increase in actual power purchase cost is due to higher quantum of power purchase. Therefore, the Objector has prayed the Commission to take serious note of it while approving the True up figures.

5.7.3 M/s Vardhman Textiles Ltd. has submitted that power purchase cost is higher than approved due to higher quantity and higher rate. For example, in FY 2021-22, 14,486.85 MUs were purchased against approved 13,031.75 MUs and average price was 3.12/unit against approved cost of Rs. 2.59/unit. Therefore, the Petitioner has prayed to the Commission to critically look into Power purchase expenses before approving. It is quite possible that a large part of the same may be due to higher T&D losses, and hence has prayed the Commission to not allow the same.

Petitioner's Response

5.7.4 The Petitioner has submitted that it has claimed the actual power purchase cost based on the Audited Accounts. In addition, the Petitioner has highlighted that arrear of the past purchases are also included. Power purchase cost including arrears and UI charges are uncontrollable parameter as per HPERC Tariff Regulations.

5.7.5 Regarding, the impact of T&D losses on power purchase cost, the Petitioner has submitted that they are penalized on account of under-achievement of T&D losses under Regulation 15 of HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) (Second Amendment) Regulations, 2013.

Commission's Observations

5.7.6 The true-up exercise undertaken by the Commission consists of a thorough examination of various heads claimed under power procurement cost with respect to the approved and audited amounts. As part of the prudence check, additional queries were also sought from the Petitioner to clarify and verify various facts and figures. All unexplained aspects have been analysed and deliberated before approving each parameter of the ARR. Prudence check undertaken for each ARR parameter is further detailed in Chapter 6 of this Order.

5.7.7 Power purchase cost is uncontrollable for the DISCOM if purchased from the sources approved by the Commission. Any power purchase beyond these sources have been looked into and allowed only after prudence check.

5.8 Non-Tariff Income

Stakeholders' Submissions

5.8.1 Nalagarh Industries Association has submitted that some of the income accruing from important sources like Cross Subsidy Surcharge and Additional Surcharge have not been included in Non-Tariff Income. Therefore, the Objector has prayed the Commission to direct the Licensee to indicate those revenue receipts to make the projections more realistic.

Petitioner's Response

5.8.2 The Petitioner has submitted that ARR claimed by it is allowed after prudence check by the Commission. Further, HPSEBL has submitted the Non-Tariff income as per relevant provisions under HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011. Hence, there is no merit in contention of the objector.

Commission's Observations

5.8.3 With regard to the Non-Tariff Income, the Petitioner has submitted the reasons for excluding some of the expenses in Non-Tariff Income in reply to data queries raised by the Commission. In addition, the Ledger Account of Misc. Receipts under Non-Tariff Income submitted by the Petitioner in its reply to data queries were also analysed. Based on these additional submissions by the Petitioner, the Commission has carried out the scrutiny of Non-Tariff Income claimed by the Petitioner for FY 2021-22 which is further detailed in Chapter 6 of this Order.

5.9 General

Stakeholders' Submission

5.9.1 Shri K.S Dhaulta, Consumer Representative has submitted that the Petitioner is required to provide the means of financing (break-up of debt, equity, grants/deposit works) for the proposed capitalization for FY 2021-22 and each year of the Control Period.

5.9.2 Further, the Objector has submitted that the utility is required to give renewed focus on Energy Efficiency and Conservation measures so that power procurement cost gets reduced. Therefore, he has prayed the Commission to make Energy Audit of all feeders and Distribution Transformers compulsory.

Petitioner's Response

5.9.3 The Petitioner has submitted that the True up has been filed for uncontrollable parameters while the True up of controllable parameters shall be filed at the end of the control period. Further, the Petitioner has claimed Depreciation, Return on equity and interest on loan as allowed by the Commission in its MPR Order dated 29.3.2022.

5.9.4 Regarding Energy Efficiency and Conservation measures, the Petitioner has submitted that the suggestions by the objector are not based on any specifics of the ARR Petition and being of general and suggestive nature, therefore, it is prayed that the same be decided keeping in view the existing Tariff and other Regulations.

Commission's Observations

5.9.5 With regard to the comments of the Objector on the means of financing, it is highlighted that the current Petition submitted by the Petitioner includes true-up of uncontrollable parameters for FY 2021-22. It is highlighted that as per the MYT Regulations, 2011, true-up of controllable parameters including means of financing would be undertaken at the end of the Control Period based on the audited accounts for each of the years of the Control Period.

5.9.6 The Commission further like to highlight that as the Petitioner has already participated in the RDSS Scheme, the Petitioner would have to compulsory make Energy Audit of all Feeders and Distribution Transformers on quarterly basis.

Objections Raised on APR of FY 2022-23 and ARR for the FY 2023-24

5.10 Revenue Surplus/Gap

Stakeholders' Submissions

5.10.1 Confederation of Indian Industries (CII), Parwanoo Industries Association (PIA), Kala-Amb Chamber of Commerce & Industry (KACCI) and Nalagarh Industries Association have highlighted that for FY 2021-22, the Petitioner in their Petition and the abstract published in the newspapers have estimated a revenue surplus of Rs. 1,220.42 crores, which after the query raised by the Commission, has been revised with a revenue gap of Rs. 314.36 Crores, to Rs. 1,534.78 Crores. Further, the revenue from sale of power within the State which was earlier stated as Rs. 7,482.06 has been reduced to Rs. 5,947.28 crores. Thus, the stakeholders have requested the Commission to look into the bona fide of the error/ omission on the part of the Petitioner on this account.

5.10.2 Further, they have highlighted that for FY 2022-23, there is a revenue gap of Rs. 1,035.99 Crores over the ARR of Rs. 7,550.91 Crores. While the revenue from sales within the State during FY 2023-24 has been projected to increase by only about Rs. 551.31 Crores, the revenue Gap has steeply increased from Rs. 314.36 Crores to Rs. 1,035.99 Crores, which is quite disproportionate and on the higher side. Further, Revenue from sale of surplus power which has been appearing regularly in the past years, has been taken very low at Rs. 16.32 Crores.

5.10.3 Nalagarh Industries Association has further submitted that at many places reference is made to CERC Regulations /UPERC Regulations and Orders, which were taken in the absence of the Consumers of the State. Since the CERC/UPERC Orders affect the Consumers of the State, so the CERC hearing may also be notified to the people living in affected States and may not be restricted to the power licensees in these states. Therefore, the Objector has prayed the Commission to request CERC/UPERC on such lines.

5.10.4 Himachal Pradesh Steel Industries Association (HPSIA) have highlighted that the Petitioner has estimated a revenue gap of about Rs. 300 Crores in the current year whereas the same has been projected to increase to Rs. 1,036 Crores during the FY 2023 24.

Petitioner's Response

5.10.5 The Petitioner has responded that it had projected Rs.7,718 Cr against energy sales of 1,0842 MUs for FY23 and Rs. 6,515 Cr against sales of 11,425 MUS for FY 2023-24 in its original Tariff Petition. Also, it is submitted that there has been an inadvertent linkage error while computing the revenue for FY 2022-23 which was corrected and submitted to the Commission in response to the first data gaps received from the Commission. The revised projected revenue for FY 2022-23 is Rs. 5,947.28 Cr. against energy sales of 10,842 MUs. The Petitioner has already submitted the revised computations to the Commission.

5.10.6 Further, the Petitioner has responded that the sale outside the State is worked out based on the energy balance for the respective year. Only the surplus quantum after meeting State requirement is available for sale outside the State. Petitioner has estimated lower energy sales outside the State in FY2023-24 as to compared to FY2022-23. Therefore, there is lower revenue estimated in FY2023-24 than in FY2022-23 from energy sales outside the State.

5.10.7 The Petitioner has responded that the objections/suggestions by the stakeholders are of suggestive nature and requested the Commission to review the submissions in view the existing Tariff and other Regulations.

Commission's Observations

5.10.8 The Commission has carried out detailed scrutiny of all revenue and expense heads for FY 2021-22 as part of Truing-up exercise. Based on the prudence check of the submissions of the Petitioner and audited accounts, the Commission has independently analysed each parameter while conducting the true-up exercise and approved expenditure as per the provisions of MYT Regulations 2011 as detailed in Chapter 6 of this Order.

5.10.9 The Commission would also like to highlight that the revenue and the cost of the HPSEBL are being estimated for FY 2022-23. The projections for FY 2023-24 are also being made based on the historical values as well as economic parameters.

5.10.10 Further, whenever the Hon'ble CERC conveys the hearing dates to the Distribution Licensees affecting the Consumers of the State, the HPSEBL is directed to notify the same on its website for the benefit of the people of the State. Further, the stakeholders are also advised to be vigilant themselves as well.

5.11 T&D Loss

Stakeholders' Submission

5.11.1 Confederation of Indian Industries (CII), Parwanoo Industries Association (PIA), Kala-Amb Chamber of Commerce & Industry (KACCI) and BBN Industries association have highlighted that T&D Losses are at a higher level than the level fixed by the Commission in the T&D Loss trajectory for the MYT period. It has been submitted that Consumer category wise losses are required to be estimated as there is a hidden cross subsidy element. The T&D losses are over 15% in the domestic categories, whereas in the industrial categories, the losses are within 5%.

5.11.2 Nalagarh Industries Association have prayed the Commission that any saving on account of reduction in T&D Loss should be passed in full to the Consumers rather than sharing between DISCOM and Consumers. This follows from the simple logic that if T&D losses are not reduced or become higher, the entire burden is passed on to the Consumers only.

5.11.3 Further, the Objectors have submitted that the Feeder-wise/ area-wise losses may be mentioned in the ARR Petition clearly spelling out the action taken to contain these losses. They have expressed their displeasure that losses in the Parwanoo –Baddi area are more and the Nalagarh area has to share the financial burden thereof.

5.11.4 Shri K.S Dhaulta, Consumer Representative has submitted that the Petitioner has to reduce the T&D losses to a level lower than the targets fixed by the Commission. He has further submitted that more efforts need to be made to identify voltage wise losses and fix division wise targets for reduction of losses, as advised by the Commission. Further, he has questioned the steps taken by the licensee to reduce losses in high loss feeders. This needs to be tackled on priority.

5.11.5 Shri K.S Dhaulta, Consumer Representative has also mentioned that the Petitioner has failed to achieve the approved target which is a cause of concern. Petitioner has registered a net loss of 172.46 MU and increased penalty for under achievement of T&D Losses of Rs. 31.61 Cr. It is further submitted that although the Petitioner has prayed for waiver off the penalty, this would set a bad precedent and the Petitioner will not be encouraged to rectify its mistakes and check losses in the coming years. Therefore, the Objector has prayed the Commission to ensure that Petitioner reduces its T&D losses as per the approved trajectory after assessing the performance and effective steps be taken by the HPSEBL to reduce its T&D losses.

5.11.6 Further, the Objector has prayed the Commission that the burden of such losses should not be shifted to the Consumers for the inefficiencies of the Petitioner. If required, such losses may be compensated either by the State or by the Petitioner itself.

5.11.7 Vardhman Textiles Ltd. has submitted that the higher T&D losses are due to the low voltage metering surcharge and low voltage supply surcharge. Therefore, the Objector has prayed the Commission to take note of such circumstances while approving T&D loss trajectory.

Petitioner's Response

5.11.8 The Petitioner has submitted that it has claimed the T&D losses for FY 2021-22 on actual basis. The Petitioner has also submitted that considering the geographical condition of the State, the T&D losses are bound to remain higher. The Petitioner has lower T&D losses amongst the utilities having the similar geographical location. Further, the Petitioner has mentioned that it is taking all possible steps to reduce the T&D losses. Implementation of smart metering project is one such key step in the direction. The Petitioner is also participating in the loss reduction program under the RDSS Scheme. The Petitioner has also submitted the Road Map to reduce overall losses in HPSEBL in the replies submitted. Further, the Petitioner has requested the Commission to allow the relaxation of T&D loss for under-achievement of T&D loss target and waiver of any penalty thereby.

Commission's Observations

5.11.9 The trajectory for the T&D losses is being fixed by the Commission from time to time and the same is considered as controllable for the computation of the ARR. The mechanism for sharing of gains/ losses on account of over achievement/ under achievement is governed by the MYT Regulations, 2011 and its subsequent amendments. The Commission has analysed the claim of the Petitioner keeping in view the relevant provisions of the Regulations which has also been detailed out in Chapter 6 & 7 of this Order. The Commission has also undertaken detailed scrutiny of category and circle wise sales provided by the Petitioner for the purpose of computation of T&D losses. The Commission would further like to highlight that the Petitioner has already agreed and executed the agreements to the Revamped Distribution Sector Scheme (RDSS) of GoI wherein T&D loss reduction targets have been given to the Petitioner. Therefore, the Commission is quite hopeful that the Petitioner would likely achieve the T&D Loss trajectory fixed by the Commission. However, it is clarified that the Commission has not revised the T&D loss trajectory of the Petitioner in this Control Period except for the COVID affected years wherein some relaxation was given.

5.12 Employees Expenses

Stakeholders' Submissions

5.12.1 Confederation of Indian Industries (CII), Parwanoo Industries Association (PIA) and Kala-Amb Chamber of Commerce & Industry have submitted that Employees cost holds major share in the cost of supply and the ARR. Further, they have highlighted that the share of terminal benefits forms a very large component of the employee cost. The Commission in the last Tariff Order had observed that in case serious steps are not taken in the direction of reducing the employee cost, the Commission shall be constrained to cap the employees cost of the Petitioner in the next Tariff Order. They have further submitted that no major headway has been achieved by the Petitioner in this direction. Therefore, they have requested the Commission to enforce the capping on the employee cost, preferably in terms of cost per unit of the electricity sold.

5.12.2 Further, the objectors have submitted that the content of employee cost/ expenses on account of employees who are on deputation to other departments / utilities, must be calculated and deleted from the ARR.

5.12.3 BBN Industries association have submitted that it is a very alarming situation that the employees cost surprisingly holds a major share of about 30% in the overall cost. Most of the utilities such PSPCL UHBVN, DHBVN etc, have only 5% of the ARR as employees cost as against 30% in case of HPSEBL.

5.12.4 Further, the objectors have mentioned that the share of terminal benefits in the total employee cost is almost half of the total employee cost. Out of the 30% share of employees cost the share of terminal benefits account for 14% of ARR.

5.12.5 Also, the objectors have mentioned that the deputation of employees to other entities also impacts the efficiency of work at HPSEBL. Moreover, the stakeholders have suggested that these entities must share the burden of terminal benefits in the respective ratio. In lieu of the above, stakeholders have prayed to disallow the terminal benefits of the employees not working with the distribution function from the distribution ARR.

5.12.6 The objector has also mentioned that the deputation process also impacts the working of the Distribution licensee in another way. Creation of the multiple companies and offshoots have resulted in quicker movement of employees vertically upwards, which has created a vacuum at the lower level, resulting in inadequate numbers and quality of employees at the grass root level. This has also affected the quality of service to the Consumers. Today, most of the posts of AEEs are occupied by promoted linemen and JEs, who lack adequate qualification and expertise for the function.

5.12.7 They have further submitted that the employee cost should have come down, had the IT initiatives been utilized properly. The progress in IT initiatives is very slow. There is no headway in the process of online applications and sanctions. Hence, the stakeholders have prayed the Commission to Order a study on how to reduce the manpower cost to be conducted by a consultant having national exposure and expertise in HR area.

5.12.8 HPSIA has submitted that there is no headway, nor any plan in place to reduce the manpower cost, which is the main problem with our utility. While adequate staff is not available at revenue sensitive locations, we fail to understand the reasons behind so high manpower cost. The directions issued by the Commission have not yielded any significant results so far. The Commission’s proposal to cap the employee cost may be a workable idea and the Objector suggests that the same be adopted for future. Also, the cost of employees on deputation to other agencies / departments must not be allowed in this ARR.

Petitioner's Response

5.12.9 The Petitioner has responded that it has claimed a net employees cost of Rs. 1,806.32 Cr. against the approved figure of Rs. 1,926.91 Cr. as per its submission in the Petition. The difference between actual expense and approved expenses are due to increase in number of pensioners/family pensioners and inflation of the rates of ADA. Being having vast geographical area, the man-power requirement is high. Further, it has been submitted that terminal benefits shall be treated as uncontrollable expenditure as per Regulation 17.1 of 2nd amendment of HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff), 2011 as under:

> *"(iv) The expenses beyond the control of the distribution licensee such as dearness allowance, pension liabilities and terminal benefits in Employee cost etc., shall be excluded from the norms in the trajectory;"*

5.12.10 Further, the Petitioner has responded that higher manpower is required to maintain the vast network and considering the geography- hilly and mountainous terrain. Accordingly, the Petitioner has requested the Commission to allow the employee expenses as per its submissions. Moreover, in line with the HPERC Regulations, the HPSEBL is ensuring the pension contributions from other Utilities towards the services being rendered by HPSEBL employees. Therefore, the pension burden is also paid by Petitioner while in other states the same is borne by the government.

Commission's Observations

5.12.11 The Commission has time and again taken up the issue of high manpower cost of the HPSEBL and has given various directives in this regard to curtail the Cost. However, no concrete action so far has been taken by the HPSEBL. The Commission recently has issued the advisory to the GoHP as well to rationalise the various costs of the HPSEBL including the high employee cost. We may see some positive action from GoHP in this regard.

5.12.12 As part of the prudence check in the current as well as in previous Orders, the Petitioner has clarified that the employee cost towards deputed manpower to other Utilities/Departments is paid by the respective Utilities/Departments. Also, the Petitioner in the past has clarified that pension contribution towards such deputed employees is reduced in the audited accounts in the respective years. Therefore, there is no impact on account of employee cost and pension contribution of the Petitioner's employees on deputation.

5.12.13 As part of unbundling of erstwhile Board, the terminal and pension liabilities of all employees were allocated to HPSEBL resulting in large incidence of pension and terminal costs which are an integral part of employee cost of the Petitioner. To take care of the large amount of pension and terminal liabilities of erstwhile Board employees, the Commission has 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 provide for partial adjustment of such claims through the RoE earned by the Govt. of HP. The Commission has carried out the scrutiny of employee expenses claimed by the Petitioner for respective years in detail and has worked out the employee cost in line with these Regulations. The Commission has approved the employee expenses for the respective years after accounting of such exclusions as part of Truing-up and future projections of employee cost.

5.13 Power Purchase Expenses

Stakeholders' Submissions

5.13.1 BBN Industries association has submitted that there is about 20% variation in approved and actual cost of power purchase. If the entity concentrates on this aspect, the ARR will be reduced significantly.

5.13.2 HPSIA has submitted that the power purchase cost requires attention as there is considerable scope of reduction of these costs by proper estimation and timely action for commitment of purchase and sale of power. The costlier power should not be purchased unless it is necessary to maintain the continuity of supply for such short intervals.

5.13.3 Nalagarh Industries Association has submitted that the power requirement in last 10 years has grown from 7,244 MUs to 10,198 MUs which gives an average annual increase of 4%. The Objector has suggested that this percentage may be adopted for the projections of the next year. Applying this increase, the power requirement will come to 10,605 MUs as against 11,450 MUs projected reducing considerably the cost of power procurement which forms the bulk of the ARR. Further, they have submitted that the single largest Consumer in the State namely M/s Ambuja Cement has already closed its plants. Therefore, the projections of energy requirement are totally wrong. Applying Y-O-Y formula for estimation of energy requirement is erroneous and leads to inflated ARR. Now sufficient data over a long period of time is available which may be put to use to achieve better estimation.

5.13.4 Nalagarh Industries Association has further submitted that there has been substantial addition in revenue from 'Sale of Power-outside the State' and Banking/Sale of RE power which may be accounted for towards the determination of Tariff for Industrial Consumers. This would directly impact the overall ARR and resultant Tariff of this major Consumer category. This benefit needs to be passed on to the Industrial Consumers. The industrial belt in the State is confined to UNA, NALAGARH BADDI, KALA AMB and PARWANOO which is contributing to almost 45% revenue to the Licensee, but the personnel deployed are not in that ratio resulting in poor quality of power supply and unsatisfactory performance of the licensee.

5.13.5 Nalagarh Industries Association has further submitted that payment projected for Phojal Sub-station @40,000/- per MW per month needs thorough check. Similarly, Expenditure on Tanda power needs recalculations and scrutiny of all assumptions used in these calculations.

5.13.6 The Indian Energy Exchange (IEX) have highlighted that the Distribution Licensees now have the option to trade power at IEX's platform for delivery of conventional and non-conventional power upto 90 days of trade, as per the CERC Order dated 7th June 2022. Further, they have submitted that IEX has introduced 4 products under this segment namely, Daily Contracts, Weekly Contracts, Monthly Contracts and Any Day Single Sided Contracts (Reverse Auction). Therefore, they have prayed the Commission to consider and approve the products available in the short-term market for optimising power purchase costs through sale of surplus power of the Discoms.

Petitioner's Response

5.13.7 The Petitioner has submitted that the projections of power purchase & transmission charges, sales, depreciation, interest and finance charges, Return on Equity for FY23 and FY24 have been filed with supporting distribution formats as per MYT Regulations, 2011. Wherever justification and assumptions are used, the same have been explained in the respective section of the Petition. The Revenue Gap is submitted at proposed ARR for FY 2023-24 for determination of Tariff for FY 2023-24. The Commission shall determine appropriate Tariff for FY24 based on the ARR proposed and recovery of Revenue Gap.

5.13.8 The Petitioner has responded that it follows merit Order despatch for procuring power. The short-term power is procured only when there is energy deficit in the system.

5.13.9 Regarding suggestions of Nalagarh Industries Association, the Petitioner has submitted that the energy demand projections are made based on widely adopted methodology of using CAGR over past years. The same projected energy demand is used to project the energy requirement of the State. Further, the Petitioner has submitted that the expenses claimed by the Petitioner are allowed by the Commission after prudence check.

5.13.10 The Petitioner has responded to the suggestions of IEX that the Petitioner shall consider possibilities of exploring new markets, if found affordable and to optimize its power purchase mix. Further, they have submitted that from the perusal of objections, as of now the objector has not got approval for the new markets from the Hon'ble CERC.

Commission's Observations

5.13.11 The True-up and ARR projection exercise undertaken by the Commission consist of a thorough examination of various heads claimed under power procurement cost with respect to the approved and audited amounts. As part of prudence check, additional queries were also sought from the Petitioner to clarify and verify various facts and figures. All unexplained aspects are analysed and deliberated before approving each parameter of the power purchase of the respective years.

5.13.12 Cost of electricity purchase is governed by the Tariff of the generators fixed by the respective Commissions from which the power is sourced. So, it is basically uncontrollable parameter. However, by proper planning and monitoring, the Utility can optimise the power purchase cost from short term sources as well as for entering into new PPAs.

5.13.13 The Commission has noted down the submissions of the objectors regarding Power purchase cost, energy sales, etc. The Commission uses various tools available to forecast these parameters. The suggestions put forth in this regard will also be taken into consideration. The Commission has done its due diligence while approving the Power Purchase Cost of HPSEBL.

5.13.14 The major demand of the HPSEBL is being met through long term sources of power. However, in case of contingency the DISCOM can avail the products as highlighted by the Petitioner after getting it approved from the Commission.

5.13.15 Also, with respect to the comments with respect to projections of sales, it is highlighted that the Ambuja Cement Plant has been re-opened and therefore consideration of the past trends may not be entirely erroneous. Also, it is highlighted that sales is an uncontrollable parameters as per the MYT Regulations, 2011 and therefore any variations on this account is Trued-up based on actuals for the respective year. Therefore, any under-estimation or over-estimation in the projections would not result in adverse impact on the Consumers or the Petitioner.

5.14 Return on Equity

Stakeholders' Submissions

5.14.1 Nalagarh Industries Association have prayed that Return on equity may not be allowed a fixed percentage rather, it should be performance based. In all types of business, return in equity is dependent on the performance.

5.14.2 In the light of the report of the FoR, the objector M/s Vardhman Textiles Ltd. has prayed the Commission to reduce the present level of RoE of 15%-16% to average long term rate of interest on government borrowings (to about 7-8%), linking it with return on government security for 10 years or more.

Petitioner's Response

5.14.3 The Petitioner has responded that the Return on Equity is as per relevant provisions under HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011.

5.14.4 The Petitioner has also responded that RoE has been approved by the Commission in MPR Order dated 29.3.2022. The Report of Forum of Regulators is not applicable to HPSEBL and does not supersede the HPERC Tariff Regulations. The Petitioner has claimed ARR in accordance with the MYT Regulations, 2011.

Commission's Observations

5.14.5 The Commission has scrutinized with due diligence the financing of the assets created by the DISCOM and accordingly allowed the same as per the Regulations. Return on Equity is being given as per the HPERC Tariff Regulations. Any change suggested in this regard shall be taken care of while amending these Regulations.

5.15 Depreciation

Stakeholders' Submissions

5.15.1 M/s Vardhman Textiles Ltd. has submitted that the excess of accumulated depreciation over corresponding debt should be reduced from the equity in line with the recommendations of Forum of Regulators (FoR) as referred to above in Para 5.14.2 and if there is no equity, the same should be reduced from the high-cost debt for interest. It has been submitted that if the fixed assets register is not available, about 25%-30% depreciation should be disallowed till the compliance is ensured as being done by other Regulatory Commissions like Uttar Pradesh State Electricity Regulatory Commission.

Petitioner's Response

5.15.2 The Petitioner has responded that the depreciation is claimed as approved by the Commission in MPR Order dated 29.3.2022. The Report of Forum of Regulators is not applicable to HPSEBL and does not supersede the HPERC Tariff Regulations. The Petitioner has claimed ARR in accordance with the MYT Regulations, 2011. Further, the Petitioner has submitted that it is in the process of reconciliation of Fixed Asset Register in Sub-divisions.

Commission's Observations

5.15.3 As part of the projections of depreciation for FY 2023-24, the Commission has continued with the depreciation amount approved for FY 2023-24 in the MYT Order for the fourth Control Period dated 29.06.2019. Further, it is highlighted that the depreciation allowed in the MYT Order for the fourth Control Period dated 29.06.2019 was after excluding assets funded through grants, Consumer contribution, etc. Further, the depreciation shall be Trued-up at the end of the Control Period based on actual capitalization and means of financing in line with the MYT Regulations, 2011.

5.16 Interstate Charges

Stakeholders' Submissions

5.16.1 BBN Industries association have submitted that despite lower interstate charges than approved in FY 2022-23, the entity has projected almost 50% increase in such charges for FY 2023-24, which should be completely explained and rationalized.

Petitioner's Response

5.16.2 The Petitioner has submitted that it has computed the Inter-state charges as per methodology laid down by the Commission. Further, regarding inclusion of the fixed cost of transmission charges, it is submitted that the PGCIL /CTU charges of HPSEBL has almost doubled after introduction of CERC (Sharing of Inter-state Transmission Charges and losses), Regulations, 2020.

Commission's Observations

5.16.3 The Commission would like to highlight that the increase in Inter-state charges is due to implementation of the CERC (Sharing of Inter-state Transmission Charges and losses), Regulations, 2020 and GNA Regulations, 2022. However, the Commission has done its due diligence while approving the transmission charges.

5.17 Government Department Dues

Stakeholders' Submissions

5.17.1 Confederation of Indian Industries (CII), Parwanoo Industries Association (PIA), and Kala-Amb Chamber of Commerce & Industry have mentioned that the quantum of amount which are overdue and outstanding from the other Government departments is a cause of concern and affects the working capital of the Utility and increases its borrowing. The Utility must ensure the recovery of dues from the government departments in the same manner as the other Consumers are dealt with as the provisions applicable are the same. There is no exemption or different rules for government departments which purchase electricity from the licensee.

5.17.2 BBN Industries association has prayed the Commission to direct the Petitioner to provide detailed action plan to recover the outstanding dues @ Rs. 427.41 Cr toward the various govt departments & Consumers.

Petitioner's Response

5.17.3 The Petitioner has submitted that it is making all sincere efforts to collect the subsidy due from government.

5.17.4 Regarding action plan to recover the outstanding dues @ Rs. 427.41 Cr, the Petitioner has responded that the objection is not directly related to the present Petition filed with the Commission. Further, the Petitioner has submitted that they consider the revenue on assessment basis.

Commission's Observations

5.17.5 The Commission would like to highlight that as the Petitioner has already participated in the RDSS Scheme, the Petitioner would have to compulsory collect Government Department dues, as per the trajectory as mandated in the RDSS Scheme with all legacy dues collected by the end of the FY 2024-25 i.e., till the end of RDSS Scheme period.

5.18 Interest on Working Capital

Stakeholders' Submissions

5.18.1 BBN Industries association has submitted that despite the lower interests even after marginal increase in Repo rates by RBI, the entity has claimed 90% increase on interest for working capital, which needs to be examined for such steep increase.

5.18.2 Nalagarh Industries Association have questioned the basis of interest rate of MCLR plus 300 points for calculating the working capital requirement.

Petitioner's Response

5.18.3 The Petitioner has submitted that increase in working capital requirement is due to consideration of FDR pledged against Letter of Credit (LC) for securing Power Purchase. Petitioner has submitted that earlier, HPSEBL had to establish the Inland Letter of Credit (ILC) against only few PPAs due to which the amount of charges was on very lower side. But in August 2019, the Ministry of Power (MoP), Government of India (GoI) has made it mandatory for all the Discoms to open ILCs against all the PPAs failing which no power will be scheduled by the generator to the Discoms. Due to this the HPSEBL has to establish ILCs against all the PPAs and ILC charges have been increased thereafter. At present the ILCs are established against fixed deposits on which the banks will charge ¼th of normal charges. However, the Commission has directed the Company to avail ILC against the State Government guarantee. It is therefore, requested to consider the amount of FDRs pledged against the LCs for the FY 2021-22 as a working capital requirement as the funds were blocked due to the LC mechanism devised by the Central Government. Moreover, as per the working Capital Requirement methodology considered by the Commission, the working capital requirement of the Company is reduced by the one-month power purchase whereas Company has to block the funds amounting to 105% of the monthly bill of the power generators which is causing a severe liquidity crunch to the Company. Therefore, The Petitioner has prayed the Commission that till the financial closure of the proposed LC is availed from the banks, either interest on the blocked funds in the form of FDRs may be allowed or the working capital requirement of the company may be calculated without considering the power purchase cost for one month.

5.18.4 The Petitioner has also responded that the interest rate of MCLR plus 300 basis points is considered as per MYT Regulations, 2011.

Commission's Observations

5.18.5 The various points highlighted by the Objectors and Petitioner have been taken note of and have been addressed in the chapter 7 of this Order.

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

5.19 Demand Charges

Stakeholders' Submissions

5.19.1 Confederation of Indian Industries (CII), Parwanoo Industries Association (PIA), and Kala-Amb Chamber of Commerce & Industry have submitted that it was proposed by the Petitioner in the previous Tariff Petition that the Demand Charges be allowed to be leviable on a minimum of 80% of the Contract Demand in place of the present 90%. This had been a longstanding demand of the industry to bring our State at par with the other States and particularly with a view to increased band to contain the business fluctuations. The objectors have submitted that the industry in Himachal Pradesh becomes uncompetitive in this aspect particularly with a very high level of Demand Charges in our Tariff as compared to the other States.

5.19.2 BBN Industries association and M/s Vardhman Textiles Ltd. have submitted that minimum chargeable demand should be 80% of the Contract Demand because it is difficult to control the fluctuating load so as to keep it within the sanction Contract Demand. In cases of high sanctioned Contract Demand, the Consumer is generally not in a position to utilize the full Contract Demand while he has to pay the higher charges. However, if by any chance, he draws more power than the Contract Demand he pays penal charges. Moreover, in case the chargeable demand is based on 80% of the Contract Demand, the frequency of revision of Contract Demand would be much less in a year. Whereas, if the Demand Charges are calculated at 90% of the Contract Demand, the Consumer will be required to seek more revisions of Contract Demand in a year. This is necessitated due to various reasons such as additions, modernizations, diversifications, process improvements etc. and in Order to avoid penalties and to compliance the recent amendment of supply code (Himachal Pradesh Electricity Supply Code (Second Amendment) Regulations, 2018) 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 so it becomes necessary to give Consumers a cushion of 20% (100-80) to accommodate changes in demand due to these various reasons. The Objector thus has requested the Commission that, the minimum chargeable demand should be at the level of 80% as against 90%.

5.19.3 HPSIA has submitted that while the entire country operates on the benchmark of 80% of the Contract Demand, the industry in Himachal Pradesh finds it is hard to work within 10% tolerance allowed with the current level of 90%. Hence, the Objector has prayed to Commission to remove this anomaly, which will also promote ease of doing business because lots of effort now go into temporary revisions of Contract Demand. The applications for revision of Contract Demand will reduce considerably if this proposal is allowed by the Commission.

5.19.4 Nalagarh Industries Association have submitted that HP State charges full amount of infra development from its Consumers seeking connection of power by distributing the total cost on the load allegedly as per Section 46 of the Electricity Act 2003. However, the Act does not provide for recovery of the cost of power system which is created as a part of the Capex plan by arranging funds from various institutions like PFC/REC etc. This loan is paid with interest and is passed through to the Consumers in the ARR. Therefore, there is little justification of the Demand Charges which is the cost towards HPSEBL's readiness to supply power.

The Objectors have further submitted that the cost is being recovered thrice in the State (i) at the time of connection as IDC (ii) in the Tariff via ARR passed through as Capex and (iii) through Demand Charges. Moreover, the Demand Charges in the State are very high in comparison to the neighbouring States and similar terrain State of Uttarakhand. As compared to Rs. 425/per KVA/month in HP, Demand Charges in Haryana are just 165/KVA.

5.19.5 They have further submitted that no pro-rata reduction in the Demand Charges is given for peak hours for which separate Demand Charges are levied in the State. The impact of the Demand Charges comes to almost Rs. 2 per unit for single shift industry. So, there is a strong case for reduction of the Demand Charges across the board.

5.19.6 Also, M/s Nalagarh Industries Association have highlighted that the Demand Charges are charged on the 90% of the Contract Demand/ actually recorded demand, whichever is higher. This is unfair in current situation when industry is facing crisis. They have requested that Demand Charges should be levied on the actual demand recorded or 80% of the Contract Demand as levied in neighbouring states. The single shift industry is the most impacted from such incidence of Demand Charges.

Petitioner's Response

5.19.7 The Petitioner has submitted that the main concern for HPSEBL is recovery of ARR either through Demand Charges or through Energy Charges. Demand Charges are being levied mainly to recover fixed component of ARR and thus, these charges on lower side will have net effect of short fall in the ARR. The shortfall on account of these charges will either be recovered through proportionate increase of Energy Charges of Industrial Consumers or by increase in Energy Charges of all other Consumers.

5.19.8 The Petitioner has submitted that it would not be justified to increase the Energy Charges of all Consumers to recover the additional amount on account of reduced Demand Charges of industry. Further, the Petitioner submits that any change in Tariff structure is the prerogative of the Commission, and the Commission shall take the appropriate view on the same.

5.19.9 The Petitioner has also submitted that the Demand Charges from Consumers are charged as per the Tariff Schedule issued by HPERC at the time of Tariff Order.

Commission's Observations

5.19.10 As per the Tariff policy, Demand Charges reflect the Fixed Charges of the utility which includes O&M expense, depreciation, interest and financial expenses, fixed cost related to generation sources, etc. Therefore, the Commission does not agree with the claim of stakeholders that these charges are high. Also, comparison of both demand and Energy Charges should be undertaken across the States to arrive at a conclusion as each State has varying demand and Energy Charges. Also, Fixed cost of HPSEBL is much more to other States due to high per unit employee cost and power procurement mainly from hydro sources. The Commission would also like to highlight that relaxation in the form of abolishment of additional Demand Charges was already provided to the industries in the previous Tariff Orders.

5.19.11 The Commission has scrutinized the submission of the stakeholders and is of the view that the current level of billing demand cannot be reduced to 80% as this would result in significant loss of revenue to the Petitioner. However, considering the hardships of the industries and submissions of the Industrial Consumers with respect to frequent revisions required, the Commission feels it appropriate to reduce the billing demand to 85% of the contracted demand. However, the Commission has increased the Energy Charges corresponding to the loss in revenue to the Petitioner to compensate for reduction in Demand Charges revenue and in Order to ensure that the same remains revenue neutral for the Petitioner.

5.20 Rebate for New and Expanding/ Modernizing Industries

Stakeholders' Submissions

5.20.1 Confederation of Indian Industries (CII), Parwanoo Industries Association (PIA), and Kala-Amb Chamber of Commerce & Industry have submitted that the Commission has provided for rebate on Energy Charges to the new and the expanding industrial units in earlier Tariff Orders but the methodology of providing the rebate differed from what was promised under the Industrial Policy, 2019. They have further submitted that the Industrial Policy stands further amended vide Govt. Notification dated 29.04.2022, while the methodology for calculating rebate was not aligned even in the last Tariff Order. Since the Tariff Order FY 23 already stood issued at the time of the amendment, they have requested the Commission to consider issuing an amendment in the past Tariff Order with retrospective effect in Order to align with the policy. They have further expressed that the policy now says that the rebate will be available on additional power consumption to the existing units eligible under expansion scheme. Also, no reference has been made to the Industrial Policy in the previous Tariff Orders and as such meaning of 'expansion' remains debatable.

5.20.2 The Objectors have also submitted that the Consumers who are carrying out new investment are suffering on this account and are looking forward for the Tariff to align with the provisions of the industrial policy.

5.20.3 Further, Confederation of Indian Industries (CII), Parwanoo Industries Association (PIA) and Kala-Amb Chamber of Commerce & Industry have expressed their views that the provision of rebate to the new industry or the industries undergoing expansion under the State Industrial Policy must be compensated by the State Government in the form of subsidy. Further, they have submitted that the Act and Tariff policy are sufficiently clear on this subject and provide for transparency in all subsidies.

5.20.4 Further, the Objector has submitted that by inviting industries to make new investment in the State, the State gets multi-fold tax revenue and employment. The subsidy cost, therefore, logically should be transferred to the State Government. The present methodology of giving rebate casts the liability of such rebate on other existing Consumers including domestic and other categories.

5.20.5 BBN Industries Association has prayed that all incentives which the board is providing to the Consumers must be continued for growth of industry. They have also prayed the Commission to ascertain as to how much subsidy is given by Discom.

5.20.6 HPSIA has submitted that in Para 16 (i) of the Industrial Policy 2019, concessional rates of electricity charges (15% reduction in approved energy rates) have been promised to eligible enterprises and existing Industrial Consumers for a period of three years. Therefore, the Objector has requested that the Tariff should be aligned with the provisions of the industrial policy initiatives of the government from time to time.

5.20.7 M/s Prime Steel Industries Pvt. Ltd., H M Steels Limited and Kundlas Loh Udyog have submitted that Himachal Pradesh State Government under the new industrial policy of 2019, which stands extended up to the year 2025, has invited the investors to invest in industry assuring cheaper power supply as compared to the other States and the Objectors thus, have invested a huge amount in Order to avail the incentives announced by the State Government.

5.20.8 The Objector have further submitted that they are also aggrieved by the fact that the incentives as promised under the Industrial Investment Policy, 2019 have been largely diluted in the Tariff Orders notified by the Commission in FY 2019-20 and 2020-21. It was never the essence of the Industrial Investment Policy 2019 and the incentives as promised by the State Government vide the Policy has not been fully passed on. Para 16 of the Policy defines the incentives in terms of concessional rate of electricity charges. Therefore, the Objectors mention that that the financial burden of such concessions must be taken by the State Government only, who should pay to the utility appropriate subsidy to compensate for these incentives.

Petitioner's Response

5.20.9 The Petitioner has submitted that the industrial policy is formulated by Industry Department of GoHP. As suggested, the financial burden on account of policy, if any, shall not be passed on to other Consumer categories and must be paid by Industry Department directly to eligible industries for encouragement of industries and to avoid any disputes between the Petitioner and industries on account of gaps in interpretation and implementation of industrial policy (related to rebate). Further, the Petitioner has submitted that this issue must be handled by the Industry Department directly.

5.20.10 Further, the Petitioner submitted that any change in Tariff structure is the prerogative of the Commission, and the Commission shall take the appropriate view on the same.

Commission's Observations

5.20.11 The Commission recognises the importance of the Industrial Consumers in the growth of the power sector in the State. Considering this aspect in mind, it has to be appreciated that the level of cross subsidy in the Industrial Tariff has been reduced significantly by the Commission over the period and we have almost reached at a stage where Industrial Tariff is almost equal to average cost of supply of the DISCOM i.e., HPSEBL.

5.20.12 The issue of not allowing the incentives by the Commission as per the announcement of Govt. of HP in Industrial Policy has been highlighted by some of the stakeholders. On this issue, the Commission feels that it has already given sufficient incentives for new and existing industries in case they increase their demand. However, in case something more has been promised in the Industrial Policy of Govt. of HP, the industries have option to approach the State Government for the same.

5.20.13 Regarding issuance of the rebate as per the Industrial Policy of the GoHP, the same shall be applicable if the Govt. of HP bears the additional burden and then Commission will take a note of it. The Commission in the past Tariff Orders has given some rebate on Energy Charges to the industries based upon its analysis and implementation feasibility so as to promote the industrial energy consumption in the State and also to benefit the other category of the Consumers as well with the reduced Tariff.

5.20.14 Regarding continuing of the rebates in Energy Charges being given for New Industries and for those doing substantial expansion, the same has been analysed in Chapter 8 of this Order.

5.21 Categorization of Industrial Consumers

Stakeholders' Submissions

5.21.1 Confederation of Indian Industries (CII), Parwanoo Industries Association (PIA) and Kala-Amb Chamber of Commerce & Industry with regard to the Categorization of Industrial Consumers up to 150 kVA under Medium Industrial Power Supply (MIPS) have highlighted that the load limits of the medium category of the Consumers need upward revision from the present 100kVA. The Objectors have requested the Commission to examine the possibility of approving this proposal to help the MSME sector of the industry.

Petitioner's Response

5.21.2 The Petitioner has submitted that any change in Tariff structure is the prerogative of the Commission, and the Commission shall take the appropriate view on the same.

Commission's Observations

5.21.3 The Commission has taken note of the submission of the Petitioner and the Stakeholders and has addressed the issue under Chapter 8 of this Order.

5.22 Cross Subsidy and Provisions of Tariff Policy

Stakeholders' Submissions

5.22.1 Confederation of Indian Industries (CII), Parwanoo Industries Association (PIA) and Kala-Amb Chamber of Commerce & Industry have requested that there is need to further reduce the cross-subsidy amongst various Consumer categories and sub-categories as well. There is a large amount of cross subsidy within a particular category of Consumers also. For example, in EHT category 66 kV, 132 KV and 220 KV, the Consumers pay the same Tariff, whereas there is significant cost difference on account of T&D losses for supply at these different voltages. Further, they have submitted that Intra-category cross subsidies also exist in other Tariff categories.

5.22.2 BBN Industries Association has requested the Commission to follow the consistent approach of Tariff determination linked with category wise cost of supply and progressive elimination of cross subsidy over a specified period as enshrined in the Section 61 of Electricity Act, 2003.

5.22.3 The Objector has also submitted that even after Himachal Pradesh, being a power surplus State, still the unscheduled power purchase is at higher cost of Rs.9.40/unit, which seems contradictory to this fact. Therefore, the Objector has submitted that the entity should enter into higher purchase arrangement within State and if the same results into excess power at some point of time, it should sell the power on profitable price.

5.22.4 M/s Prime Steel Industries Pvt. Ltd., H M Steels Limited and Kundlas Loh Udyog have submitted that it is not the intention of the objectors that the cross-subsidy be phased out in totality among the categories/ segments of Consumers. But the objectors pray that a gradual move must be initiated in the direction of making our Tariffs to reflect the cost of supply, even if they are not totally aligned with the cost of supply.

5.22.5 Nalagarh Industries Association has submitted that the Tariff policy provided two routes for Tariff formation. Starting from the average cost of supply basis plus/minus 20% band width for cross subsidization and thereafter the Tariff is to be finally moved to cost to serve basis on different voltages so that Consumers at industry could really feel incentivized for their heavy investments on the infrastructure. But irony is that in the State of HP, the Tariff fixation started form cost of supply basis to the average cost of supply plus/minus 20% band which remains to be a retrograde step. The Objector has further submitted that the Petitioner has continuously failed to study the cost to serve model and the Industrial Consumers continue to suffer for cross subsidization of the other Domestic Consumers.

5.22.6 M/s Vardhman Textiles Ltd. has submitted that consistency of approach towards the elimination of cross subsidy based on category wise cost of supply is reflected in the Commission's observations given in the previous Tariff Orders. The same approach should be carried forward.

Petitioner's Response

5.22.7 The Petitioner has submitted that as per amendments to the HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011, the Commission has laid down the principle of progressively moving towards the targeted roadmap of (-)10% and (+)5% of the average cost of supply by end of the 4th Control Period (FY 20-24) for all categories of Consumers excluding life-line Consumers.

5.22.8 Regarding the objections on cost to serve, the Petitioner has submitted that the study report on Voltage wise cost of supply was conducted by M/s CRISIL, and the same stands submitted to the Commission. The Tariffs for all categories of Consumers are determined by the Commission under Section 62 and Section 84 of Electricity Act, 2003 and under the guidelines of National Tariff Policy, 2016.

5.22.9 Further, the Petitioner submitted that any change in Tariff structure the determination of Tariff is the prerogative of the Commission, and the Commission shall take the appropriate view on the same.

Commission's Observations

5.22.10 Some of the Objectors have advocated for continuation of average cost of supply approach with progressive reduction in cross subsidy. But most of the other Industries in their comments have submitted for shift to cost to serve Tariff model.

5.22.11 Cross subsidy based upon average cost of supply is very much in the range of -10% to +10% in the State against that of +-20% prescribed by the Tariff Policy. However, the Commission shall see that this cross subsidy reduces further in times to come.

5.22.12 Regarding implementation of Cost to serve Tariff mechanism, it is to be noted that the Tariff presently in all the States in the country is generally being determined on the basis of average cost of supply methodology and whenever the Tariff structure is changed in future, the Commission shall take into consideration all such aspects.

5.22.13 Regarding Unscheduled Interchange (UI) power, the Commission is of the view that UI cannot be ruled out at altogether but the same can be restricted with proper planning and monitoring. Regarding high cost of UI by HPSEBL, the Commission has addressed this issue in Chapter 7 of this Tariff Order.

5.22.14 The Commission has taken note of the submission of the Petitioner and the Stakeholders with regard to cross subsidy, and this issue has been addressed under Chapter 9 of this Order.

5.23 Fixed/ Demand Charges

Stakeholders' Submissions

5.23.1 Confederation of Indian Industries (CII), Parwanoo Industries Association (PIA) and Kala-Amb Chamber of Commerce & Industry have submitted that the Demand Charges for the HT2 and EHT category of Consumers are abnormally high as compared to all other States. Therefore, the Objectors have prayed the

Commission to reduce the Demand Charges of these categories of the Consumers to a level of Rs. 350 per kVA. The Demand Charges @ Rs. 400/ kVA and Rs. 425/ kVA for HT2 and EHT are very high as compared to Punjab, where these charges are in the range Rs 265 to Rs. 295 per kVA.

5.23.2 HPSIA has submitted that in the past, the Demand Charges have been fixed arbitrarily without any rationale, simply to counter the advantage given to the Consumers in terms of lower Energy Charges, which ultimately results in the same overall Tariff to HT1, HT2 and EHT Consumers. The voltages and cost to serve being different for each of this category, it is far from reflecting the actual cost to serve but is moving in the opposite direction. The overall Tariff works out to a constant value at 100% load factor in all of these categories. The Demand Charges are abnormally high as compared to all other states. Hence, the Objector has prayed the Commission to reduce the Demand Charges of HT2 and EHT categories of the Consumers.

5.23.3 M/s Kundlas Loh Udyog has submitted that the cost of supply at different voltages is different on account of various factors, the primary and most important of which is the difference in T&D Losses at different voltages. This although being purely technical, is established that the higher the voltage the lower are the T&D Losses. The T&D losses in 132 kV supplies are minimal and are visible in the undermentioned table. The T&D losses in supplying at 132 KV voltage are very low as compared to voltages such as 11kV, 33 kV, 66 kV. The losses as per a study on 261 sq. mm panther conductor are compared below:

33 kV	0.3753 % per km
66 kV	0.0938 % per km
132 kV	0.0234 % per km

5.23.4 The Objector has further submitted that the losses at 66 kV are almost negligible and shall be in the range of 3% and are almost one-fourth of that of the 33 kV.

5.23.5 M/s Prime Steel Industries Pvt. Ltd., H M Steels Limited and Kundlas Loh Udyog have submitted that the existing overall Tariff for voltages 33 kV, 66 kV, 132 kV and 220 kV are more or less same. The fixed Demand Charges and Energy Charges presently applicable are listed below:

Supply Voltage Charges	**Energy Charges Rs./ kVA**	**Demand Rs./kVAh**
33 kV	400	4.55
66 kV	425	4.50
132 kV	425	4.45
220 kV	425	4.40

5.23.6 The Objectors have commented that it is clearly visible from above that there is only a marginal relief of 5 paise to 132 kV as compared to 66 KV. Also, the Tariff of 33 kV HT2 Supply is almost the same. The Energy Charges are Rs. 4.55 paise against Rs. 4.45 for 132 KV, whereas the Demand Charges are lesser for 33 kV to negate the difference. Practically, the objector is getting no relief, by and large for taking supply on 132 kV, which is against the principles of the Tariff Policy. Assuming that the rest of the costs remain the same, the benefit of 132 kV only on account of lower T & D loss works out to almost 25-30 paise and it is logical to be allowed and passed on to Consumers at 132 kV.

5.23.7 M/s Kundlas Loh Udyog and M/s Vardhman Textiles Ltd. have further submitted that Demand Charges for EHT Consumers are very high at a level of Rs. 425 per kVA which are highest in the country. The objectors have suggested that the Demand Charges of EHT Consumers be reduced to Rs. 300 per kVA as the fixed cost of the utility has come down over the years spread over the increase sale of power.

Petitioner's Response

5.23.8 The Petitioner has submitted that determination of Tariff is the prerogative of the Commission, and the Commission shall take the appropriate view on the same.

5.23.9 Further, the Petitioner has submitted that it is recovering the Annual Revenue Requirement (ARR) through either Demand Charges or Energy Charges. Demand Charges are levied to recover the fixed component of ARR. A reduction in Demand Charges would be recovered either through a proportionate increase in Energy Charges for Industrial Consumers or an increase in Energy Charges for all other Consumers. However, it would not be fair to increase Energy Charges for all Consumers to make up for the shortfall caused by reduced Demand Charges for industry.

Commission's Observations

5.23.10 Regarding rationalisation of Fixed/ Demand Charges, it is relevant to mention that the fixed/ Demand Charges correspond to the fixed cost of the Utility/ HPSEBL. It is true that these charges do not represent the fixed cost of the HPSEBL to serve its Consumers. If we see the fixed cost of the HPSEBL, it consists of O&M cost, depreciation, interest on loan, return on equity and capacity charges of power procurement etc., which makes it little bit higher in comparison to other States. If all these charges are to be recovered by way of Fixed/ Demand Charges, the present Fixed Charges being levied would become abnormally high. Therefore, the contentions of the Objectors that the Fixed/ Demand Charges at present are quite high do not holds any merit.

5.23.11 Further, the main concern for HPSEBL is recovery of ARR either through Demand Charges or through Energy Charges. Demand Charges are being levied mainly to recover fixed component of ARR and thus, these charges on lower side will have net effect of short fall in the ARR. The shortfall on account of these charges will either be recovered through proportionate increase of Energy Charges of Industrial Consumers or by increase in Energy Charges of all other Consumers. 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.

5.23.12 The Commission do not agree with the views of the stakeholder and highlights that the Tariff Policy clearly provide for recovery of expenses by way of two -part Tariff fixed/ demand and Energy Charges. Therefore, having a consolidated rate would be against the Tariff Policy and also result in under-recovery of annual fixed expense of the Petitioner.

5.24 Peak Hour Tariff

Stakeholders' Submissions

5.24.1 BBN Industries association, M/s Kundlas Loh Udyog and M/s Vardhman Textiles Ltd. have submitted that the peak hours Energy Charges differential of Rs. 1.30/- per unit over and above the normal rate of Energy Charges is very high. The Stakeholders have suggested that in view of comfortable availability of power during peak hours, the peak load hours Tariff be relaxed/slashed. The energy rate differential must be done away with as some industries stop their activity during peak hours and some even go to the extent of buying power from outside the State, thus resulting in loss of revenue to HPSEBL. Further it has mentioned that our State does not have any peak hour constraints. Therefore, the objector has prayed the Commission that the peak hour Tariff be brought to a level of Tariff applicable during normal hours.

5.24.2 Confederation of Indian Industries (CII), Parwanoo Industries Association (PIA) and Kala-Amb Chamber of Commerce & Industry are of the viewpoint that even after reduction of the peak hour Tariff, the usage during these hours have not improved significantly and thus have requested the Commission to rationalise the peak hour charges.

5.24.3 M/s Prime Steel Industries Pvt. Ltd. and H M Steels Limited have submitted that the large power intensive manufacturing units still not find the peak hours energy rate attractive and viable enough and as such they shut down the units during peak hours and rates are required to be reduced further.

5.24.4 Further, the Objectors have submitted that Time of Day Tariff is an accepted tool for DSM for flattening the load curve and minimizing the power procurement cost of the utility. The availability and the pricing of power procurement must be analysed for the peak hour slot of 3.5 hours and based on the surplus available and based on the prices at which the power is available across the exchanges, the peak load Energy Charges are requested to be revisited and rationalised further.

5.24.5 Further, the Objectors have suggested that in case the Commission still decides to continue to charge a different rate during peak hours than the normal rate of Energy Charges, they propose that instead of having a separate rate of Energy Charge for peak hour, a per unit extra surcharge be introduced on the pattern of the night concession. This will make the billing simpler as the total units will not be required to be segregated.

5.24.6 The Objectors have further submitted on Peak load hours sale that since long term PPAs exist with various generators at uniform rate of power, there is little justification to levy higher Tariff until higher charges are paid in the peak hour or supply is arranged from other sources at higher rates. If higher rates in peak hours are inescapable, there is strong need to cap it at say 10% higher than the normal Tariff.

Petitioner's Response

5.24.7 The Petitioner has submitted that night-time concession is already provided to encourage the Industrial Consumers. Further, the Petitioner has requested to determine the same night-time Tariff concession throughout the year, without differentiation in different seasons, so that the revenue recovery of HPSEBL shall remain neutral.

5.24.8 Further, the Petitioner has responded that reducing peak hour Tariff may lead to increase in power purchase cost as otherwise, HPSEBL will be forced to buy from marginal generators or short-term power, which in turn will affect other Consumers.

5.24.9 Further, the Petitioner responded that the purpose of peak hour Tariff is to flatten the diurnal load curve. Also, during the peak hours the demand is high and vis-à-vis cost of power is also high. To ensure safe operation during the peak hours either load shedding has to be done or other way to increase the Energy Charges during peak hours. Thus, peak hour charges are being levied with the intention of reliable operation during the peak hours.

5.24.10 The Petitioner further submitted that the Industrial Consumers are capable to shift their demands to avoid peak hour Tariffs. Further, the Petitioner has submitted that any change in Tariff structure is the prerogative of the Commission, and the Commission shall take the appropriate view on the same.

Commission's Observations

5.24.11 The Commission finds it appropriate to continue with the existing rates in Peak Hour charges. The rates during Peak hour used to be much higher earlier and the same was reduced by the Commission in its Order dated 31.05.2021. However, the Commission shall take a view on further concession in Peak Hour charges in future after deliberations with all the stakeholders.

5.25 Lower Voltage Supply Surcharge (LVSS)

Stakeholders' Submissions

5.25.1 Confederation of Indian Industries (CII), Parwanoo Industries Association (PIA) and Kala-Amb Chamber of Commerce & Industry have submitted that as per HPERC Electricity Supply Code, the Consumers availing electricity supply at a voltage lower than the 'Standard Supply Voltage' shall, in addition to other charges, be also charged a 'Lower Voltage Supply Surcharge' (LVSS) at the rates given on only the amount of Energy Charges billed, for each level of step down from the 'Standard Supply Voltage' to the level of actually availed supply voltage. Further, the Stakeholders have requested the Commission to abolish the LVSS surcharge.

5.25.2 M/s Prime Steel Industries Pvt. Ltd., H M Steels Limited and Kundlas Loh Udyog have submitted that the principle based on T&D losses for different voltages is already established in the existing Tariff in terms of a LVSS surcharge and it provides for surcharge on account of higher losses at lower voltages from which the voltage differential costs can be derived and Tariff differential can be calculated.

5.25.3 The Objectors have further submitted that Consumers availing electricity supply at a voltage lower than the 'Standard Supply Voltage', in addition to other charges, are 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	Actual 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%

5.25.4 The Objectors have submitted that the above chart clearly illustrates that the Commission has acknowledged that a difference of 4% is justified as surcharge for difference between 33 kV and 132 kV supply voltage. In the similar manner, the objectors are also eligible for a lower Tariff by 4% if he avails supply at 132 kV, which works out to 27.5 Paise per unit, whereas there is actually no difference in Tariff if the Demand Charges are also taken in account.

5.25.5 M/s Kundlas Loh Udyog has further submitted that both LVSS and Kilowatt limits need to be scrapped. They have further submitted that the limits of Contract Demand to be allowed at a particular voltage, must be technically evaluated and should be at parity with the neighbouring states assuming that the same conductor is being commonly used by all the utilities.

Petitioner's Response

5.25.6 The Petitioner has submitted that the matter pertains to Supply Code and is not directly related to the present Petition. Further, the Petitioner has submitted that the objective behind levy of LVSS and LVMS is that whenever power is supplied by the Petitioner at a voltage lower than the standard supply voltage, it results into higher T&D losses in the distribution system of the DISCOM. As these additional T&D losses are attributable to a particular Consumers only who are availing power supply at a voltage lower than the standard supply voltage and thus, these charges are being recovered from these particular Consumers only in the shape of LVSS.

5.25.7 The Petitioner has further submitted that Consumers availing power at higher voltage level as compared to the standard voltage level are benefitted in terms of differential in rates of Energy Charges. However, for Consumers who are drawing power at voltage below their standard voltage are required to pay higher charges through LVSS in line with the Supply Code. Further, the Energy Charges applicable for EHT Consumers are already lesser than HT1/ HT2 categories. As per amendments to the HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011, the Commission has laid down the principle of progressively moving towards the targeted roadmap of (-) 10% and (+) 5% of the average cost of supply by end of the 4th Control Period (FY 20-24) for all categories of Consumers excluding life line Consumers, while setting the Tariff for FY 24. Further, the Petitioner has provided complete justification under section 2.9 of the Petition and the Commission shall determine the Tariff as per the aforesaid principles for FY 24 also.

Commission's Observations

5.25.8 The Commission concurs with the views of the Petitioner and reiterates that standard voltage levels have been specified for availing supply by the Consumers.

In case a Consumer takes supply at lower voltage then he is required to pay the LVSS. Also, Commission is already approving the differential Energy Charge in case of EHV category at different voltage levels. However, any further rationalisation on this account shall be considered by the Commission in the next Control Period starting from FY 2024-25.

5.26 Applicability of Temporary Tariff and Requirement of NOC

Stakeholders' Submission

5.26.1 The Confederation of Indian Industries (CII), Parwanoo Industries Association (PIA) and Kala-Amb Chamber of Commerce & Industry have mentioned that at present the Tariff of Temporary Metered Supply (TMS) is applicable to the Consumers who do not furnish NOC from Local Body/ Town and Country Planning. The Objectors have suggested that relevant category Tariff should be charged from such Consumers who cannot produce NOC but do provide an undertaking regarding disconnection in case of legally binding Orders. The Objectors have submitted that the change in applicable Tariff in the past years have crept in without taking the Consumers views with regard to such change.

5.26.2 Further, the Objectors have submitted that the requirement of NOC is interfering with the universal service obligation of licensee as such procedure takes a long time and has a fiscal impact on the licensee. The production of NOC's renders the provisions of the Electricity Act, 2003 otiose and nugatory. The Commission in its 11th Advisory Committee meeting has recommended for dispensing with the cumbersome procedure laid down by HPSEBL for production of NOC/ Clearance from other departments of the State Government.

5.26.3 The Objectors have represented that the Commission while notifying the list of documents for obtaining power connection has once again specified the need of NOC for the Consumers to whom the two-part Tariff is applicable. Discrimination in terms of production of NOC between the single part and the two-part Tariff Consumers is also not legally justified.

Petitioner's Response

5.26.4 The Petitioner has submitted that the matter pertains to Supply Code and is not directly related to the current Petition.

Commission's Observations

5.26.5 The Commission concurs with the views of the Petitioner and reiterates that the matter pertains to the supply code and is not directly related to the current Tariff Order.

5.27 Pre-Paid Smart Metering to Industrial Consumers

Stakeholders' Submissions

5.27.1 The Confederation of Indian Industries (CII), Parwanoo Industries Association (PIA) and Kala-Amb Chamber of Commerce & Industry have submitted that the pre-paid smart metering plan proposes to install pre-paid meters in the non-industrial categories in the initial stage. Whereas very large chunk of revenue comes from industry, the smart meters should cover the industry on priority so that revenue leakages are stopped, if any. Further, the Objectors have submitted that the implementation of pre-paid meters for this category will improve the fund flow of the Utility, while a lesser number of meters will be required.

5.27.2 HPSIA has submitted that the pre-paid smart metering scheme already being funded by the Government of India, has not gained momentum in the State, whereas in the neighbouring States such as Haryana, the smart meters are already in place. The efforts are lacking on the part of the Petitioner in procuring and installing the existing meters with pre-paid meters. The Commission in the past Tariffs has also allowed rebate in charges to Consumers who opt for pre-paid meters. The Central Government has come out with Schemes to financially support the initiative for installation of smart meters. The State must take advantage of the same and expedite the installation of such meters.

Petitioner’s Response

5.27.3 The Petitioner has submitted that it is in the process of implementing smart meter/ prepaid meter. This shall provide an opportunity to the Consumers to make prepayment. The Petitioner is working towards the step mentioned by the Objectors. Further, they have submitted that the provision for making advance payment is already available in Supply Code. Further that providing Pre-paid Smart meters for all Consumers was mandated under the RDSS Scheme by MoP, GoI. However due to non-availability of economical remote connection/disconnection facilities the MoP, GoI has clarified that Consumers upto 65 KW load shall be on Pre-paid mode and above 65 KW load, the Consumer shall be on post-paid mode.

Commission’s Observations

5.27.4 The prepaid metering of the Consumers including that of the Industrial Consumers shall be done after implementation of the RDSS Scheme by the HPSEBL.

5.27.5 As clarified by the Petitioner, that there is delay in installation of prepaid meter facility beyond 65 KW due to implementation issues. The same is as per the clarifications issued by MoP, GoI in this regard. However, the Petitioner should strive hard to pursue this matter with GoI on priority basis.

5.27.6 In the current Order, based on the proposal of the Petitioner and views of the stakeholders, the Commission has approved a rebate of 3% of the Energy Charges for all categories of the Consumers under pre-paid meter as detailed in Chapter 8 and Annexure-I.

5.28 Availability of 24x7 uninterrupted power

Stakeholders’ Submissions

5.28.1 The Confederation of Indian Industries (CII), Parwanoo Industries Association (PIA) and Kala-Amb Chamber of Commerce & Industry have mentioned that the quality of power supply is not upto the mark. Even though the voltage levels are maintained within the allowed levels, the interruptions continue to be cause of concern, which result in commercial losses both to the utility as well as the Consumers.

5.28.2 Further, the Objectors have submitted that the scheduled outages must be pre-planned, and an advance notice of such plan must be intimated to the concerned

Consumers at least fifteen days in advance through SMS and emails to all the affected Consumers.

5.28.3 Further, they have mentioned that the unscheduled outages also must be minimized by upgradation of infrastructure and installation of modern intelligent equipment. The alternative supply routes in cases of shutdowns must be designed in a manner that the number of affected Consumers can be minimized by such interruptions.

5.28.4 In addition, the Objectors have mentioned that the strict standards of continuity must be observed in terms of various reliability indices and the standards defined in the Standards of Performance Regulations must be more stringent and necessary amendments should be carried out in the Regulations, so as to compensate the Consumers on non-adherence to such standards by the Petitioner. The supply of power is under a two-way agreement and in the event of non-supply due to any reason the proportionate Demand Charges should be charged.

5.28.5 Further, the Objectors have requested that round the clock 24 x 7 complaint attending must be ensured in all areas, particularly the industrial areas, where the consumption of electricity is very high. Presently, the Consumers have to suffer production losses or have to bear a very high cost for running standby generating sets on such occasions. The staff for attending complaints is not available during night hours. Thus, the Objectors have prayed the Commission to issue necessary directions to the Petitioner to ensure 24x7 complaint attending system.

5.28.6 BBN Industries Association and M/s Vardhman Textiles Ltd. have prayed the Commission to direct the board to impose power cuts uniformly across all categories of Consumers without discrimination to Industrial Consumers.

Petitioner's Response

5.28.7 The Petitioner has submitted 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 being imposed are 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, the maintenance cuts are mandatory for monitoring and routine inspections.

Commission's Observations

5.28.8 As per the suggestions received from the Objectors, the Petitioner should upgrade their distribution network and remove any network constraints to ensure 24x7 power supply to all the Consumers. In addition, the Petitioner should ensure that the staff for attending the complaints are also available during night hours, mainly in the industrial areas.

5.29 Sales outside the State

Stakeholders' Submissions

5.29.1 BBN Industries Association have submitted that the revenue estimate for sale outside State has been estimated at Rs. 16.32 crore during FY 2023-24 compared to Rs. 236.39 crore during FY 2022-23, there seems to be error in the figure or entity should be asked to explain for such low sale.

5.29.2 Nalagarh Industries Association has prayed the Commission to increase the Tariff of Inter-state sale of power rather than the Intra-state sale which is bearing the brunt for the last twenty years.

Petitioner's Response

5.29.3 The Petitioner has responded that the sale outside the state is worked out based on the energy balance for the respective year. Only the surplus quantum after meeting State requirement is available for sale outside the State. The Petitioner has estimated lower energy sales outside the State in FY24 as compared to FY23. Therefore, there is lower revenue estimated in FY24 than in FY23 from energy sales outside the State. The Inter-state sale of power is done only when there is surplus power during non-peak hours and that the rate of Inter-state sale of power is market determined.

Commission's Observations

5.29.4 The Commission has taken note of the submissions of the Petitioner and the Stakeholders, and this issue has been addressed under Chapter 7 and 8 of this Order.

5.30 Sales Projections/ Revenue Growth

Stakeholders' Submissions

5.30.1 BBN Industries Association have submitted that there is healthy growth in MU sale as well as revenue growth projected on existing Tariff which calls for reduction in Tariff instead of increase.

5.30.2 HPSIA have submitted that the estimates put up by the Petitioner are not realistic as the sales growth is expected to be much more than 6%, seeing the rebound in the economic activity. Even the GDP is expected to grow @ higher than 7%. Therefore, the sales volumes are required to be examined carefully. There are many expansion projects in the pipeline and many more are in the planning stage. Even the existing industries are in the course of expansion.

Petitioner's Response

5.30.3 The Petitioner has estimated the Revenue at proposed ARR after apportioning the revenue gap estimated among different categories to arrive at the Average Cost of Supply (ACoS) for different categories. HPSEBL further submits that there is also an increase in the ARR due to various reasons such as increase in power purchase cost, transmission charges, impact of 6th pay revision, etc.

5.30.4 The Petitioner has responded that the energy demand projections are made based on widely adopted methodology of using CAGR over past years. The same projected energy demand is used to project the energy requirement of the State. Further, the Petitioner has submitted that the expenses claimed by the Petitioner are allowed by the Commission after prudence check.

Commission's Observations

5.30.5 The Commission concurs with the response of the Petitioner that while the sales have increased at a healthy rate post Covid years, there has been increase in ARR due to several reasons such as power purchase cost, transmission charges, impact of 6th pay revision, etc. The Commission has undertaken detailed analysis of past year actual sales, along with recent and long-term growth trend in each Tariff category. With the growth in the energy sales, the power procurement cost of the HPSEBL is also bound to rise. Further, the impact of 6th Pay Commission and Water Cess shall put additional burden on the ARR of the Petitioner. The details with respect to each aspect of the ARR are covered in the relevant sections in Chapter 7 of this Order.

5.31 Free Power

Stakeholders' Submissions

5.31.1 Nalagarh Industries Association has requested the Commission to take up with the Government of HP to reduce the rate of free power which is claimed by the Govt. as Royalty for water.

Petitioner's Response

5.31.2 The Petitioner has submitted that free power rate is determined by the Commission. This same is the prerogative of the Commission, and the Commission shall take the appropriate view on the same.

Commission's Observations

5.31.3 A methodology has been developed by the Commission for determining the rate of GoHP free power being supplied to HPSEBL. However, the GoHP is getting this power without any cost in line with the Hydro Policy of the State. Therefore, the GoHP may supply this power to HPSEBL at a reduced rate or even free. The Commission is of the view that the Petitioner must take-up this issue with GoHP for giving its free power to HPSEBL at a cheaper rate so as to benefit the electricity Consumers of the State.

5.32 Rebate on increased Power Consumption

Stakeholders' Submissions

5.32.1 BBN Industries association and M/s Vardhman Textiles Ltd. have submitted that the Commission may contemplate a threshold consumption incentive of Rs.1/unit for increase in consumption over base year consumption from Discom. This would encourage the industry to increase consumption by optimum utilization of the existing capacity. Because incentive given by the State of Himachal Pradesh for setting up new industry/expansion of the existing units need fresh investment by the industry and may take longer time to come in and could not possibly help in consumption of surplus power.

Petitioner's Response

5.32.2 The Petitioner has responded that it has not proposed any rebates for Industrial Consumers for FY24. However, the rebates are already being provided for expansion of existing industries, for the quantum of increase in energy consumption in proportion to increase in Contract Demand. The Petitioner has also submitted that the average Tariff of Industrial Consumer is already below average cost of supply. The Average Billing Rate of LIP is Rs. 5.44/unit for FY 2021-22 whereases the Average cost of supply for FY 2021-22 is Rs. 6.13/unit. Further, the Petitioner has also proposed that rebate shall be provided directly by the Industry Department of the Himachal Pradesh Government.

Commission's Observations

5.32.3 The Commission concurs with the view of the Petitioner and clarifies that the Industrial Tariff in the State of Himachal Pradesh is already low as compared to neighbouring States and with minimal level of cross subsidy. Therefore, the scope for further providing rebates is limited at present. The stakeholders may take up the matter with the State Government for providing subsidy in this regard.

5.32.4 The Commission is of the view that rebate to Industrial Consumers, as given in the earlier Tariff Orders, have helped in reviving the growth of the industrial energy sales in the state. Also, it is well known fact that the operational cost to serve the Industrial Consumers is less due to the fact that the concentrated large load has to be served at a single location. The growth in the Industrial consumption is good for the DISCOM till the point the marginal cost of supply is less than the average cost of supply. In view of the same, existing rebate has been extended for FY 2023-24 as also covered in the Chapter 8 of this Order.

5.33 Renewable Power Obligation

Stakeholders' Submissions

5.33.1 Indian Energy Exchange have submitted that Ministry of Power has issued revised trajectory allowing complete fungibility of solar and wind power vide notification dated 22.07.2022. Further, the REC Regulations 2022 issued by the Hon'ble CERC have also introduced a single REC with technology-based multiplier. Since the current RE market at the Power Exchange as well the REC market is undergoing transition in alignment with the above significant changes, the Objector has prayed the Commission to amend the RPO Regulations to consider the trajectory notified by the Ministry of Power.

5.33.2 Further, the Objector has submitted that as per the CERC REC Regulations 2022, the energy sold by RE capacity registered under REC mechanism in any conventional market (DAM/RTM/ TAM) at Power Exchange shall be eligible for issuance of RECs and in case the energy is sold in the Green Market (for fulfilment of RPO by the buyers) by such RE capacity then no such RECs will be issued against such energy sold in the Green Markets at Power Exchanges. Additionally, the Discoms can seek RECs for their RE consumption in excess of the targets. Therefore, as against the earlier practice, the new Regulations provide complete flexibility in so far as the fulfilment of RPO and issuance of REC is concerned. Therefore, the Objector has prayed the Commission to allow an explicit provision to the Discoms for sale and purchase of RE power through conventional/ green market. The Commission may also allow the Discoms to take benefit of the flexibility of the RE market at the power exchange for sale of surplus RE power (if any) beyond the RPO target.

5.33.3 On RPO trajectory, Nalagarh Industries Association has submitted that there are different norms for RPO for the Consumers having captive generation and standby generation. There is no definition of the Standby generation in the Act 2003 and the Consumer who fulfils the conditions of the captive generation, the targets of RPO may be lowered to be at par with others. Further, they have prayed that the hydro RPO may be abolished. Other ways and means should be explored by the Commission to help the small HE plants instead of ensuring sales through RPO.

Petitioner's Response

5.33.4 The Petitioner has submitted that the objections/suggestions by the objector are not based on any specifics of the ARR Petition, being of general and suggestive nature, the Commission may decide keeping in view the existing Tariff and other Regulations.

5.33.5 Regarding RPO trajectory, the Petitioner has responded that the RPO trajectory is determined by the Commission and the HPSEBL has always made sincere efforts in meeting the RPO targets fixed by the Commission.

Commission's Observations

5.33.6 The fixation of RPO targets by the Commission do not come under the purview of this Order. The Commission has already fixed the RPO trajectory for FY 2023-24. However, the Commission has noted the submissions of the stakeholders and will consider the same at the time of revision in fixation of RPO targets. The RPO targets are being fixed under separate Regulations for which comments are sought separately.

5.34 Rate of Interest

Stakeholders' Submissions

5.34.1 BBN Industries association and M/s Vardhman Textiles Ltd. have proposed that the Commission may come up with the Scheme of taking advance against monthly electricity bills and offer 8-9% interest on such deposits with the Discom, to reduce the cost of borrowing of the Discom. The Objectors have mentioned that the Discom has not submitted any proposal as per the directions given to the Discom to come up with a detailed proposal to save the interest cost in Tariff Order dated 29th June 2021. As no efforts have been made by the Discom, the Objector has prayed the Commission to bring such scheme, which is net win-win position for Discom and all categories of Consumers.

Petitioner's Response

5.34.2 The Petitioner has mentioned that they are in the process of implementing smart meter/ prepaid meter. This shall provide an opportunity to the Consumer to make prepayment. The Petitioner has further submitted that they are working towards the step mentioned by the objector. Further, the provision for making advance payment is already available in Supply Code.

Commission's Observations

5.34.3 The HPSEBL cannot use the advance taken from the Consumers for creation of the assets as asset creation takes long time. The Consumers has the option to pay their bills through advance payment any time. The Commission sees operational issues in taking advance from the Consumers and treating it as deposit with interest implication. Therefore, the Commission would appreciate if some concrete and implementable proposals are submitted in this regard by the stakeholders.

5.35 Additional Surcharge

Stakeholders' Submissions

5.35.1 BBN Industries association and Indian Energy Exchange (IEX) have submitted that the additional surcharge for obligation to supply as per Sub-section 4 of Section 42 of the Act shall become applicable only if it is conclusively demonstrated that the obligation of a licensee, in terms of existing power purchase commitments, has been and continues to be stranded, or there is an unavoidable obligation and incidence to bear fixed costs, consequent to such a contract. The fixed costs related to network assets would be recovered through wheeling charges. Further, the Objector has submitted that each distribution licensee shall submit to the Commission, details of fixed costs, which the licensee is incurring towards his obligation to supply.

5.35.2 Further, BBN Industries association and M/s Vardhman Textiles Ltd. have submitted that in determining the additional surcharge, the Commission shall scrutinize the details of fixed costs submitted by the distribution licensee and invite and consider objections, if any, from the public and affected parties.

5.35.3 The Objectors have suggested that the Commission may consider revising the rate of Additional Surcharge, as proposed by HPSEBL as it makes open access burdensome, unaffordable and uncompetitive. Clause 8.5.1 of the Tariff Policy mandates that the Additional Surcharge cannot be so onerous that it constrains the introduction of competition. Therefore, there is a mandate on this Commission to calculate Additional Surcharge in such a manner that the Consumer is not burdened to the extent that it cannot avail Open Access.

5.35.4 Nalagarh Industries Association has prayed the Commission to consider whether there is any need to levy charges when the quantum of open access power being availed by the Industrial Consumer is almost negligible compared to the overall sale. The net impact of such levy is to discourage the Consumers to tap otherwise cheaper source of power outside the State, which is resultantly enjoyed by the Consumer in other States.

5.35.5 They have further submitted that there are large number of States in the country which have no additional surcharge. These States include, Andhra Pradesh, Assam, Bihar, Chhattisgarh, Jammu & Kashmir, Jharkhand, Kerala, Odisha, Punjab, Tamil Nadu, Telangana, Uttar Pradesh and West Bengal. The State of Karnataka has negligible Addl. Surcharge of 2 Ps to 5 Ps/unit. Delhi also has very small charge of 3-5% of Energy Charges.

5.35.6 Indian Energy Exchange (IEX) has submitted that the National Tariff Policy, 2016 clarifies the condition when additional surcharge would be applicable, if the distribution licensees conclusively demonstrate the stranded cost caused by the open access Consumers. Further, they have submitted that the Hon'ble Appellate Tribunal (APTEL) in a recent judgement in Appeal No. 260 of 2018 and Appeal No. 43 of 2021 Dated 15.09.2022 has clarified that the basic rationale for imposition of additional surcharge is that the distribution licensees having PPAs are entitled to the compensatory relief on account of Fixed Charges by way of additional surcharge. However, it is necessary for the distribution licensee to demonstrate that they are unable to schedule the power under the PPAs on account of open access customer taking power from other sources.

5.35.7 Indian Energy Exchange (IEX) has further made observation that the Petitioner in the present proposal has determined the per unit Additional Surcharge based on the projected per unit fixed cost of the plants which were stranded/ surrendered in April 2022 to September 2022 with no link with the open access quantum. Therefore, it is required to demonstrate the stranding of obligations due to open access before working out the Additional Surcharge.

5.35.8 Further, they have made an observation that despite continuous decrease in open access volume in the past years the additional surcharge is on an increasing trend, which does not seem to be in conformity with the National Tariff Policy. The Objector has submitted that the Petitioner while determining the additional surcharge has not taken into account the capacity stranded purely on account of open access Consumers/ contracts. Further, the Petitioner has also not furnished any data to support the computations.

5.35.9 Further, the Objector has prayed that like the State Commissions of Gujarat, Telangana and Punjab while computing additional surcharge adjust the effective Demand Charges paid by the embedded open access Consumers while determining additional surcharge, the similar approach be provided by the Commission.

5.35.10 The Objector has further submitted that any Consumer availing open access pays ISTS charges for the power procured through open access, the benefit of which accrues to the Distribution Licensee in reduction of their POC charges. Further, they have submitted that since the open access Consumers are already paying for the transmission and wheeling charges to the concerned entity, levy of the same charges twice by their inclusion in the additional surcharge also, seems erroneous and may be re-looked by the Commission.

Petitioner's Response

5.35.11 The Petitioner has responded that it has computed and claimed additional surcharge as provisions of the Sub-regulation 3 of Regulation 6 of HPERC (Cross Subsidy Surcharge, Additional Surcharge and Phasing of Cross Subsidy) Regulation, 2006. Further, the Petitioner has submitted that they have adopted the same approach for determination of additional surcharge for FY 2023-24 as has been adopted by the Commission in its previous Orders.

Commission's Observations

5.35.12 The Electricity Act, 2003 and Tariff Policy 2016 provide 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.

5.35.13 The Commission has determined the additional surcharge in line with the guidelines of Tariff Policy and provisions of HPERC (Cross Subsidy Surcharge, Additional Surcharge and Phasing of Cross Subsidy) Regulation, 2006 and amendments thereof. Further, the Commission has considered the prevailing Inter-state and Intra-state transmission charges for computation of additional surcharge at the time of issuance of this Order detailed out in Chapter 9.

5.36 Wheeling Charges

Stakeholders' Submissions

5.36.1 M/s I.A. Hydro Energy Pvt Ltd. submits that the Petitioner is currently charging @18 Paisa/ kWh (As per amended provision approved by the HPERC Order dated 28-11-2022 for FY 2022-23) towards wheeling charges for wheeling of power from Chanju-I HEP through its 132 kV network as well as distribution losses @ 2.5% at 132 kV level in line with MYT Order dated 31-05-2021.

5.36.2 Further, I.A. Hydro Energy Pvt Ltd. has submitted that despite connectivity of project Chanju-I (36MW) at 132 kV, in existing year, the distribution losses @ 2.5%, Wheeling charge @18 Paisa/kWh, STU Loss @0.75% & STU charge @6.88 Paisa/kWh being charged by the Petitioner, total expenditure towards transmission of power up to State periphery total STU charges is being incurred around @40 Paisa/kWh and in FY 2023-24 the wheeling charges @25.97 Paisa/unit and STU charges @6.77 Paisa/unit (as per MYT Order of HPPTCL dated 29 June 2019), has been proposed, hence the total expenditure shall be around 48 Paisa /kWh which will be on very much higher side and should be rationalized.

5.36.3 I.A. Hydro Energy Pvt Ltd. further submits that at present, the Petitioner is charging distribution losses @2.5% despite the connectivity @132KV Line and STU loss @0.75%, whereas in other states @132 kV line there is no provision for taking distribution losses & wheeling charges. Therefore, the Petitioner has prayed that total losses @ 3.25% towards Distribution & Transmission losses being on higher side should be rationalized and should not be more than 2%.

5.36.4 The Indian Energy Exchange has submitted that though the Petitioner has computed voltage wise wheeling charges, but it is understood that the Petitioner has merged the wheeling charges for 11 kV and LT network Consumers, which is not aligned with the methodology used in the past Tariff Orders.

5.36.5 The Objector have further submitted that the Petitioner has proposed very high increase in wheeling charges in the range of 17% to 137%. Such steep increase in wheeling charges will amount to a Tariff shock for the Consumers. Therefore, the Objector has prayed the Commission to compute separate wheeling charges for HT and LT category Consumers as was being followed in the past Tariff Orders to avoid levy of LT network cost on HT Consumers.

Petitioner's Response

5.36.6 The Petitioner with regard to issues raised with respect to wheeling loss, has submitted that the wheeling loss is 2.5% for drawl / injection at 220 kV/ 132 kV level which is already lower than wheeling loss applicable for other voltage levels. Further, the Petitioner has submitted that it has considered the same wheeling losses as approved by the Commission in MPR Order dated 29.3.2022. Further, the wheeling losses shall be applicable as determined by the Commission's Order.

Commission's Observations

5.36.7 With respect to the stakeholders' suggestions for separate wheeling charges for each voltage level, the Commission has concurred with the views of stakeholders and accordingly, the wheeling charges and losses are worked out voltage wise as per the judgment of the Hon'ble APTEL. Wheeling Charges are being computed as per well-established principle of computing cost at different voltage levels.

5.36.8 The open access charges for Consumers availing open access has been levied as per the provisions of the Electricity Act, 2003, Tariff Policy 2016 and applicable Open Access Regulations of this Commission. The various charges are approved as per methodology set forth under these Policies and Regulations as explained in Chapter 9 of the Order.

5.37 Electricity Duty

Stakeholders' Submissions

5.37.1 Nalagarh Industries Association has requested the Commission to protect the interest of the Industrial Consumers of the State. Lower Electricity Tariff was the only comfort for the industry to come to the State and now when the Tariff has become competitive rather higher, the industry would strive to migrate to better incentivizing States. So, the Objector has requested the Commission to make recommendation in favour of the Industrial Consumers of the GOHP. The GOHP may listen to the voice of the independent authority like the Commission quickly and effectively.

Petitioner's Response

5.37.2 The Petitioner has responded that Electricity Duty is a levy of GoHP and is not a subject matter of present Petition. Therefore, HPSEBL does not propose any response.

Commission's Observations

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

Other/General

5.38 Tariff Related Aspects

Stakeholders' Submissions

5.38.1 BBN Industries association has submitted that the Tariff increase in Industrial Tariff is not justified as the entity is selling about 60% of its power with 25% of connected load as stated by HPSEBL in its Tariff Petition. They have also submitted that electricity is the favourable resource in the State to attract more industrial investments thereby creating higher revenue and employment. Further, they have submitted that the Tariff is not competitive compared to neighbouring States of Punjab, Haryana and Uttarakhand, rather in certain categories like small power sector, said States are cheaper.

5.38.2 The Objector has submitted that the industrial power is consistently increasing over the years and is expected to increase exponentially in coming years in view of proposed industrial parks sanctioned by GOI and being developed by GOHP on priority. Therefore, the Objector has prayed to create one segment of Consumers between 100 KW and 1000 KW as the Demand Charges beyond 100 KW increase exponentially from 120 /KVA to 250/KVA which is very detrimental to small units to grow.

5.38.3 HPSIA M/s Prime Steel Industries Pvt. Ltd. and H M Steels Limited have submitted that favourable Tariff should be notified in respect of the steel manufacturing industries which are power intensive units and deserve reduction in Tariff. For such industries, the electricity cost constitutes almost 60 % of the conversion cost and, therefore, are Tariff sensitive. A minor reduction in power Tariff promotes the growth of these industries and any increase can very quickly lead to their closure. Such industries usually avail power of EHT (Extra High Tension) Voltage i.e., 66 kV, 132 kV and 220 kV, while in some areas supplies to some industries is on 33 KV, which falls under HT2 category of Large Industrial Power Supply Category.

5.38.4 The Objectors have further mentioned that the T&D losses in supplying to steel furnace and rolling industries are less than 5%. The average T&D Losses assumed in the Petition are to the tune of 10.70% for FY 21-22, which is much higher than the actual losses. Therefore, the Objector has prayed that the Tariff for Steel industry be lowered than the general Tariff for the industries.

5.38.5 Further, the Objectors have mentioned that the number of Consumers versus load ratio is very low in Steel category of supply, because of which the operation and maintenance cost of the Petitioner is also very less in providing service to such industrial power intensive units. A lower number of complaints at field level and less requirement of complaint attending staff is required to attend the lower number of Consumers. Therefore, a lower operations and maintenance cost is another reason to lower the Tariff of Steel Consumers.

5.38.6 M/s Prime Steel Industries Pvt. Ltd. and H M Steels Limited have submitted that the Investment Policy, 2019 has also been diluted by the Commission in terms of the Time of the Day (ToD) Tariff notified by the Commission for the FY 2020-21. The 15% rebate as stated in Para 16(a) of the Policy is intended on the entire consumption of electricity, whereas the Commission has excluded the 15% rebate on the consumption during the Off-peak/ Night hours.

5.38.7 M/s Kundlas Loh Udyog has submitted that the increase in Tariff as sought by the Petitioner if approved as such shall result in a Tariff shock to the Consumers and the industrial activity in which the objector is engaged, suffers the risk of closure. Hence, the Objector has prayed that no increase in Tariff be allowed and instead, the State Government be asked to pay for incentives etc. as well as the subsidy announced by the State Government to the domestic sector.

5.38.8 Nalagarh Industries Association has submitted that the Tariff was never reduced despite a surplus true up ARRs for FY19, 20 and 21.

5.38.9 Bharti Airtel Ltd. has prayed the Commission to levy and recover "industrial" Tariff from the Objector instead of ongoing illegal and unjustified levy of Commercial/ Non-Domestic Tariff upon the Objector.

5.38.10 Further, the Objector has submitted that vide National Telecom Policy, the Government of India has recognized and granted infrastructure status to the Telecom Service Provider Industry in the year 2012 to boost the development of telecom infrastructure in India. They have further submitted that pursuant to the above, the Advisory Guidelines dated 01.08.2013 issued by the Government of India for various State Government not only reaffirms the recognition and grant of Infrastructure status to Telecom Towers but also recommends to the State Governments to accord and extend all benefits available to the Infrastructure industry to the telecom service providers for their towers, including provision of electricity connections. They have further submitted that immediately thereafter, similar recognition was granted to the Telecom Service Providers by the Ministry of Finance, Government of India vide its Ministry of Finance (Department Of Economic Affairs) (Infrastructure Section) Notification dated 7.10.2013.

5.38.11 Further, they have submitted that in the Himachal Pradesh Industrial Investment Policy, 2019, all the IT and IT enabled Services providers and business were accorded Industrial Status, which has not been altered till date. Therefore, the Objector has prayed that all the Telecom Service providers, should fall within the definition of the term "Industrial Unit" under the Policy of the State of Himachal Pradesh. They have further mentioned that based on all legal regime and the policies applicable at the central level and the State of Himachal Pradesh and the various judicial pronouncements, it is a settled position of law that the entities engaged in the business of providing telecom services and the related infrastructure fall under the category of "Industry".

5.38.12 The Objector has further submitted that pursuant to the decision of the Hon'ble APTEL, the Ld. MERC, vide its Order dated 30.03.2020 in Case no. 322/2019, has directed that Industrial Tariff be made applicable to Telecom Industries, irrespective of the fact whether they were registered under the IT/ITES Policy of the Government of Maharashtra, or not.

5.38.13 The Objector has further submitted that when the Electricity Act, 2003 is a central legislation, and the determination of Tariff and categorisation of entities for levy of Tariff is carried out under the provisions of the Electricity Act, 2003, how can it be that the same entities be charged different Tariff in different states. There ought to be a certain homogeneity in the levy of Tariff upon the entities such as the Objector across different States. The intent of the legislature cannot be to permit levy of differential Tariff upon the same entities in different States. Therefore, the Objector has prayed the Commission to categorise Telecommunication Towers under the Industry (General) Tariff Category, by prescribing a new sub-category for IT and IT enabled services.

5.38.14 Shri. Anuj Kumar, an Electricity Consumer in the State, has submitted that there is no need to give free electricity in Himachal Pradesh. The Objector has prayed the Commission to allow suitable fixed rate from everyone, as everyone can give Rs 100-200 of monthly bill. This will help government to improve financial condition of State and also help in management of salary of employees on time.

5.38.15 One of the Consumers has also prayed the Commission to increase the Tariff by 90 paise per unit for the betterment of HP Govt or board.

5.38.16 One another Consumer of the State has submitted that the Government of HP as well the Board should be away and protect themselves from free distribution of electricity. He also mentioned that rich people apply for new domestic meters and use them for geyser, iron, heater and for AC to consume only upto 125 units and enjoy free electricity. Therefore, he has prayed the Commission to increase the meter rent upto Rs 200 per month. He also suggested that the starting 100 units should be expensive and last units should be in descending Order according to their cost.

Petitioner's Response

5.38.17 The Petitioner has 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.

5.38.18 The Petitioner has also submitted that the contention of objector that power Tariffs are increasing is incorrect. In fact, 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. They have also mentioned that no significant hike in the Tariffs has been allowed by the Commission in past few years.

5.38.19 Regarding lowering the Tariff, the Petitioner has responded that the submissions for FY 2021-22 has been made as per audited accounts and projections for FYs 22-23 and FY 23-24 have been made as per the methodology adopted by the Commission. Further, the Petitioner has submitted that determination of Tariff is the prerogative of the Commission, and the Commission shall take the appropriate view on the same.

5.38.20 The Petitioner has further submitted that there has been no significant increase in the Industrial Tariff in the last 4-5 years. It also submitted that the average Tariff of Industrial Consumer is already below average cost of supply. The Average Billing Rate of LIP is Rs. 5.44/unit for FY 2021-22 whereas the Average cost of supply for FY 2021-22 is Rs. 6.13/unit.

5.38.21 The Petitioner has further submitted that the telecom service shall not be covered under Industrial Category as no production takes place in respect of Telecom Service/ Mobile Tower.

Commission's Observations

5.38.22 The Commission has determined the Tariff in accordance with the HPERC MYT Distribution Tariff Regulations, 2011 and amendments thereof. The Tariff (Fixed and Energy Charges) is determined on Cost Plus basis wherein the ARR of the utility for the ensuing year is determined and Tariff adjusted for the 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.

5.38.23 The Commission would like to highlight that the reasonable hike in Tariff is justified as Utility also has to survive and sustain in the long run. The Tariff in HP is still low compared to other neighbouring States and the same has been quite stable in HP for the last 6-7 years.

5.38.24 Regarding objector's suggestion on creating one segment of Consumer category between 100 KW and 1000KW, the same shall be considered after doing detailed analysis in the next MYT control period.

5.38.25 Regarding issuance of favourite Tariff to the Steel industries as requested, the Commission have to ensure that the reasonable cost of the HPSEBL is recovered through Tariff. In Himachal Pradesh, the cross subsidy for the industries is already at the lowest level. The Commission has already rationalised the Tariff within Industrial categories as well based upon the voltage levels at which the electric supply is being availed. However, the Commission shall take a view on further rationalising the same in the next Control Period.

5.38.26 It is true that by availing supply at higher voltage, the T&D losses of the Utilities get reduced. Also, per unit cost to serve of the DISCOM for high end Consumers availing large load at high voltages are comparatively less. Industries and the Commercial Consumers can pass on the electricity cost to the buyers of their products and services. Moreover, the electricity Tariff in the State for Industries is already on the lower side when compared to the other neighbouring States.

5.38.27 Industries should approach GoHP for the subsidy claim as per the Industrial Policy. The Commission has approved reduced charges based upon its own analysis.

5.38.28 The Commission would like to highlight that the surplus true up does not imply that the Tariff has to be reduced. The true up exercise is just approving the actual cost of the Utility to that of projected earlier, after doing prudence check and to be adjusted in the current Tariff Orders.

5.38.29 Bharti Airtel Ltd. has pleaded to consider itself under Industrial Category rather than the Commercial. Based on the provisions of the National Telecom Policy, 2012, it is inferred that telecom towers have been give infrastructure status by Government of India. As per the Himachal Pradesh Industrial Investment Policy, 2019 also the IT and IT enabled Services providers and business were accorded Industrial Status, which has not been altered till date. Based on the APTEL's judgement dated 12.02.2020 in Appeal No. 337 of 2016 and the related matters, it is inferred that Industrial Tariff be made applicable to Telecom Industry, irrespective of the fact whether they were registered under the IT/ITES Policy. The relevant extract of the Judgement is reproduced for reference below:

> *"13.15 After careful consideration and analysis of the submissions of both the parties, it transpires that as per the ruling of the State Commission, in the impugned Order, the telecom towers registered under the State Govt. Policy would be classified as industry and other telecom towers would be classified as commercial which is contrary to Section 62(3) of the Electricity Act, 2003. The very rationale adopted by the State Commission in granting Industrial Tariff to mobile/telecom towers was that these services are essential in nature and tantamount to industrial category despite having no manufacturing activities. It is noticed that vide the impugned Order, it is not that all mobile / telecom towers have been put under commercial category but the only criteria for their decision is the registration under the IT/ITES Policy of Govt. of Maharashtra. Resultantly, such pre-requisite condition may put some towers under industrial category and some towers under commercial category which is contrary to the purpose of electricity classification due to the fact that use/purpose of the electricity is not affected by any registration process as the nature of the activities whether registered or not continues to be the same. Moreover, it has been presented by the Appellants during proceedings that they are registered under the IT/ITES Policy and some sample certificates were also produced before us. It is, thus clear that the discom/MSEDCL is now insisting a separate certificate for each of the thousands odd telecom towers of the Appellants to avail the Industrial Tariff.* ***Further, the fact that the mobile towers and related instalments of the Appellants were treated and covered***

> ***in the definition of IT/ITES under the policy of the Govt. of Maharashtra will also be evident from the registration certificate issued by the Govt. for the said instalments of the Appellants right since the year 2004. We have taken note of various judgments relied upon by the parties and the National Telecom Policy, 2012 which provide that telecom services are part / sub-set of the information technologies and hence as industrial units.*** *It is also relevant to note that based on the nature of services, many services including telecom services have been recognised as an important infrastructure, public utility services, essential services etc. and have been considered under the incentive scheme as far as electricity Tariff is concerned. For instance, airports, hospitals, cold storage, LPG/CNG bottling plants etc. have been considered under the Industrial Tariff which clearly do not involve manufacturing activities.*
>
> ***13.16.In view of above facts, we opine that the State Commission has not adequately considered the express provisions of the Electricity Act and various policies of the State/Central Govt. while passing the impugned Order and thus violates the statutory provisions****."*

5.38.30 Based on the provisions of Himachal Pradesh Industrial Investment Policy, 2019 and the APTEL's judgement dated 12.02.2020 as stated above, the Commission is of the opinion that Industrial Tariff is applicable to Telecom Industry and has categorised telecommunication towers under the Industry (General) Tariff Category, the details of which is provided in Chapter 8.

5.39 Voltage Wise Cost of Supply

Stakeholders' Submissions

5.39.1 BBN Industries association and M/s Vardhman Textiles Ltd. have proposed that Tariffs should be based on voltage wise cost of supply rather than the average cost of Supply. The objector urge the Commission to follow the voltage-wise cost of supply methodology. The voltage of supply largely affects the cost of supply as the T&D losses are in inverse relation with the supply voltage.

5.39.2 HPSIA has suggested that the Commission may adopt a theoretical approach with regards to determination of Tariff based on voltage wise cost of supply. Therefore, the Objector has prayed that the Tariff for steel industries must be at a lower level than the average cost of supply as per provisions of National Tariff Policy.

5.39.3 M/s Prime Steel Industries Pvt. Ltd., H M Steels Limited, Kundlas Loh Udyog and Nalagarh Industries Association have suggested that the Tariffs should be aligned with voltage-wise cost of supply and to adopt the Cost to Serve Model, which is more business friendly and rational approach eliminating/ reducing the cross-subsidies.

5.39.4 The Objector have further suggested that the Commission may initiate the process of voltage wise Tariff particularly differentiating in terms of transmission and distribution losses for each voltage. The extent of such losses at each voltage level can be calculated based on available data and the Tariff differential can be determined overlooking the other voltage wise service costs, which may be roughly estimated or excluded for the time being till such data is made available by the Petitioner in due course. The current carrying capacity of the conductors and transmission loss data is available online and even the manufacturers of these conductors have laid down the specifications, based on which the T&D losses can be determined. The cost of supply at different voltages is different on account of various factors, the primary and most important of which is the difference in T&D Losses at different voltages. This although being purely technical, is established that the higher the voltage the lower are the T&D Losses. Therefore, the Objector has prayed that as the losses at 132 kV are almost negligible and should be in the range of 2-3 %.

Petitioner's Response

5.39.5 The Petitioner has responded that a study report on Voltage wise cost of supply was conducted by M/s CRISIL, and the same stands submitted to the Commission. The Tariffs for all categories of Consumers are determined by Commission under Section 62 and Section 84 of Electricity Act, 2003 and under the guidelines of National Tariff Policy, 2016.

5.39.6 Further, the Petitioner has submitted that any change in Tariff structure is the prerogative of the Commission, and the Commission shall take the appropriate view on the same.

Commission's Observations

5.39.7 HPSEBL has already submitted the report of Voltage wise cost of supply to the Commission. The Commission has found many discrepancies/ shortcomings in the study report conducted by M/s CRISIL. Based on the review of the report, several inconsistencies were observed and considering the base year for the study was FY 2016-17, the Commission has directed the Petitioner to update the report based on latest year and addressing the key concerns raised in the report.

5.39.8 Regarding, implementation of the Tariff based on actual cost of service at each voltage level or cost to serve would require some more time as The Tariffs presently across India in most of the States are generally worked out based on the Average Cost of Supply. Even the Tariff Policy 2016 prescribes for the Average Cost of Supply.

5.39.9 The Tariff principles suggested by M/s Prime Steel Industries Pvt. Ltd. and H M Steels Limited is very forward looking. However, we are of the view that the time is not ripe to implement the same now.

5.40 Load Factor Rebate

Stakeholders' Submission

5.40.1 HPSIA, M/s Prime Steel Industries Pvt. Ltd., H M Steels Limited and Kundlas Loh Udyog have 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 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. Therefore, there are considerable amount of savings to the utility in providing power to such power intensive Consumers with high load factor. In view of this, some states have already introduced the load factor rebate, which is operational since last many years. One of such states is West Bengal, who has such rebate ranging from 1 Paisa to 75 Paisa per unit depending upon the range of load factor and the supply voltage. Therefore, the Objector has prayed the Commission that differentiation on account of load factor can be adopted in the future Tariff, and this may be applied to all categories of Industrial Consumers.

5.40.2 The objectors have suggested the introduction of Load Factor Rebate in Order to incentivize the better utilization of infrastructure.

Petitioner's Response

5.40.3 The Petitioner has submitted that any change in Tariff structure is the prerogative of the Commission, and the Commission shall take the appropriate view on the same.

Commission's Observations

5.40.4 Regarding introduction of Load factor Rebate/ Surcharge based upon the capacity utilisation of the infrastructure created, the Commission shall take a call in this regard during next control period to be commenced from FY 2024-25 onwards. This is to avoid any unnecessary implementation issues at this point of time. HPSEBL shall be installing smart meters in RDSS in the current financial year. Smart meters shall help both the Consumers and the Utility to have better planning and visibility of the System.

5.40.5 Regarding giving rebate in electricity Tariff linked with the load factor is already build in the Tariff. The Tariff determined by the Commission for the Consumers governed through two part has two components i.e., Demand Charges and Energy Charges. Demand Charges are fixed and linked to the contracted demand and Energy Charges depends upon usages of energy. In case the load factor is more that means energy consumption is also high and same would imply reduced effective per unit charges. However, the Commission shall look into this proposal of introducing load factor-based Tariff in future after doing consultations with all stakeholders involved. the Petitioner is directed to conduct a Load factor study of the DISCOM before the next control period and based on the analysis of the said study report, the Commission may take a call on Load Factor Rebate in the next control period.

5.41 Night-time Tariff

Stakeholders' Submissions

5.41.1 BBN Industries association and M/s Vardhman Textiles Ltd. have submitted that the Night-time Tariff concession should be uniform across the board irrespective of the voltage level and must be increased to 140 Paisa from present 110 Paisa per unit (June, July and Aug) and 100 Paisa for rest of the year to make it more effective for flattening the load curve. The basis of night concession is the fluctuation of price of power during day and night hours across the country over the energy exchanges. Therefore, the Objectors have requested that night concession be fixed at a single rate throughout the year, the concession being based on the differential Tariff during day and night hours over the energy exchanges in the country. Moreover, having different night energy rates for different seasons will again create implementation issues and we will move in a direction away from simplification.

5.41.2 Nalagarh Industries Association have submitted that the State of Uttarakhand has increased the night concession to Rs.1/- per unit, irrespective of the size of the industry throughout the year, in view of the efforts of the industry to flatten the load curve over the day. The Objectors have prayed the Commission to increase the night concession from meagre present-day concession.

Petitioner's Response

5.41.3 The Petitioner has responded that night-time concession is already provided to encourage the Industrial Consumers. Further, they have submitted that the Commission shall determine the night-time Tariff concession throughout the year, without differentiation in different seasons in such a manner that the revenue recovery of HPSEBL shall remain neutral.

Commission's Observations

5.41.4 The higher night-time concession during summer months correlates with the surplus power available with the Petitioner during the period due to higher generation from hydro sources. As the generation during winter months is lower, the Petitioner has to procure power from alternate sources like banking, short-term, etc. to meet the deficit. Having similar concession across the year would result in procurement of power at higher rates by the Petitioner which would have a negative impact on the overall ARR. Therefore, the Commission finds it appropriate to continue with the existing night-time concession allowed in previous Tariff Orders. However, the same shall be reviewed in the next control period beginning FY25.

5.42 Payment Rebate

Stakeholders' Submissions

5.42.1 HPSIA has submitted that prompt payment discount be introduced for encouraging the Consumers to pay the bill even before the due date. Advance payment discount must be introduced at a rate equal to that of the late payment surcharge.

Petitioner's Response

5.42.2 The Petitioner has submitted that any change in Tariff structure is the prerogative of the Commission, and the Commission shall take the appropriate view on the same.

Commission's Observations

5.42.3 The provision for making part/ full payment of the bill in advance is already there in the Supply Code. However, after implementation of the RDSS, most of the electricity Consumers will be in the pre-paid mode for which the rebate is already built in there in the Tariff.

5.43 Delayed Payment Surcharge

Stakeholders' Submissions

5.43.1 HPSIA (has submitted that the late payment surcharge be reduced to 1% per month from existing 1.5% per month keeping in mind the fall in interest rates over last two years. The compounding on late payment surcharge must not be allowed and must be clearly amended in the Tariff.

5.43.2 Alternatively, after the expiry of first month, the applicability of late payment surcharge must be discontinued and simple interest at a rate equal to prime lending rate of SBI be charged on any further delays/ defaults in payment.

Petitioner's Response

5.43.3 The Petitioner has submitted that any change in Tariff structure is the prerogative of the Commission, and the Commission shall take the appropriate view on the same.

Commission's Observations

5.43.4 The Commission in the last Tariff Order has reduced the rate of LPS from 2% to 1.5%. Reducing it further may not be possible considering the continuous increase in the interest rates of late by the RBI. The reduced LPS rate may impact the HPSEBL adversely.

5.44 Tariff Structure

Stakeholders' Submissions

5.44.1 BBN Industries association has requested for creation of a slab between 100 KVA to 1000KVA Consumers. There is Demand Charge shock when Consumer upgrades above 100 KVA demand from 120/KVA to Rs. 250/KVA. Therefore, the Objector has requested to have a segment 100-500 KVA with reduced Demand Charges of say Rs. 175/KVA.

5.44.2 Nalagarh Industries Association has highlighted that almost all the industry is having residential accommodation built for the staff that are also charged in the industrial consumption which is a very old concept and was perhaps started when the rates of power were in the descending Order for higher consumption. Now time has changed. There is vast difference between the industrial power rates and domestic power rates. Therefore, the Objector has demanded that residential colony connection be separated from the industry. The argument of the licensee that Consumer would attempt to run industry with the domestic connection does not hold good as a single-phase connection could be given to individual living in the colony or a cap could be put on the power drawn by the domestic connection.

Petitioner's Response

5.44.3 The Petitioner has submitted that any change in Tariff structure is the prerogative of the Commission, and the Commission shall take the appropriate view on the same.

5.44.4 Further, the Petitioner submitted that the Industrial Consumer could avail separate connections for their residential supply.

Commission's Observations

5.44.5 The issue of giving separate domestic connections for residential colonies of the industries can only be possible if it is possible to segregate the same from industries by way of separate feeder/ metering. HPSEBL is directed to look into the matter and detailed report in this regard be submitted within 3 months of issuance of this Order. The Commission shall take a view in this matter subsequently in the next Tariff Order.

5.44.6 Regarding objector's suggestion on creating one segment of Consumers between 100 KW and 1000 KW, the same shall be considered after doing detailed analysis in the next MYT control period.

5.45 Billing

Stakeholders' Submissions

5.45.1 Nalagarh industries association has highlighted that as the billing by the licensee is done by computers, a sizeable staff deployed on this work must have been rendered surplus. No savings on this account appears in the ARR.

5.45.2 Further, they have submitted that concludingly all States are holding investors conclaves to attract investment in the State by offering various concessions etc. New industrial policy of the State of Punjab seeks to provide power @5/- per unit with a three-year cap on Fixed Charges and 3% cap on the Tariff. Similar measures can be devised for our State as well. Moreover, keeping in with the spirit of MYT, the Tariff once fixed should be allowed to continue for the MYT period.

Petitioner's Response

5.45.3 The Petitioner has replied that the prudence check is done on the basis of audited accounts i.e., the actual cost incurred, therefore being a legitimate expense, the expenditure needs to be allowed. Hence, there is no merit in contention of the objector. Moreover, the saving on account of computerized billing already stands incorporated in the submission made by the Petitioner.

Commission's Observations

5.45.4 The Commission has already directed in its previous Tariff Orders for reducing the manpower cost by doing technological interventions which also includes employing computerized billing, etc. Any saving in cost on this account is already being passed through in the Tariff.

5.45.5 Regarding holding investor's conclaves to attract investment in the State, the matter may be taken up with the Government of HP for availing various concessions from the State. In addition, the Tariff once fixed cannot be allowed to continue for the entire control period, as the DISCOM also needs to recover its legitimate cost through Tariffs and the same are being fixed based on previous year's actual expenditures and projections of revenue and expenditure of the DISCOM for the future.

5.46 Infrastructure Improvement

Stakeholders' Submissions

5.46.1 HPSIA has submitted that the infrastructure needs to be strengthened in certain areas, particularly the Kala Amb Industrial area, where 66 kV is not available to the Consumers. The redundancy in 33 and 132 kV system is very low and needs to be augmented for further growth of the industry. Recent years have witnessed a very low expenditure in CAPEX in the industrial areas, which are the backbone of the economy of the State.

Petitioner's Response

5.46.2 The Petitioner has responded that the matter pertains to supply code and is not directly related to the present Petition. Further, the Petitioner has submitted that the Petitioner is making continuous efforts to strengthen the infrastructure of the distribution network.

Commission's Observations

5.46.3 The objector has highlighted the issue of system constraints in the industrial areas especially Kala Amb. Regarding allowing of the CAPEX by the Commission in the industrial areas, it is to clarify that the Commission has approved the capex proposed by the Petitioner as per the requirement. The major issue in the Kala Amb area is the non-completion of the works of 220 kV and 132 kV transmission lines by HPPTCL which is hindering the growth of load/ demand in the area. HPPTCL has to construct transmission line from 400/ 220 kV PGCIL Sub-station to the HPPTCL 220/132 kV sub-station at Kala-Amb. Further, 132 kV lines are also to be constructed by the HPPTCL emanating from its 220/132 kV Sub-station at Kala-Amb. The Commission has taken up this issue separately with HPPTCL. However, the Petitioner shall also strengthen its distribution network on priority basis as per the requirement.

5.47 Miscellaneous

Stakeholders' Submissions

5.47.1 I.A. Hydro Energy Pvt Ltd. has given their views with regards to differences in Central and State DSM Regulations. The Objector submitted that the NRPC issued DSM Bill to HP State based upon the CERC DSM Regulation and its amendments and HPSLDC issued DSM bill to all entities based upon HPERC DSM Regulations and its amendments.

5.47.2 The Objector further submitted that due to difference in Central and State DSM Regulations, there is huge amount of shortfall which is recovered from HP states Entities in addition with UI Bills as per clause 12 (1)(ii) of HPERC DSM Regulations, 2018 (1st Amendment). As the HPSLDC is taking excess amount in shape of additional adjustment amount whereas the above surplus amount collected from entities by HPSLDC is not being passed on to the concerned entities. It seems that HPSLDC is getting double benefit from the entities.

5.47.3 Nalagarh Industries Association has highlighted that Himachal Pradesh is predominantly Hydro served State and because of comparatively cheaper power and incentive package, the industry came to the State but in the present days of competitive environment, the industry is left with no alternative but to hang on here, although all the inputs are dearer than other States. They have prayed the Commission to consider the plight of the industry and the offers of other states inviting investment.

5.47.4 Nalagarh Industries Association has submitted that the Commission after prudent check disallows certain expenditure in the first submissions of the ARR which are attempted to be justified in the review along with carrying cost leading to additional burden on the Consumer. As per them, the disallowed expenditure is sought again in the succeeding APRs and finally in appeals until these are achieved as pass through in the ARR along with carrying cost. This practice encourages the culture of business as usual in the HPSEBL and the efficiency expected in the Department is elusive.

5.47.5 M/s Nalagarh Industries Association has submitted that multiple charges have been loaded on to the Consumers seeking open access which makes unviable to seek power from sources other than the HPSEBL, thereby defeating the very purpose of open access, which contemplated competition and efficiency in the sector. Even the facility of real time market bidding process has not been allowed to the Consumers.

5.47.6 M/s Nalagarh Industries Association has prayed the Commission to direct the Petitioner to present in tabular form the approved, actual and the benefits derived/accrued to the Consumers from capital investments.

5.47.7 M/s BBN Industries Association and M/s Vardhman Textiles Ltd. have submitted that concept of connected load in KW to be replaced with Contract Demand in case of Industrial Consumers. Since the objector cannot draw more load than the sanctioned Contract Demand without violation of an agreement entered between Consumer & State Utility, there is no significance of load getting sanctioned in KW. The objector have therefore submitted that the connected load built up in the industry be relaxed without any binding of connected load in KWs, in case the Contract Demand in KVA is agreed upon.

Petitioner's Response

5.47.8 Regarding differences in Central and State DSM Regulations, the Petitioner has submitted that the suggestions by the objectors are not based on any specifics of the ARR Petition and being of general and suggestive in nature, Commission may decide keeping in view the existing Tariff and other Regulations.

5.47.9 Regarding comments from M/s Nalagarh Industries Association, the Petitioner has submitted that the Commission has provided ToD Tariff, in which the Industries are given concessional Tariff for their usage in off peak hours. It also submitted that considering the increasing energy demand of the state, the Petitioner has to procure energy from various other sources also, apart from Hydro sources available within the State. It also submitted that the average power price from SHP is Rs. 2.49 per unit, which is also expected to increase due to applicability of water cess. Further, the Petitioner has always tried to rationalize the power purchase cost in Order reduce its power purchase cost.

5.47.10 With regards to disallowances of the expenses, the Petitioner has submitted that the prudence check is done on the basis of Audited accounts i.e., the actual cost incurred, therefore being a legitimate expense, the capital expenditure needs to be allowed. Hence, there is no merit in the contention of the objectors.

5.47.11 Regarding the applicability of Open Access charges, the Petitioner has submitted that the Commission has permitted open access to any category of Consumers under Section 42 of the Act and shall determine the wheeling Tariff, cross-subsidy surcharge, additional surcharge and other open access related charges in accordance with Himachal Pradesh Electricity Regulatory Commission (Cross

Subsidy Surcharge, Additional Surcharge and Phasing of Cross Subsidy) Regulations, 2006 and its subsequent amendments.

5.47.12 The Petitioner has responded that the Capital Investment Plan is already submitted in the instant Petition.

5.47.13 Regarding the Concept of connected load in KW be replaced with Contract Demand in case of Industrial Consumers, the Petitioner has submitted that the matter pertains to HPERC Supply Code and does not pertain to current Petition.

Commission's Observations

5.47.14 The Commission would like to highlight that DSM Charges are worked as per the prevailing Regulations. Moreover, this doesn't come under the purview of this Tariff Petition of HPSEBL under consideration.

5.47.15 With respect to disallowances of the expenses, any expenditure allowed by the Commission is after doing proper due diligence and prudence check.

5.47.16 Open access in the State is allowed. The open access charges are worked out based on the prevailing Regulations.

5.47.17 Regarding tabular way of presenting the Petition, the Petitioner may submit the tabular summary of its Petition from next control period onwards with approved values in last Order, Petition values and differences attained with the reasons for deviation.

5.47.18 Regarding the proposal of the stakeholders to do away with the concept of connected load in KW as everything including Tariff is based on kVA, especially for Industrial Consumers, the Commission directs the Petitioner to submit reply/ observation with proper analysis within 3 months of issuance of this Order.

5.47.19 The Commission would also like to highlight that the Power is still cheaper in State of Himachal Pradesh and that all inputs are not dearer than Other States as mentioned by the Stakeholders in para 5.47.3, 5.47.4 and 5.47.5.

5.48 Compliance related issues

Stakeholders' Submissions

5.48.1 BBN Industries Association and M/s Vardhman Textiles Ltd. have mentioned that the Commission has instructed to reduce the T&D losses circle wise below 20% and Discom has sought review of the targets in some areas. Therefore, the Objectors have made submissions that circle wise T&D losses are quite high in comparison to overall T&D losses and same should be reduced. Further, the stakeholders have also pointed out the non-compliance of the directives of the Commission by the Petitioner in a time bound manner.

5.48.2 BBN Industries Association and M/s Vardhman Textiles Ltd. have mentioned that on page 89 of the ARR Petition, it is reported that there is an outstanding amount of Rs. 427 Crore from the Consumers and out of this, Rs.78.41 crore is pending for more than one year. The same need to be reduced in a time bound manner.

5.48.3 BBN Industries Association and M/s Vardhman Textiles Ltd. have mentioned that on page 103 of ARR Petition, UDAY loan are referred and stated that some of that may be converted into equity and grant. The Objectors have submitted that while they fully support the grant mechanism to remove the debt from the books but in no case, such loans to be converted into equity and return on equity burden should not be passed on to the Consumers.

5.48.4 BBN Industries Association and M/s Vardhman Textiles Ltd. have mentioned that Subsidy due from the government is shown as 97.26 crore. The same may be considered for working out revenue of the Discom for ARR purpose.

Petitioner's Response

5.48.5 The Petitioner has responded that considering the geographical condition of the State, the T&D losses are bound to remain higher. However, the Petitioner is taking all possible steps to reduce the T&D losses. Implementation of smart metering project is one such key step in the direction.

5.48.6 The Petitioner has responded that they are in the process of collecting all the outstanding dues. Further, the Petitioner considers revenue on assessment basis. Further, they have mentioned that they have submitted its action plan in compliance to the directives.

5.48.7 The Petitioner has responded that they are regularly taking up the matter with the State Govt. for conversion of back-to-back arrangement with GoHP into a mix of equity and grants in future years as envisaged under the original tripartite agreement. However, a decision in this regard is still pending at the level of State Govt. Further, they have prayed the Commission that the Return on equity corresponding to CAPEX loans shall have to be allowed in Tariff.

Commission's Observations

5.48.8 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.

5.48.9 Regarding high T&D losses of some of the Circles of the HPSEBL, the Commission shall take a view of fixation of Circle wise T&D loss targets in the next control period commencing from FY 2024-25.

5.48.10 Regarding UDAY loans, the Commission has already taken a view that these loans need to be converted as a mix of grant and equity as per the tripartite agreement entered between GoHP, GoI and HPSEBL. The Commission has not allowed any cost on this account from FY 2022-23 onwards.

6 TRUE-UP OF UNCONTROLLABLE PARAMETERS FOR FY2021-22 UNDER THE FOURTH MYT CONTROL PERIOD

6.1 Background

6.1.1 HPSEBL has submitted a Petition for true-up of uncontrollable parameters for FY 2021-22 on the basis of variation in actual expenses and revenue in FY 2021-22 vis-à-vis the expenses and revenue approved for FY 2021-22 in the First APR Order dated 06.06.2021 along with the Audited Annual Accounts for the period April 1, 2021 to March 31, 2022 to support the actual expense and revenue for FY 2021-22.

6.1.2 The Commission has reviewed the operational and financial performance of HPSEBL for FY 2021-22 based on the Audited accounts made available, and has undertaken a true-up in line with the Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011 as amended from time to time (hereinafter referred to as the 'MYT Regulations, 2011'), taking into account all the information, data submissions and necessary clarifications submitted by the Licensee as well as views expressed by the Stakeholders.

6.1.3 The relevant extract stated in the amended Regulation 11 of the Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) (Second Amendment) Regulations, 2013 has been described below:

> *"11. **True Up***
> *(1) The true up across various parameters shall be conducted by the Commission, for the previous years for which the actual/ audited accounts are made available by the distribution licensee, at the times and as per principles stated below:*
> *(B) as per principles -*
> *(a) Variation in revenue / expenditure on account of uncontrollable sales and power purchase shall be Trued up every year. Truing-up shall be carried out based on the actual/audited information and prudence check by the Commission:*

Provided that if such variations are large, and it is not feasible to recover in one year alone, the Commission may take a view to create a regulatory asset, as per the guidelines provided in clause 8.2.2 of the National Tariff Policy;

Provided further that under business-as-usual conditions, the Commission, to ensure Tariff stability, may include the opening balances of uncovered gap / Trued-up costs in the subsequent Control Period's ARR instead of including in the year succeeding the relevant year of the Control Period after providing for transition financing arrangement or capital restructuring.

(b) for controllable parameters –
(I) any surplus or deficit on account of O&M expenses shall be to the account of the licensee and shall not be Trued up in ARR unless such is treated as uncontrollable by the Commission in accordance with these Regulations;
(II) any surplus or deficit on account of the distribution losses shall be shared between the licensee and the Consumers in accordance with these Regulations…;

(2) The distribution licensee, for the approved true-up of any year over and above that approved in the Tariff Order for that year, shall be entitled to a carrying cost at the Base Rate of State Bank of India plus 350 basis points and for any true-up resulting in less than that approved in the Tariff Order for that year, the carrying cost shall be recovered at the same rate."

6.1.4 The following sections explains the methodology adopted by the Commission for Truing-up of uncontrollable parameters for FY 2021-22 based on the Audited accounts submitted by HPSEBL for FY 2021-22.

6.2 Energy Sales

6.2.1 HPSEBL in its True-up Petition for FY 2021-22 has submitted the actual sales of 10,198 MUs as compared with the approved sales of 9550 MUs in the APR Order for FY 2021-22, which is higher by 648 MUs.

6.2.2 The following table shows the actual sales submitted by HPSEBL vis-à-vis the approved sales by the Commission for FY 2021-22 in the APR Order for FY 2021-22.

Table 72: Category-wise Trued-up Sales for FY22 (MUs)

Category	APR Order	Petition
Domestic	2383	2457.51
Non-Domestic Non-Commercial	173	149.10
Commercial	648	621.88
Temporary	46	62.80
Small Power	90	87.38
Medium Power	100	99.87
Large Supply	5,299	5806.05
Govt. Irrigation & Water Pumping	585	665.51
Public Lighting	1	11.29
Irrigation & Agriculture	62	85.10

Category	APR Order	Petition
Bulk Supply	152	151.59
Total Energy Sales	**9550**	**10198.09**

6.2.3 The Commission approves the actual sales as submitted by the Petitioner for Truing-up for FY 2021-22.

6.3 Revenue from Sale of Power

6.3.1 The Commission has considered revenue of Rs. 5,680.37 Cr. for FY 2021-22, as reflected in the audited accounts and in line with the revenue submitted by HPSEBL in its Petition.

6.3.2 The table below provides a comparison of the category-wise revenue as submitted by the Petitioner for FY 2021-22:

Table 73: Category-wise Trued-up Revenue from Sale of Power for FY22 (Rs. Cr.)

Particulars	APR Order	Petition
Domestic	1,190.23	1,178.25
Non-Domestic Non-Commercial	99.76	103.06
Commercial	386.90	389.88
Small Power	74.90	66.93
Medium Power	38.38	66.88
Large supply	2,923.01	3,159.12
Public Lighting	5.50	5.85
Govt. Irrigation & Water Pumping	374.96	48.05
IPH		499.32
Bulk and Grid supply	89.94	108.30
Temporary Metered Supply	42.11	54.73
Total	**5,225.69**	**5,680.36**

6.3.3 The Commission has also reviewed the submission of the Petitioner for revenue from sale of power outside State and has considered the actual revenue of Rs. 1,036.23 Cr. as per the Audited accounts. Banking being a cashless transaction, notional revenue towards banked power recorded in the accounts has been excluded while considering the revenue from sale of power outside the State.

6.3.4 Also, the Petitioner has reduced an amount of Rs. 8.61 Cr. from the sale of surplus power against the rebate on timely payments for Inter-state sale of power. It is observed based on the submissions of the Petitioner that the amount has been booked under Finance cost (Note 2.31, AC Head. 78.821 to 78.831). Accordingly, the same has been considered and amount has been adjusted against the revenue from sales of power outside the State in line with the submissions of the Petitioner.

Table 74: Trued-up Revenue from Sale of Power outside State for FY22 (Rs. Cr.)

Particulars	Actual as per Accounts
Total Amount as per Balance Sheet on account of Interstate Sale of Power	1363.25
Add: Wheeling Charges	11.43
Less: Banking Sale	329.72
Less: Rebate allowed for Timely payments for Outside state sales	8.61

Particulars	Actual as per Accounts
Net Revenue from sale of power outside State	**1,036.35**

6.4 Transmission and Distribution (T&D) Loss

6.4.1 The Commission had approved T&D loss level at 9.90% for FY 2021-22 in the MYT Order dated 29.06.2019 for the fourth Control Period. In view of difficulties faced on account of COVID-19 and expected reduction in sales at high voltage, a relaxation of 1.00% in T&D loss was allowed in the MPR Tariff Order dated 29.03.2022. As against the approved T&D loss of 10.90% for FY 2021-22, the Petitioner has claimed actual T&D loss of 12.59% in the true-up Petition.

6.4.2 The Petitioner has mentioned that the T&D loss trajectory approved vide MYT Order dated 29th June, 2019 is not achievable and has requested for revision of the trajectory. The Petitioner has stated that T&D loss target for FY 2018-19 as approved in the 3rd MYT Order dated 12th June, 2014 was 12% while the T&D loss target for first year of fourth Control Period i.e. FY 2019-20 is 10.30%, which is 1.70% reduction in T&D losses in 1 year. Further, the Petitioner has submitted that excess energy in Kullu Circle was required to be wheeled at 33kV and, thu,s additional losses have been incurred by HPSEBL due to additional generation from these IPPs at 33kV. Thus, HPSEBL needs to be compensated for the losses incurred on account of wheeling of this additional power from the IPPs.

6.4.3 Also, the Petitioner has submitted that the General Conditions of the Tariff notified by the Commission provides for levy of Lower Voltage Metering Surcharge (LVMS) in respect of the Consumers for whom the metering is being done actually on the lower voltage side of the transformer instead of the higher voltage side, at which the load has been sanctioned by HPSEBL. Further, whenever the metering of any Consumer is done on the lower voltage side of transformer instead of higher voltage side of the transformer, in that case the transformation losses of the transformer are borne by HPSEBL, and the Consumer is billed lower. Thus, to recover the differential amount on account of metering on the lower voltage side of transformer, LVMS @ 2% on Energy Charges is levied on such Consumers. Further, the Himachal Pradesh Electricity Supply Code, 2009 provides for the levy of Lower Voltage Supply Surcharge (LVSS) in respect of all the Consumers availing electricity supply at a voltage lower than the Standard Supply Voltage. Whenever power is supplied by HPSEBL at a voltage lower than the standard supply voltage, it results into higher T&D losses in the distribution system of the DISCOM. Therefore, both LVSS and LVMS are levied on specific Consumers to compensate for the additional T&D losses incurred by the DISCOM for supplying power to such Consumers.

6.4.4 The Petitioner has highlighted that T&D loss is a controllable parameter for which the targets are approved by HPERC in the Tariff Order. However, supply of power to specific Consumers with LVSS and LVMS distorts the T&D loss achievement of HPSEBL against which penalty is imposed by the Commission. Therefore, the Petitioner has requested that it should be adequately compensated for additional T&D losses incurred in the system on account of power supply to these Consumers.

6.4.5 The Commission has already deliberated on the T&D loss trajectory in the MPR Tariff Order dated 29.03.2022 and had decided to retain the T&D loss trajectory approved for the fourth Control Period. Further, the Commission had provided relaxation in T&D loss for FY 2020-21 and FY 2021-22 to the Petitioner on account of COVID-19 related impact.

"13.3.10 The Commission is of the considered view that the T&D loss trajectory cannot be revised for the fourth Control Period. However, the Commission recognizes the unprecedented challenge caused due to COVID lockdown which resulted in shutdown of industries and commercial establishments during FY 2021 and FY 2022. The reduction of industrial and commercial sales at HT/EHT level and also other factors such as wheeling of surplus power to other circles and sale outside state resulted in increase in T&D loss for FY 2021.

13.3.11 The Commission feels it appropriate to allow relaxation of 3% over and above the approved T&D loss for FY 2021 and 1% for FY 2022. However, the Commission does not find any reason to revise the T&D loss targets for the balance years of the Control Period. ……"

6.4.6 While the Commission had considered the relaxation in view of reduction in sales to Industrial Consumers at HT/EHT sales, it is observed that the sales to large industries has been higher as compared with the approved sales in the APR Order for FY 2021-22 by approximately 10%. The concern raised by the Petitioner in one Circle cannot be looked into in isolation and there are Circles where significant growth of HT/EHV sales has occurred resulting in very low T&D losses. This has enabled the Petitioner to offset higher losses in few circles with lower losses in others. Further, the generating stations in the Kullu region have not come overnight and it is not the case that the HPSEBL was not knowing about it. The Petitioner should have planned its network expansion accordingly. The Commission is of the view that the T&D loss targets can only be considered for review in case of force majeure events only and the points raised by the Petitioner are not events of force majeure. With respect to the consumption by LVSS and LVMS Consumers, the consumption of these Consumers has been happening since several years and, therefore, is part of base T&D loss. Therefore, the Commission does not feel that any separate exclusion of such aspects highlighted by the Petitioner needs to be undertaken with respect to the T&D loss approved by the Commission. The Commission has continued with the already provided relaxation in T&D loss for FY 2021-22 as per the MPR Tariff Order dated 29.03.2022.

6.4.7 As part of the review of units available from various sources, it was observed that the Petitioner has incorrectly considered the units from own generating stations after providing for normative auxiliary consumption. The Commission has considered actual units sent-out from the own generating stations based on the information supplied by the Petitioner in response to the discrepancy letter. The same has been considered for the purpose of preparing the energy balance and determining the actual losses for FY 2021-22.

6.4.8 During the review of input energy from various sources, discrepancies with respect to own generation after clarification from the Petitioner were corrected for computing the T&D loss. The T&D loss for FY 2021-22 as computed by the Commission is 12.70% as against 12.59% claimed by the Petitioner.

Table 75: MYT Approved, Proposed and Approved T&D Loss for FY22 (MUs)

Sl.	Name of the Plant	APR Order	HPSEBL's Submission	True-Up
A	Units Procured from Interstate-Generating Stations (including free power stations connected to ISTS)		8,845.56	8,845.56
B	Banking Purchase at ISTS		651.54	651.54
C	Interstate Transmission Loss (%)		3.51%	3.51%
D	Transmission Loss (MUs)		332.99	332.99
E	**Net Energy Available at Periphery**		**9,164.12**	**9,164.11**
F	**Power Available within the state (i+ii+iii)**		**4,513.83**	**4,528.74**
	(i) State Generating Stations		2,075.79	2,090.70
	(ii) GoHP Power (own generation & IPPs)		378.80	378.80
	(iii) IPPs		2,059.24	2,059.24
G	**Power from Other Sources (i+ii)**		**808.89**	**808.90**
	(i) UI Power		261.13	261.13
	(ii) IEX/PXIL		547.77	547.77
H	**Total Energy Available (E+F+G)**		**14,486.84**	**14,501.75**
I	**Energy Sales within the state**		**10,198.09**	**10,198.09**
J	**Inter-state Sale of Power (i+ii+iii)**		**2,820.30**	**2,820.31**
	(i) Sale of Power (including UI, Bilateral & IEX/PXIL)		764.73	764.73
	(ii) Banking		617.29	617.29
	(iii) RE sale		1,438.29	1,438.29
K	**Total Energy Available for sale within the state (H-J)**		**11,666.54**	**11,681.44**
L	Total Energy Sale (I+J)		13,018.39	13,018.40
M	T&D loss (in MUs) (K-I)		1,468.46	1,483.35
N	**T&D loss (%) = (1-I/K) X 100**	**10.90%**	**12.59%**	**12.70%**

6.4.9 The T&D loss achieved by HPSEBL has resulted in an under-achievement of 1.80% which is eligible for penalty as per Regulation 15 of Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) (Second Amendment) Regulations, 2013.

6.5 Power Purchase

6.5.1 HPSEBL has submitted total power purchase cost (including transmission and other charges) of Rs. 4,460.07 Cr. for FY 2021-22 as per audited accounts for Truing-up. Notional cost booked in the accounts towards banking and provisioning made towards Local Area Development Fund (LADF) have been excluded from the claim of power purchase cost. Additionally, cost of power procurement from own-generation sources has been considered by the Petitioner in the total power purchase cost for FY 2021-22.

6.5.2 The Commission has scrutinised the submissions made by the Petitioner including the reconciliation between the power purchase cost claimed in the Petition and Audited accounts. With respect to the queries of the Commission on reconciliation of few power purchase elements, the Petitioner has submitted following response/ clarifications:

- In the Petition, an amount of Rs. 2.14 Cr. has been reduced from the power purchase cost of FY 2021-22. The Petitioner has clarified that a provision has been created in the audited accounts of FY2021-22 towards payment of LADF amount of Rs. 2.14 Cr. to Directorate of Energy, GoHP @ 1% of the net generation in respect of the HPSEBL own generating stations commissioned post 1990s. As the amount has not been paid, the Commission has also adjusted the same from the power purchase cost of FY 2021-22
- With respect to difference in energy units from own generating plants, the Petitioner has clarified that 2075.79 MUs may be considered as actual figure for own generation for FY 2021-22 which is calculated as per normative rates approved by HPERC in the Generation ARR for fourth MYT Control Period dated 11.11.2021 for Auxiliary Consumption and Transformation losses. The Petitioner was further asked to submit actual energy sent out and certified by the SLDC. In response, the Petitioner has provided monthly actual generation for FY2021-22 of each generating station owned by the HPSEBL based on the certified generation data received from CE(Generation), HPSEBL. Also, the Petitioner has submitted that the matter of certification of generation data of HPSEBL generating stations for FY2021-22 has been taken up with HPSLDC and shall be provided to the Commission as and when received from SLDC.
- It was observed that the Petitioner had claimed cost of power procurement from Chamera III, Bairasuil and Sewa II while no power was scheduled from these plants in FY 2021-22. In response to the query of the Commission, the Petitioner has submitted that the cost reflected against these plants are on account of the prior period arrears billing made by NHPC during the FY2021-22.
- Petitioner has reflected an amount of Rs. 10.18 Cr. towards DOE – Rampur Arrears. In response to clarification sought, the Petitioner has submitted that Rampur HPS Equity power was allocated to HPSEBL on long term basis from April 2015 onwards. Rampur HPS was Commissioned in May 2014 and GoHP Equity power share was with DoE, GoHP for the period from the date of Commissioning in May 2014 to March 2015 except for the month of September 2014, when Rampur HPS Equity power was availed by HPSEBL on requisition basis. The Rampur HPS Tariff was revised by CERC and the equity power arrears on account of CERC Tariff Order were paid for the month of September 2014 by DoE, GoHP to SJVNL along with their part pertaining to the period from the date of Commissioning in May 2014 to March 2015 and HPSEBL had reimbursed the arrears pertaining to September 2014 to DoE, GoHP. Hence this entry of payment to DoE, GoHP is shown separately. The arrears amount has been allowed as part of power purchase cost for FY 2021-22.
- With respect to the high cost of Khara project of UPJVNL, the Petitioner has clarified that HPSEBL has 20% entitlement in Khara HEP. In absence of issuance of Order for control period 2019-24 by UPERC, the Petitioner has considered provisional AFC of Rs. 28.24 crore approved by UPERC vide Order dated 03.07.2018 which was considered for provisional billing

purpose in FY2021-22. The Commission has accordingly considered the amount reflected in the accounts and any revisions based on final Order shall be considered in subsequent years.

- High charges of Rs. 9.08 per unit were observed for power drawn under UI for FY 2021-22. In response to the query, the Petitioner has submitted that Deviation in terms of over drawal or under drawal from the given schedule in 15 minutes time block in the real time system operation is ongoing process and as far as possible, entities shall regulate their generation & load so as to maintain their actual drawal from the regional grid. HPSEBL has control over its loads, however, has to depend on generation schedule of the Central Generating Stations. In the real time operation, the Generators are allowed to revise their schedule under the Grid Code multiple times which affect the actual drawal schedule of the beneficiaries. HPSEBL is only left with option to either impose power cuts to match the revised schedule or overdraw/underdraw from the grid to meet the demand in real time system operations.

6.5.3 It is observed that the claim of the Petitioner is higher by Rs. 4.58 Cr. vis-à-vis the accounts. While the Petitioner has separately provided a reconciliation of the amount as per Accounts and amount claimed under power purchase reflecting a difference of Rs. 4.58 Cr. on account of variations in few plants due to compensation received and Tax Collection at Source (TCS) difference, the same has not been adjusted in the power purchase cost claim of the Petitioner.

6.5.4 For FY 2021-22, the Commission has reconciled source-wise power purchase cost for Truing-up after adjustments on account of banking and other matters discussed below. The Commission has further considered the final amount of power purchase recorded in the Audited Accounts of the Petitioner and has adjusted the same for banking, transmission and other power purchase related costs. A summary table of the power purchase cost considered as per accounts has been provided below:

Table 76: Power Purchase Cost (excluding PGCIL and Other Costs) for FY22 (Rs. Cr.)

S. No.	Particulars	Trued-up
A	Total Power Purchase Cost as per accounts	4,603.88
	Less:	
B	Banking Power Purchase	329.72
C	PGCIL	549.31
D	HPPTCL	37.58
E	SLDC Charges	3.29
F	STOA charges	23.69
G	Other Charges	3.95
H	LADF (DOE)	2.14
I	**Power Purchase Cost (excluding transmission and other Charges) A-(B+C+D+E+F+G+H)**	**3,654.20**

6.5.5 Banking being a cashless transaction is considered at zero cost in the Petition under total power purchase cost. An amount of Rs. 329.72 Cr. was reflected towards cost from banking procurement during FY 2021-22 in the audited accounts which has been suitably adjusted while considering the total power purchase cost for FY 2021-22.

6.5.6 The Petitioner in the true-up Petition has clarified that an amount of Rs. 2.14 Cr. has been provisioned in the power purchase cost towards LADF. Since the amount has been provisioned and not actually paid, the Commission has excluded this amount while approving the power purchase cost for FY 2021-22.

6.5.7 The Commission understands the concern with respect to scheduling and drawal of energy. However, the Petitioner is required to undertake adequate planning to avoid such situations where the power drawn under UI is at such higher rates. Based on information submitted by the Petitioner, it is observed that apart from normal deviation charges, the Petitioner has paid an amount of Rs. 52.14 Cr. towards additional deviation charges against the total UI purchase cost of Rs. 205.04 Cr., which is a significant amount. Also, month-wise details submitted by Petitioner indicate that it has drawn power under UI at the rates as high as Rs. 10.96 per unit and Rs. 12.14 per unit during months of August and March of FY 2021-22. This is a significant burden on the ARR and indicates the poor planning of power procurement by the Petitioner.

6.5.8 The Commission has also taken note of the submissions made by the Petitioner regarding difference in Intra-state DSM Regulations vis-à-vis Inter-state DSM Regulations resulting in additional burden to the Petitioner. It has been given to understand by the Petitioner that the issues with regard to the Intra-state DSM Regulations have now been resolved and the Petitioner has incurred comparatively lower DSM charges during FY 2022-23. The Commission has considered the request of the Petitioner to allow UI purchase for FY 2021-22 and at the same time directed the Petitioner to do proper planning for short term power purchase with load forecasting tools. Otherwise, the Commission shall be constrained to disallow UI power procured at such high rates in the future.

6.5.9 With respect to the actual energy generated by the Petitioner's own generating station, the Petitioner was unable to submit the SLDC certified units. Instead, the Petitioner had provided monthly statements of actual energy units generated by the HPSEBL owned generating stations. In absence of SLDC certified units for FY 2021-22, the Commission has considered the actual energy units based on monthly statements provided by the Petitioner through CE (Generation), HPSEBL. The Petitioner is directed to provide SLDC certified units from own generating power houses from next true-up onwards.

6.5.10 Further, the Commission has computed the cost of power from own generating stations based on the units submitted by the Petitioner and Tariff approved for respective generating station for FY 2021-22 as per the MYT Order for Generation business dated 11.11.2021. For own generating stations with capacity lower than 25 MW, the Commission has considered the generic Tariff of Rs 2.25 per unit as approved in the Order dated 15.01.2014 against Petition no. 54/2013. However, in case of Ghanvi II HEP, the Commission has considered the Tariff of Rs. 3.16 per unit as approved in the Project Specific Levelized Tariff for Ghanvi II HEP vide Order dated 28.09.2022.

6.5.11 Based on the above considerations and in line with the provisions of the HPERC (Terms and Conditions for Determination of Hydro Generation Supply Tariff)

Regulations, 2011 as amended from time to time, the Commission has reassessed the energy units and cost for own generating stations as summarised below:

Table 77: Power Purchase computed by the Commission from Own Generating Stations for FY22

Name of Station	Net Generation (MUs)	Amount (Rs. Cr.)
Bhaba	639.89	50.67
Bassi	317.28	19.86
Giri	226.96	19.13
Andhra	71.01	10.59
Ghanvi	86.56	19.48
Ghanvi II	40.84	12.90
Baner	35.35	9.64
Gaj	35.73	9.89
Larji	509.61	62.32
Khauli	47.11	10.60
Binwa	31.45	6.91
Thirot	6.86	1.54
Gumma	5.24	1.18
Holi	7.35	1.65
Bhaba Aug	11.08	2.49
Nogli	4.70	2.47
Rongtong	1.04	1.57
Sal-II	-	-
Chaba	5.65	2.06
Rukti	4.51	0.45
Chamba	1.43	0.47
Killar	-	-
Ligthi	0.35	0.08
Billing	0.73	0.16
Total	**2,090.70**	**246.11**

6.6 Transmission and Other Charges

6.6.1 While considering the PGCIL transmission charges, it is observed that an amount of Rs. 549.31 Cr. has been claimed by the Petitioner after excluding the amount recoverable from GoHP sale of free power. However, the Petitioner has included an amount of Rs. 59.78 Cr. Powergrid Kala Amb Transmission Ltd. Assets (PKATL assets) and Rs. 0.74 Cr. towards Hamirpur assets as non-PoC charges.

6.6.2 In response to the clarification with respect to the status on the Petition filed with Hon'ble APTEL against the CERC Order dated 18.09.2018 in Petition No. 104/MP/2018 wherein CERC has allowed recovery of 84.5% of total annual charges from HPSEBL till the downstream network is made ready by HPPTCL, the Petitioner has responded:

"It is submitted that the Hon'ble APTEL in the Judgment dated 09.05.2022 in APL No. 343/2018 has set aside the CERC Order dated 18.09.2018 in Petition No.

104/MP/2018 and directed CERC to pass a fresh & reasonable Order within three months from the date of this Judgment.

……

Therefore, in compliance to the Hon'ble APTEL Judgment dated 09.05.2022, Hon'ble CERC has heard the Petition no. 104/MP/2018 fresh on 14.06.2022 wherein learned counsel for the Petitioner (HPSEBL) submitted that APTEL in its judgment dated 09.05.2022 in Appeal No.343 of 2018 while considering the issue of mode of recovery of transmission charges to be recovered by the Transmission Service Provider (TSP) for the Kala Amb Transmission system has set aside the Commission's Order dated 18.9.2018 and has held that the transmission charges be recovered under the PoC mechanism. Accordingly, he prayed to the Commission that 84.5% of the transmission charges paid by the Petitioner in terms of the bilateral bills issued by the Respondent No.1 (PKATL) be refunded along with the interest amount.

After hearing the parties, Hon'ble CERC has reserved the Order in the matter. The Order of the Hon'ble CERC is awaited."

6.6.3 In view of the submissions of the Petitioner and taking in view that a revised Order is awaited from CERC in the matter, the Commission has provisionally considered the actual amount paid to PGCIL for FY 2021-22 towards PKATL Assets to avoid any financial hardships to HPSEBL. The Commission shall review the matter in subsequent Tariff Orders. Also, in case of Hamirpur assets, the Commission has considered the actual payment of Rs. 0.74 Cr. during FY 2021-22 as per accounts.

6.6.4 In case of HPPTCL charges of Rs. 37.58 Cr. claimed by the Petitioner, the complete details were sought. In response, the Petitioner has provided element-wise payment made towards HPPTCL transmission charges which included STU charges, Bhoktoo Pooling station, Dedicated Transmission Line of ADHPL for 27MW IPP power wheeled from Phojal LILO point to CTU point at Nalagarh and Phojal Sub-station & associated asset for 27MW IPP power wheeling. Petitioner has also clarified that the differential charges towards Bhoktoo Sub-station were paid due to adjustment of Rs. 2.08 Cr. towards past period charges (i.e., FY2017-18 to FY2020-21) and adjustment of O&M charges (April 2017 to July 2020) of Rs. 1.028 Cr. Therefore, the Commission has considered the amount of Rs. 37.58 Cr. towards true-up for FY 2021-22 after detailed prudence check.

6.6.5 With respect to high Open Access (OA) charges incurred against approved, the Petitioner has submitted that HPSEBL has purchased power under short term arrangements (brown power & solar power) during FY2021-22 from outside the State. The charges payable by HPSEBL for this power were beyond the delivery point while receiving the power from outside the State. The delivery point for the power procured was HP State periphery. So, the charges towards HP STU network, HPSLDC and application fees were paid by HPSEBL on actual basis. As per the Central Electricity Regulatory Commission (*Sharing* of Inter State Transmission Charges and Losses) Regulations, 2020, the Discoms are exempted from paying Inter-state Transmission Charges on Short Term Open Access in the CTU network. Accordingly, the Commission has considered the amount of Rs. 23.69 Cr. paid towards OA charges only for FY 2021-22.

6.6.6 Other charges comprising of System/Marketing, reactive power, UI (Malana), Trading Margin and National Load Dispatch Center amounting to Rs. 3.95 Cr. has been considered as per the claim of the Petitioner and details available in the audited accounts.

6.6.7 The total power purchase cost for FY 2021-22 after incorporating all the responses of the Petitioner has been summarized below:

Table 78: Total Power Purchase Cost approved for FY22 (Rs. Cr.)

S. No.	Description	HPSEBL's Submission	Trued-up
A.	Power Purchase Cost (exc. PGCIL Charges and Other Costs)	3,658.78	3,654.20
B.	Own Generation	245.03	246.11
C.	Inter-state Charges	549.31	549.31
D.	Open Access Charges	23.69	23.69
E	HPPTCL Charges	37.58	37.58
F.	SLDC Charges	3.29	3.29
G.	Other Charges	3.95	3.95
H.	**Total Power Purchase Cost (inc. Own Gen.)**	**4,521.63**	**4,518.13**

6.6.8 Accordingly, the Commission has considered total power purchase cost (including cost from own generation) as Rs. 4,518.13 Cr. as against the Petitioner's submissions of Rs. 4,521.63 Cr. for true-up of power purchase cost for FY 2021-22.

6.7 Disincentive for Under-achievement of T&D Loss

6.7.1 The Petitioner has submitted that it has been able to achieve an overall T&D loss level of 12.59% for FY 2021-22 as against the approved T&D loss of 10.90% in the MPR Tariff Order dated 29.03.2022. Also, it had sought relaxation on account of aspects as discussed in section of T&D loss above. The Commission has however, made certain adjustments based on which a T&D loss of 12.70% has been approved for FY 2021-22. Regulation 15 of Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) (Second Amendment) Regulations, 2013, was amended to include a mechanism for pass-through of gains or losses on account of variations in the distribution loss. The amended Regulation states:

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

i. 40% of the amount of such loss may be passed on in the ARR over such period as may be stipulated in the Order of the Commission; and

ii. The balance 60% of amount of such loss shall be absorbed by the licensee;"

6.7.2 The loss resulting from the under-achievement of T&D loss for FY 2021-22 is as below:

Table 79: Penalty on account of Under-achievement of T&D loss for FY22

S. No.	Particulars	Trued-up
A	Energy Sales within state (MU)	10,198.09
B	T&D Losses (%)	10.90%
C	**Power Purchase Requirement to meet state requirement (MU)**	**11,445.67**
D	**Inter – State Sale (MU) (i+ii+iii)**	**2,820.31**
(i)	For Sale of Power (including UI, Bilateral & IEX/PXIL) (MU)	764.73
(ii)	For Banking arrangements (MU)	617.29
(iii)	For RE sale (MU)	1,438.29
E	**Total Power Purchase Quantum Approved at State Periphery (MU) (C+D)**	**14,265.98**
F	Actual Power Purchase Quantum at State Periphery (MU)	14,501.75
G	**No. of units (MU) (E-F)**	**-235.77**

6.7.3 Based on the higher power purchase quantum purchased vis-à-vis the approved one, as per the above table, the Commission has computed the disincentive for under-achievement of T&D loss as detailed in table below:

Table 80: Penalty for under-achievement of T&D Loss for FY22

S. No.	Particulars	Unit	Amount
A	**No. of units**	**MU**	**235.77**
B	**Cost of Power for over-achievement**		
(i)	Cost of Power Purchase from Other than own sources	Rs. Cr.	3,587.62*
(ii)	Quantum of Power purchased from other than own sources	MU	12,092.50
(iii)	Less: PGCIL Losses (2.8%)	MU	332.99
(iv)	**Net Power Purchase (ii-iii)**	**MU**	**11,759.51**
C	**Cost of Power Purchase from Other than own sources (i*10 / iv)**	**Rs. /kWh**	**3.05**
D	**Penalty on account of T&D loss under-achievement (A X C X 60%/10)**	**Rs. Cr.**	**43.16**

**Cost of Power purchase has been adjusted for arrears for past years*

6.7.4 The share of Petitioner's penalty is Rs. 43.16 Cr. as computed above on account of underachievement of T&D losses as per Regulation 15(1) of the HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011 as amended.

6.7.5 The total true up power purchase cost in comparison with the approved Second APR Order for fourth Control Period dated 31.05.2021 and HPSEBL's submission in the Petition for the final true-up of FY 2021-22 is summarized in table below:

Table 81: Trued-up Total Power Purchase Cost for FY22 (Rs. Cr.)

Particulars	2nd APR Order	Petition	Trued-up
Power Purchase Expenses	3,893.50	3,903.81	3,900.31
PGCIL Charges	472.97	549.31	549.31
Short Term Open Access Charges	5.00	23.69	23.69
HPPTCL Charges	37.10	37.58	37.58

Particulars	2nd APR Order	Petition	Trued-up
SLDC Charges	6.05	3.29	3.29
Other Charges		3.95	3.95
Total Power Purchase	**3,893.50**	**4,521.63**	**4,518.13**
Adjustment in PP cost on account of underachievement/overachievement	-	(31.61)	(43.16)
Net Power Purchase Expense	**3,893.50**	**4,490.02**	**4,474.98**

6.7.6 The Petitioner is required to submit the compliance with respect to procurement of power from renewable sources (non-solar & solar) separately with the Commission for FY 2021-22.

6.8 O&M Expenses

6.8.1 The Commission in the MYT Order for fourth Control Period of HPSEBL dated 29.06.2019 had approved the O&M expenses for each year based on the submissions of the Petitioner and provisions of HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011 as amended.

6.8.2 Subsequently, a Mid-term Performance Review (MPR) for the fourth Control Period was conducted. In the MPR Order dated 29.03.2022, the Commission had continued with the projections of components of O&M expenses as approved in the MYT Order for the fourth Control period for FY 2021-22 dated 29.06.2019. In case of R&M expense, the Commission had provisionally allowed an additional amount of Rs. 20 Cr. towards expenditure on IT systems over and above the Rs. 86.22 Cr. of R&M expenses approved in the MYT Order for the fourth Control Period for FY 2021-22 dated 29.06.2019.

6.8.3 As per HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011 as amended, O&M expense is of controllable nature and any surplus or deficit on account of O&M expenses is to be treated on account of the Licensee without any true-up unless some amount is considered as uncontrollable by the Commission.

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

6.8.5 It was observed that the Petitioner had not bifurcated the expenses towards S&I and Project Divisions. The Petitioner was asked to provide the break-up of all O&M expenses amongst the various Divisions of the Petitioner i.e., Generation, Distribution, S&I and Projects. In response, the Petitioner has submitted break-up of various expenses across its Divisions. It is observed that the same are not audited and has been prepared internally by the finance team of HPSEBL. The Petitioner is directed to get the Division-wise accounts break-up audited by the Statutory Auditor for the next true-up year. In absence of audited accounts, the Commission has relied on the finance team approved break-up of various expenses for true-up of FY 2021-22. Further, the Commission is of the considered view that the expenses towards S&I and Projects Divisions cannot be charged to the distribution business. Also, the expenses towards generation business is already being approved by the Commission as part of the Tariff for various generating stations. Therefore, the Commission has considered the expenses booked towards distribution business only for the purpose of true-up of FY 2021-22.

6.8.6 For Truing-up of FY 2021-22, the Commission has reviewed the various components of O&M expenses in line with the provisions of HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011 and has undertaken prudence check of each element as detailed in subsequent sections:

6.9 Employee Expenses

6.9.1 HPSEBL has submitted actual net employee cost of Rs. 1,806.32 Cr. towards distribution business as against the approved employee cost of Rs. 1,926.91 Cr. for FY 2021-22 in the APR Order for the third Control Period.

6.9.2 The Commission had asked the Petitioner for submitting Division-wise break-up of the employee expense for FY 2021-22. In its response, the Petitioner has provided the following break-up of the Employee cost:

Table 82: Division-wise Employee Expenses submitted by Petitioner for FY22 (Rs. Cr.)

Particulars	Generation	Distribution	EHV	S&I & Projects	Total
Salaries	81.95	625.55	68.29	13.89	789.68
Other Staff Cost	8.40	130.72	13.50	1.46	154.08
Terminal Benefits	10.17	1,035.35	5.48	1.66	1,052.66
Less: Employee Capitalization	1.92	42.93	8.93	0.40	54.18
Employee Cost	**98.60**	**1,748.69**	**78.34**	**16.61**	**1,942.24**

6.9.3 As discussed above, the Commission has considered the employee expenses pertaining to Distribution business (including EHV). With respect to terminal benefits, the Commission has already allowed an amount of Rs. 11.89 Cr. towards terminal benefits of generation employees for FY 2021-22 to be recovered from the generation Tariff as per the Tariff Order for MYT Order for Generation business of HPSEBL for the fourth Control Period. Also, the Commission had excluded an amount of Rs. 4.56 Cr. towards pension contribution towards BVPCL, Projects and S&I employees while approving the employee cost for distribution business in the MYT Order dated 29.06.2019. As the pension cost towards generation business is already recovered as part of generation Tariff and in absence of specific information with respect to the pension contribution of employees deployed in BVPCL, Projects and S&I departments, the Commission has considered the approved amount of Rs. 16.45 Cr. (Rs. 11.89 Cr. +Rs. 4.56 Cr.) from the total terminal liabilities for the purpose of Truing-up of employee cost for the Petitioner's distribution business for FY 2021-22.

6.9.4 In a response with respect to the details of provision created towards employee cost, the Petitioner has submitted that it had made a provision of Rs. 72.10 Cr. towards terminal benefits and DA arrears under employee cost for FY 2022-23. On further examination, the Petitioner has clarified that a provision was created in FY 2021-22 against DA arrears and terminal benefits which was reversed on 01.04.2022. Considering that the actual amounts were not paid during FY 2021-22, the Commission has excluded the amount of provision from the employee cost and shall consider the same at the time of Truing-up for FY 2022-23 based on actual payment made by the Petitioner.

6.9.5 Further, the Commission has considered the adjustment of Return on Equity of Rs. 47.50 Cr. towards the pension cost of the board employees retired prior to the transfer scheme in line with the HPERC (Terms and Conditions for sharing of Cost of Terminal Benefits of Personnel of the Erstwhile Himachal Pradesh State Electricity Board and Successor Entities) Regulations, 2015.

6.9.6 With respect to pension contribution of generation business, the Commission has reduced the amount of pension contribution approved in the MYT Order for Generation business dated 11.11.2021 for FY 2021-22. Also, in absence of information submitted by the Petitioner, the Commission has continued with the pension contribution of BVPCL and other departments as approved in the MYT Order for the fourth Control Period for FY 2021-22 dated 29.06.2019.

6.9.7 The Petitioner has claimed an amount of Rs. 0.36 Cr. towards prior period expenditure. The Commission sought details of the expenditure and observed that the amount was towards employee cost for past period. The claim for past period expenses on account of employee cost of Rs. 0.36 Cr. is being approved as part of employee cost for FY 2021-22. In line with the discussions with respect to adjustments in the employee cost and terminal benefits as detailed above, the Commission has approved the employee cost for FY 2021-22 as given below:

Table 83: Comparison of Employee Cost for FY22 after Adjustments (Rs. Cr.)

Sl.	Particulars	APR Order	Petition	Trued-up
A	**Salary & Other Costs**	**1079.16**	**853.42**	**838.06**
B	**Pension and Terminal benefits**	**959.44**	**1052.66**	**1052.66***
	Less:			
C	Annual Share of State Government (Return on GoHP Equity approved for Generation and Distribution)	47.50	47.50	47.50
D	Pension contribution of generation employees	11.89		11.89
E	Pension contribution of BVPCL, Projects and S&I employees	4.56		4.56
F	**Gross Employee Cost (A+B-C-D-E)**	**1759.99**	**1858.58**	**1,826.77**
G	Less: Capitalization	47.74	52.26	51.86
H	Less: Provision towards terminal benefits, Additional Dearness Allowance			72.10
I	Add: Prior Period expense			0.36
J	**Net Employee Cost (F-G-H+I)**	**1926.91**	**1,806.32**	**1,703.17**

**including amount of provision of Rs. 72.10 Cr. for FY 2021-22*

6.10 Repairs and Maintenance Expenses

6.10.1 The Petitioner has submitted actual R&M expenses of Rs. 141.66 Cr. towards distribution business as against the approved R&M Expense of Rs. 106.22 Cr. for FY 2021-22 in the APR Order for FY 2021-22 which includes an additional amount of Rs. 20 Cr. towards IT related expenditure.

6.10.2 Based on the Petitioner's submissions, the claim towards R&M expense is higher by an amount of Rs. 35.44 Cr. The Petitioner has submitted that the increase in R&M expenses during FY 2021-22 is mainly on account of increase in the R&M expense towards Data Centre and Disaster Recovery Centre of HPSEBL and R&M towards electrical network of HPSBEL.

6.10.3 In response to the queries, the Petitioner has further clarified that most of the electrical infrastructure of HPSEBL such as sub-stations, transmission lines, buildings etc. are quite old and R&M expenses @ 1.19% of GFA (Gross Fixed Asset) is insufficient for ensuring healthy and smooth operation of old electrical infrastructure.

6.10.4 The Commission has also asked the Petitioner to clarify the reason for high increase in IT expenses booked under 'office equipment' as compared to the last year. In its response, the Petitioner has clarified that an amount of Rs. 17.83 Cr. is towards the expenses of previous years out of the total amount of Rs. 57.98 Crore booked towards IT expenses under this head of R&M expenses. Further, the Petitioner has mentioned that the increase in cost towards IT system in FY 2021-22 due to:

i. The FMS of SAP ISU Billing Project in respect of all the Sub-Divisions of HPSEBL started from the FY 2021-22 only and the annual financial implication of the same is more than Rs. 6 Crore.
ii. The FMS of IPDS (Integrated Power Development Scheme) Project started from the FY 2021-22 only and the total annual financial implication of the same for FY 2021-22 is around Rs. 4.50 Crore.
iii. Further, HPSEBL procured additional SAP Licenses in FY 2021-22 and the annual implication towards the Annual Technical Support (ATS) of these additional licenses is around Rs. 1.63 Crore.

6.10.5 The Petitioner has submitted that additional annual financial implication of more than Rs. 12.00 Cr was due to above factors which also resulted in R&M expenses of IT Systems of HPSEBL.

6.10.6 The Commission notes that the provision of Rs. 20 Cr. each year was provided during the issuance of MYT Order dated 29.06.2019 as the details with respect to future IT expenditure were not available. Based on details submitted by the Petitioner, it is observed that the expenses towards IT systems have been increasing and also due to inclusion of Rs. 17.23 Cr. IT related expense of past year, the overall R&M expenses for FY 2021-22 were higher than the approved R&M expenses.

6.10.7 However, the Commission also observes that due to lower IT expenses booked in the past year i.e., FY 2020-21, the Commission had approved higher R&M expense as against the actual considering that the R&M expense was a controllable parameter. Since a significant part of the increase in R&M expenses is due to payments against IT related expense incurred in FY 2020-21, the Commission is adjusting the excess amount of R&M expense of Rs. 6.40 Cr. allowed in the previous Truing-up exercise.

6.10.8 Accordingly, the Commission approves a higher R&M expense for FY 2021-22 after adjusting for the excess amount of FY 2020-21 as below.

Table 84: R&M Approved for FY22 (Rs. Cr.)

Particulars	APR Order	Petition	Trued-up
R&M Expenses for Distribution Business			141.60*
Less: IT expense for previous year			17.23
R&M Expense	**106.22**	**141.66**	**124.37**
Add: IT expense for previous year			17.23
Less: Excess R&M expense approved in FY21			6.40
Net additional IT related expense for FY21			**10.83**
Trued-up R&M expense			**135.20**

**excluding R&M expense of Rs. 0.06 Cr. towards S&I and Projects departments*

6.11 Administrative and General Expenses

6.11.1 As against Rs. 51.26 Cr. approved towards A&G expense in APR Order for FY 2021-22 dated 31.05.2021, the Petitioner had claimed actual A&G expense of Rs. 55.56 Cr. in the true-up. The Petitioner had clarified the following towards increase in A&G expense for FY 2021-22:

i. HPSEBL has made payment of Rs. 5.65 Cr. towards legal charges as per the directions from Statutory authority. Since these charges are of uncontrollable and non-recurring in nature and are paid as per the direction of statutory authority.

ii. Amount of Rs. 15.00 Cr. booked under "Rental charges against smart metering project" is towards meeting the various milestone of implementing smart metering project. However, the Petitioner has requested to consider the net A&G expenses after excluding Rental charges of Rs. 15.00 Cr. against smart metering project

iii. Regulatory expenses which were Rs. 1.20 Cr. in the FY 2021-22 have increased to Rs. 4.05 Cr. in FY22.

iv. Increase in total electricity charge to Rs. 7.40 Cr. during FY 2021-22 which includes Rs. 1.50 Cr. towards Data Centre and Disaster Recovery Centre of HPSEBL.

6.11.2 Based on the response to the clarifications of the Commission with regard to the higher A&G expenses, it is observed that A&G expenses attributable to distribution business is Rs. 66.33 Cr. after excluding A&G expenses towards Generation, S&I and Projects departments. After exclusion of Rs. 15.00 Cr. booked towards "Rental charges against smart metering project" as per the submissions of the Petitioner, the net A&G expenses towards distribution business are Rs. 51.33 Cr.

6.11.3 The Commission sought details of the case against which the Petitioner was required to pay an amount of Rs. 5.65 Cr. In responses, the Petitioner has submitted the following:

"Payment of Rs 4,51,33,977/- is on account of Arbitration award against HPSEBL in the matter of Shyam Indus Power Solutions Ltd. Vs HPSEBL on the issue of Entry Tax liability. An arbitration case No. 11 of 2017 was filed by M/s Shyam Indus Power Solutions Ltd. and an award of Rs. 4,28,98, 551/- was passed in favour of the firm by the Hon'ble Justice Mr. Arun Kumar Goel vide Order dated 16.01.2019 (Annex-39.a).

Shyam Indus Power Solutions Ltd. filed an execution Petition No. 3 of 2020 in Arb. Case No. 11/2017, wherein the Hon'ble High Court vide Order dated 24.09.2019 (Annex-39.b) ordered as below:

"It will be open for the judgment debtor to deposit in the Registry of this Court, the entire awarded amount along with up-to-date interest in terms of the award passed by the learned Arbitrator."

Accordingly, in line with the directions of the Hon'ble High Court, an amount of 4,51,33,977/- (4,28,98,551/-+ interest) was deposited with the Hon'ble High Court on 27.09.2021 (Annex-39.c). Subsequently, vide Order dated 28.12.2021 (Annex-39.d), Hon'ble High Court directed the release of this amount:

"Registry is directed to release the award amount lying deposited with it in favour of the Decree Holder by remitting the same in its bank account, details whereof are given in para-6 of application, subject to verification by Accounts Branch."

6.11.4 The Commission has observed that the Order for payment of Rs. 4,28,98,551/- was passed by the Hon'ble Justice Mr. Arun Kumar Goel vide Order dated 16.01.2019 but due to delay in payment, an additional amount towards interest i.e., Rs. 22,35,426/- was paid by the Petitioner. Therefore, the Commission has only allowed the principal amount as part of the judgement dates 16.01.2019 and has disallowed the additional interest required to be paid by the Petitioner.

6.11.5 As A&G expenses are a controllable parameter, the Commission retains the A&G expense as approved in the APR Order for FY 2021-22. Details of A&G amount proposed and approved is summarized in the following table:

Table 85: A&G Approved for FY22 (Rs. Cr.)

Particulars	APR Order	Petition	Trued-up
A&G Expenses towards Distribution business		70.56*	66.33
Less: Rental charges against smart metering project		15.00	15.00
Less: Payments as per judgement			4.51
A&G Expense	**47.04**	**55.56**	**46.82**
Add: Provision for one-time expense	5.00	-	-
Total A&G Expense	**51.26**	**55.26**	**46.82**
Add: One-time Principal payment against judgement	-	-	4.29
Net A&G Expense	**51.26**	**55.26**	**51.11**

**includes legal charges of Rs. 4.51 Cr. towards judgement dated 16.01.2019*

6.12 Total O&M Charges

6.12.1 Based on the above discussions, the Commission approves the total O&M expense for FY 2021-22 as provided in the table below:

Table 86: Total O&M Expenses Approved for FY22 (Rs. Cr.)

Particulars	APR Order	Petition	Trued-up
Net Employee Cost	1926.91	1,806.32	1,703.17
R&M Expenses	106.22	141.66	135.20

Particulars	APR Order	Petition	Trued-up
Net A&G Expense	51.26	55.56	51.26
Total O&M Expenses	**2084.39**	**2,003.54**	**1,889.63**

6.13 Interest and Finance Charges

6.13.1 The Commission has reviewed and revised the Interest and Finance charges to the extent of change in working capital and Consumer security deposit as per the accounts for FY 2021-22. The interest on capital loans shall be Trued-up based on the true-up of capital expenditure and capitalization at the end of the fourth Control Period (FY19-24).

6.13.2 The Petitioner has requested to consider the amount of FDRs pledged against the LCs for the FY 2021-22 as a working capital requirement as the funds were blocked due to the LC mechanism devised by the Central Government. Also, the Petitioner has submitted that working capital requirement is reduced by the one-month power purchase whereas Company has to block the funds amounting to 105% of the monthly bill of the power generators which is causing a severe liquidity crunch. Therefore, till the financial closure of the proposed LC from the banks, either interest on the blocked funds in the form of FDRs may be allowed or the working capital requirement may be calculated without considering the power purchase cost for one month.

6.13.3 The Commission has reviewed the matter and has observed that the condition of providing LC against the power procurement is not new and was part of PPAs or terms of agreement even before the Central Government notification. As per the submission of the Petitioner, Ministry of Power (MoP) in August 2019 had made it mandatory for all Discoms to open ILCs against all the PPAs failing which no power will be scheduled by the generator to the Discoms. However, the Petitioner did not take adequate steps for issuing LCs and made first NIQ on 28.02.2022. This clearly indicates the lack of efforts made by the Petitioner in timely addressing the mandates from the Government and the Commission.

6.13.4 Further, it is observed that charges against creation of LC during the Truing-up of Controllable Parameters for third Control Period were approved by the Commission as per the submission of the Petitioner, during the issuance of MPR Order dated 29.03.2022. Further, the working capital requirement is assessed on normative basis as per the provisions of HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011 and therefore, the claim for adjustment of FDR pledged against LC as part of working capital requirement is against the provisions of the Regulations.

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

Table 87: Trued-up Interest on Working Capital for FY22 (Rs. Cr.)

Particulars	APR Order	Petition	Trued-up
O&M Expenses for one month	173.70	166.96	157.44
Receivables equivalent to 2 months	874.78	946.73	946.73
Maintenance Spares 40% of the R&M expense for one month	26.05	12.48	12.16
Less: Consumer Security Deposit	489.99	472.71	472.71

Particulars	APR Order	Petition	Trued-up
Less: One Month Power Purchase	324.46	376.80	376.51
Add: FDR pledged against LC for securing Power Purchase	-	250.09	-
Working Capital Requirement	**260.09**	**526.75**	**267.13**
Rate of Interest	10.00%	10.00%	10.00%
Interest on Working Capital	**26.01**	**52.67**	**26.71**

6.13.6 Further, the interest on Consumer security deposit has been considered as per the accounts of FY 2021-22 and is approved as below:

Table 88: Trued-up Interest on Consumer Security Deposit for FY22 (Rs. Cr.)

Particulars	Trued-up
Opening	440.34
Additions	32.36
Closing	472.71
Interest on Consumer security deposit	**17.02**

6.13.7 In response to one of the queries, the Petitioner has submitted that it has incurred actual cost of Rs. 0.49 Cr. towards LC charges during FY 2021-22. The Commission is approving the LC charges of Rs. 0.49 Cr. as part of the true-up of FY22 based on the submission of the Petitioner.

6.13.8 Based on the revision in interest on working capital and Consumer security deposit, the total interest expenses approved for Truing-up for FY 2021-22 is as below:

Table 89: Trued up Interest and Finance Charges for FY22 (Rs. Cr.)

Particulars	APR Order	Petition	Trued-up
Interest on Long term loans	174.93	174.93	174.93
Interest on Working Capital	26.01	52.67	26.71
Interest on Consumer security deposit	20.30	17.02	17.02
LC Charges	-	-	0.49
Total Interest & Finance Charges	**205.09**	**224.44**	**219.15**

6.14 Other Controllable Parameters

6.14.1 The Petitioner has submitted details of actual capital expenditure and capitalisation in respect of all Schemes for FY 2021-22 in the Petition. Details of capex and capitalisation approved under Mid-term Performance Review (MPR) Tariff Order dated 29.03.2022 and now submitted by the Petitioner is summarised below:

Table 90: Capital Expenditure and Capitalization submission for FY22 (Rs. Cr.)

Particulars	MPR Order	Actual
Capital Expenditure – Distribution Business	555.76	738.30
Capitalisation – Distribution Business	560.71	934.20

6.14.2 As per the HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011, any variation in actual capital expenditure and subsequent variations in depreciation, interest cost and return on equity with respect to the figures approved in the MYT Order shall be considered during the end of Control Period based on audited accounts.

6.14.3 With respect to depreciation and return on equity, the Commission has retained the amount at the same level as approved in the MYT Order dated 29.06.2019 for FY 2021-22.

Table 91: Depreciation and Return on Equity approved for FY22 (Rs. Cr.)

Particulars	MYT Order	Petition	Trued-up
Depreciation	154.60	154.60	154.60
Return on Equity	56.43	56.43	56.43

6.15 Non-Tariff Income

6.15.1 The non-Tariff income is required to be deducted from the ARR of the Petitioner. The Petitioner has claimed non-Tariff income of Rs. 123.83 Cr. towards distribution business for true-up of FY 2021-22, while the balance amount has been claimed towards generation business. The Commission has been considering the entire non-Tariff income as part of the distribution business as the generation Tariff is determined plant-wise without factoring for any non-Tariff income.

6.15.2 The Petitioner has adjusted amortization of Govt. grants, delayed payment surcharge and subsidies from State Govt on account of UDAY from the non-Tariff Income. Also, Petitioner has also excluded the amounts toward Income from advance/loan from BVPCL, Receipts under R-APDRP Part-A and Receipts under R-APDRP Part-B Scheme from the non-Tariff income.

6.15.3 With respect to exclusion of subsidies from State Govt. on account of UDAY Scheme, the Petitioner was asked to clarify the reasons for the same. In response, the Petitioner has submitted the following:

"It is submitted that the State Government has taken over the 50% of the loss of Rs 185.32 Cr for the FY 2020-21 during the FY 2021-22 as per the conditions for availing Additional Borrowing by the State Govt. The said amount has been excluded from the non-Tariff income as this amount was for funding the operational losses of the HPSEBL as a part of power sector reforms. It is pertinent to mention that the losses of the HPSEBL are increasing on account of the difference of the ARR allowed by the Hon'ble HPERC and the actual expenditure incurred and same has already reached a staggering figure of Rs. 1700 Cr.

Moreover, HPERC while carrying out the True Up of Uncontrollable Parameters for FY 20-21 has disallowed the pass through of this amount in the Tariff and True Up has been allowed as per the Regulations only. Further, this is not an income to HPSEBL as the amount was provided to fund the operational losses already incurred by HPSEBL. Accordingly, this amount has been excluded from the Non-Tariff Income. If the same is deducted from the ARR, the HPSEBL will never come out of the vicious circle of the accumulated losses."

6.15.4 The UDAY Scheme provided for takeover of the utility losses by the State Govt in a time bound manner. As the Commission has been considering true-up in line with the HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011, as amended from time to time, the amount received by the Petitioner against the same has been excluded from the non-Tariff income.

6.15.5 Also, the Petitioner was asked to provide the reasons for non-consideration of Receipts under R-APDRP Part-A and Receipts under R-APDRP Part-B scheme in the non-Tariff income. In response, the Petitioner has clarified the following:

"

<table>
<tr><td>Rs. 12.80 Cr</td><td>The amount includes an amount of Rs. 5.19 Cr on account of interest allowed by the GoI for the repayments made under the RAPDRP Part A Scheme. Rest of the amount i.e., 7.60 Cr is detailed as under;
<table>
<tr><th>Particulars</th><th>Amount (Rs in Cr)</th></tr>
<tr><td>Interest accrued but not due under the Part A Scheme</td><td>32.30</td></tr>
<tr><td>Interest actually capitalized by the Utility</td><td>24.70</td></tr>
<tr><td>Interest written back as accounting adjustment</td><td>7.60</td></tr>
</table></td></tr>
<tr><td>Rs. 81.39 Cr</td><td>The amount includes an amount of Rs. 0.92 Cr on account of interest allowed by the GoI for the repayments made under the RAPDRP Part B. Scheme Further, the breakup of balance amount of Rs 80.47 Cr on account of interest written back on account of the conversion of RAPDRP Part B loan into grant</td></tr>
<tr><td></td><td>The details i.e., accounting entry made, and Grant conversion letter is enclosed as Annex-15</td></tr>
</table>

The said amounts have been excluded from the Non-Tariff income as the Hon'ble HPERC has not allowed the interest cost of the said schemes as per the Tariff Order issued on 29.03.2022. The relevant portion is reproduced as under:

"12.3.2 It is observed that for a number of schemes the funding pattern considered by the Petitioner was erroneous. In case of R-APDRP Part A and Part B, debt has been considered as 90% and equity as 10%. However, as per the scheme guidelines the debt was convertible to grant in case of R-APDRP Part B while in case of Part A it is convertible to 100% grant. For several schemes including system operation, software, Misc. schemes under HO, etc, the Petitioner has considered 100% as equity. However, it is not in line with the provisions of Regulations.

12.3.3 Based on the various queries raised by the Commission with respect to the basis for consideration of funding pattern for R-APDRP scheme, the Petitioner responded: "In this context, it is submitted that initially the RAPDRP A and B has been sanctioned as a 100% loan and the same are to be converted as mix of grant/loan after achievement of the benchmark devised in the scheme. Since the said scheme has not been converted into grant till date and the same has been shown as loan. Further, in process of conversion of loan into grant under RAPDRP scheme, PFC has appointed M/s Pranat Engineers as Third-Party Independent Evaluation Agency, the requisite documents showing year wise town level and utility level AT&C loss figures stands shared with PFC and M/s Pranat Engineers, same is enclosed herewith as Annexure D3c for ready reference. In this context, it is submitted that HPSEBL is continuously honoring the principal and interest on the said loans strictly in terms of the scheme guidelines. Moreover, as per the scheme methodology, the funds disbursed under the RAPDRP schemes are to be recognized as loan till the recognition of the same as grant by the Monitoring Committee established by the GoI. The yearly principal repaid, and interest charges paid for RAPDRP A and RAPDRP B schemes is enclosed as Annexure G5f.

12.3.4 It is understood that the funding towards R-APDRP schemes was initially in the form of loan which was to be converted to grant later and therefore, the Petitioner would be entitled for reimbursement of interest and repayment made with respect to these schemes. However, the Commission in its MYT Order dated 29.06.2019 has also mentioned the *following: "The licensee shall ensure timely completion and compliance of the loss reduction targets as well as various other conditions associated with R-APDRP and RGGVY schemes. In case the licensee fails to get any loan converted into grant as per the provision of R-APDRP due to non-compliance of any condition, the Commission shall not allow any such loan as pass through in the ARR."*

"

6.15.6 The Commission has considered the funding of the two Schemes i.e., R-APDRP Part A and R-APDRP Part B as per grant and equity. As the Schemes comprised of significant amount of grant (100% in case of R-APDRP Part A and 90% in case of R-APDRP Part B), no debt and corresponding interest expenses against the Schemes are being allowed to the Petitioner corresponding to the capitalization incurred in the past. However, it is believed that the amount of interest capitalized by the Petitioner has been reflected in the gross fixed assets of the relevant Schemes in the years where the works of the respective Schemes were capitalized. The Commission had sought clarifications in this regard in the additional deficiency letters. However, the Petitioner has failed to provide adequate information for assessment of the same. The Petitioner is directed to provide information with respect to year-wise amount of interest capitalized in the two Schemes i.e., R-APDRP Part A and R-APDRP Part B under the GFA and the interest credit allowed by the Central Govt. as grants against the two Schemes. The Petitioner is directed to provide this information along with the Truing-up of controllable parameters for the fourth Control Period based on which the Commission shall review and make necessary adjustments to the GFA. Therefore, for the Truing-up of FY 2021-22, the Commission has excluded the Receipts under R-APDRP Part-A and Receipts under R-APDRP Part-B Scheme from the non-Tariff income.

6.15.7 As per HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011, the amount of delayed payment surcharge recovered shall not be considered as part of non-Tariff income for Tariff determination. Accordingly, the Commission has excluded the amount of delayed payment surcharge recovered by the Petitioner from the non-Tariff income as per the accounts.

6.15.8 With regard to reduction of value of amortization of Govt. grants, the Petitioner has clarified that the amount relates to the depreciation of cost of assets created from the Govt. grants and Consumer's contribution and such depreciation on assets created from Govt. grant and Consumers contribution are not allowed in ARR/Tariff by the Commission. As the Commission has not been allowing any depreciation on assets created from Government grants, the same has been excluded from the non-Tariff income.

6.15.9 In response to the amount of interest on loan to BVPCL, the Petitioner has submitted:

"HPSEBL is paying interest bearing advance to BVPCL to meet the capital requirement on monthly basis wherein the interest is being charged on applicable rates per annum and the same is shown recoverable from BVPCL as a sundry debtor. Further, the amount of Rs. 42.84 Cr booked under the Accounting head "Income from advance/loan from BVPCL" in accounts has not been realized from BVPCL till date, however, provision for the same has been made in the Accounts.

The said amount of advance is funded by the HPSEBL through its operational revenue or common working capital loans."

6.15.10 In line with the approach followed in previous true-up, the Commission has not considered the interest amount towards Income from advance/loan from BVPCL. However, any interest realized by the Petitioner against the same shall be required to be disclosed in the subsequent years and appropriate adjustment would be considered by the Commission based on prudence check.

6.15.11 Also, the Petitioner has submitted that the amount towards 'Delayed Payment Surcharge from Consumers' has been booked at two separate heads i.e., Rs. 53.74 Cr. under delayed payment surcharge and Rs. 5.19 Cr. under 'Income from Investments' due to error. However, it was observed that the Petitioner had adjusted the amount of Rs. 5.19 Cr. twice from the non-Tariff income. The Commission has corrected the same and has considered the total amount of Rs. 58.94 Cr. as adjustment from the total Non-Tariff Income.

6.15.12 The Commission, therefore, approves the Non-Tariff income for FY 2021-22 as summarised below:

Table 92: Trued-up Non-Tariff Income for FY22 (Rs. Cr.)

Particulars	Trued-up
Meter Rent/Service Line Rentals	52.13
Recovery for theft of Power / Malpractices	0.59
Peak Load Violation Charges	-0.09
Miscellaneous Charges from Consumers	4.75
O&M Charges	1.88
Sub-Total	**59.26**
Other Income as per Accounts	**585.80**
Less:	
Delayed Payment Charges from Consumers	58.94
Amortization of Govt. grants	225.19
Receipts under R-APDRP Part A&B	94.19
Income from advance/loan from BVPCL	42.84
Subsidies from State Govt (UDAY)	92.66
Total Non-Tariff Income	**131.24**

6.16 Aggregate Revenue Requirement

6.16.1 The ARR approved by the Commission in the APR Order, as submitted by the Petitioner in its true-up Petition and now approved by the Commission for FY 2021-22 are shown in the table below:

Table 93: Summary of Trued-up ARR for FY22 (Rs. Cr.)

Particulars	APR Order	Petition	Trued-up	Reference
Power Purchase Expenses	3,893.50	4,490.02	4,474.98	Section 6.5
Operation & Maintenance Costs	**2,084.39**	**2,003.54**	**1,889.63**	Section 6.8
Employee Cost	*1,926.91*	1,806.32	1,703.17	Section 6.9
R&M Cost	*106.22*	141.66	135.20	Section 6.10
A&G Cost	*51.26*	55.56	51.26	Section 6.11

Particulars	APR Order	Petition	Trued-up	Reference
Interest & Financing Charges	221.24	244.62	219.15	Section 6.13
Depreciation	154.60	154.60	154.60	Section 6.14
Return on Equity	56.43	56.43	56.43	Section 6.14
Miscellaneous written off	-	1.70	-	
Prior Period	-	0.36	-*	
Less: Non-Tariff & Other Income	(238.16)	(123.83)	(131.24)	Section 6.15
Aggregate Revenue Requirement	**6,171.99**	**6,827.45**	**6,663.56**	

**included under employee cost*

6.17 Adjustments to ARR

6.17.1 In the APR Order for FY 2021-22, the Commission has made adjustments in the final ARR on account of impact of Truing-up for FY19 and FY20 along with provision towards Payment of arrears to PSPCL against the Shanan share, impact of HPSEBL Generation Petition, Impact of 7th Pay Commission revision and Truing-up of controllable parameters for third Control.

6.17.2 In the Truing-up for FY 2021-22, the following adjustments have been reviewed and considered:

- In the MPR Tariff Order dated 29.03.2022, the below was stated with respect to final Truing-up of FY19:
  "9.19.3 The Commission has already undertaken a provisional true-up for FY 2019 and has accounted the revenue surplus of Rs. 122.95 Cr. in the ARR for FY 2022. Therefore, the Commission shall consider the revised surplus amount of FY 2019 at the time of final Truing-up of FY 2022 along with carrying cost."
  Therefore, the Commission has considered the final surplus amount of Rs. 122.95 Cr. and applied carrying cost in line with the HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011 as amended from time to time:

Table 94: Final Trued-up Surplus/(Gap) for FY19 with Carrying cost (Rs. Cr.)

Particulars	FY19	FY20	FY21
Opening Gap	-	130.59	145.16
Surplus/ (Gap) on account of Truing-up of uncontrollable parameters for FY19	122.95	-	-
Closing	122.95	130.59	145.16
Interest Rate for Carrying Cost	*12.43%*	*11.16%*	*10.07%*
Carrying Cost	7.64	14.57	14.62
Total (Gap)/Surplus	**130.59**	**145.16**	**159.78**

- In the MPR Tariff Order dated 29.03.2022, the below was stated with respect to final Truing-up of FY20:
  "10.18.2 Based on the Truing-up of ARR for FY 2019-20, the Commission approves a revenue surplus of Rs. 200.58 Cr. as against revenue surplus of Rs. 80.76 Cr. approved based on provisional Truing-up for FY20."

Therefore, the Commission has considered the final surplus amount of Rs. 200.58 Cr. and applied carrying cost in line with the HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011, as amended, which is mentioned as under:

Table 95: Final Trued-up Surplus/(Gap) for FY20 with Carrying cost (Rs. Cr.)

Particulars	FY20	FY21
Opening Gap	-	211.77
Surplus/ (Gap) on account of Truing-up of uncontrollable parameters for FY19	200.58	
Closing	**200.58**	**211.77**
Interest Rate for Carrying Cost	11.16%	10.07%
Carrying Cost	**11.19**	**21.33**
Total (Gap)/Surplus	**211.77**	**233.10**

- Provisions towards Payment of arrears to PSPCL against the Shanan share, impact of HPSEBL Generation Petition, Impact of 7th Pay Commission revision and Truing-up of controllable parameters for third Control have already been considered in the actual expenditure for respective line items and, therefore, have not been considered.
- In addition, the Commission has observed that an error in the carrying cost considered during Truing-up of uncontrollable parameters for FY 2017-18 in the First APR Order dated 06.06.2020 has been rectified as covered under Para 6.19.6. Accordingly, a surplus amount of Rs. 5.22 Cr. has been adjusted in the ARR for FY 2021-22.

6.17.3 The Trued-up ARR for FY 2021-22 as approved by the Commission after considering the approved adjustments is as below:

Table 96: Final Approved ARR after Adjustments for FY22 (Rs. Cr.)

Particulars	Approved
Aggregate Revenue Requirement	**6,663.56**
Add:	
Impact of Final Truing up for FY19	(159.78)
Impact of Final Truing up for FY20	(233.10)
Correction in carrying cost for uncontrollable true-up of FY18	(5.22)
Total ARR including adjustments	**6,265.45**

6.18 Revenue Gap

6.18.1 The Revenue Gap/Surplus for FY 2021-22 based on the approved Trued-up costs and revenues of HPSEBL is as determined below:

Table 97: Approved Revenue Gap for FY22 (Rs. Cr.)

Particulars	Petitioner submission	Trued-up Surplus/(Gap)
Total ARR including adjustments	**6,735.23**	**6,265.45**
Revenue		
Revenue from sale of power within state	5,680.36	5,680.36

Particulars	Petitioner submission	Trued-up Surplus/(Gap)
Revenue from sale of power outside state	1,036.23	1,036.35
Total Revenue	**6,716.60**	**6,716.71**
Revenue Surplus/(Gap)	**(18.63)**	**451.26**

6.18.2 Based on the Truing-up of ARR for FY 2021-22, the Commission approves a revenue surplus of Rs. 451.26 Cr. which has been carried forward for adjustment in ARR for FY 2023-24.

6.19 Additional Claims

6.19.1 The Petitioner has sought few additional points with respect to Truing-up of Controllable Parameters undertaken in the MPR Tariff Order dated 29.03.2022.

Compensation for Various Rebates provided to Tourism Sector by HPSEBL during Covid-19 Pandemic

6.19.2 Petitioner has submitted that the amount of Rs. 5.22 Cr. on account of rebates provided to Tourism Sector during FY 20-21 under Covid-19 Pandemic has been considered in the overall revenue from sale of power within State for FY 2020-21 amounting to Rs. 4969.18 Cr. which is on assessment basis and not on actual realization basis. Thus, the amount of Rs. 5.22 Cr. has to be excluded from the total revenue from the sale of Power within State for FY 2020-21. As the amount of Rs. 5.22 Cr. is lying recoverable in Balance Sheet of HPSEBL under BH 28.627, Petitioner has requested for considering the amount in the True up of FY 21-22 and that reduced amount of sale of power within State amounting to Rs. 5,675.14 Cr. may be considered for FY 2021-22.

6.19.3 It is observed that the Commission had taken note of the submission in Para 11.17.7 of the MPR Tariff Order dated 29.03.2022 and had mentioned the following:

"11.17.7. The Commission ……………….

………………………………

- Further, the Commission is of the viewpoint that the relief sought by the Petitioner on account of rebate provided to domestic/industrial and Commercial Consumers, concession to tourism sector has been accounted for in the revenue of FY 2020-21 and hence no separate relief is required to be provided in this regard"

6.19.4 The Petitioner was asked to support the submissions with the Auditor Certificate which the Petitioner was unable to do. The Petitioner is directed to provide Statutory Auditor certificate explaining the issue and whether the revenue for FY 2020-21 was overbooked to the extent of Rs. 5.22 Cr. and the subsidy has not been received against the same from GoHP during the year or in the subsequent years. The Petitioner is also required to clarify the reason for not seeking the subsidy from the Government with respect to the same.

Errata in rate of holding cost considered in FY 18 and FY 19 in the MPR Order dated 29th March 2022

6.19.5 The Petitioner has submitted that in the MPR Order dated 29.03.2022, the computation of rate of holding cost for the years FY 2017-18 and FY 2018-19 has been considered based on interest rate of 12.43% for calculation of holding cost. However, as per Regulation 11(2) of 3rd Amendment of HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011, the applicable rate for carrying cost or holding cost is average SBI MCLR (1 Year) of the relevant year plus 300 basis points. The interest rate as per the same would be 11.00% for FY 2017-18 and 11.39% for FY 2018-19. HPSEBL has requested the Commission for correction in rates of interest for holding cost for FY 2017-18 and FY 2018-19.

6.19.6 The Commission has reviewed that the submissions made by the Petitioner in this regard and observed that the revised carrying cost provision, as per third amendment, is for fourth Control Period starting 1st April 2019 and, therefore, the carrying cost considered towards Truing-up of Controllable parameters is correct. However, based on the submissions of the Petitioner, it is observed that there was an error in carrying cost considered towards Truing-up of uncontrollable parameters for FY 2017-18 and FY 2018-19. The Commission has, therefore, rectified the carrying cost applied on the surplus quantum of FY 2017-18 as computed in the First APR Order dated 06.06.2020 as below:

Table 98: Revised Approved Revenue Surplus/ (Gap) for FY18 (Rs. Cr.)

Particulars	FY18	FY19	FY20
Opening Gap	-	287.47	323.19
Surplus/ (Gap) on account of Truing-up of uncontrollable parameters for FY16	270.65		
Closing	270.65	287.47	323.19
Interest Rate for Carrying Cost	12.43%	12.43%	11.16%
Carrying Cost	16.82	35.73	36.06
Total (Gap)/Surplus	287.47	323.19	359.25
Previously approved Surplus/ (Gap) in First APR Order dated 06.06.2020			354.03
Additional Surplus/ (Gap)			**5.22**

6.19.7 In case of FY 2018-19, revenue surplus/ gap has been determined as per correct carrying cost as part of adjustment during the Truing-up for FY 2021-22.

Disallowance of one-time provision under A&G Expenses in the MPR Order dated 29 March 2022

6.19.8 The Petitioner had submitted that a one-time provision of Rs. 5 Cr. towards Public Interaction Programme (PIP) and Connectivity charges in MYT Order dated 29.06.2019 was approved by the Commission. However, the Commission has disallowed the provisional expenses of Rs. 5 Cr. in the MPR Tariff Order dated 29.03.2022 and has observed in Para 13.6.7 of the Order, as follows:

"The Commission deliberated on the various responses submitted by the Petitioner and is of the viewpoint that the charges under public interaction programme are not of new origin and were already covered in the base cost while projecting A&G expenses of the fourth control period. Further, the Commission observed that the Petitioner was unable to furnish any documentary evidence in regard to expenses incurred under one time provision of Rs. 5 Cr. Accordingly the Commission feels it appropriate to discontinue the provision of one-time expense of Rs. 5 Cr from the A&G expense of the fourth control period."

6.19.9 The Petitioner has submitted that it has submitted the actual expenditure incurred against Public Interaction Programme (under the same head) and Connectivity Charges (under the head "IP VSAT Connectivity Charges") under A&G expenses, along with True Up of FY 20 and FY 21. Further, the said Accounting Heads (A/H) have been maintained separately for Public Interaction Programmes and Connectivity Charges and the amount booked against the same along with A/H are as follows:

Particulars	**A/H Code**	**FY 20**	**FY 21**
Public Interaction Programme (PIP)	76.156	0.19	0.10
IP VSAT Connectivity Charges	76.198	2.70	3.83
Total		**2.89**	**3.93**

6.19.10 The Petitioner has substantiated its claim mentioning the following:

"Further, robust connectivity up to sub-division levels is pre-requisite for effective implementation of SAP ISU Billing and SAP ERP systems of HPSEBL. At present around 530 locations of HPSEBL have been covered under SAP ERP and MLPS Fibre connectivity has been provided by HPSEBL at all these locations. Further, at far flung areas connectivity through VSAT has been provided by HPSEBL and thus HPSEBL is incurring significant expenditure towards the connectivity at Field Locations. It is pertinent to mention that in view of the once time expense allowed by Hon'ble Commission in the MYT Order, HSPEBL has placed award to various Service Providers for enhancement of bandwidth in respect of various Field Locations and withdrawing the provision of these expenses at this stage shall adversely impact HPSEBL."

6.19.11 The Petitioner has submitted that A&G is a controllable parameter and thus MYT approved figures should be allowed in the True Up.

6.19.12 The Commission has observed the following in the MYT Order dated 29.06.2019:

"8.14.2. The Petitioner has claimed significantly higher A&G Expense during the fourth Control Period as compared to the actual A&G expenditure during previous Control Period. In its Tariff Petition, the Petitioner submitted that the increase in A&G expenses compared to the third Control Period is mainly due to additional vehicle charges for increased manpower mobility and IT cell related expenses i.e., data centre expenses at Kumar House, Shimla. Further, during the Tariff proceedings, the Petitioner submitted an additional claim towards launching a Public Interaction Programme. The Commission has independently analysed these additional claims for each head in the subsequent paras.

*8.14.3 In response to several queries regarding the additional claim, the Petitioner clarified that while the ATS, AMC and FMS charges for the data centre are booked under R&M, the connectivity and bandwidth charges for the data centre are being booked under A&G heads and the costs proposed under IT cell pertain to **new connectivity charges** as shown in Table 197 below.*

*8.14.4 With respect to the public interaction programme, the Petitioner submitted that it **plans to launch initiatives such as starting Energy Clubs***

in schools, organizing Urja Melas etc. during the fourth Control Period for which it has proposed an additional expenditure of Rs. 33 lakhs in FY20."

6.19.13 The provision of Rs. 5 Cr. was allowed by the Commission in view of the need for additional expenses required under new connectivity charges and public interaction programmes over and above the costs which were being incurred by the Petitioner. Also, the same was subject to true-up based on actual cost.

6.19.14 Further, the Commission also sought information with respect to actual expenditure under the two heads over last seven years, The Petitioner has submitted following details:

	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22
HO	0.07	1.83	3.10	3.16	2.24	2.86	3.58	2.17
Field level	0.06	0.08	0.06	0.09	0.14	0.03	0.09	0.12

6.19.15 Also, based on information supplied during Truing-up for FY20 and FY21, it is observed that the difference in actual vs approved A&G expenses is very minimal and has not resulted in any significant cost disallowance for the Petitioner. The same is reflected in table below:

Table 99: Difference between Actual vs Approved Trued-up A&G Expense for FY20 & FY21 (Rs. Cr.)

Particulars	Approved in 3rd APR	HPSEBL's Submission	Actual	Trued-up	Difference
A&G Cost (2019-20)	49.91	45.93	45.93	44.91	1.02
A&G Cost (2020-21)	50.58	50.58	43.96	45.58	(1.62)

6.19.16 Based on the information, it is observed that FY2017-18 which was considered as the base for projecting the A&G expenses already included the expenses against both new connectivity charges and public interaction programme and there has not been any significant increase in the expenditure against these items during FY2019-20 and FY2020-21 as claimed by the Petitioner during the MYT Order dated 29.06.2019. Therefore, the Commission is of the view that the disallowance considered in the MPR Tariff Order dated 29.03.2022 for exclusion of the one-time provision of Rs. 5 Cr is correct and is not required to be revisited.

Errata in calculation of penalty in True Up of FY 2019-20 in the MPR Order dated 29 March 2022

6.19.17 The Petitioner has submitted that Para 10.4.2 of the MYT Order dated 29.03.2022 mentions the following:

"10.4.2 In lieu of the above the Commission has considered revised T&D loss level as 11.30% for FY 2019-20. As per the Petitioner's submission, T&D loss level of 12.08% has been achieved during FY 2019-20."

6.19.18 Thus, the T&D loss target for FY 2019-20 was revised to 11.30% but the calculations made under "Table 183: Loss on account of Under-achievement of T&D loss for FY20" and "Table 184: Penalty for Under-achievement of T&D Loss for FY20" have been made considering T&D loss target of 10.30% and the corresponding penalty for under achievement of T&D loss works out to Rs. 15.21 Cr. instead of 34.26 Cr.

6.19.19 It is clarified that the statement made in Para 10.4.2 is an inadvertent error. The Commission has undertaken detailed review of T&D loss as part of Chapter 13 - MID-TERM PERFORMANCE REVIEW OF FOURTH MYT CONTROL PERIOD of the Order and had provided the final table which mentions year-wise approved T&D loss based on the review.

6.19.20 Also, as per Para 10.7.2 and 10.7.3 of the Order dated 29.03.2022, the Commission has restated:

"10.7.2 The Petitioner has requested the Commission to revise the T&D Loss trajectory for the fourth control period. The Commission has reviewed the submissions of the Petitioner and has decided to continue with the T&D loss trajectory for FY 2019-20 to FY 2023-24 as approved in the MYT Order. However, the Commission has adjusted the loss targets for FY 2021 and FY 2022 as detailed out in Chapter "Mid Term Performance Review for 4th MYT Control Period".

10.7.3 In lieu of the above, the Commission has continued with the T&D loss level of 10.30% for FY 2019-20."

6.19.21 This clearly indicates that the Commission has retained the T&D loss target of 10.30% and the Para 10.4.2 is an inadvertent error. Accordingly, the claim with respect to correction in the computation of Penalty on account of under-achievement of T&D losses is not considered.

6.20 Carrying Cost

6.20.1 The Petitioner has requested for approval of the revenue gap along with carrying cost as per the provisions of clause (2) of Regulations 11 of HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011 as amended from time to time

6.20.2 The Commission has undertaken final true-up of uncontrollable parameters for FY 2021-22 based on the audited accounts provided by the Petitioner. As per the true-up, the following revenue surplus and gap has been determined for FY 2021-22:

Table 100: Approved Revenue Surplus / (Gap) for FY22 (Rs. Cr.)

Particulars	Amount
Revenue Surplus / (Gap) for FY22	**451.26**

6.20.3 As per the Regulation 11(2) of the above Regulations, the 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."

6.20.4 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 101: Approved Carrying Cost for Revenue Surplus/ (Gap) (Rs. Cr.)

Particulars	FY22	FY23
Opening Gap	-	473.82
Surplus/ (Gap) on account of Truing-up of uncontrollable parameters for FY19	451.26	-
Closing	451.26	473.82
Interest Rate for Carrying Cost	10.00%	10.76%
Carrying Cost	22.56	50.99
Total (Gap)/Surplus	**473.82**	**524.82**

6.20.5 The cumulative revenue surplus based on true-up for FY 2021-22 has been adjusted in the ARR for FY 2023-24 in the Chapter 7.

7 Analysis of the Annual Performance Review (APR) and ARR for FY 2024

7.1 Background

7.1.1 The Commission has analysed the Annual Performance Review (APR) Petition and revised the Aggregate Revenue Requirement (ARR) for FY 2023-24 based on the submissions of the Petitioner for the past years and actual data for the current year as per information submitted by the Petitioner.

7.1.2 The Commission has 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 the queries of the Commission, responses during Technical Validation Session, additional submissions, etc. as part of the Tariff Petition.

7.1.3 This Chapter contains detailed analysis of the Petitioner's claim and the Commission's analysis on Annual Performance Review of various parameters for determination of revised ARR for the distribution business of HPSEBL for FY 2023-24.

7.2 Aggregate Revenue Requirement (ARR) of HPSEBL as per 4th MYT Order

7.2.1 The Aggregate Revenue Requirement approved by the Commission for HPSEBL for the fourth Control Period (FY2020-24) vide MYT Order dated June 29, 2019 is summarized in the table below:

Table 102: 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**

7.3 Approach of the Fourth APR under fourth MYT Control Period

7.3.1 In accordance with the HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011 as amended from time to time, the HPSEBL has filed the ARR for FY 2023-24.

7.3.2 The Commission in the MYT Order for fourth Control Period (FY 2020 to FY 2024) dated 29th June 2019 has fixed the targets for controllable parameters i.e., O&M expenses, Depreciation, Return on Equity, Interest on Loans, etc. Any variation on these controllable parameters shall be considered at the time of final Truing-up. However, any variation on account of factors deemed uncontrollable, such as power purchase cost and energy sales are subject to revision in the Annual Performance Review exercise after prudence check by the Commission.

7.3.3 HPSEBL has filed the Petition for review of the ARR for FY 2023-24 and requested for corresponding revision in Tariff for FY 2023-24 for meeting the revenue gap based on the revised ARR and estimated revenue based on the existing Tariff.

7.3.4 In this chapter, the Commission has reviewed the ARR for FY 2023-24 on account of changes in the uncontrollable parameters as per the provisions of HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011 as amended from time to time. 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 dated 29.06.2019 and any subsequent changes as per the Mid-term Performance Review (MPR) Order dated 29.03.2022.

7.4 Sales Forecast

7.4.1 HPSEBL has submitted actual sales for FY 2021-22 at 10,198 MUs, which has been considered as the base for projection of energy sales for FY 2023-24. The Petitioner has projected energy sales by applying the appropriate category-wise CAGR based on the historical trend and average growth rate in past few years considering actual sales for FY 2021-22 as base year. Further, the Petitioner has made few assumptions for the projection of sales for second half of FY 2022-23 and FY 2023-24.

7.4.2 Considering that sales is an uncontrollable parameter and keeping in view the submissions of the Petitioner, the Commission has reassessed its approach for projection of sales for each category for FY 2023-24. The Commission has considered the sales of FY 2021-22 as the base year and has considered suitable growth based on 1-year, 2-year, 3-year, 4-year or 5-year CAGR as found reasonable based on recent trends, etc. Also, the actual energy sales during first half of FY 2022-23 have been considered to ascertain the latest growth in energy consumption across the various categories.

7.4.3 Post arriving at FY 2022-23 estimated sales figure, suitable increase as per past CAGR or reasonable growth rate has been applied as considered appropriate by the Commission for respective categories.

7.4.4 Based on the approach detailed above, the Commission approves total sales of 11,306 MUs for FY 2023-24. Category-wise sales approved for FY 2023-24 is detailed in subsequent Sections:

Domestic Supply

7.4.5 The energy sales for domestic category during FY 2018-19 to FY 2021-22 has grown at a CAGR of 5.3%. It is observed that the y-o-y growth in sales recorded under this category has been in the range of 3.7% to 7.4% during last five years.

7.4.6 In view of the recent trends, the Commission has adopted three years CAGR of 5.3% for sales projections in domestic category for FY 2023-24, which is approximately equal to average of yearly sales growth during the last five years.

Non-Domestic Non-Commercial Supply (NDNCS)

7.4.7 The Commission has adopted 5-year CAGR of 2.7% as the growth rate for projections of energy sales of NDNCS for FY 2023-24.

Commercial Supply

7.4.8 The Commission has adopted 5-year CAGR of 3.3% as the growth rate for projections of energy sales of commercial supply for FY 2023-24 considering the year-on-year growth of sales during last five years.

Industrial Power Supply

7.4.9 Based on the actual sales data for the last five years from FY 2016-17 to FY 2021-22 and monthly sales during FY 2022-23, the Commission has projected the sales to the industrial categories as below:

Small and Medium Industrial Power Supply

7.4.10 The Commission has observed that the growth in year-on-year sales recorded under Small Industrial Consumers category has been in the range of -2.6% to 6.9% during last five years. The average of yearly growth for this category except for FY 2019-20 and FY 2020-21, which were covid-effected years, comes out to be at 4.0%.

7.4.11 Similarly, the year-on-year sales recorded under Medium Industrial Consumers category has been in the range of -22.6% to 16.0% during last five years. The average of yearly growth for this category except for FY 2019-20 and FY 2020-21, which were covid-effected years, comes out to be at 3.1%.

7.4.12 In absence of any trends and considering the average growth excluding covid affected years, the Commission has considered a growth rate of 3% for FY 2023-24 for Small and Medium Industries sales.

Large Industrial Power Supply

7.4.13 The energy sales of Large Industrial category during FY 2018-19 to FY 2021-22 has grown at a CAGR of 5.9%. It is observed that the y-o-y growth in sales recorded under this category has been in the range of -10.6% to 26.3% during last five years.

7.4.14 Due to COVID induced lockdown, actual sales in this category reduced by -10.6% in FY 2021 and has a very high increase of 26.3% during FY 2022 due to low base effect. The actual sales in FY 2022 and first six months of FY 2023 indicate increasing trend in this category, therefore, the Commission has adopted five years CAGR of 5.9% for sales projections for FY 2023-24.

Irrigation and Drinking Water Pumping Supply (IDWPS)

7.4.15 The year-on-year growth of sales for last four years in this category for FY 2021 and FY 2022 were at 7.6% and 10.4% respectively after a negative growth in previous two years. The average of yearly growth during last 4 years comes out to be at 2.63% for this category. Further, energy sale during FY 2018 to FY 2022 has increased at a CAGR of 2.4%, which is almost equal to the average of yearly growth during the same period.

7.4.16 Therefore, the Commission has adopted four years CAGR of 2.4% for sales projections in this category for FY 2023-24.

Public Lighting

7.4.17 The Commission has observed that the growth in year-on-year sales recorded under Public Lighting category has been in the range of -2.5% to 7.7% during last three years. The average of yearly growth of this range comes out to be at 2.97% for this category. The energy sales in this category during FY 2018-19 to FY 2021-22 has grown at a CAGR of 2.9%, which has been considered by the Commission for projecting sales in this category.

Agricultural Supply

7.4.18 It is observed that the sales in this category had increased significantly during FY21 and FY22. However, sales of first six months of FY 2023 indicate slowing down of sales in agricultural supply. Therefore, the Commission has considered 85 MUs for sales projections in this category for FY 2023-24 which is similar to the actual sales in FY 2021-22.

Bulk Supply

7.4.19 Sales in this category has remained rangebound with 150-154 MUs during last six years, except for the FY 2021 when sales were only at 133 MUs due to covid impact. Therefore, the Commission has considered marginal growth of 2% in sales projections for this category for FY 2023-24.

Temporary Supply

7.4.20 No specific trend is observed in the year-on-year growth of sales in the temporary supply. Considering no increase in actual energy sales during first half of FY 2022-

23 over FY 2021-22 actual sales, the Commission has considered the actual sales of FY 2021-22 for projections of sales for this category for FY 2023-24.

Electric Vehicle Charging Station (EVCS)

7.4.21 The Petitioner has projected 20 numbers of EVCS for FY 2023-24. The energy sales for the EVCS have been projected considering 1% growth over the average monthly energy consumption of EVCS located at the premises of HRTC Bus Stands at Mandi, Saulikhad, Shimla and Suni. In view of the new category and absence of historic data, the Commission has considered the submissions of the Petitioner and has approved 1.45 MUs for FY 2023-24.

7.4.22 After detailed scrutiny of the Consumer category wise sales, the Commission estimates the following sales to retail Consumers within the State for FY 2023-24 as below:

Table 103: Revised Approved Sales for FY24 (MUs)

S. No.	Consumer Category	MYT Approved	HPSEBL's Submission	Approved
1	Domestic	2,419	2,741	2,724
2	NDNC	190	174	157
3	Commercial	795	735	695
4	Temporary	48	69	63
5	Small Power	86	88	93
6	Medium Power	121	103	106
7	Large Power	5,450	6,577	6,515
8	Govt. Irrigation & Water Pumping	789	691	698
9	Public Lighting	14	11	12
10	Irrigation & Agriculture	120	76	85
11	Bulk Supply	177	158	158
12	EV Charging Stations	-	1.45	1.45
	Total	**10,209**	**11,426**	**11,306**

7.5 Energy Requirement

7.5.1 The Commission's estimates of energy requirement at State periphery for FY 2023-24 is based on the revised sales as approved above and T&D loss target approved by the Commission in the MPR Order dated 29.03.2022. The Commission's estimate for power requirement is tabulated as below:

Table 104: Approved Energy Requirement for FY24

Particulars	MPR Order	Petitioner	Revised Approved
Sales (MU)	10,209	11,426	11,306
Approved Loss (%)	9.50%	9.50%	9.50%
Energy Requirement at State Periphery for own consumption (MU)	**11,281**	**12,625**	**12,493**

7.6 Power Purchase

7.6.1 As per the HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011 as amended from time to time, power purchase is an uncontrollable parameter and needs to be reviewed each year as part of the Annual Performance Review (APR) based on actual power purchase cost from various sources for past year(s).

7.6.2 For projecting power purchase cost of FY 2023-24, the Commission has updated the station-wise projection of energy availability and power purchase cost taking into consideration the actual performance of the generating stations in FY 2020-21, FY 2021-22, and six months of FY 2022-23. Further, any changes in allocation of the capacity from the various generating stations have also been considered while projecting the availability of power to the Petitioner.

7.6.3 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 2022-23 and FY 2023-24;

7.6.4 In the following Sub-sections, estimation of power purchase along with certain assumptions thereof, from each of the above sources has been discussed.

Allocation and Energy Availability from Own Generating Stations

7.6.5 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 MPR Order dated 29.03.2022.

7.6.6 In case of Uhl-III (3X33, 100 MW), the Petitioner has submitted that the structural design of penstock rehabilitation work including Transient analysis and CFD studies of water conductor system/penstock is still in progress with HPPCL design office Sundernagar and CWC, New Delhi, which has been delayed by approximately 5 months. The report on status of UHL-III HEP (100MW) consisting of status before and after rupture of pen stock has been submitted by the Petitioner on 19/11/2022. In line with the submissions of the Petitioner regarding the delay in Commissioning of the plant, the Commission has not projected any generation from Uhl-III for the FY 2023-24.

7.6.7 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 2023-24 whereas the generation from power projects below 25 MW has been considered under renewable power (non-solar).

Table 105: Allocation and Energy Availability from Own Generating Stations for FY 2023-24*

Generating Station	Capacity (MW)	Generation (MUs)	HPSEBL Share	Annual Energy available to HPSEBL (MUs)
Larji	126	586.82	88%	510.20
Bhaba	120	464.70	100%	459.12
Bassi	60	346.83	100%	344.40
Giri	60	289.55	100%	287.52
Total Energy Available				**1,601.25***

**Excluding own generating stations with capacity of less than 25MW*

Allocation and Energy Availability from firm Share in Central Generating Stations (CGS)

7.6.8 The State of Himachal Pradesh has firm allocated share in Central Sector Generating Stations (CGS) of National Thermal Power Corporation (NTPC), National Hydroelectric Power Corporation (NHPC), Satluj Jal Vidyut Nigam Limited (SJVNL) and Nuclear Power Corporation Limited (NPCIL). In its Petition, HPSEBL has submitted that firm share allocation of power from NTPC stations has not changed significantly. However, the unallocated share has changed after the revision of allocation by NRPC vide Revision No. NRPC/OPR/103/02/2023/329-356 dated 12.01.2023. The Commission has considered the allocation from CGS as per claim of the Petitioner.

7.6.9 The Petitioner has submitted that Unchahar I TPS, having completed 25 years of PPA life was taken up with NTPC & MoP, GoI for surrender and accordingly SoR share from Unchahar I TPS (1.67%) has been de-allocated from Himachal Pradesh in ending March 2022. However, a share of 0.06% from Unchahar I TPS is retained towards part of 15MW of allocation of thermal power pants against the Dadri Solar Power Plant. Also, in case of Anta Gas (3.58%), Auraiya Gas (3.32%) and Dadri Gas (3.01%), SoR share has been de-allocated in June 2022.

7.6.10 The Petitioner is also procuring unallocated power from few CGS bundled with the 15 MW of Singrauli Solar capacity. The power from unallocated share (15 MW) from select NTPC stations namely, Unchahar-I, II, III & IV, Rihand-I, II, III, Singrauli Super Thermal Plant (SSTP), Dadri-II and Tanda II as part of bundled power from Singrauli Solar plant has been approved. The details of unallocated share of HPSEBL from various thermal plants is summarized in the table below:

Table 106: Energy Availability from firm Share in Central Generating Stations

Station	Capacity (MW)	Unallocated Share	
		%	MW
Unchahar-I	420	0.06%	0.25
Unchahar-II	420	0.20%	0.84
Unchahar-III	210	0.19%	0.40
Rihand-1 STPS	1000	0.17%	1.70
Rihand-2 STPS	1000	0.18%	1.80
Singrauli STPS	2000	0.17%	3.40
Tanda II	660	0.14%	1.80
Rihand-3 Units-1,2	1000	0.20%	2.00

Station	Capacity (MW)	Unallocated Share	
		%	MW
Unchahar IV	500	0.20%	1.05
Dadri-II	980	0.18%	1.76
Total Thermal (Bundled)			**15.00**
Singrauli Solar	15	100%	15.00
Total			**30.00**

7.6.11 The Commission has therefore, considered allocation of firm and unallocated power from CGS in accordance with latest allocations issued by the NRPC dated 12.01.2023.

7.6.12 The Petitioner has submitted that in a step towards making Himachal Pradesh into Green Energy State as envisaged in HP's Energy Policy 2021, they need to replace the existing thermal/gas share of energy with renewable energy. Accordingly, the HPSEBL has surrendered the costly share in Central Generating Stations i.e., NTPC Gas Stations (Anta GPS, Auraiya GPS and Dadri GPS) in the beginning of FY 2022-23. In line with the above, the Commission has not considered any units from Gas Stations of Anta GPS, Auraiya GPS and Dadri GPS for FY 2023-24, as SoR share from these Gas stations has been de-allocated in June 2022. Also, SOR share of Unchahar-I has not been considered as per the claim of the Petitioner.

7.6.13 The energy available from Unchahar-I, Unchahar-II, Unchahar-III, Kahalgaon-II and Dadri-II power stations has been considered at 70% PLF of plant's Rated capacity. Similarly, energy available from Tanda-II and Unchahar-IV power stations has been considered at 80% PLF of plant's Rated capacity. The energy available from the rest of the stations of NTPC has been considered based on the average PLF achieved by respective generating stations during last three years FY 2020 to FY 2022.

7.6.14 In case of NPCIL plants, the Commission has considered the average PLF for last 3 years (FY 2020 to FY 2022) along with normative auxiliary consumption for projecting the energy availability from these stations.

7.6.15 The Petitioner has mentioned that it has tied up for power purchase from the RAPP VII & RAPP VIII units of NPCIL. However, units projections from RAPP VII has only been considered by the Petitioner for FY 2023-24 as details with respect to Commissioning of both the units were uncertain. In line with the submissions of the Petitioner, the Commission has considered the availability of energy from RAPP VII only for FY 2023-24.

7.6.16 In case of generating stations of NHPC and SJVNL, average energy generated during the last two years (FY 2021 to FY 2022) has been considered for estimating future energy available from these stations.

7.6.17 The table below summarizes the allocation as well as likely energy availability from Central Generating Stations (CGS) for FY24.

Table 107: Approved Energy Availability from firm Share in Central Generating Stations for FY24

Name of Generating Station	Expected PLF/ Energy at Ex Bus (MUs)	HPSEBL Share (%)	Approved Energy availability to HPSEBL (MUs)
SJVNL			
Nathpa Jhakri SOR	7,098.80	2.47%	171.95
Rampur SOR	1,957.20	2.81%	53.83
Total			**225.77**
NPCIL			
NAPP	3,192.12	3.18%	101.51
RAPP (V & VI)	3,184.03	3.40%	108.26
RAPP VII	5,518.80	1.90%	94.90
Total			**304.66**
NTPC – Thermal			
Unchahar-I	2,575.44	0.06%	1.55
Unchahar-II	2,575.44	3.06%	78.81
Unchahar-III	1,287.72	4.00%	51.51
Rihand-1 STPS	7,118.41	3.67%	261.25
Rihand-2 STPS	7,018.87	3.48%	244.26
Singrauli STPS	13,709.29	0.17%	23.31
Kahalgaon – II	9,198.00	1.53%	140.73
Rihand-3 Units-1,2	7,655.40	3.57%	273.37
Dadri-II TPS	6,009.36	0.18%	10.82
Koldam HEP	3,184.51	15.00%	477.68
Tanda II	9,250.56	0.15%	13.88
Unchahar-IV	3,504.00	0.20%	7.01
Total			**1,584.15**
NHPC			
Salal	3,348.94	0.99%	33.15
Tanakpur	456.21	3.84%	17.52
Chamera I	2,052.23	2.90%	70.53
Chamera II	1,002.89	3.67%	47.01
Uri	2,864.99	2.71%	77.64
Dhauliganga	1,159.23	3.57%	41.38
Total			**287.23**
Grand Total			**2,401.82**

Energy Availability from Unallocated Power from CGS

7.6.18 The Petitioner's share in CGS unallocated quota varies from time to time based on the allocation made to HP depending upon power requirement in different States. As per the recent firm share and unallocated share allocation by NRPC as on 12.01.2023, the State of HP is getting 15MW of unallocated power which is in lieu of bundled solar power from Singrauli under the Jawaharlal Nehru National Solar Mission (JNNSM). The Commission has considered this under Singrauli Bundled Power for FY 2023-24.

Allocation and Energy Availability from Shared Generating Stations

7.6.19 HP has fixed allocation from Shanan and Shanan (Extension) at 1 MW at 60% PLF and 45 MU respectively. For power availability from Yamuna hydro stations i.e., Dhakrani, Dhalipur, Chibro, Khodri and Kulhal, the Commission has considered the average of the energy generated during last three years i.e., from FY 2020 to FY 2022. In case of energy availability from Khara, the Commission has considered the average of the energy generated during last two years only, i.e., FY 2021 & FY 2022 and excluded the exceptional year i.e., FY 2019-20 when the energy generated was significantly lower as compared to the trend.

Table 108: Allocation and Energy Availability from Shared Generating Stations for FY24

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 45 MU	45.00
Yamuna (Dhakrani, Dhalipur, Chibro, Khodri and Kulhal)		1%	24.52%	448.46
Khara		1%	20%	65.63
Total Availability from Shared Generating Stations				**564.35**

Allocation and Energy Availability from Baspa-II with Long-term PPA

7.6.20 The total energy available from Baspa-II HEP has been considered based on design energy of 1050 MUs as per the MYT Order dated 29.06.2019 for the fourth Control Period of Baspa-II approved by the Commission and secondary energy equivalent to average of last two years. Any variations in the quantum available shall be considered at the time of Truing-up of FY 2023-24.

Allocation and Energy Availability from Free Power

7.6.21 GoHP has free power entitlement in several hydro power stations owned by NTPC, NHPC, SJVNL, PSPCL, HPSEBL and IPPs. 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.

7.6.22 GoHP free power availed by HPSEBL from the Intra-state projects directly interfaced with HPSEBL system, Baspa-II, RSD (Ranjeet Sagar Dam), Shanan and Chanju-I including own generating stations has been considered by the Petitioner.

7.6.23 While projecting the power generation from these generating stations, the Commission has considered last 3 years average generation based on availability. While projecting the power generation from Small HEP/ Private Micro HEP for FY 2023-24, the Commission has considered 3% increase y-o-y in actual generation in each year in view of Commissioning of new capacities expected during the year.

7.6.24 The table given below shows the Commission's estimates of plant-wise energy availability to the HPSEBL for FY 2023-24:

Table 109: Energy Availability from Free Power for FY24

Free Power	Petition (MUs)	Now Approved (MUs)
Bairasiul	68.92	68.92
Chamera-I	286.74	224.27
Shanan Share	2.64	2.63
Ranjeet Sagar Dam Share	72.86	69.90
Malana	67.52	66.60
Baspa – II	157.62	155.91
Ghanvi	11.49	11.07
Baner	5.22	7.21
Gaj	5.68	4.55
Larji	74.57	69.57
Khauli	5.76	5.95
Ghanvi II	5.32	6.24
Kashang	31.57	31.63
Chanju	20.60	20.60
Small HEP/ Private Micro – Free	134.64	171.44
Total Free Power	**951.15**	**916.49**

Allocation and Energy Availability from BBMB

7.6.25 In case of generating stations of BBMB, the average energy has been considered based on the actual energy generated during the last 3 years (FY 2020 to FY 2022). The table below summarizes the allocation as well as likely energy availability to HPSEBL from BBMB stations for FY 2023-24.

Table 110: HPSEBL Share and Energy Availability from BBMB for FY24

Name of Generating Station	Energy (ex-bus)	HPSEBL Share	Energy available to HPSEBL (MUs)
BBMB Old		Fixed 1.2LU/day	43.80
BBMB New	4897.35	7.19%	352.12
Dehar	3070.51	5.75%	176.62
Pong	1378.37	2.98%	41.13
Total			**613.67**

Energy Availability from Renewable Power (Wind, Hydro and Other Renewables)

7.6.26 The Petitioner is required to comply with the HPERC (Renewable Power Purchase Obligation and its Compliance) Regulations, 2023 wherein the Commission has approved the wind, hydro and other renewable power procurement trajectory to be complied by the licensee. The targets laid down by the Commission for FY 2023-24 is given in the table below:

Table 111: Minimum quantum of purchase from Renewable Sources

Financial Year	Total RPO %age	Minimum Wind RPO %age of the total purchase	Minimum Hydro PO (HPO) %age of the total purchase	Minimum Other RPO %age of the total purchase
FY 2023-24	27.08%	1.60%	0.66%	24.82%

Energy availability from HPSEBL owned Hydro plants with capacity below 25 MW

7.6.27 The Petitioner has own generating hydro power plants which are lower than 25MW capacity. The Commission has considered availability from these plants based on the availability considered in the Generation business of HPSEBL's MYT Order dated 11th November 2021 for the fourth Control Period. In case of Ligthi and Billing HEPs, the Commission has considered the units as projected by the Petitioner in the Petition. The table given below summarizes HPSEBL's share, generation and auxiliary consumption considered by the Commission for the projection of power purchase quantum from own generating stations (less than 25MW capacity) for FY 2023-24:

Table 112: Capacity, HPSEBL share and Energy Availability from Own Generating Stations to HPSEBL for FY24

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%	1.00%	86.43
Ghanvi	22.50	93.34	88%	1.20%	81.15
Baner	12.00	60.67	88%	1.00%	52.85
Gaj	10.50	38.31	88%	1.00%	33.38
Khauli	12.00	49.95	88%	0.70%	43.65
Binwa	6.00	29.25	100%	0.70%	29.05
Thirot	4.50	17.74	100%	0.90%	17.58
Gumma	3.00	11.83	100%	1.00%	11.71
Holi	3.00	11.83	100%	1.00%	11.71
Bhaba Aug	4.50	17.74	100%	0.90%	17.58
Nogli	2.50	9.85	100%	1.00%	9.75
Rongtong	2.00	7.64	100%	1.00%	7.56
Sal-II	2.00	7.88	100%	1.14%	7.79
Chaba	1.75	7.67	100%	1.00%	7.59
Rukti	1.50	6.54	100%	1.00%	6.47
Chamba	0.45	1.77	100%	1.00%	1.75
Killar	0.30	1.16	100%	0.86%	1.15
Ghanvi II	10.00	56.30	87%	1.20%	48.49
Ligthi	1.23	-	100%	-	0.33
Billing	0.40	-	100%	-	0.44
Total					**476.42**

7.6.28 In addition, the Petitioner has PPAs with various SHPs/ IPPs/ private micro hydel projects. Power from these projects is also considered towards meeting the renewable power purchase obligation of the Petitioner.

7.6.29 The Commission has compared the actual units of FY 2021-22 and has accordingly considered an increase of 3% y-o-y in availability of power from Small HEP/ Private Micro HEP in view of Commissioning of new capacities expected during the year. The table below summarizes energy availability for HPSEBL from own and private small and micro hydel projects:

Table 113: Energy Availability from Small Hydro Own and IPPs/ Private Stations for FY24

Particulars	Energy Availability (MUs)
Small Hydro Own Generation	476.42
Small HEP/ Private Micro <5MW	1,303.42
Small HEP/ Private Micro >5MW	512.55
Total Hydro Power	**2,292.39**

7.6.30 Further, HPSEBL has submitted procurement of power from two municipal solid waste to energy projects with total capacity 3.5 MW (2.5+1) which are expected to be Commissioned during FY 2023-24. The energy availability from these two stations has been considered based on the submissions of the Petitioner as provided in the table below:

Table 114: Energy Availability from Municipal Solid Waste Projects for FY24

Particulars	Energy Availability (MUs)
Municipal Solid Waste (MSW) projects	24.53

7.6.31 The power procured by the HPSEBL from any other renewable sources during FY 2023-24, for which the Commission has approved generic Tariff, shall be considered at the time of Truing up based on the actuals.

Renewable Power (Solar)

7.6.32 The Petitioner is procuring solar power from NTPC's Singrauli Solar PV Power Project (15 MW) bundled with thermal power, in which 15 MW of power is being made available to HPSEBL from FY 2015 onwards. The bundling ratio of solar & conventional thermal is 1:1 in MW terms. Further, the Petitioner has also submitted that it is procuring power from SECI w.e.f. 6th June 2015 against contracted capacity of 20 MW.

7.6.33 In addition to above mentioned solar power, Petitioner has also submitted that HPSEBL is purchasing solar power from Intra-state Solar Power producers to the tune of 38.10 MW (as on November 2022) and has signed solar PPAs for 7.50 MW with Intra-state Solar Power Producers which are going to be operational ending March 2023. The Rooftop solar power generation within the State is 13.6 MW. The total solar power availability with HPSEBL is going to be around 94.20 MW only ending March 2023.

7.6.34 The Commission has considered the average generation of last three years for projecting the power availability from Singrauli solar and SECI solar plant. In case of solar IPPs, the Commission has considered the solar capacity submitted by the Petitioner and applied a 17% CUF in regard to solar power procurement during FY 2023-24. A summary of the projected solar power procurement for FY 2023-24 is summarized below:

Table 115: Energy Availability from Solar Power (MUs) for FY24

Sources	Energy Availability (MUs)
Singrauli Solar	20.27
SECI	42.07
Additional Private Solar plants	88.16
Total	**150.50**

7.6.35 Further, the Petitioner should undertake procurement of sufficient Renewable Power or REC certificates to meet any shortfall in the Other RPO requirement for FY 2023-24 in line with the Himachal Pradesh Electricity Regulatory Commission (Renewable Power Purchase Obligation and its Compliance) Regulations, 2023 notified on24th Feb 2023.

Energy Availability from Private Micro Hydel Projects (Purchase at APPC under REC Framework)

7.6.36 The Petitioner also purchases power at APPC rate from small and micro hydel projects which are under the REC framework. Small Hydro Plants upto 5 MW which are availing APPC rates are Balsio (5MW), Suman Sarwari – Unit-II (5 MW), Belij Ka Nallah–II (3.5 MW), Brahl Top (5 MW), Kiunr (5 MW) and Hysrund (3.3 MW). Small Hydro Plants between 5 MW and upto 25 MW which are availing APPC rates are Upper Joiner (12 MW), Sumez (14 MW), Jongini (16 MW), Baner-II (6 MW) and Raura (12 MW). In case of power available from micro hydro projects under REC mechanism, the Commission has considered an increase of 3% y-o-y in the energy generated in FY 2021-22 in view of Commissioning of new capacities expected during the year. The details of energy available from these sources for FY 2023-24 is provided below:

Table 116: Energy Availability from IPPs and Private SHPs for FY24 (MUs)

Particulars	Energy Available (MUs)
Small HEP/ Private Micro – REC	316.56

Energy Availability from Equity Share in Generating Plants

7.6.37 The GoHP has equity share of 22% in the Nathpa Jhakri Power Station (NJPS) and 26.1% share in Rampur HEP. The Commission has projected the energy available from NJPS for FY 2023-24 based on average of actual energy generated during the last two years (FY 2021 to FY 2022). The details of power projected from these plants are as per table below:

Table 117: HPSEBL share and Energy Availability from NJPS and Rampur for FY24

Name of Generating Station	HPSEBL Share	Annual Energy available to HPSEBL (MUs)
Rampur Equity	26.10%	499.96
Nathpa Jhakri Equity	22.00%	1,531.51
Total from Equity share		**2,031.47**

Additional Power Purchase from HPPCL Projects

7.6.38 The Petitioner has submitted that in Order to meet the deficit, HPSEBL management decided to procure the power from HPPCL projects (Kashang HEP & Sawra Kuddu HEP saleable energy) on short term basis in FY 2022-23 and accordingly in a Joint Petition, the bilateral PPAs between HPSEBL and HPPCL were approved by the Commission vide Order dated 19th April, 2022. The Petitioner has further projected the power purchase from Kashang HEP (87%), Sawra Kuddu HEP (87%) and 50% capacity of Sainj HEP (87%) for FY 2023-24 to meet its envisaged deficit power on long term basis. The Commission also has accorded the approval for the same vide Order dated 13.02.2023 in Petition No. 05 of 2023.

7.6.39 In line with the submissions of the Petitioner and procurement of power approved from HPPCL plants vide Order dated 13th Feb, 2023, the Commission has projected the energy units of power purchase from these HPPCL projects for FY 2023-24 as per the design energy of the respective plants, which is also similar to the Petitioner's submissions.

Table 118: HPSEBL share and Energy Availability from HPPCL Projects for FY24

Name of Generating Station	HPSEBL Share	Annual Energy available to HPSEBL (MUs)
Kashang HEP	87%	211.00
Sawra Kuddu HEP	87%	331.58
Sainj HEP	@ 50% of 87%	138.48
Total from HPPCL Projects		**681.07**

Power Procurement from CGS (Hydro) stations from which HP's SoR share were surrendered in the year 2014

7.6.40 The Petitioner has submitted that it is planning to take back already surrendered SoR share from five Hydro generating stations i.e., Chamera III, Parbati III, Tehri HEP, Koteshwer HEP & Koldam HEP. In case of surrendered SoR share from Chamera III & Parbati III, HPSEBL has initiated the process to take back energy share and letter has been written to the MoP, GoI for doing the needful. In line with the submissions, availability of power from these stations has been considered similar to the proposed quantum by the Petitioner for FY 2023-24 as shown below:

Table 119: HPSEBL share and Energy Availability from CGS Hydro share for FY24

Name of Generating Station	HPSEBL Share	Annual Energy available to HPSEBL (MUs)
Chamera III HEP	3.36%	33.63
Parbati III HEP	3.36%	21.08
Koteshwar HEP	2.51%	29.71
Tehri HEP	2.80%	85.13
Koldam HEP	3.36%	107.00
Total from CGS Hydro share Buy Back		**276.55**

Allocation and Energy Availability from Other Sources, Bilateral and Short-Term Arrangements

7.6.41 The Petitioner has not projected any short-term power purchase since it has surplus power and any shortfall in winter months shall be met with banking arrangements.

7.6.42 In view of the above, the Commission has considered the submissions of the Petitioner and has not projected any short-term power purchase for FY 2023-24.

7.6.43 For the purpose of projecting power purchase from Bilateral arrangements and Banking, the Commission has carried out a month-wise demand supply analysis for FY 2023-24.

7.6.44 For FY 2023-24, 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 position during FY 2023-24 is shown in the tables as follows:

Table 120: Monthly Demand Supply Position – FY24

Power Purchase	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
Sales (MU)	862	771	884	944	958	978	991	958	943	976	1,048	993	**11,306**
Losses	9.50%	9.50%	9.50%	9.50%	9.50%	9.50%	9.50%	9.50%	9.50%	9.50%	9.50%	9.50%	
Monthly Demand (MU) at State Periphery	952	852	977	1,043	1,059	1,081	1,095	1,058	1,042	1,078	1,158	1,098	**12,493**
Monthly Availability from Inter-state Generating Stations (MU) Ex Bus	460	689	1,014	1,131	1,124	956	559	392	357	334	305	358	**7,680**
Inter-state Losses	17	25	37	41	41	35	20	14	13	12	11	13	**277**
Monthly Availability from Inter-state Generating Stations (MU) at State Periphery	443	664	977	1,090	1,083	922	539	378	345	322	294	345	**7,403**
Monthly Availability from Intra-state Generating Stations (MU) at State Periphery	437	567	607	721	795	655	401	240	198	197	199	316	**5,332**
Total Monthly Availability (MU) at State Periphery	880	1,232	1,584	1,810	1,879	1,577	940	618	543	519	492	661	**12,735**
Deficit Power (MU) at State Periphery	(72)	-	-	-	-	-	(154)	(440)	(499)	(559)	(666)	(436)	**(2,827)**
Deficit Power (MU) Ex Bus	(75)	-	-	-	-	-	(160)	(457)	(518)	(579)	(691)	(453)	**(2,933)**
Surplus Power (MU) at State Periphery	-	379	607	767	820	496	-	-	-	-	-	-	**3,069**
Surplus Power (MU) Ex Bus	-	393	630	796	851	515	-	-	-	-	-	-	**3,184**
Net Surplus/(Deficit) (Ex Bus)	**(75)**	**393**	**630**	**796**	**851**	**515**	**(160)**	**(457)**	**(518)**	**(579)**	**(691)**	**(453)**	**251**

7.6.45 Based on the analysis of month-wise energy demand and supply considering the firm sources, it is observed that the Petitioner shall be in some deficit during the months from October to April while there would be surplus during summer and monsoon months. The Petitioner has proposed to undertake banking arrangements to meet the deficit during winter months. The Commission advises the Petitioner to optimize its power procurement to benefit the Consumers by planning in advance for its surplus/deficit power for FY 2023-24.

7.6.46 It is observed that in the recent years, the Petitioner has been incurring significant additional charges under the DSM mechanism. These additional surcharges are a reflection of poor planning of demand and supply. In the previous Tariff Order dated 29.03.2022, the Commission had directed the Petitioner to undertake steps for reducing the impact of the same on the Consumers as under:

"The Petitioner is directed to undertaken use of software and tools for better demand estimation and scheduling of power from various sources which would eliminate / reduce large incidence of additional surcharge. In event of Petitioner unable to do so, the Commission shall be constraint to disallow such additional surcharge in future Truing-up."

7.6.47 The Commission reiterates its aforesaid directive with respect to prudence in power procurement planning. Further, the issue highlighted by the Petitioner on account of difference in State and Central DSM Regulations be taken up separately as the matter pertains to the Regulations and cannot be taken up as part of this Tariff Order. The Petitioner cannot take the excuse of Regulations for its poor power purchase planning.

7.6.48 The Petitioner is required to take prior approval of the Commission for any power purchase from sources other than approved in this Order. However, in case of exigency, the Petitioner may opt for short term power procurement through the DEEP portal of GoI and/or at the platform of Power Exchanges with intimation to the Commission. The price of such power procured shall be capped at the Average cost of Supply determined by the Commission in this Order. Also, the Petitioner shall take the post facto approval of the Commission justifying its action. In absence of such approval, power purchased from sources other than approved in this Order shall be disallowed and not passed through in the ARR.

7.7 Power Purchase Cost

7.7.1 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.

7.7.2 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. In line with the revised Tariff Regulations, Tariff Orders of some of the generating stations like Unchahar-I, Unchahar-II, Unchahar-III, Unchahar-

IV, Rihand-II, Koteshwar HPS, Tehri HPS, Dhauliganga HPS, Nathpa Jhakri HEP and Rampur HEP are issued. For the plants for which the Tariff Orders are not issued, the impact on the fixed cost for central generating stations cannot be determined with certainty at the time of issuance of this Order. In the absence of the Tariff Orders for some of the 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

7.7.3 The Commission has issued MYT Order for Generation Business for the fourth Control Period dated 11th November 2021 and has approved the capital cost and Tariff for hydel stations.

7.7.4 In view of the above, the Commission has considered the AFC determined by the Commission in the MYT Order for the respective years. For generating stations where generic Tariff is applicable (i.e., Ghanvi, Khauli, Thirot, Gumma, Holi, Bhaba Aug, Sal-II, Killar, Ligthi and Billing), 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. In case of Ghanvi II HEP, the Commission has considered the Tariff of Rs. 3.16 per unit as approved in the Project Specific Levelized Tariff for Ghanvi II HEP vide Order dated 28.09.2022 in Petition No. 27/2022.

Cost of Free Power

7.7.5 The purchase rate of free power available to HPSEBL from GoHP has been fixed at 257 Paise/unit for FY 2023-24 in line with the Commission's latest Order dated 28.03.2023. Accordingly, the Commission has considered the rate of 257 Paise/unit for procurement of free power from GoHP for FY 2023-24.

Cost of Power from NPCIL Stations

7.7.6 The Commission has considered the charges as per actuals of 6 months of FY 2022-23 submitted by HPSEBL in Form 4a for the NPCIL stations with an escalation of 4% to arrive at the power purchase cost for FY 2023-24. The charges arrived at by applying 4% increase for FY 2023-24 is almost similar to the charges as estimated by the HPSEBL. Accordingly, the Commission has approved the charges for FY 2023-24 for NAPP and RAPP (V & VI). Further, the Petitioner has submitted that RAPP – VII is expected to get Commissioned in FY 2023-24 and accordingly, the charges approved by the Commission for RAPP – VII is taken as submitted by the Petitioner for FY 2023-24.

Cost of Power from BBMB and Other Plants

7.7.7 For BBMB Old Station, BBMB New, Dehar, Khara, Shanan and Pong Stations, the Commission has considered an escalation of 3% per annum y-o-y on the actual power purchase cost as submitted by HPSEBL for FY 2021-22 in Form 4a, for arriving at charges for FY 2023-24.

7.7.8 For Yamuna stations, Commission has considered the power purchase cost as approved by the Uttarakhand Electricity Regulatory Commission (UERC) in its Tariff Order on Approval of Business Plan and MYT for Fourth Control Period (FY

2022-23 to FY 2024-25) dated 31.03.2022 for FY 2023-24, for arriving at charges for FY 2023-24.

7.7.9 Any additional changes in Tariff from these stations shall be considered at the time of Truing-up for FY 2023-24.

Cost of Power from SJVNL Plants

7.7.10 For SJVNL stations, the Commission has considered the charges for FY 2023-24 as approved by the CERC for NJHPS and RHPS in Tariff Orders dated 16.09.2021 and 24.01.2022 respectively.

Cost of Power from IPPs and Private SHPs

7.7.11 The Commission has considered the Tariff for Baspa-II Plant for FY 2023-24 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.

7.7.12 For projecting the power purchase cost from private SHPs, average rate of power from private SHP during FY 2021-22 has been considered along with likely quantum of power being available from various private SHPs in FY 2023-24.

7.7.13 Average Power Purchase Cost (APPC) for purchase of power from SHPs generators in the State availing REC facility has been considered at the rate of Rs. 2.57/ unit as determined by the Commission under Para 7.7.33 of this Order.

Cost of Additional Solar Power

7.7.14 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 2021-22. Similarly, as per the SECI agreement, power from SECI has been considered at a rate of Rs. 5.50 per unit for FY 2023-24 which includes STU charges payable in Rajasthan.

7.7.15 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

7.7.16 The Tariff Orders of some of the NTPC thermal stations like Unchahar-I, Unchahar-II, Unchahar-III, Unchahar-IV, Rihand-II have been issued by the CERC. Therefore, the Commission has considered the Fixed Charges as per these Tariff Orders for FY 2023-24.

7.7.17 In the absence of Tariff Orders of the respective years for some of the CGS not mentioned above, the Commission has considered the Fixed Charges as per actual for FY 2021-22 submitted by HPSEBL with an escalation of 3% y-o-y to arrive at the fixed cost for FY 2023-24 and has applied the allocation to the State of HP for approving the fixed cost from the respective CGS plants for FY 2023-24.

7.7.18 Further, the Petitioner has appraised the Commission regarding additional financial implications on HPSEBL on account of ash transportation charges of the NTPC stations on account of change in law event vide MoEF & CC, GoI Notifications dated 03.11.2019 & 25.01.2016.

7.7.19 The variable cost for NTPC thermal generating stations, including Fuel Price Adjustment (FPA) for the Control Period has been based upon the actual power purchase data for FY 2021-22, as submitted by HPSEBL in Form 4a. An escalation of 4% each year has been applied to arrive at the variable cost for FY 2023-24. Other Charges (per unit) have been considered at the same level as per actuals of FY 2021-22 submitted by HPSEBL in Form 4a.

7.7.20 The Commission is of the view that any additional changes in Tariff from NTPC stations on account of revised Tariff for FY 2023-24 and any other associated charges shall be considered at the time of Truing-up for FY 2023-24.

Cost of Power from NHPC Plants

7.7.21 The Tariff Orders for Salal HEP, Chamera-I HEP and Dhauliganga HEP have been issued by the CERC. Therefore, the Commission has considered the charges as per these Tariff Orders for FY 2023-24.

7.7.22 For other NHPC stations, the Tariff Orders for 2023-24 are yet to be issued by CERC. Therefore, the Commission has considered an annual escalation of 3% y-o-y on the actual fixed and Energy Charges for FY 2021-22 as submitted by HPSEBL in Form 4a and has applied the allocation of power from these plants to the State of HP to compute the total charges payable by the Petitioner in FY 2023-24. The other charges paid by NHPC are considered at the level as actually paid by HPSEBL as per actuals for FY 2021-22.

Cost of Waste to Energy Plants

7.7.23 The Commission has retained the power purchase cost from waste to energy project as approved by in the MYT Order dated 29.06.2019 for FY 2023-24.

Power Purchase from HPPCL Projects

7.7.24 For HPPCL projects of Kashang HEP, Sawra Kuddu HEP and Sainj HEP, the Commission has considered a provisional rate of Rs. 3.40 per unit as approved by the Commission vide Order dated 13.02.2023 in Petition No. 05 of 2023. Changes on account of approval of Tariff for the respective stations based on the Petition filed by HPPCL shall be considered at the time of Truing-up for FY 2023-24.

Power Procurement from CGS (Hydro) stations from which HP's SoR share were surrendered in the year 2014

7.7.25 In the absence of Tariff Order for Chamera III and Parbati III, the Commission has considered the Energy Charges as proposed by the Petitioner for FY 2023-24. For Tehri HEP and Koteshwer HEP, the Commission has considered the charges as per the Tariff Orders issued by the CERC for FY 2023-24. For Koldam HEP against SoR share, the Commission has considered the annual charges as approved in the Tariff Order for Koldam HEP for FY 2023-24.

Price for purchase of power by Discom without green attributes under REC mechanism

7.7.26 The Central Electricity Regulatory Commission notified the CERC (Terms and Conditions for Renewable Energy Certificated for Renewable Energy Generation) Regulations, 2010 (CERC REC Regulations, 2010) on 14th January 2010, for the development of market in power from Non-Conventional Energy Sources by issuance of transferable and saleable credit certificates – Renewable Energy Certificates (RECs).

7.7.27 The aforesaid Regulations provided that a generating company engaged in generation of electricity from Renewable Energy sources shall be eligible to apply for registration for issuance of and dealing in Certificates if it sells the electricity generated either:

(i) to the distribution licensee of the area in which the eligible entity is located, at the pooled cost of power purchase of such distribution licensee as determined by the Appropriate Commission, or

(ii) to any other licensee or to an open access Consumer at a mutually agreed price, or through power exchange at market determined price. For the purpose of the said Regulations 'Pooled Cost of Purchase' means the weighted average pooled price at which the distribution licensee has purchased the electricity including cost of self-generation, if any, in the previous year from all the energy suppliers long-term and short-term, but excluding those based on Renewable Energy sources, as the case may be.

7.7.28 Accordingly, the Himachal Pradesh Electricity Regulatory Commission notified the Himachal Pradesh Electricity Regulatory Commission (Renewable Power Purchase Obligation and its Compliance) Regulations, 2010(HPERC REC Regulations, 2010), which were published in the Rajpatra, Himachal Pradesh, dated29thMay 2010 and subsequently also amended the same from time to time.

7.7.29 However, on 9th May 2022, the Central Electricity Regulatory Commission (CERC) has notified CERC (Terms and Conditions for Renewable Energy Certificates for Renewable Energy Generation) Regulations, 2022 (CERC REC Regulations, 2022) repealing the CERC REC Regulations, 2010.

7.7.30 As per the CERC REC Regulations, 2022, a Renewable Energy Generating Station shall be eligible for issuance of Certificates, if it meets the following conditions:

a) the Tariff of such renewable energy generating station, for part or full capacity, has not been either determined or adopted under Section 62 or Section 63 of the Electricity Act, 2003 respectively, or the electricity generated is not sold directly or through an electricity trader or in the Power Exchange, for RPO compliance by an obligated entity:

b) Such Renewable Energy Generating Station has not availed any (i) waiver of or concessional transmission charges or (ii) waiver of or concessional wheeling charges.

7.7.31 Accordingly, the Himachal Pradesh Electricity Regulatory Commission has notified the Himachal Pradesh Electricity Regulatory Commission (Renewable Power Purchase Obligation and its Compliance) Regulations,2023 on 24th February 2023 repealing the HPERC REC Regulations, 2010. The HPERC REC Regulations 2023 provide as under:

> *"**10. Purchase of Electricity under REC Mechanism.-** (1) The term, 'Energy Purchased under REC Mechanism', shall mean the energy purchased by an Obligated Entity from RE Sources, under the Power Purchase Agreement(s) or any other arrangement signed by it on or after, 18th January, 2010 with specific provisions that such purchase shall not entitle the Obligated Entity to deal with the green attributes for the quantum of energy so purchased.*
>
> *(2) The Commission may, fix the rate and other associated conditions, by duly taking into account the Average Cost of Power Purchase by the Distribution Licensee, at such interval as it may consider appropriate, for purchase of electricity by the Distribution Licensee, under REC mechanism:*
>
> *Provided that the rate fixed by the Commission for Average Pooled Purchase Cost (APPC) under REC mechanism vide its Order dated 03.01.2022 in Suo-Moto Petition No. 28/2021 shall be considered as the rate fixed under this Regulations for the period upto 31.03.2023."*

7.7.32 In view of above, the Commission fixes the rate of APPC under REC mechanism as a weighted average rate of all the power estimated by the Commission to be procured by the Distribution Licensee for FY 2023-24 from Renewable Energy Sources for which the rates have already been determined/ fixed.

7.7.33 Accordingly, this rate comes out to be Rs. 2.57 per unit for purchase of electricity by the Distribution Licensee, under REC mechanism during FY 2023-24. The detail calculation of the same is as under.

Table 121: Calculation of Rate of Power Purchase of Electricity by the Distribution Licensee under REC Mechanism for FY 2023-24

Name of Station/ Source	MUs	Cost (Rs. Cr.)	Rate (Rs/ unit)
Own Generation			
Bhaba	459.12	43.36	0.94
Bassi	344.40	21.10	0.61
Giri	287.52	39.85	1.39
Andhra	86.43	12.55	1.45
Ghanvi	81.15	18.26	2.25
Baner	52.85	12.25	2.32
Gaj	33.38	10.18	3.05
Larji	510.20	64.86	1.27
Khauli	43.65	9.82	2.25
Binwa	29.05	7.18	2.47
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	3.60	3.69
Rongtong	7.56	2.96	3.91

Name of Station/ Source	MUs	Cost (Rs. Cr.)	Rate (Rs/ unit)
Sal-II	7.79	1.75	2.25
Chaba	7.59	2.56	3.37
Rukti	6.47	0.57	0.88
Chamba	1.75	0.56	3.20
Killar	1.15	0.26	2.25
Ghanvi II	48.49	15.32	3.16
Ligthi	0.33	0.07	2.25
Billing	0.44	0.10	2.25
Total - Own Generation	**2,077.67**	**280.35**	**1.35**
GoHP Free Power			
Baira Siul	68.92	17.71	2.57
Chamera-I	224.27	57.64	2.57
Shanan Share	2.63	0.68	2.57
Ranjeet Sagar Dam Share	69.90	17.96	2.57
Malana	66.60	17.12	2.57
Baspa – II	155.91	40.07	2.57
Ghanvi	11.07	2.84	2.57
Baner	7.21	1.85	2.57
Gaj	4.55	1.17	2.57
Larji	69.57	17.88	2.57
Khauli	5.95	1.53	2.57
Ghanvi II	6.24	1.60	2.57
Kashang	31.63	8.13	2.57
Chanju	20.60	5.29	2.57
Small HEP/Private Micro – Free	171.44	44.06	2.57
Total – GoHP Free Power	**916.49**	**235.54**	**2.57**
NTPC			
Koldam HEP	477.68	272.32	5.70
Total - NTPC	**477.68**	**272.32**	**5.70**
NHPC			
Salal	33.15	9.27	2.80
Tanakpur	17.52	6.79	3.87
Chamera-I	70.53	14.93	2.12
Chamera-II	47.01	12.37	2.63
Uri	77.64	18.03	2.32
Dhauliganga	41.38	11.73	2.83
Total - NHPC	**287.23**	**73.12**	**2.55**
Other CG & Other Shared Stations			
BBMB Old	43.80	4.47	1.02

Name of Station/ Source	MUs	Cost (Rs. Cr.)	Rate (Rs/ unit)
BBMB New	352.12	28.36	0.81
Dehar	176.62	16.14	0.91
Pong	41.13	2.68	0.65
Shanan (available to HPSEBL)	5.26	0.45	0.86
Shanan Ext (available to HPSEBL)	45.00	3.44	0.76
Yamuna (Dhakrani, Dhalipur, Chibro, Khodri and Kulhal)	448.46	69.48	1.55
Khara	65.63	4.06	0.62
Total – Other CG & Other Shared Stations	**1,178.01**	**129.09**	**1.10**
SJVNL			
Nathpa Jhakri HEP	171.95	43.35	2.52
Nathpa Jhakri Equity	1,531.51	386.17	2.52
Rampur SOR	53.83	25.29	4.70
Rampur Equity	499.96	234.89	4.70
Total - SJVNL	**2,257.25**	**689.70**	**3.06**
Other IPPs & Private SHPs			
Small HEP/ Private Micro<5MW	1,303.42	379.29	2.91
Small HEP/ Private Micro>5MW	512.55	168.63	3.29
Small HEP/ Private Micro – REC	316.56	81.36	2.57
Baspa - II	1,050.06	234.16	2.23
Baspa - II Secondary Energy	91.83	38.85	4.23
Total – IPPs & Private SHPs	**3,274.42**	**902.29**	**2.76**
Solar			
Singrauli Solar	20.27	15.95	7.87
SECI Solar	42.07	23.14	5.50
Additional Solar Power	88.16	38.88	4.41
Total - Solar	**150.50**	**77.97**	**5.18**
Co-Gen			
Waste to Energy (WTE)	**24.53**	**19.38**	**7.90**
CGS Hydro share Buy Back			
Chamera III HEP	33.63	13.45	4.00
Parbati III HEP	21.08	6.54	3.10
Koteshwar HEP	29.71	16.14	5.43
Tehri HEP	85.13	34.55	4.06

Name of Station/ Source	MUs	Cost (Rs. Cr.)	Rate (Rs/ unit)
Koldam HEP	107.00	61.00	5.70
Total from CGS Hydro share Buy Back	**276.55**	**131.68**	**4.76**
Grant Total	**10,920.33**	**2,811.43**	**2.57**

Source-wise Power Purchase Cost

7.7.34 Based on the principles discussed above, the table below summarizes power purchase cost of each plant for FY 2023-24.

Table 122: Approved Power Purchase Cost for FY24 (Rs. Cr.)

Name of Station/ Source	MUs	Cost (Rs. Cr.)	Rate (Rs/ unit)
Own Generation			
Bhaba	459.12	43.36	0.94
Bassi	344.40	21.10	0.61
Giri	287.52	39.85	1.39
Andhra	86.43	12.55	1.45
Ghanvi	81.15	18.26	2.25
Baner	52.85	12.25	2.32
Gaj	33.38	10.18	3.05
Larji	510.20	64.86	1.27
Khauli	43.65	9.82	2.25
Binwa	29.05	7.18	2.47
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	3.60	3.69
Rongtong	7.56	2.96	3.91
Sal-II	7.79	1.75	2.25
Chaba	7.59	2.56	3.37
Rukti	6.47	0.57	0.88
Chamba	1.75	0.56	3.20
Killar	1.15	0.26	2.25
Ghanvi II	48.49	15.32	3.16
Ligthi	0.33	0.07	2.25
Billing	0.44	0.10	2.25
Total - Own Generation	**2,077.67**	**280.35**	**1.35**
GoHP Free Power			
Baira Siul	68.92	17.71	2.57
Chamera-I	224.27	57.64	2.57
Shanan Share	2.63	0.68	2.57
Ranjeet Sagar Dam Share	69.90	17.96	2.57

Name of Station/ Source	MUs	Cost (Rs. Cr.)	Rate (Rs/ unit)
Malana	66.60	17.12	2.57
Baspa – II	155.91	40.07	2.57
Ghanvi	11.07	2.84	2.57
Baner	7.21	1.85	2.57
Gaj	4.55	1.17	2.57
Larji	69.57	17.88	2.57
Khauli	5.95	1.53	2.57
Ghanvi II	6.24	1.60	2.57
Kashang	31.63	8.13	2.57
Chanju	20.60	5.29	2.57
Small HEP/Private Micro – Free	171.44	44.06	2.57
Total – GoHP Free Power	**916.49**	**235.54**	**2.57**
NTPC			
Unchahar-I	1.55	0.74	4.82
Unchahar-II	78.81	39.17	4.97
Unchahar-III	51.51	25.87	5.02
Rihand-1 STPS	261.25	67.42	2.58
Rihand-2 STPS	244.26	59.84	2.45
Rihand-3 Units-1,2	273.37	83.37	3.05
Singrauli STPS	23.31	5.66	2.43
Kahalgaon – II	140.73	57.51	4.09
Dadri-II TPS	10.82	6.07	5.61
Koldam HEP	477.68	272.32	5.70
Tanda II	13.88	6.45	4.65
Unchahar IV	7.01	3.61	5.15
Total - NTPC	**1,584.15**	**628.02**	**3.96**
NPCIL			
NAPP	101.51	31.90	3.14
RAPP (V & VI)	108.26	44.04	4.07
RAPP VII	94.90	42.70	4.50
Total – NPCIL	**304.66**	**118.64**	**3.89**
NHPC			
Salal	33.15	9.27	2.80
Tanakpur	17.52	6.79	3.87
Chamera-I	70.53	14.93	2.12
Chamera-II	47.01	12.37	2.63
Uri	77.64	18.03	2.32
Dhauliganga	41.38	11.73	2.83
Total - NHPC	**287.23**	**73.12**	**2.55**

Name of Station/ Source	MUs	Cost (Rs. Cr.)	Rate (Rs/ unit)
Other CG & Other Shared Stations			
BBMB Old	43.80	4.47	1.02
BBMB New	352.12	28.36	0.81
Dehar	176.62	16.14	0.91
Pong	41.13	2.68	0.65
Shanan (available to HPSEBL)	5.26	0.45	0.86
Shanan Ext (available to HPSEBL)	45.00	3.44	0.76
Yamuna (Dhakrani, Dhalipur, Chibro, Khodri and Kulhal)	448.46	69.48	1.55
Khara	65.63	4.06	0.62
Total – Other CG & Other Shared Stations	**1,178.01**	**129.09**	**1.10**
SJVNL			
Nathpa Jhakri HEP	171.95	43.35	2.52
Nathpa Jhakri Equity	1,531.51	386.17	2.52
Rampur SOR	53.83	25.29	4.70
Rampur Equity	499.96	234.89	4.70
Total - SJVNL	**2,257.25**	**689.70**	**3.06**
Other IPPs & Private SHPs			
Small HEP/ Private Micro<5MW	1,303.42	379.29	2.91
Small HEP/ Private Micro>5MW	512.55	168.63	3.29
Small HEP/ Private Micro – REC	316.56	81.36	2.57
Baspa - II	1,050.06	234.16	2.23
Baspa - II Secondary Energy	91.83	38.85	4.23
Total – IPPs & Private SHPs	**3,274.42**	**902.29**	**2.76**
Solar			
Singrauli Solar	20.27	15.95	7.87
SECI Solar	42.07	23.14	5.50
Additional Solar Power	88.16	38.88	4.41
Total - Solar	**150.50**	**77.97**	**5.18**
Co-Gen			
Waste to Energy (WTE)	**24.53**	**19.38**	**7.90**
Additional Purchases: (HPPCL Projects)			
Kashang HEP	211.00	71.74	3.40

Name of Station/ Source	MUs	Cost (Rs. Cr.)	Rate (Rs/ unit)
Sawra Kuddu HEP	331.58	112.74	3.40
Sainj HEP	138.48	47.08	3.40
Total from HPPCL Projects	**681.07**	**231.56**	**3.40**
CGS Hydro share Buy Back			
Chamera III HEP	33.63	13.45	4.00
Parbati III HEP	21.08	6.54	3.10
Koteshwar HEP	29.71	16.14	5.43
Tehri HEP	85.13	34.55	4.06
Koldam HEP	107.00	61.00	5.70
Total from CGS Hydro share Buy Back	**276.55**	**131.68**	**4.76**
Grant Total	**13,012.54**	**3,517.34**	**2.70**

7.8 PGCIL Charges

7.8.1 HPSEBL in its Petition has submitted that the CERC (Sharing of Inter-state Transmission Charges and Losses) Regulations, 2020 dated 4th May, 2020 has come in effect from 1st November, 2020. Petitioner has also submitted that there is likely to be capacity addition/Tariff revisions, FERV, cess etc. on the transmission network of PowerGrid every year. Therefore, based on the Inter-state Transmission charges incurred in FY 2021-22, the Petitioner has projected the Inter-state Transmission charges for FY 2023-24 by applying 10% escalation year on year basis on actuals of FY 2021-22.

7.8.2 In addition to the above, the Petitioner has submitted that it has been paying bilateral charges towards the transmission system created by POWERGRID Kala Amb Transmission Assets (PKATL assets) from July 2017 onwards i.e., GIS Sub-station 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 under protest for the period July 2017 onwards in line with the CERC Order dated 18.09.2018 in Petition No. 104/MP/2018 wherein the CERC has allowed recovery of 84.5% of total annual charges from HPSEBL till the downstream network is made ready by HPPTCL.

7.8.3 The Hon'ble APTEL in the Judgment dated 9th May, 2022 in APL No. 343/2018 has set aside the CERC Order dated 18th September, 2018 in Petition No. 104/MP/2018 and directed CERC to pass a fresh & reasonable Order within three months from the date of this Judgment. The observations of Hon'ble APTEL are reproduced below:

> *"26. It is, thus, clear that all the LTTCs shall pay the monthly transmission charges as per the methodology specified under PoC mechanism. There is no provision under the TSA where only single entity can be levied upon with 100% transmission charges for certain elements.*

27. The matter was also deliberated amongst the beneficiaries including PGCIL during the 37th meeting of the Technical Coordination Sub-Committee (TCC) & 40th meeting of the Northern Regional Power Committee (NRPC), wherein it was agreed and resolved that:

"C.16 Review on exemption on levy of Transmission Charges for PGCIL assets when downstream system due to legitimate constraints could not be developed on or before COD

TCC Deliberation *C.16.1 Representative of HPSEBL requested the Committee to consider exemption on levy of transmission charges on DISCOM and include the same in PoC till the Commissioning of downstream system for following systems:*

- *2 No. 220kV bays at 400/220 kV Sub-Station Hamirpur:*
    - *2 No. bays out of 4 No. bays of the said substation are still not being used by HPSEBL.*

- *6 No. bays of 400/220 kV Sub Station Kala Amb.*
    - *Due to forest clearance and land acquisition related issues HPSEBL could not develop downstream system for usage of 6 No. bays of said substation of PGCIL.*

C.16.2 He further stated that on account of several constraints it was not possible to Commission the downstream network exactly matching with the Commissioning of ISTS system. It was also highlighted that the Commissioning of ISTS system benefit the regional power system in form of improved reliability. He suggested that the Tariff of the ISTS system should be included in PoC charges instead of charging the same from a single utility.

C.16.3 The views of HPSEBL were supported by other members including POWERGRID.

C.16.4 In view of consensus in the matter, TCC agreed that the opinion of the members may be forwarded by Member Secretary, NRPC to CERC for consideration.

NRPC Deliberation

C.16.5 Committee concurred with the TCC deliberations."

28. From the above, the beneficiaries including PGCIL agreed to the request of the Appellant for sharing of the transmission charges under PoC mechanism for the complete Kala Amb Transmission system.

29. The CERC Regulations on Sharing of Transmission Charges clearly spelt out the mechanism to be followed for determination of share of each beneficiary i.e., LTTC, presently under PoC mechanism. There is no mention of downstream or upstream network matching condition under which specific LTTC can be penalized.

30. Contrary to above, CERC has, in contravention to the prevailing laws, the provisions of the TSA and its own notified Regulation, passed the impugned Order."

7.8.4 In compliance to the Hon'ble APTEL Judgment dated 9th May, 2022, CERC has heard the Petition No. 104/MP/2018 afresh on 14th June, 2022. The Petitioner has prayed the CERC that 84.5% of the transmission charges paid by the Petitioner in terms of the bilateral bills issued by the Respondent No.1 (PKATL) be refunded along with the interest amount.

7.8.5 After hearing the parties, CERC has reserved the Order in the matter. The fresh Order of the CERC in this regard is awaited.

7.8.6 The Commission has scrutinised the submissions made by the Petitioner with respect to Inter-state transmission charges. It is observed that the PGCIL charges have increased significantly on account of CERC Sharing Regulations, 2020 and as a result, the actual Inter-state transmission charges in FY 2021-22 were higher than the approved transmission charges.

Therefore, the Commission has considered the submissions of the Petitioner of Rs. 463.83 crore with respect to the Inter-state transmission charges. In case of PKATL assets, it is observed that as per the judgement of Hon'ble APTEL dated 9th May, 2022, CERC has heard the Petition No. 104/MP/2018 afresh on 14th June, 2022 and has reserved its Order in the matter. The Commission had also mentioned in 2nd APR Order dated 31.05.2021 for disallowance of cost towards PKATL assets from FY 2023-24 onwards:

"13.5.9 The Petitioner is also directed to take all required steps (including discussion at the management level and co-ordination with HPPTCL) to ensure completion of the downstream transmission network by FY 2022-23 failing which the Commission shall be constrained to disallow these charges from FY 2023-24 onwards. Also, for Hamirpur substation these charges would be disallowed after FY 2021-22"

7.8.7 Therefore, the Commission has not allowed any charges required to be paid by HPSEBL towards PKATL assets during FY 2023-24 as claimed by the Petitioner of Rs. 56.46 crore. However, any changes in expenses towards PKATL assets on actuals shall be considered at the time of Truing-up for FY 2023-24.

7.8.8 Further, in case of non-utilization of bays at Hamirpur Sub/Station, the Commission has disallowed the annual charges of Rs. 1.06 crore in line with its directive in 2nd APR Order dated 31.05.2021:

"13.5.9 The Petitioner is also directed to take all required steps (including discussion at the management level and co-ordination with HPPTCL) to ensure completion of the downstream transmission network by FY 2022-23 failing which the Commission shall be constrained to disallow these charges from FY 2023-24 onwards. Also, for Hamirpur substation these charges would be disallowed after FY 2021-22"

7.8.9 The Commission shall review the actual PGCIL charges for FY 2023-24 at the time of Truing-up based on issuance of CERC Order with respect to the PKATL assets and status of utilization of bays at Hamirpur Sub/Station. The approved PGCIL charges for FY 2023-24 is as follows:

Table 123: PGCIL charges approved by the Commission FY24

Particulars	Projection by Petitioner	Approved
PGCIL charges for FY24	522.00	463.83

Particulars	Projection by Petitioner	Approved
Add: PKATL Assets Annual charges		-
Add: 2 no. Future Bays at Hamirpur-POWERGRID 220kV S/Stn charges		-
Total Inter-state transmission charges	**522.00**	**463.83**

7.9 HPPTCL Charges

7.9.1 The Petitioner has submitted that it has prorated the ARR approved by the Commission for FY 2023-24 vide HPPTCL MYT Order dated 29.06.2019, taking into consideration total LTA of the beneficiaries as 693.5MW i.e., HPSEBL 670 MW, Others LTA = 23.5 MW. Further, the Petitioner has claimed additional charges to be paid towards Bhoktoo sub-station w.r.t. Tariff Order dated 25.7.2020 and charges for Kashang Bhaba transmission line, which have been projected by the Petitioner on pro-rata basis (65 MW share of HPSEBL out of 195 MW) as per Tariff Order dated 26.8.2020.

7.9.2 Also, the Petitioner has submitted that the Interim Power Transmission Agreement (IPTA) was signed on 30th December, 2016 with HPPTCL & thereafter Supplementary Interim Power Transmission Agreement dated 23rd December, 2020 was executed to enhance the energy wheeled capacity from 11.40 MW to 27 MW and accordingly charges for the Phojal Sub-Station & ADHPL's 220 kV dedicated transmission line from Phojal Sub-station to CTU interconnection touch point at Nalagarh have been projected at mutually agreed rates. In case of Phojal Sub/Station, the per MW rates of Rs. 40,000/- per MW/month has been mutually agreed with HPPTCL. The provisional monthly charges @ Rs. 10,80,000/- have been projected by the Petitioner.

7.9.3 Further, the Petitioner has claimed additional charges to be paid towards 33/132kV GIS Sub-station at Chambi (Shahpur) along with 132 kV D/C Dehra-Kangra Transmission Line, which has been approved as per HPERC Transmission Tariff Order dated 28th September, 2022.

7.9.4 Further, the Petitioner has claimed additional charges to be paid towards 33/132kV GIS Sub-station at Pandoh along with LILO of one circuit of 132 kV D/C Kangoo- Bajaura Transmission Line (Asset 1) and Additional 33/132 kV 31.5 MVA Transformer with associated GIS at 33/132 kV Pandoh (Asset-2), which has been approved as per HPERC Transmission Tariff Order dated 28th September, 2022.

7.9.5 Further, the Petitioner have submitted that it has signed the TSA with HPPTCL on 14th July, 2022 for these assets and entire ARR has to be borne by Petitioner until some other beneficiaries come up to HPPTCL for the usage of these transmission assets.

7.9.6 In addition to the above, the Petitioner has claimed other charges based on the Petitions filed by HPPTCL before the Commission/ Hon'ble APTEL which are as follows:

- In terms of The IPTA signed with HPPTCL as mentioned above, the Petitioner is accordingly paying charges for the enhanced capacity of 27MW to M/s ADHPL for the usage of ADHPL 220 kV D/C transmission Line. Further, it is submitted that CERC vide its Order dated 17th October, 2019 in the Petition No. 209/MP/2017 have approved the capital cost of the ADHPL 220 kV D/C transmission Line and determined the AFC from the COD in September 2010 to FY 2013-14 and also determined the AFC for FY 2014-19 control period. However, ADHPL has appealed before Hon'ble APTEL. The Hon'ble APTEL vide Order dated 17th January, 2020 has granted stay on CERC Order except billing prospectively by ADHPL for the usage of their line based on the AFC determined for FY 2018-19. The present LTA on ADHPL 220kV D/C line is 243 MW out of which HPSEBL have 27MW and ADHPL line charges on HPSEBL have been projected accordingly for FY 2023-24 & are subject to final outcome of the ADHPL Petition before Hon'ble APTEL.

- With respect to evacuation of power from Ravi basin via dedicated line of M/s Greenko Budhil HEP, the Petitioner along with HPPTCL had filed a Joint Petition for approval of the same. UERC vide its Order dated 04.12.2020 in Petition No. 31 of 2020 has allowed the evacuation arrangement till 30.09.2021, which was further extended upto 31.10.2022. As per the submissions, HPPTCL's 400kV D/C Twin Moose transmission line is slightly delayed and is expected to be Commissioned latest by March 2023, therefore, the Petitioner has not claimed any expenses towards utilization of Greenko Budhil dedicated transmission line for evacuation of power from generating plants in Ravi basin.
- HPSEBL has PPAs of 17.75 MW with IPPs owned SHP in Parbati river belt in Kullu area and to evacuate the power, the Petitioner utilizes the 132kV double circuit Malana-Bajaura line which is a dedicated transmission line of M/s Malana Power from Malana HEP at Jari to 132/33 kV Bajaura sub-station of HPSEBL. Accordingly, the Petitioner pays provisional monthly charges of Rs. 3,46,236/- to M/s MPCL which is subject to adjustment as per the final Order of Hon'ble APTEL in the Petition filed by M/s MPCL.

7.9.7 The Commission has observed the several components have been claimed by the Petitioner under HPPTCL charges. In respect of transmission elements where the Commission has determined the Tariff or the Petitioner having signed the IPTA, the transmission charges corresponding to the share of HPSEBL has been considered. However, in case of transmission line and Sub-station, where the Tariff is still to be determined, the Commission has considered 80% of the overall cost proposed by the Petitioner and any changes shall be considered at the time of Truing-up. The Commission shall undertake the required prudence check at the time of Truing up of all these transmission charges claimed by HPSEBL. Below is the summary of each transmission line for reference:

a) STU-ARR:

The Commission has approved prorated ARR approved by the Commission for FY 2023-24 vide HPPTCL MYT Order dated 29.06.2019, considering total LTA of the beneficiaries as 693.5 MW i.e., HPSEBL = 670 MW, Others LTA = 23.5 MW, as claimed by the Petitioner.

b) Bhoktoo Sub-station ARR:

The Commission has approved additional charges to be paid towards Bhoktoo substation w.r.t. Tariff Order dated 25.7.2020, as claimed by the Petitioner.

c) Kashang Bhaba Transmission Line (Pro-rata share of 13% for GoHP free power)

The Commission has approved charges for Kashang Bhaba transmission line on pro-rata basis (65 MW share of HPSEBL out of 195 MW) as per Tariff Order dated 26.8.2020, as also claimed by the Petitioner.

d) Phojal 220kV Sub-Station & Associated Line

In terms of IPTA signed on 30th December 2016 with HPPTCL & supplementary IPTA signed on 23rd December 2020 for enhancing energy wheeled capacity from 11.40 MW to 27 MW by HPSEBL, the per MW rates of Rs. 40,000/- per MW/month has been mutually agreed with HPPTCL. Accordingly, the Commission has approved the charges for Phojal sub-station as per the IPTA approved rates, as claimed by the Petitioner.

e) ADHPL 220kV Transmission Line upto Nalagarh CTU Point

In terms of IPTA signed on 30th December 2016 with HPPTCL & supplementary IPTA signed on 23rd December 2020 for enhancing energy wheeled capacity from 11.40 MW to 27 MW by HPSEBL, the per MW rates of Rs. 40,000/- per MW/month has been mutually agreed with HPPTCL. Accordingly, the charges for ADHPL's 220 kV dedicated transmission line from Phojal Substation to CTU interconnection touch point at Nalagarh is claimed by the Petitioner. As the final judgement on ADHPL's Petition before Hon'ble APTEL is pending, therefore, the Commission has considered 80% of the cost proposed by the Petitioner for this line.

f) Chambi GIS Sub-station & Associated Line

The Commission has approved the charges to be paid towards 33/132kV GIS Sub-station at Chambi (Shahpur) along with 132 kV D/C Dehra-Kangra Transmission Line, as per the Commission's Transmission Tariff Order dated 28th September 2022, as also claimed by the Petitioner.

g) Pandoh GIS Sub-station & Associated Line

The Commission has approved the charges to be paid towards 33/132kV GIS Sub-station at Pandoh along with LILO of one circuit of 132 kV D/C Kangoo- Bajaura Transmission Line (Asset 1) and Additional 33/132 kV 31.5 MVA Transformer with associated GIS at 33/132 kV Pandoh (Asset-2), as per the Commission's Transmission Tariff Order dated 28th September, 2022, as also claimed by the Petitioner.

h) Utilization of 132 kV D/C Malana –Bajaura Line of M/s MPCL

The Petitioner utilizes the 132 kV Double Circuit Malana-Bajaura line which is a dedicated transmission line of M/s Malana Power from Malana HEP at Jari to 132/33 kV Bajaura sub-station of HPSEBL. As the adjustment towards the provisional monthly charges paid by the Petitioner is pending before the

Hon'ble APTEL, the Commission has considered 80% of the cost proposed by the Petitioner for this line.

7.9.8 The Commission has observed that the charges claimed by the Petitioner which stand payable to M/s Greenko Budhil HEP or to UPCL specific to evacuation of 26 MW power has no financial implications in FY 2023-24 as the interim arrangement was approved until 31.10.2022. Similarly, with respect to the transmission system of 400/220/66kV GIS Sub-station Wangtoo and associated transmission lines, it is unclear whether the transmission system will be a part of Inter-state transmission system or Intra-state transmission system and hence the impact of the same on the ARR cannot be determined. Accordingly, the Commission has decided to allow cost implications pertaining to the above-mentioned items as per actual at the time of Truing-up for respective years based on prudence check and hence has not considered the same within the ARR of FY 2023-24.

7.9.9 The Commission has scrutinised the submissions made by the Petitioner and in cognizance of the rationale provided by the Petitioner has provisionally approved the amount against various Intra-state transmission assets. However, the Commission will consider the actual cost and extent of usage of the respective transmission assets of HPPTCL at the time of Truing-up for FY 2023-24 based on prudence check. The Petitioner is, therefore, required to provide adequate justification for the extent of utilization of the respective transmission asset along with Truing-up for respective year. HPPTCL charges approved for FY 2023-24 are summarized in table below:

Table 124: Approved HPPTCL Charges for FY24 (Rs. Cr.)

Particulars	Petitioner Submission	Approved
STU-ARR (Pro-rata share of HPSEBL i.e., ARR*670/693.5)	34.48	34.48
Bhoktoo Sub-station ARR	5.80	5.80
Kashang Bhaba Transmission Line (Pro-rata share of 13% for GoHP free power)	0.33	0.33
Phojal 220kV Sub-Station & associated line	1.30	1.30
ADHPL 220kV Transmission Line upto Nalagarh CTU Point	3.96	3.17*
Chambi GIS Sub-station & associated line	12.89	12.89
Arrears - Chambi GIS Sub-station & associated line	0	0
Pandoh GIS Sub-station & associated line	8.65	8.65
Arrears - Pandoh GIS Sub-station & associated line	0	0
Utilization of 132 kV D/C Malana –Bajaura Line of M/s MPCL	0.42	0.34*
Total HPPTCL Charges	**67.85**	**66.95**

**Commission has considered prorate share of 80%*

7.10 Other Power Purchase Related Charges

7.10.1 The Commission has considered the SLDC charges approved by the Commission in its Order dated 12th Aug 2021 for FY 2023-34. The Commission has considered the share of SLDC ARR for FY 2023-24 based on the HPSEBL share of capacity handled in the system for FY 2023-24.

7.10.2 The Petitioner has submitted that the open access charges for FY 2023-24 have been projected in line with the CERC (Sharing of Inter-state Transmission Charges and Losses) Regulations, 2020 and CERC (Connectivity and General Network Access to the Inter-state Transmission System) Regulations, 2022. It has also been submitted that the Discoms are also required to pay the short-term open access charges in terms of Temporary GNA (T-GNA).

7.10.3 As the GNA Regulations are expected to be implemented with effect from 1st April 2023, the impact of same cannot be determined adequately. However, the Commission is of the view that the open access charges claimed by the Petitioner on account of T-GNA is on the higher side as there is a provision of selling of excess GNA in the GNA Regulations. Further, it is understood that the Petitioner shall be under utilising its GNA entitlement during summer and monsoon months. So, the Petitioner would have option to sell it to the DISCOMs with the Petitioner shall be doing Banking arrangements. Therefore, the Commission expects that the Petitioner shall be doing proper analysis for effective utilisation of its GNA capacity. Accordingly, the Commission has provisionally considered the amount of Rs. 90 Crore towards open access charges for FY 2023-24. The same would be Trued-up along with other power purchase cost, based on actual amount paid and doing required prudence check. The summary of SLDC charges and open access charges approved vis-à-vis the submissions of the Petitioner are provided in table below:

Table 125: Approved SLDC & Short-term Open Access Charges for FY24 (Rs. Cr.)

Particulars	Petitioner Submission	Approved
SLDC Charges	3.54	3.24
Open Access charges	127.72	90.00
Total	**131.26**	**93.24**

7.11 Fixing of Trajectory of Reliability Indices

7.11.1 Regulation 34 of the Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011, as amended from time to time, provides as follows:

"34. Quality of Supply and Services-

(1) *The quality of supply and the customer service parameters shall be monitored as per the norms specified by the Commission from time to time.*

(2) *The licensee shall propose baseline and performance trajectory for quality parameters for wheeling and retail supply business in its business plan as specified in the Standards of Performance Regulations framed under sub-section (1) of section 57 and sub-section (1) of section 59, read with clauses (za) and (zb) of sub-section (2) of section 181, of the Act.*

(3) *The Commission shall make an assessment on reliability of baseline data and may prescribe the performance trajectory for each identified parameter for the control period which shall be complied with by the distribution licensee. The Commission shall develop a performance framework to encourage licensees to improve quality of supply and services.*

……"

7.11.2 Further, the Himachal Pradesh Electricity Regulatory Commission (Distribution Performance Standards) Regulations, 2010, as amended form time to time, provide that the Licensee shall declare Reliability Index (RI) in the form of SAIDI & SAIFI in its area of supply and shall publish it in local newspaper having wide circulation in that area and that the Commission shall fix benchmarks for standards of reliability on the basis of data collected for one year and revise the levels to be achieved from time to time for ensuring improvement in the performance of the Licensee.

7.11.3 In view of above, the consolidated values for reliability indices as submitted by the HPSEBL in respect of IPDS towns derived through RT-DAS Software from 01.05.2022 to 31.10.2022 are as under:

Table 126: Reliability Indices as submitted by the Petitioner in respect of IPDS towns

Description	SAIFI	SAIDI (Min.)
Planned	49.17	2350
Un-Planned	19.61	745
Total	**68.78**	**3095**

7.11.4 Further, the HPSEBL has submitted the targeted values of SAIFI required to be achieved under RDSS Scheme as under:

Table 127: Targeted values of SAIFI required to be achieved under RDSS Scheme

FY	SAIFI		Hours of Supply	
	Urban	Rural	Urban	Rural
FY 2022-23	31	125	23.70	21.38
FY 2023-24	28	115	23.71	21.65
FY 2024-25	25	105	23.72	21.98

7.11.5 HPSEBL was asked to submit a formal proposal to the Commission for other reliability indices so that the same could be fixed for FY 2023-24.

7.11.6 Based on the proposal of the HPSEBL, the Commission decides to fix the trajectory for reliability indices for FY2023-24 as under:

Table 128: Trajectory for Reliability Indices for FY2023-24 as approved by the Commission

FY	SAIFI		SAIDI (Min.)		CAIFI		CAIDI (Min.)	
	Urban	Rural	Urban	Rural	Urban	Rural	Urban	Rural
FY 2023-24	28	115	896	1725	11	33	32	15

7.12 Operation and Maintenance (O&M) Expenses

7.12.1 As per the HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011 as amended from time to time, 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 subject to Truing-up in the APR.

7.12.2 HPSEBL in its ARR Petition for FY 2023-24 has claimed O&M expenses to the same level as approved in MPR Order dated 29.03.2022. Also, the Petitioner has claimed one time provision of Rs. 5.00 Cr. towards Public Interaction Programme and connectivity charges for FY 2022-23 and FY 2023-24 as allowed by the Commission vide MYT Order dated 29th June, 2019.

7.12.3 The Petitioner has proposed similar R&M expenses and Employee Cost as approved for FY 2023-24 in the MPR Order for the fourth Control Period dated 29.03.2022. The Commission has, therefore, continued with the approved R&M expenses and Employee Cost, as O&M expenses are controllable in nature and would be scrutinised at the time of Truing-up.

7.12.4 Further, the Petitioner has submitted that the robust connectivity up to Sub-division level is pre-requisite for effective implementation of SAP ISU Billing and SAP ERP systems of HPSEBL. At present around 530 locations of HPSEBL have been covered under SAP ERP and MLPS Fibre connectivity has been provided by HPSEBL at all these locations. Also, at far flung areas, connectivity through VSAT has been provided by HPSEBL and thus HPSEBL is incurring significant expenditure towards the connectivity at Field Locations. Therefore, in view of the one-time expense allowed by the Commission in the MYT Order dated 29.06.2019, the Petitioner has placed award to various Service Providers for enhancement of bandwidth in respect of various Field Locations.

7.12.5 Therefore, the Petitioner has submitted that withdrawing the provision of these expenses at this stage shall adversely impact them. As A&G is a controllable parameter, the Petitioner has prayed the Commission to allow the expenses as per the MYT approved figures in the True Up.

7.12.6 The Commission is of the viewpoint that the charges under Public Interaction Programme are not of new origin and were already covered in the base cost while projecting A&G expenses of the fourth Control Period. Further, the Commission observed that the Petitioner was unable to furnish any documentary evidence in regard to expenses incurred under one time provision of Rs. 5 Cr. Accordingly, the Commission feels it appropriate to discontinue the provision of one-time expense of Rs. 5 Cr from the A&G expense of the fourth control period.

7.12.7 In view of the above, the Commission is continuing with the A&G expenses approved for FY 2023-24 in the MPR Order dated 29.03.2022. In case of any significant increase in A&G expense, the Commission shall review the same at the time of Truing-up for FY 2023-24.

7.12.8 Accordingly, the Commission had approved A&G expense for FY 2023-24 as summarized in table below:

Table 129: Revised A&G Expenses approved by the Commission for FY 2024 (Rs. Cr.)

Particulars	As claimed for FY24	Approved for FY24
Net A&G Expense	47.66	47.66
Add: Provision for one-time expenses	5.00	-
Add: Meter Rent charges for smart meters	14.02	14.02
Total A&G Expense	**66.68**	**61.68**

7.12.9 Further, the Petitioner in its additional submission has submitted that under RDSS Smart Metering scheme, Consumers would get the facility of smart prepaid meters with provision of approximately 28.42 Lakh Meters for Consumers, Feeders and DTs. Under Phase-I of RDSS Smart Metering, approximately 10 Lac Consumers are envisaged to be provisioned with smart meters with prepayment facilities by December, 2023 and balance to be completely rolled out by March, 2025. As per provisions kept in Standard Bidding Document (SBD), payment shall be made to AMISP in shape of lump sum payment and monthly rental payment for the contract period (including implementation & O&M period) of 10 Years. The Petitioner has envisaged that after floating the tenders and after signing contract with 3 No. zone wise AMISPs, work shall be started by July' 2023 and smart meter monthly rental shall be payable from November' 2023 onwards i.e., 5 months till March' 2024.

7.12.10 The Petitioner further submitted that as the Consumer smart metering under RDSS is to be done with prepaid facility, thus, initially, prepaid SAP-ISU licenses would be required for the approximately 10 Lac Consumers envisaged under Phase-I of RDSS Smart Metering. The meter rent service charges in this regard (per Consumer payable from operational acceptance of smart meters) are expected to be approximately Rs. 100 including GST per meter per month.

7.12.11 The impact on account of meter rent service charges, prepaid SAP-ISU licenses and ATS of these prepaid SAP-ISU licenses for smart meters in addition to the approved A&G expenses for FY 2023-24, as claimed by the Petitioner is as below:

Table 130: Impact of RDSS Phase-I Smart Metering Rental Charges & SAP-ISU Prepaid Consumer Licenses in A&G Expense as claimed by the Petitioner for FY24 (Rs.)

	Particulars	FY 2023-24
Monthly Rental Payment to AMISP for 5 months w.e.f. Nov'23 to March'24	1. Expected Monthly rental per Consumer from date of operation (including GST) (in Rs.)	100
	2. Number of meters to be covered under Phase-I of RDSS Smart Metering (in No.)	10,00,000
	3. Number of Months for which rent is to be paid (in No.)	5
	A. Additional A&G Cost (1x2x3) (Rs. Cr.)	**50 Crore**
Expenditure against SAP-ISU Prepaid Licenses with ATS	1. Per Consumer cost of SAP-ISU prepaid license (in Rs.)	83
	2. No. of Consumers covered under Phase-I of RDSS Smart Metering (in No.)	10,00,000
	*3. **Cost of SAP-ISU prepaid license for 10 Lac Consumers (in Rs.) (1x2) (Rs. Cr.)***	***8.30 Crore***
	*4. **ATS of 10 Lac SAP-ISU prepaid Consumer license @22% for 5 months (in Rs. Cr.)***	***0.76 Crore***
	B. Additional A&G Cost (3+4) (Rs. Cr.)	**9.06 Crore**
Total Additional A&G expenses (A+ B)		**59.06 Crore**

7.12.12 In addition, the Petitioner has prayed to the Commission to approve additional working capital requirement on account of amount as payable to vendors/firms under RDSS scheme till the actual grant is reimbursed from MoP against actual expenses done by HPSEBL, during the True-Up of the respective years.

7.12.13 The Commission observes that that the Petitioner has floated bids twice for appointment of AMISP (Advanced Metering Infrastructure Service Provider) for Smart Prepaid Metering in South, Central and North Zone (Operation) of HPSEBL on DBFOOT basis as per Standard Bidding Document (SBD) released by M/s REC. However, tenders could not be materialized due to non-responsive bidders. The Commission is of the view that as the tenders are not in place till now and expects that there would be further delay considering approval being sought from GoHP for floating the tenders again, therefore it is envisaged that the appointment of the vendor and subsequent implementation of smart metering may not be completed by FY 2023-24. Therefore, the Commission has not approved any additional A&G Expenses claimed by the Petitioner with respect to smart metering. The Petitioner is required to provide all details with respect to the smart metering scheme along with project implementation details as per the finalization of tenders at the time of filing for next Control Period for review of the Commission.

7.12.14 The details of the O&M expenditure approved by the Commission for FY 2023-24 is detailed below:

Table 131: O&M Expense Approved for FY24 (Rs. Cr.)

Particulars	Approved in MPR	Petitioner's Submission	Approved Now
Employee Cost	2,185.86	2,185.86	2,185.86
R&M Expense	118.78	118.78	118.78
A&G Expense	61.68	66.68	61.68
Total O&M Expense	**2,366.32**	**2,371.32**	**2,366.32**

7.13 Depreciation

7.13.1 Depreciation for each year of the 4th Control Period in the MPR Order dated 29.03.2022 has been approved by the Commission. Being a controllable parameter dependent on capitalization, depreciation shall be reviewed at the end of the Control Period.

7.13.2 Therefore, the Commission approves the depreciation for FY 2023-24 as approved in the MYT Order for the fourth Control Period.

7.14 Interest and Financing Charges

7.14.1 The Petitioner has not requested for any change in interest on long-term loans as approved in the MPR Order dated 29.03.2022.

7.14.2 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. Subsequently, in the MPR Order dated 29.03.2022, the Commission had reviewed the interest charges and had excluded the component on the interest on UDAY bonds from the total interest on Long-term Loans approved in the MYT Order.

7.14.3 Accordingly, the interest on long-term loans has been approved as per MPR Order dated 29.03.2022 at Rs. 157.68 Cr. for FY 2023-24.

7.14.4 The same is subject to true-up based on actual at the time of Truing-up of uncontrollable parameters for FY 2023-24.

7.15 Working Capital Requirement

7.15.1 In view of the revision in power purchase cost, allowed receivables, Consumer Security Deposits, etc.; the Commission has re-determined the working capital requirement for FY 2023-24. The revised approved working capital requirement is summarized below:

Table 132: Working Capital Requirement Approved for FY24 (Rs. Cr.)

Particulars	Approved in MYT Order	Petitioner's Submission	Now Approved
O&M Expense for one month	196.44	197.61	197.19
Receivables equivalent to 2 months average billing	926.54	1085.82	1,055.40
Maintenance Spares 15% of the O&M expense for one month	16.25	29.64	29.58
Less: Consumer Security Deposit	538.40	526.64	526.65
Less: One Month Power Purchase	306.28	365.19	345.11
Working Capital Requirement	**294.55**	**421.24**	**410.41**

7.15.2 The interest on working capital has been considered as per the Third Amendment in the MYT Regulations, 2011 dated 22.11.2018. Rate of interest on working capital has been considered equal to one-year State Bank of India (SBI) MCLR as applicable on 1st April 2023 plus 300 basis points. The revised estimates of interest on working capital requirements is as below:

Table 133: Approved Interest on Working Capital for FY24 (Rs. Cr.)

Particulars	Approved in MYT Order	Petitioner's Submission	Now Approved
Working Capital Requirement	**294.55**	**421.24**	**410.41**
Rate of Interest on Working Capital	11.15%	10.00%	11.50%
Interest on Working Capital	**32.84**	**42.12**	**47.20**

7.15.3 The Commission has referred to the Himachal Pradesh Electricity Regulatory Commission (Security Deposit) (Second Amendment) Regulations, 2015 which prescribe 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 2023-24. Further, the revised interest on Consumer Security Deposit is determined as provided in table below:

Table 134: Approved Interest on Consumer Contribution for FY24 (Rs. Cr.)

Particulars	Approved in MYT Order	Petitioner's Submission	Now Approved
Opening Consumer security deposit		498.82	498.83
Additions		27.82	27.82
Closing Consumer security deposit		526.64	526.65
Rate of Interest for Consumer Security Deposit		4.25%	4.31%
Interest on Consumer security deposit	**34.25**	**21.79**	**22.08**

7.15.4 The Commission in the MPR Order dated 29th March, 2022 had allowed LC Charges of Rs. 9.00 Cr. for FY 2022-23. The Petitioner has proposed Rs. 9.90 Cr. towards LC charges for FY 2023-24. The Commission has considered the proposal of the

Petitioner and has approved LC charges as proposed by the Petitioner for FY 2023-24 subject to prudence check.

7.15.5 Based on the details of interest and financing charges discussed above, the revised approved Interest and Finance charges for FY 2023-24 are as below:

Table 135: Approved Interest and Finance Charges for FY24 (Rs. Cr.)

Particulars	Approved in MYT Order	Petitioner's Submission	Now Approved
Interest on Long Term Loans	193.58	193.58	157.68
Interest on Working Capital	32.84	42.12	47.20
Interest on Consumer Deposit	34.25	21.79	22.08
LC Charges	0.00	9.90	9.90
Total Interest and Financing Charges	**260.67**	**267.40**	**236.85**

7.16 Return on Equity

7.16.1 The Petitioner has claimed the Return on Equity as approved in the MYT Order for FY 2023-24.

7.16.2 Considering the controllable nature of the parameter, the Commission has considered the approved RoE for FY 2023-24 as per the MYT Order dated 29.06.2019.

7.17 Non-Tariff and Other Income

7.17.1 For the purpose of projection of non-Tariff income, the Commission has considered the actual non-Tariff income of FY 2021-22 to arrive at non-Tariff income for FY 2023-24.

7.17.2 The non-Tariff income approved by the Commission for FY 2023-24 is summarized in table below:

Table 136: Revised Approved Non-Tariff Income for FY24 (Rs. Cr.)

Particulars	MYT Approved	Petitioner Submission	Now Approved
Non-Tariff Income	**141.23**	**138.12**	**131.24**

7.18 Aggregate Revenue Requirement

7.18.1 The table given below provides a summary view of the Aggregate Revenue Requirement of Distribution business as approved by the Commission for FY 2023-24:

Table 137: Approved Aggregate Revenue Requirement for FY24 (Rs. Cr.)

Particulars	MYT/MPR Approved	Petitioner Submission	Revised ARR	Reference
Power Purchase Expenses for Supply in the State	**3,675.41**	**4,382.28**	**4,141.36**	Section 7.7
Cost of electricity purchase including own generation	*3,157.70*	*3,661.16*	*3,517.34*	Section 7.7
Inter-state Charges	**472.64**	**649.72**	**553.83**	

Particulars	MYT/MPR Approved	Petitioner Submission	Revised ARR	Reference
Power Grid Charges	*380.87*	*522.00*	*463.83*	Section 7.8
Open Access Charges	*91.77*	*127.72*	*90.00*	Section 7.10
Intra-state Charges	**45.07**	**71.40**	**70.18**	
HPPTCL Charges	*33.87*	*67.85*	66.95	Section 7.9
SLDC Charges	*11.20*	*3.54*	3.24	Section 7.10
Operation & Maintenance Costs	**2,357.29**	**2,371.32**	**2,366.32**	Section 7.12
Employee Cost	*2,185.86*	*2,185.86*	*2,185.86*	Section 7.12
R&M Cost	*118.78*	*118.78*	*118.78*	Section 7.12
A&G Cost	*52.65*	*66.68*	*61.68*	Section 7.12
Interest & Financing Charges	**260.67**	**257.50**	**226.95**	Section 7.15
Interest on Working Capital	*32.84*	*42.12*	*47.20*	Section 7.15
Interest on Security Deposit	*34.25*	*21.79*	*22.08*	Section 7.15
Interest on Long term Loans	*193.58*	*193.58*	*157.68*	Section 7.15
LC Charges	-	*9.90*	*9.90*	Section 7.15
Depreciation	178.73	178.73	178.73	Section 7.13
Return on Equity	68.39	68.39	68.39	Section 7.16
Less: Non-Tariff & Other Income	(141.23)	(138.12)	(131.24)	Section 7.17
Aggregate Revenue Requirement	**6,399.26**	**7,129.99**	**6,860.41**	

7.18.2 In addition to the above Distribution ARR, the Commission has considered the following adjustments in ARR of FY 2023-24:

A) Impact of True-up on account of uncontrollable parameters for FY 2021-22 along with carrying cost

7.18.3 The Commission has approved a revenue surplus of Rs. 524.82 Cr (along with carrying cost) towards provisional Truing-up of uncontrollable parameters for FY 2021-22 which has been carried forward and adjusted in ARR of FY 2023-24.

B) Provision towards impact of 6th Pay Commission revision

7.18.4 The Petitioner has claimed impact due to 6th Pay Commission Revision with 10% escalation over the impact of 6th Pay Commission Revision allowed by the Commission for FY 2022-23.

7.18.5 The Commission has reviewed the actual amount of employee expenditure incurred by the Petitioner during FY 2022-23. It was observed that excluding the employee cost towards generation and arrears amount paid during FY 2022-23, an additional amount of Rs. 250 Cr. would be adequate for meeting the higher liabilities on account of increase in salaries on account of 6th Pay Commission Revision. Therefore, the Commission has provisionally approved an amount of Rs. 250 Cr. towards additional impact due to 6th Pay Commission Revision for FY

2023-24. Any changes shall be considered as per actual and prudence check by the Commission.

C) Provision towards impact of Water Cess

7.18.6 The Petitioner has submitted that the GoHP vide notification dated 17.2.2023 has imposed water cess on the usage of water for the generation of electricity through water i.e., hydro generation. Through this notification, the GoHP has imposed water cess with immediate effect on all Hydro Power projects in the State of Himachal Pradesh. Accordingly, the Petitioner has claimed an impact of Rs. 1,094.68 Cr. including an impact of Rs. 192.55 Cr. towards water cess of own generating stations, Rs. 105.60 Cr. towards procurement of GoHP free power and Rs. 796.53 Cr. towards power purchase from within State generating stations (excluding own generation). However, Letter dated 29.03.2023 from the Secretary (Power), GoHP to the Commission has informed that the State Government has decided in principle to neutralize the impact of Water Cess on HPSEBL Consumers. Therefore, the Commission has not allowed any amount towards HP water cess for FY 2023-24.

7.18.7 Additionally, the Petitioner has highlighted that a similar water cess was also imposed by the Government of Uttarakhand which was earlier challenged by NHPC in the Hon'ble High Court of Uttarakhand. Now in compliance to Judgement of Hon'ble Court dated 12.7.2022, the hydro generators have raised the electricity bill including the component of water cess. Accordingly, the Petitioner has claimed an impact of Rs. 9.88 crore due to Uttarakhand Water Cess for FY 2023-24. Therefore, in compliance to the Judgement of Hon'ble High Court of Uttarakhand dated 12.7.2022, the Commission has allowed an amount of Rs. 9.88 Crore towards Uttarakhand water cess for FY 2023-24, as claimed by the Petitioner.

7.18.8 Accordingly, the total revenue requirement for FY 2023-24 including various adjustments is summarised as below:

Table 138: Total Revenue Requirement for FY24 including Past Adjustments (Rs. Cr.)

Particulars	Amount Approved
Annual Revenue Requirement for FY24	**6,860.41**
Add:	
Impact of True Up of Un-Controllable parameters FY22	524.82
Provision towards impact of 6th Pay Commission revision	250.00
Provision towards impact of Uttarakhand Water Cess	9.88
Total Revenue Requirement for FY24	**6,595.47**

7.19 Allocation of Distribution ARR into Wheeling and Retail Supply

7.19.1 As per the MYT Regulations, 2011, the total Distribution ARR for the Control Period has to be allocated between Wheeling and Retail Supply business. The wheeling charges would be calculated on the Wheeling ARR and the Retail Tariffs would be calculated on the Retail Supply ARR.

7.19.2 The Petitioner has proposed the allocation of Distribution ARR into Wheeling and Retail Supply business based on the allocation approved by the Commission. In the 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.

7.19.3 The allocation statement approved by the Commission in the MYT Order for fourth Control Period is as under:

Table 139: Approved Allocation of ARR of Distribution Business

Particulars	Wheeling	Retail Supply
Power Purchase Expenses	0%	100%
PGCIL Charges	0%	100%
HPPTCL Charges	0%	100%
SLDC Charges	0%	100%
Open Access Charges	0%	100%
Employee Expenses	70%	30%
R&M Expense	90%	10%
A&G Expense	60%	40%
Interest and Financing Charges	95%	5%
Depreciation	95%	5%
Return on Equity	100%	0%
Non-Tariff Income	0%	100%
Wheeling Charges	100%	0%

7.19.4 The summary of Wheeling and Retail Supply ARR for the Control Period is shown as follows:

Table 140: Approved ARR of Wheeling Business for FY24 (Rs. Cr.)

Particulars	Amount
Operation & Maintenance Costs*	1,849.01
Interest & Financing Charges	225.02
Depreciation	169.79
Return on Equity	68.39
Less: Wheeling charges recovered from short-term OA Consumers	(12.60)
Aggregate Revenue Requirement	**2,299.60**

** Includes provision considered towards 6th Pay Revision*

Table 141: Approved ARR of Retail Supply Business for FY24 (Rs. Cr.)

Particulars	Amount
Power Purchase Expenses for Supply in the State	4,141.36
Operation & Maintenance Costs*	767.31
Interest & Financing Charges	11.84
Depreciation	8.94
Less: Non-Tariff & Other Income	(118.64)
Aggregate Revenue Requirement	**4,810.81**

** Includes provision considered towards 6th Pay Revision*

8 TARIFF PHILOSOPHY AND DESIGN

8.1 Tariff Principles

8.1.1 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 as amended from time to time, National Tariff Policy and the National Electricity Policy.

8.1.2 The Commission has amended 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 the 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 2023-24.

8.1.3 However, Sub-regulations (3) and (4) of Regulation 41-B of the above Regulations State that during the interim periods, the Commission with an objective of broadly assessing, the trends and levels of category wise cost of supply for indicative purposes shall also carry out suitable exercise based on the available data, suitable assumptions and the concepts as may be considered appropriate. The assumptions and methodologies to be broadly followed for the allocation of costs for the purpose of cost to serve calculations is as follows:

Assumptions:

1) Energy Input: Only the energy input into the State transmission system is considered for Intra-state consumption. Hence, the Commission has not considered energy sale outside the State for its cost-of-supply computation.
2) Category-wise sales have been allocated to different voltages proportionately based on the information made available by the Petitioner for FY 2021-22.
3) As the Petitioner has failed to submit authentic information on losses at different voltage level, the Commission has considered reasonable loss for respective voltage level upon the sales.
4) In the absence of voltage-wise cost of study, segregation of cost has been done based on reasonable estimates as detailed in subsequent Section.

Methodology:

8.1.4 Power Purchase Cost: The total cost of power purchase and own generation (reduced by the component of the sale outside the State) has been distributed over the energy sale grossed up for the losses at the respective level on per unit basis. The per unit power purchase cost has been assessed for various voltage level based on incremental costs corresponding to load factors for the consumption at various levels by adopting merit Order concept.

8.1.5 Losses in the distribution system have been allocated based on the voltage level, ranging from 3.5% for EHV level, 7% for HT level and 15% for LT level.

8.1.6 Cost of Supply to Consumers at 66 kV and above has been determined by allocating 33% of the overall cost according to the sales in this network (66 kV and above) and power wheeled through this network. However, out of the total cost at 66 kV, a cost of Rs. 20 Cr has only been considered for the sales at 66 kV on account of expenses related to metering and billing related infrastructure / manpower cost.

8.1.7 Cost of Supply to Consumers at High Tension (11 kV and above) has been estimated by allocating costs to the sales to HT Consumers and power wheeled to reach the LT network. However, out of the total cost at HT, a cost of Rs 40 Cr has only been considered for the sales at HT on account of expenses related to metering and billing related infrastructure/ manpower cost. It also proportionally includes the cost incurred during the wheeling of power at 66 kV and above network.

8.1.8 Cost of Supply for the Consumers at Low Tension (below 11 kV) level has been estimated by estimating the distribution cost (below 11 kV) and sales to LT Consumers. It also includes the proportional costs incurred for wheeling the power at higher voltage levels (from 220 kV till 11 kV).

8.2 Sales at Various Voltage Level

8.2.1 Based on the voltage-wise sales data provided by the Petitioner for FY 2021-22, the Commission has apportioned the voltage level sales for FY 2023-24 as provided in the table as follows:

Table 142: Estimated Sales at different Voltage Levels for FY24 (MU)

Particulars	Total Sales (MU)	EHT (>=66 kV)	HT (33kV)	HT (>11 kV & <33kV)	LT (<11 kV)
Sales apportioned at different voltage levels		22%	13%	28%	37%
Total Sales (within State)	**11,306**	**2,487**	**1,470**	**3,166**	**4,183**

8.2.2 The cost to serve at different voltage level as calculated on this basis is indicated in the following table:

Table 143: Cost to Serve for FY24

Particulars	Generation bus bar	>=66 kV	>=11 kV	< 11 kV	Total
Energy Input (MU)	11,306.5	11,306.5	8,819.0	4,183.4	
Loss (MU)		-	-	-	-
Sales at respective level (MU)		2,487.4	4,635.6	4,183.4	11,306.5
Cost at respective level (Rs. Cr.)	4,164.2	897.2	947.0	814.6	6,823.1
Cost Allocation (Rs. per unit)					
Power Purchase Cost		2.65	2.47	1.94	
Cost of Losses		0.20	0.28	0.42	
Transmission & Open Access Charges		0.56	0.56	0.56	

Particulars	Generation bus bar	>=66 kV	>=11 kV	< 11 kV	Total
Distribution Cost (>=66kV)		0.87	0.79	0.79	
Distribution Cost (>=11 kV to <= 33KV)			1.16	1.07	
Distribution Cost (< 11 kV)				1.95	
Cost of Serve Model		**4.28**	**5.27**	**6.73**	**6.05**

** Rs. 6.05 per unit is the average cost of supply without considering past gap and carrying cost*

8.2.3 The above cost does not include the impact of the expenses pertaining to the past periods which have been approved at Rs. 524.82 Cr of surplus amount on account of Truing-up of uncontrollable parameters of FY 2021-22 along with carrying cost, provisioning of Rs. 250 Cr for payment of revision in salary on account of 6th Pay Commission, Rs. 9.88 Cr towards impact of Uttarakhand Water Cess. These amounts shall also have to be adjusted to the above stated costs and shall decrease the average cost of supply marginally by about 23 Paise per unit. The total average cost of supply including these provisions adds up to Rs. 5.82 per unit.

8.2.4 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.

8.2.5 In view of the provisions of the MYT Regulations, 2011 and also in the absence of authentic information regarding voltage level cost and losses, the Commission has computed the average cost of supply, as also mandated in the National Tariff Policy and HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011, as amended from time to time, for the purpose of fixation of Tariff for various categories of Consumers for FY 2023-24 of the fourth Control Period.

8.2.6 The average cost of supply computed for FY 2023-24 is provided in the table below:

Table 144: Average Cost of Supply for FY24 based on approved ARR

Particulars	FY23
Approved Aggregate Revenue Requirement (Rs. Cr.)	**6,860.55**
Less: Sale of Surplus Power (Rs. Cr.)	19.76
Net Aggregate Revenue Requirement (Rs. Cr.)	**6,840.79**
Projected Sales (MUs)	11,306.45
Average Cost of Supply (Rs. /unit)	**6.05**

8.2.7 The average cost of supply for FY 2023-24 works out to be Rs. 6.05 per unit which does not include the prior period and other adjustments. Considering the adjustments, the average cost of supply comes out to be Rs. 5.82 per unit.

8.3 Revenue from Existing Tariff

8.3.1 The Commission has computed the revenue from various categories as per the sales approved for FY 2023-24 and the existing applicable Tariff in the respective categories. The summary of the estimated revenue for the FY 2023-24 is summarized in table below:

Table 145: Revenue for FY24 based on Existing Tariff

Consumer Category	Sales (MUs)	Revenue (Rs. Cr.)
Industrial Power Supply		
Small Industries	93	57
Medium Industries	106	63
Large Industries	6,515	3,666
Domestic	2,724	1,397
Irrigation and Drinking Water	783	463
Commercial	695	430
Bulk Supply	158	97
Non-Domestic Non-Commercial	157	98
Public Lighting	12	6
Temporary	63	54
EV Charging Stations	1.45	1
Total	**11,306**	**6,332**

8.4 Revenue from Sale of Power Outside State

8.4.1 The Petitioner has requested the Commission to allow contingency power in FY 2023-24. In this regard, the Petitioner has provided the following reason:

"The energy requirements in the month of April & October are affected by the early onset of season of Summer & Winter or prolonging of Winter & Summer season. Therefore, the daily scheduling of power are done as per the anticipated arrangement of power procurement, daily Schedule of power generation the various Generators (CGS/State Sector/Private). Despite all these arrangements, Day Ahead scheduling of power by HPSEBL is subject variations with the day ahead Schedule of the generators having PPA with HPSEBL. The generators are allowed to revise their Schedule on number of times in a day without restrictions. These fluctuations in day ahead Schedule & intra-day Schedule by the generators are balanced out in the daily Schedules of HPSEBL which is prepared by ALDC wherein contingent power purchase to meet deficits from power exchanges or selling surplus power on the power exchanges on day ahead basis or intra-day basis or real time basis is resorted. The daily power supply availability vs Demand Schedule is prepared one day in advance in terms of the Grid Code and if any shortfall is anticipated on day ahead basis in the Scheduled power supply availability with respect to the Scheduled Demand of the State, power procurement from the Power Exchanges (IEX/PXIL) on merit Order basis is resorted.

Further it is submitted that contingent power purchase/sale on Power Exchanges is daily Schedule / day ahead Schedule balancing activity of the DISCOMs. If the gaps in the time block of the daily Schedule / day ahead Schedule are allowed, DISCOMs will either impose power cuts or resort to contingent purchase from the Power Exchanges. HPSEBL is mandated to provide 24x7 power supply to its Consumers in the State, therefore contingent power purchase from power Exchanges is resorted."

8.4.2 In view of the variability on account of hydro power and uncertain climate conditions, the Commission has decided to allow 200 MUs against contingency power. While the Commission is not considering any revenue against the same, the Petitioner is expected to recover rates in line with the rates as considered for balance power.

8.4.3 For the balance power, the Commission has considered revenue against the same. For determining the revenue from the sales of surplus power, the Commission has observed that the weighted average price of electricity transacted through power exchanges during FY 2021-22 as per the Report on Short-Term Power Market in India: 2021-22 released by Economics Division of Central Electricity Regulatory Commission has been Rs. 4.69 Per unit. Therefore, the Commission has considered a conservative rate of Rs. 4.69 per unit for FY 2023-24 for disposal of surplus power of the Petitioner.

8.4.4 While the Commission has considered a conservative rate for the projection of sale of surplus power, it feels that the Petitioner should be able to sell its surplus energy at better rates considering the fact that the Petitioner is having sufficient renewable power available with it and the rates at the platform of the Power Exchanges are hovering at high rates this year as well.

8.4.5 The Commission expects that 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 the Consumers. Any variation in the rate and quantum of surplus power shall be considered at the time of final Truing-up based on actual and prudence check.

8.4.6 The projected revenue from sales of power outside State is tabulated as follows:

Table 146: Revenue from Sale of Power outside the State for FY24

Parameters	Units (MUs)	Revenue (Cr.)	Cost (Rs. per unit)
Sale of surplus power	42.13	19.76	4.69

8.5 Revenue Surplus/Gap at Existing Tariff for FY24

8.5.1 Taking into account the revenue from sale within State at existing Tariffs, revenue estimated from sale of power outside State for FY 2023-24 is as follows:

Table 147: Revenue Surplus/ Gap for FY24 based on Existing Tariff (Rs. Cr.)

Parameters	Amount
Approved Aggregate Revenue Requirement	**6,860.55**
Add:	
Impact of True Up of Un-Controllable parameters FY22	(524.82)
Provision towards impact of 6th Pay Commission revision (FY22- 3 months and FY23)	250.00
Impact of Uttarakhand Water Cess	9.88
Total Revenue Requirement for FY24	**6,595.61**
Revenue from Sale of Power outside the State (excluding contingency power)	19.76

Parameters	Amount
Revenue from Sale of Power within the State at Existing Tariff	6,332.39
Total Revenue	**6,352.14**
Revenue Surplus/ (Gap)	**(243.46)**

8.5.2 Considering the revenue from existing Tariff, a revenue gap of Rs. 243.46 Cr. is observed for FY 2023-24. This revenue gap also takes into account the adjustments on account of Truing-up of uncontrollable parameters for FY 2021-22 along with carrying cost, impact of Uttarakhand Water Cess and provisioning towards impact of 6th Pay Commission revision on the employee cost.

8.5.3 Therefore, with a view to align the average realization with the average cost of supply for various Consumer categories in line with the road map prescribed in the Tariff Regulations and also to compensate for the above-mentioned revenue gap, the Commission is reviewing the Tariff for various categories in this Order as detailed below:

8.6 Changes in Tariff Structure

8.6.1 In view of the submissions of the Petitioner and other stakeholders with respect to changes in the Tariff applicability and Tariff structure, the proposed and approved Tariff related changes are discussed as below:

Rebate in Energy Charges in Retail Supply to Industrial Consumers

8.6.2 The Petitioner has submitted that the rebate of 10%-15% which is being allowed to Industrial Consumers has resulted in cross subsidized Tariff to the Industrial Consumers with burden to other categories of Consumers of the State. The same is not in line with the Tariff Policy/Regulations which envisage reduction of cross subsidy amongst various categories of Consumers with aim to reduce it to zero.

8.6.3 Further, the Petitioner has submitted that Industrial Policy is not binding on the HPSEBL since the HPSEBL is being governed by various Regulations and Tariff Orders Notified by the Commission. In case, the Government of Himachal Pradesh/ Industry Department desire to give the rebate, the same is required to be compensated by way of advance subsidy as per provisions of Section 65 of Electricity Act.

8.6.4 Further, the Petitioner has submitted that the parameters for giving rebate to the existing Industrial Consumers in case of the substantial expansion as per the Industrial Policy of GoHP is to be certified by Industry Department. In case of multiple substantial expansions, it has become difficult to implement the required provisions as multiple agencies are involved in the process and litigations are being faced. The Consumers are demanding the rebates as per the Industrial Policy whereas HPSEBL is allowing the rebates as approved by the Commission in relevant Tariff Order.

8.6.5 Therefore, the Petitioner has requested the Commission that the existing rebate being allowed as per previous Order be continued. However, for new rebates under Industrial Policy either the same be done away with or the Electrical System Parameters shall be the base for rebate in case of substantial expansion.

8.6.6 The Commission is of the view that the rebate to Industrial Consumers as given in the earlier Tariff Orders has helped in the growth of the energy sales in the State. It is well known fact that the operational cost to serve the Industrial Consumers is less due to the fact that the concentrated large load has to be served at a single location. Also, the technical losses to serve these Consumers are on the lower side as most of the Industrial Consumers are availing supply at higher voltages. The growth in the Industrial consumption is good for the DISCOM till the point the marginal cost of procurement of additional power is less than the average cost of supply. Presently, the fixed cost of the HPSEBL is much higher than its variable cost considering the fact that most of its power purchases are from the hydro sources and also O&M, Depreciation, Interest Cost and Return on Equity costs are also of the fixed nature. The marginal cost for the HPSEBL shall be the additional cost of power procurement to meet the load growth. The Commission feels that this marginal cost shall remain lower to the average cost of supply considering the fact that HPSEBL shall continue to procure power from hydro and solar sources in future. The preferential Tariff of these sources at the present is generally lower than the average cost of supply of the HPSEBL. In view of the above, the Commission decides to continue with the rebate being provided presently to the Industrial Consumers for FY 2023-24 as well. But the same cannot be linked with the Industrial Policy of the GoHP.

Deletion of Clause-Q of General Conditions of Tariff

8.6.7 The Petitioner in its current Petition has submitted that the Clause Q of Part-I of Schedule of Tariff provides for special provisions for Seasonal Industries. As per the prevailing provisions, the seasonal industries will be charged at the rates under relevant category of Commercial Supply Tariff for the Power Consumption during Off-season. In this context, they have submitted that in the billing system, it is not possible to levy Tariff of other category (in this case Commercial Tariff) without changing the Category of the Consumer. Moreover, A&A form, is mandatory as per the provisions of the Supply Code for changing the category of any Consumer and thus, implementation of clause Q of Part-I of Schedule of Tariff is not practically possible in the billing System.

8.6.8 Further, the Petitioner has stated that provisions for Temporary Revision of Contract Demand have been incorporated in the Supply Code and thus, Seasonal Industries can utilize these provisions for effective management of Contract Demand during their off-peak season.

8.6.9 In view of the above, the Petitioner has requested the Commission that Clause Q of Part-I of Schedule of Tariff may be deleted for avoiding ambiguities and for avoiding manual interventions in the Billing System of HPSEBL.

8.6.10 The Commission has noted the concern raised by the Petitioner in implementation of the Tariff provision relating to the Seasonal Industries. The Commission is of the view that there is no need to change the category of the Seasonal Industries to the Commercial Category. The Petitioner can build in the relevant Tariff of Commercial Category for the Seasonal Industries in its software for the off season. However, if the Petitioner still is not able to avoid manual intervention, the Commission shall review this in the next Control Period Tariff fixation after taking the views of all the stakeholders involved.

Amendment in Clause E of General Condition of Tariff i.e., Force Majeure Clause

8.6.11 The Petitioner has submitted that in the force Majeure Clause in Tariff Order w.e.f. 01.06.2021, the Force Majeure event as defined in HP Electricity Supply Code, 2009 and as amended from time to time has been incorporated whereas in the Supply Code 2009, there is no such definition of Force Majeure events. In addition, they have mentioned that prior to the Amendment, the events of lockout, fire or any other circumstances considered by HPSEBL to be beyond the control of Consumer were mentioned.

8.6.12 Therefore, the Petitioner has requested the Commission that the Force Majeure events may be defined specifically in the Tariff Order, so as to deal the cases of Force Majeure being reported by the Consumers. They have also requested to include the competent authority i.e., WTDs of HPSEBL to approve the Force Majeure events reported & defined in the Tariff Order.

8.6.13 A Force Majeure event is a well-defined terminology under the third amendment of HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011 dated 22.11.2018 as summarized below:

"(11-a) "force majeure event" shall mean, with respect to any party, any event or circumstance or combination of events or circumstances including those stated below, which is not within the reasonable control of, and is not due to an act of omission or Commission of that party and which, by the exercise of reasonable care and diligence, could not have been avoided, and without limiting the generality of the foregoing, would include the following events:-

(i) acts of God including lightning, drought, fire and explosion, earthquake, volcanic eruption, landslide, flood, cyclone, typhoon, tornado, geological surprises, or exceptionally adverse weather conditions, or

(ii) any act of war, invasion, armed conflict or act of foreign enemy, blockade, embargo, revolution, riot, insurrection, terrorist or military action, or

(iii) industry-wide strikes and labour disturbances having a wide impact;"

8.6.14 Therefore, the Commission does not find merit in the submissions of the Petitioner for specifying a separate definition within the Tariff Order.

Amendment in Clause E of General Condition of Tariff i.e., Temporary Revision of Contract Demand

8.6.15 The Petitioner has submitted that at present the applicability date of Temporary Revision in Contract Demand has been defined after one month from the date of receipt of application for Temporary Revision of Contract Demand from the Consumers. However, due to Maximum Demand Reset on monthly basis, the effectiveness of Temporary revision of Contract Demand prior to monthly period of MD Reset is not practically feasible, in view of multiple histories and billing issues.

8.6.16 Therefore, the Petitioner has requested the Commission that the Temporary Revision of Contract Demand may be implemented w.e.f. 1st of the subsequent billing month.

8.6.17 This is an issue which pertains to the Supply Code. Therefore, the Petitioner is advised to propose the amendment in the Supply Code separately based on the practical difficulties they are facing in implementing the above clause.

Foot Notes in the Schedule of Tariff in respect of Demand Charges Applicable for Two-Part Tariff Consumers

8.6.18 The Petitioner has submitted that the Demand Charges is charged from Two Part Consumers as per Clause L of General Conditions of Tariff i.e., 90% of Contract Demand or Actual Contract Demand, whichever is higher upto Sanctioned Contract Demand. A footnote is also inserted in Schedule of Tariff except Temporary Meter Supply and Railway Traction Categories.

8.6.19 Therefore, the Petitioner has requested the Commission that Temporary Meter Supply and Railway Traction Categories may also be included for uniform implementation of the Demand Charges and to avoid any misinterpretations by Consumers/Auditors.

8.6.20 The Commission feels it appropriate to include the same for both i.e., Temporary Meter Supply and Railway Traction Categories in the Tariff Schedule.

Categorisation of Tele-communication Towers

8.6.21 Bharti Airtel has requested the Commission to categorize telecommunication towers under the Industry (General) Tariff Category, by prescribing a new Sub-category for IT and IT enabled services.

8.6.22 The Commission has scrutinized the submissions of the Stakeholder and approve inclusion of Tele-communication Towers as IT and IT enabled services to be included within the Industry (General) Tariff Category.

Reduction of Billing Demand from 90% to 80% of the Contracted Demand

8.6.23 The Industrial Consumers have represented that the minimum chargeable Demand should be 80% of the Contract Demand because it is difficult to control the fluctuating load so as to keep it within the Sanctioned Contract Demand. In cases of high Sanctioned Contract Demand, the Consumer is generally not in a position to utilize the full Contract Demand while he has to pay the higher charges. However, if by any chance, he draws more power than the Contract Demand, he pays penal charges. Moreover, in case the chargeable Demand is based on 80% of the Contract Demand, the frequency of revision of Contract Demand would be much less in a year. Whereas, if the Demand Charges are calculated at 90% of the Contract Demand, the Consumer will be required to seek more revisions of Contract Demand in a year. The Industrial Consumers thus, have requested the Commission that, the minimum chargeable Demand should be at the level of 80% as against 90%.

8.6.24 The Commission has scrutinized the submission of the stakeholders and is of the view that the current level of Billing Demand cannot be reduced to 80% as this would result in significant loss of revenue to the Petitioner. Also, the Petitioner is having per unit fixed cost much higher than what has been recovered through Demand/ Fixed Charges. The Commission also agree to the viewpoint of the Consumers covered through Two Part Tariff mechanism to have flexibility in operations for management of Contract Demand. Considering the submission of the Industrial Consumers with respect to frequent revisions required, the Commission feels it appropriate to reduce the billing Demand to 85% of the Contracted Demand. However, the Commission has increased the Energy Charges corresponding to the loss in revenue to the Petitioner to compensate for reduction in Demand Charges revenue and to ensure that the same remains revenue neutral for the Petitioner.

Separate Segment of Consumers between 100 KW and 1000 KW

8.6.25 BBN Industries association have prayed to the Commission to create one segment of Consumers between 100 KW and 1000 KW as the Demand Charges beyond 100 KW increase exponentially from 120 /KVA to 250/KVA which is very detrimental to small units to grow.

8.6.26 The Commission feels that before undertaking any changes with respect to the Tariff Schedule, it is important that the impact of the same on the overall revenue should be ascertained. The Petitioner, therefore, is directed to look into this matter and provide details with respect to number of Consumers, connected load, sales etc. in case of the Consumers having load between 100kW and 1000 kW along with the Tariff filing for the next Control Period.

Tariff Categorization for Tunnel Lighting and Ventilation

8.6.27 The Petitioner in its additional submission have submitted that various tunnels are coming up in the State/ National Highways for which huge Power is required for tunnel lighting and ventilation. Further, the Petitioner has submitted that, there is no specific Tariff Category for providing connection to such Consumers in Tariff Orders, due to which field offices of HPSEBL are facing confusion in providing connections to these Consumers. Therefore, the Petitioner has requested the Commission to propose specific provision under suitable Tariff Category for providing connections to the Tunnel Lighting and Ventilation.

8.6.28 The Commission has scrutinized the submissions of the Petitioner and difficulty faced by the Petitioner in providing connections to Consumers of Tunnel Lighting and Ventilation. The Commission approves consumers of Tunnel Lighting and Ventilation be included within Non-Domestic Non-Commercial (NDNC) category.

Energy Tariff relief for farmers using electrical power beyond 20 kVa collectively for irrigation purpose in Tandi Panchayat, Distt Lahaul & Spitti

8.6.29 Agricultural Consumers in Lahaul District have submitted that the District has hostile climate and rough geographical terrain, harsh and snow bound prolonged winters, single season agricultural work. Since the economy in the region is agriculture based, 99% people depend on agriculture for their livelihood. Further Tandi Village comprising of 20 households and Sumnam Village comprising of cluster of 4 small villages and 30 households are perennial draught prone villages deficient in irrigation waters. During last year (2022), the farmers lifted irrigation water from river basin collectively by installing two pumps with Contract Demands of 38 kVa and 65 kVa respectively. However, GoHP subsidy of Rs. 3.60 per unit is available for limit of 20kVA.

8.6.30 Therefore, the Consumers have requested the Commission to remove the restriction of 20kVa under agriculture category in the Tariff Schedule so that 50 farmers of Tandi and Sumnam Village of Tandi Panchayat, Distt. Lahaul & Spitti who are drawing irrigation water through pumping mechanism by Contract Demand of 38 kVa and 65 kVa, respectively (technical requirement) get the benefit of low Tariff and Govt Subsidy.

8.6.31 The Commission has reviewed the submissions of Agriculture Consumers in the Lahaul District and feels that the matter should be represented by the Consumers to the GoHP in Order to avail the government subsidy with respect to the Agriculture Consumers having higher Contracted load of more than 20 kVA. Alternately, they may also represent to the GoHP for acquiring their pumping assets for Operation & Maintenance by the Govt. irrigation pumping department so that the Consumers may not be burdened with the energy cost of the pumping of irrigation power for such high altitudes.

8.6.32 The Commission has received the comments of these Agriculture Consumers on 21.03.2023 approximately after a delay of thirty days after the last date of filing of the Comments fixed by the Commission. Even, no representation was there on the date of the public hearing in the Petition. Therefore, no reply from the Petitioner could be taken. Therefore, the Commission directs the Petitioner to submit its detailed response on the submissions within 30 days of issuance of this Order so that the matter is taken up separately by the Commission.

Rate of Green Energy for FY 2023-24

8.6.33 Ministry of Power, Government of India vide notification dated 06th June, 2022 has framed the Rules namely Electricity (Promoting Renewable Energy Through Green Energy Open Access) Rules, 2022. The said Rules of the GoI prescribe procuring of green energy from the DISCOM as one of the options to the Consumers. Accordingly, the Commission is hereby fixing the rate of this green energy for FY 2023-24 in this Order.

8.6.34 The Commission has worked out the Tariff for the different categories of the Consumers based on the approved revenue requirement of the HPSEBL for FY 2023-24 after considering all its prudent cost. The rate of the green energy should be such that it does not have any adverse impact on the approved revenue requirement of the Petitioner. The Commission has considered this aspect while determining the rate of green energy. The average Cost of Supply of the HPSEBL, as determined by the Commission in this Order for FY 2023-24, has been rupees 5.82 per unit. Accordingly, the rate of green energy cannot be less than this rate; otherwise, most of the eligible Consumers of the HPSEBL would like to avail the green power and Domestic Consumers may have to provide cross subsidy to the other Consumers.

8.6.35 The Commission has already fixed the target for Renewable Power Purchase Obligation (RPPO) for the Petitioner. In case the Consumers opt for green energy from the Petitioner, the Petitioner may have to procure additional green power. For the purpose of computation of the rate of this green power, the Commission is hereby assuming a hypothetical situation wherein 50% of the Consumers of the HPSEBL requisition for supply of green energy from HPSEBL. It is to be noted that almost 85% of the total power procurement of the Petitioner is already from the Green sources. Therefore, it is the question of replacing remaining 15% non-renewable power with green power. In case the Petitioner opts to surrender 50% of its non-renewable power to cater the demand of the Consumers for the green energy, the Petitioner would still need to necessarily incur the Fixed Charges of these Stations. Additionally, the Petitioner will also have to arrange for the green power to cater the demand of the Consumers. The Commission is considering the replacement cost of the non-renewable power with green power at the rate of rupees 6.50 per unit. This rate of rupees 6.50 per unit is the average rate of green power in the Day Ahead Market of Indian Energy Exchange (IEX) for FY 2022-23. The per unit fixed cost of the non-renewable sources as worked out by the Commission for FY 2023-24 is approximately rupees 1.14 per unit, which would be required to be incurred by the Petitioner in case of surrendering of non-renewable power under the PPAs.

8.6.36 The total power purchase cost of the Petitioner as estimated by the Commission for FY 2023-24 is Rs. 3517 Cr. If 50% of the non-renewable power is replaced with green power as discussed above, the total power procurement cost of the Petitioner would become Rs. 3830 Cr. meaning thereby the increase of roughly Rs. 313 Cr. If this additional cost of Rs. 313Cr. is allocated to the 50% of the total projected sales of 11,306 MUs for FY 2023-24,the impact will be approximately 56 paise per unit. The Commission feels that the DISCOM must also share 50% of this cost as the fulfilling of Renewable Power Purchase Obligation (RPPO) by the Consumer automatically results in compliance of RPPO of the DISCOM as well. Also, any additional green energy procurement beyond the obligation of the Consumer shall be counted towards Renewable Purchase Obligation compliance of the DISCOM. Therefore, this is a win-win situation for both the Consumer as well as the DISCOM. In view of the above, the Commission hereby fixes a rate of 28 paise per unit over and above the Tariff fixed by the Commission in this Order for the relevant category of the Consumers.

8.7 Approved Tariff

8.7.1 The Commission has retained the Tariff structure as per the previous MPR Order dated 29.03.2022 for FY 2023-24, except for categorization of telecommunication towers under the Industry (General) Tariff Category. However, changes in Tariff have been reflected as covered in subsequent paras below:

DS: Domestic Supply

8.7.2 The existing Schedule is applicable to Consumers using electrical energy for lights, fans, heaters, cooking ranges, ovens, refrigerators, air conditioners, stereos, radios, televisions, mixers, grinders, electric iron, sewing/embroidery/knitting machines, domestic pumping sets and other domestic appliances in a single private house/flat, garage used for personal light motor vehicle or any other residential premises; Religious places with connected load up to 5 kW; Monasteries and Nunneries; Panchayat Ghars with connected load up to 5 kW; Patwarkhanas and Kanungoo Bhawans (Government Buildings only) with connected load up to 5 kW; Community Gausadans, Goshalas and Cow Sanctuaries not registered with Gow Sewa Ayog with connected load up to 20kW; Orphanages, homes for old people and homes for destitute; Working Women Hostels, Hostels attached to the educational institutions, if supply is given separately to each hostel and the electricity charges are recovered from the students; Leprosy Homes run by charity and un-aided by the Government; heritage hotels; residential paying guests; Incredible India bed-and-breakfast;

"Home Stay Units" in rural areas duly registered with the District Tourism Development Officer; and Offices of the Himachal Pradesh Senior Citizen Forum; M.E.S and other Military establishments. However, in case of MES, this Schedule shall continue to apply till such time M.E.S. do not avail open access.

Note:

(i) Where a portion of the dwelling is used regularly for the conduct of a business, the consumption in that portion shall be separately metered and billed under the appropriate Commercial or Industrial Power Tariff whichever is applicable. If separate circuits are not provided, the entire supply will be classified under "Commercial or Industrial Supply."

(ii) Resale and supply to tenants, other flats etc. is strictly prohibited.

*(iii) No compounding will be permissible. For Residential Societies, which wish to take a single point supply, this would be permitted, and the Energy Charges would be divided by the number of such units to determine the relevant slab. Thus, if there are 10 dwelling units in a Society and the energy consumption in a month is 3,500 units, the first 1,250 (125*10) units would be charged at Rs 4.15 per kWh, the next 1,750 (175*10) at Rs 5.05 per unit and the balance 500 units at Rs. 5.65 per unit. Fixed Charge shall be Rs. (85x10).*

8.7.3 The Commission has increased the existing Tariff for Domestic Category as under:

Table 148: 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)	3.50	55.00*	3.72	55.00*
0-125	4.15	85.00	4.37	85.00
126-300	5.05	85.00	5.27	85.00
301 & above	5.65	85.00	5.87	85.00

**Fixed Charge for tribal and difficult areas is also fixed at Rs. 40/month irrespective of consumption*

#Heritage hotels, Incredible India bed-and-breakfast, homestay units in rural areas are to be charged under domestic category as per the HP Tourism Policy with Energy Charges for such Consumers to be levied at 30% higher than the net Energy Charges payable (net off subsidy) by the Consumers in the respective slab

@In case of MES and other military establishments, if they are able to segregate the domestic load in their respective cantonment area, then it can apply for separate meter under Domestic Category else they shall be charged at Domestic Tariff along with additional 5% on the Energy Charge.

$ For Industries which are under PDCO due to non-payment of dues or are sick & closed, prepaid meter shall be provided upto load of 20 kW for lighting & security purpose only till regular Industrial Connection is restored.

8.7.4 The Commission is continuing with the approach followed during the previous Tariff Orders whereby it had extended the benefit of lower electricity Tariff available for BPL households, and very poor and marginalized Consumers, in line with the principles laid out in Electricity Act, 2003, National Electricity Policy and National Tariff Policy.

8.7.5 The applicable rebates and surcharges for this category have been detailed in Part II of Annexure I of this Order.

NDNC : Non Domestic Non Commercial Supply

8.7.6 This Schedule is applicable to Government and Semi Government Offices; Government – Hospitals, Primary Health Centers, Dispensaries and Veterinary Hospitals; Educational Institutions viz. Schools, Universities, ITIs, Colleges, Centre for Institute of Engineers, Sports Institutions, Mountaineering Institutions and allied sports and Libraries, Hostels and Residential Quarters, attached to the educational institutions; Private Medical Colleges with Attached Hospitals but user charges as per Govt. Hospital rates, if supply is given at single point; Religious places such as Temples, Gurudwaras, Mosques, Churches with connected load greater than 5 kW; Sainik and Government Rest Houses, Government Museums, Anganwari worker training centers, Mahila Mandals, village community centers; Hospitals run on charity basis; Government Hospitals (including libraries, hostels and residential quarters attached to these establishments), Primary Health Centers, Dispensaries and Veterinary Hospitals; Sarais and Dharamsalas run by Panchayats and Municipal Committees or by Voluntary Organizations; and Panchayat Ghars with connected load greater than 5 kW; Patwar Khanas and Kanungoo Bhawans (Government buildings only) with connected load greater than 5 kW; Office of Lawyers and Government recognized Non-Government Organizations (NGOs); Lifts operating under Group Housing Societies, Apartments; Tunnel Lighting and Ventilation, etc.

Note:

(1) In the case of residences attached to the Government as well as Private Institutions, the same shall be charged at the 'Domestic Tariff' where further distribution to such residential premises is undertaken by the Petitioner and the Petitioner provides meters for individual Consumers.

(2) Lifts in residential premises shall be charged at the 'Domestic Tariff'

8.7.7 The Commission has increased the existing Tariff for NDNCS category as shown in the table below:

Table 149: Existing and Approved Tariff for NDNC Category: Up to 20kVA

Slab	Existing		Approved by Commission	
	Energy Charges (Rs. /kWh)	Fixed Charges (Rs. /con/month)	Energy Charges (Rs. /kWh)	Fixed Charges (Rs. /con/month)
Up to 20kVA	5.20	145.00	5.42	145.00

Table 150: Existing and Approved Tariff for NDNCS Category: Above 20kVA

Slab	Existing			Approved by Commission		
	Energy Charges (Rs/kVAh)	Fixed Charges (Rs/con/ month)	Demand Charge (Rs/kVA/ month)	Energy Charges (Rs/kVAh)	Fixed Charges (Rs/con/ month)	Demand Charge (Rs/kVA/ month)
Above 20kVA	4.90	-	140	5.16	-	140

8.7.8 The applicable rebates and surcharges for this category have been detailed in Part II of Annexure I of this Order.

CS: Commercial Supply

8.7.9 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.

8.7.10 The Commission has increased the existing Tariff for the Commercial Supply category as shown in the tables below:

Table 151: Existing and Approved Tariff for Commercial Supply (CS) Category: Up to 20kVA

Slab	Existing		Approved by Commission	
	Energy Charges (Rs. /kWh)	Fixed Charges (Rs. /con/month)	Energy Charges (Rs. /kWh)	Fixed Charges (Rs. /con/month)
Up to 20kVA	5.30	145.00	5.52	145.00

Table 152: Existing and Approved Tariff for Commercial Supply (CS) Category: Above 20kVA

Slab	Existing			Approved by Commission		
	Energy Charges (Rs/kVAh)	Fixed Charges (Rs/con/ month)	Demand Charge (Rs/kVA/ month)	Energy Charges (Rs/kVAh)	Fixed Charges (Rs/con/ month)	Demand Charge (Rs/kVA/ month)
Above 20-100 kVA	5.05	-	110	5.31	-	110
Above 100kVA	4.95	-	170	5.21	-	170

8.7.11 The applicable rebates and surcharges for this category have been detailed in Part II of Annexure I of this Order.

SIP: Small Industrial Power Supply

8.7.12 This Schedule is applicable to Industrial Consumers with Contracted Demand not exceeding 50 kVA including Pumps (other than irrigation pumping), Atta Chakkis, and also for supply to Information Technology Industry, limited only to IT Parks recognised by the State/Central Government. The Industrial type of Agricultural loads with connected load falling in the above-mentioned range and not covered by Schedule "IDWPS" shall also be charged under this Schedule.

8.7.13 The Commission has increased the existing Tariff for the SIP category as shown in the table below:

Table 153: 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	4.95 (Rs. /kWh)	155	-	5.17 (Rs. /kWh)	155	-
Above 20kVA - 50kVA	4.80 (Rs/kVAh)	-	100	5.06 (Rs/kVAh)	-	100

8.7.14 For new industries, which have come into production between 01.07.2019 to 31.05.2020, the Energy Charges shall be 15% lower than the approved Energy Charges for the respective category for a period of 3 years.

8.7.15 For new industries, which have come into production between 01.06.2020 to 31.05.2021, the Energy Charges shall be 10% lower than the approved Energy Charges for the respective category for a period of 3 years.

8.7.16 For new industries, which have come into production from 01.06.2021 onwards, the Energy Charges shall be 15% lower than the approved Energy Charges for the respective category for a period of 3 years.

8.7.17 For existing industries which have undergone expansion during 01.06.2020 to 31.05.2021, Energy Charges shall be 10% lower than the approved Energy Charges corresponding to the respective category for a period of three years for quantum of energy consumption corresponding to proportionate increase in Contract Demand.

Provided that such expansion, if undertaken during 1.07.2019 to 31.05.2020 and/or during 01.06.2021 to 31.03.2023 and/or shall be undergoing expansion on or after 01.04.2023, 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.

8.7.18 The above-mentioned rebate on Energy Charges shall be applicable during normal and peak hours. In case of night hours, night-time concession shall only apply.

8.7.19 The applicable rebates and surcharges for this category have been detailed in Part II of Annexure I of this Order.

MIP: Medium Industrial Power Supply

8.7.20 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.

8.7.21 The Commission has increased the existing Tariff for the MIP category as shown in the table below:

Table 154: 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-150kVA	4.80	-	120	5.06	-	120

8.7.22 For new industries, which have come into production between 01.07.2019 to 31.05.2020, the Energy Charges shall be 15% lower than the approved Energy Charges for the respective category for a period of 3 years.

8.7.23 For new industries, which have come into production between 01.06.2020 to 31.05.2021, the Energy Charges shall be 10% lower than the approved Energy Charges for the respective category for a period of 3 years.

8.7.24 For new industries, which have come into production from 01.06.2021 onwards, the Energy Charges shall be 15% lower than the approved Energy Charges for the respective category for a period of 3 years.

8.7.25 For existing industries, which have undergone expansion during 01.06.2020 to 31.05.2021, Energy Charges shall be 10% lower than the approved Energy Charges corresponding to the respective category for a period of three years for quantum of energy consumption corresponding to proportionate increase in Contract Demand.

Provided that such expansion if undertaken during 1.07.2019 to 31.05.2020 and/or during 01.06.2021 to 31.03.2023 and/or shall be undergoing expansion on or after 01.04.2023, 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.

8.7.26 The above-mentioned rebate on Energy Charges shall be applicable during normal and peak hours. In case of night hours, night-time concession shall only apply.

8.7.27 The applicable rebates and surcharges for this category have been detailed in Part II of Annexure I of this Order.

LIPS: Large Industrial Power Supply

8.7.28 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".

8.7.29 The Commission has increased the existing Tariff for the Large Industrial Power Supply category as shown in the table below:

Table 155: 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	4.40		425.00	4.66		425.00
132 kV	4.45		425.00	4.71		425.00
66 kV	4.50		425.00	4.76		425.00
HT-1 (up to 1 MVA)	4.80	-	250.00	5.06	-	250.00
HT-2 (More than 1 MVA)	4.55	-	400.00	4.81	-	400.00

8.7.30 For new industries, which have come into production between 01.07.2019 to 31.05.2020, the Energy Charges shall be 15% lower than the approved Energy Charges for the respective category for a period of 3 years.

8.7.31 For new industries, which have come into production between 01.06.2020 to 31.05.2021, the Energy Charges shall be 10% lower than the approved Energy Charges for the respective category for a period of 3 years.

8.7.32 For new industries which have come into production from 01.06.2021 onwards, the Energy Charges shall be 15% lower than the approved Energy Charges for the respective category for a period of 3 years.

8.7.33 For existing industries which have undergone expansion during 01.06.2020 to 31.05.2021, Energy Charges shall be 10% lower than the approved Energy Charges corresponding to the respective category for a period of three years for quantum of energy consumption corresponding to proportionate increase in Contract Demand.

Provided that such expansion, if undertaken during 1.07.2019 to 31.05.2020 and/or during 01.06.2021 to 31.03.2023 and/or shall be undergoing expansion on or after 01.04.2023, the Energy Charges shall be 15% lower than the approved Energy Charges for the respective category for a period of 3 years for quantum of energy consumption corresponding to proportionate increase in Contract Demand.

Example: In case of Contracted Demand is increased by an industry from 2 MVA to 3 MVA, the monthly units consumption for the purpose of lower Energy Charges shall be considered in proportion of the Original Contracted Demand and Increased Contracted Demand. i.e., In case the monthly consumption is 6 LUs, the lower Energy Charges shall be applicable on 2 LUs while 4 LUs shall be billed at the regular Energy Charge.

8.7.34 The above-mentioned rebate on Energy Charges shall be applicable during normal and peak hours. In case of night hours, night-time concession shall only apply.

8.7.35 The applicable rebates and surcharges for this category have been detailed in Part II of Annexure I of this Order.

BS: Bulk Supply

8.7.36 This Schedule is applicable to general or mixed loads to Central PWD Institutions, Hospitals, Private Medical Colleges with attached hospital and with user charges not as per Govt. Hospital rates Departmental/ Private Colonies, A.I.R Installations, Aerodromes, Bus Stands with single point connection, construction power to Hydroelectric projects, Tunnel Construction and other similar establishments where further distribution to various residential and non-residential buildings is to be undertaken by the Consumers for their own bona fide use and not for resale to other Consumers with or without profit.

8.7.37 The Commission has increased the existing Tariff for the Bulk Supply category as shown in the table below:

Table 156: Existing and Approved Tariff for Bulk Supply

Slab	Existing			Approved		
	Energy Charges (Rs/kVAh)	Fixed Charges (Rs/con/mth)	Demand Charge (Rs/kVA/ mth)	Energy Charges (Rs/kVAh)	Fixed Charges (Rs/con/mth)	Demand Charge (Rs/kVA/mth)
LT	5.00	-	250.00	5.26	-	250.00
HT	4.50	-	350.00	4.76	-	350.00
EHT	4.30	-	350.00	4.56	-	350.00

8.7.38 The applicable rebates and surcharges for this category have been detailed in Part II of Annexure I of this Order.

SLS: Street Lighting Supply

8.7.39 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.

8.7.40 The Commission has increased the existing Tariff for Street Lighting category as shown in the table below.

Table 157: Existing and Approved Tariff for Street Lighting Supply Category

Existing		Approved by Commission	
Energy Charges (Rs. /kWh)	Fixed Charges (Rs. /con/mth)	Energy Charges (Rs. /kWh)	Fixed Charges (Rs. /con/mth)
5.15	145.00	5.37	145.00

8.7.41 The applicable rebates and surcharges for this category have been detailed in Part II of Annexure I of this Order.

TS: Temporary Metered Supply

8.7.42 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.

8.7.43 The Commission has increased the existing Tariff for Temporary Supply category as shown in the table below:

Table 158: Existing and Approved Tariff for Temporary Meter Category (up to 20kVA)

Slab	Existing		Approved	
	Energy Charges (Rs. /kWh)	Fixed Charges (Rs. /con/mth)	Energy Charges (Rs. /kWh)	Fixed Charges (Rs. /con/mth)
Up to 20kVA	7.20	200.00	7.42	200.00

Table 159: Existing and Approved Tariff for Temporary Meter Category (above 20kVA)

Slab	Existing			Approved by Commission		
	Energy Charges (Rs/kVAh)	Fixed Charges (Rs/con/mth)	Demand Charge (Rs/kVA/ mth)	Energy Charges (Rs/kVAh)	Fixed Charges (Rs/con/ mth)	Demand Charge (Rs/kVA/ mth)
Above 20kVA	6.50	-	400.00	6.76	-	400.00

8.7.44 For Consumers availing temporary supply for up to 15 days, additional charges of Rs. 500 per day shall be applicable for both upto 20kVA and above 20kVA of Consumer load.

8.7.45 The applicable rebates and surcharges for this category have been detailed in Part II of Annexure I of this Order.

IDWPS: Irrigation and Drinking Water Pumping Supply

8.7.46 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, pisciculture, horticulture, floriculture and sericulture etc. where all such activities are undertaken by farmers only under this category. This Schedule will also be applicable to temporary agricultural loads such as wheat threshers, paddy threshers, tokas, and cane crushers. This Schedule shall be applicable to sewerage treatment plants.

8.7.47 Since this Schedule of Tariff covers 'processing facilities for agriculture', all Consumers having processing facilities relating to agriculture such as seed treatment, etc. shall also be covered under this Schedule. However, the

Consumers involved in manufacturing, processing and service sector activities based on agriculture produce such as mushroom processing, etc. shall be covered under relevant Industrial Schedule of Tariff. This Schedule shall also be applicable to Cow Sanctuaries and Gaushalas registered with Gow Sewa Ayog.

8.7.48 The Commission has retained the existing Tariff for this category as shown in the tables below:

Table 160: Existing and Approved Tariff for IDWPS up to 20kVA

Slab	Existing		Approved	
	Energy Charges (Rs. /kWh)	Fixed Charges (Rs. /con/mth)	Energy Charges (Rs. /kWh)	Fixed Charges (Rs. /con/mth)
Up to 20kVA	3.90	105.00	4.12	105.00

8.7.49 The two-part Tariff applicable for IDWPS for connected load above 20 kVA shall be as shown in the table as follows:

Table 161: 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	5.20	-	100.00	5.46	-	100.00
HT	4.80	-	300.00	5.06	-	300.00
EHT	4.40	-	400.00	4.66	-	400.00

8.7.50 The applicable rebates and surcharges for this category have been detailed in Part II of Annexure I of this Order.

RT: Railway Traction

8.7.51 The Commission has increased the existing Tariff for Railway Traction as shown in the table below:

Table 162: 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)
4.90	-	400.00	5.16	-	400.00

8.7.52 The applicable rebates and surcharges for this category have been detailed in Part II of Annexure I of this Order.

EV: Electric Vehicle Charging Stations

8.7.53 This Schedule applies to Public Electric Vehicle Charging Stations set up for providing Electric Vehicle Charging facilities on commercial basis.

Table 163: Existing and Approved Tariff for EV Charging Station

Existing		Approved	
Energy Charges (Rs. /kWh)	Fixed Charges (Rs. /con/mth)	Energy Charges (Rs./kWh)	Fixed Charges (Rs. /con/mth)
5.70	-	5.82	-

8.7.54 The average revenue realization as percentage of average cost based on the Tariff approved for FY 2023-24 is provided below:

Table 164: Average realization as % of Average CoS for FY24

Consumer Category	FY24 (Approved Tariff)
Industrial Power Supply	101%
Domestic	92%
Irrigation and Drinking Water	106%
Commercial	111%
Non-Domestic Non-Commercial	111%
Bulk Supply	109%

8.8 Overall Revenue-Expenditure Position of HPSEBL at Approved Tariff

8.8.1 The Commission has computed the revenue surplus/ gap for FY 2023-24 based on the approved ARR and approved Tariff which is given in the table below:

Table 165: Projected Revenue at Approved Tariff and Revenue Surplus/ (Gap) for FY24

Parameters	Amount (Rs. Cr.)
Small Industries	60
Medium Industries	65
Large Industries	3,806
Domestic	1,456
Irrigation and Drinking Water	479
Commercial	446
Bulk Supply	100
Non-Domestic Non-Commercial	101
Public Lighting	7
Temporary	55
EV Charging Stations	1
Projected Revenue at Approved Tariff for FY24	**6,577**
Total Approved ARR (including prior period adjustments)	**6,595.61**
Revenue from Sale of Power within the State at Approved Tariff	6,576.92
Revenue from Sale of Surplus Power outside the State	19.76
Total Revenue	**6,596.68**
Revenue Surplus / (Gap)	**(1.07)**

8.8.2 Based on the above table, it is observed that the Petitioner would be able to meet the approved ARR and the actual surplus shall be determined at the time of

Truing-up for FY 2023-24 and adjusted in subsequent Tariff Order. Further, any amount received by HPSEBL during FY 2023-24 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.

8.9 Subsidy by Government of Himachal Pradesh

8.9.1 The Govt. of Himachal Pradesh (GoHP) has not made any specific provision for subsidy in the budget for FY 2023-24. However, the GoHP in its letter dated 4th March 2023 to HPSEBL has clarified that HPSEBL should take steps to ensure that there is no subsidy increase in FY 2023-24 and target subsidies are only for domestic and agriculture Consumers. Therefore, the Commission has continued with the subsidy levels approved as per the Supplementary Order dated 05.07.2022. In the Supplementary Order dated 05.07.2022, following has been Stated:

"1 The subsidized Tariff fixed by the Commission in Tariff Order dated 29.03.2022 was based upon the provision of Rs. 500 Crore, for providing subsidy to electricity Consumers of Domestic categories during the year, by Govt. of Himachal Pradesh in the budget for financial year 2022-23. Further, the Govt. of Himachal Pradesh vide letter no. MPP-C010/5/2021 dated 26.03.2022 has committed to provide additional support as that will be required to keep the electricity Tariff at the current level during the course of the next financial year. Subsequently, after issuance of the Tariff Order by the Commission, HPSEBL vide letter No. HPSEBL/ CE-(Comm.)/SERC-15/2022-23-3970 dated 15-06-2022 and Govt. of HP vide letter No. MPP-C010/5/2021-Loose dated 08-06-2022 informed that the Hon'ble Chief Minister of Himachal Pradesh has made an announcement on Himachal Day i.e., 15th April 2022, for giving free electricity to Consumers having monthly energy consumption of 61 to 125 units w.e.f 01.07.2022.

2 The Commission vide letter No. HPERC-F(1)-27/2021-654-655 dated 27.06.2022 requested GoHP to clarify as to whether the GoHP subsidy, as announced, will be applicable for all category of Consumers having consumption upto 125 units in a month. Further, requested to apprise the Commission whether this provision is only for the first 125 units consumed or also available if the consumption exceeds 125 units in a month. GoHP vide letter No. MPP-C010/5/2021-Loose dated 02.07.2022 has informed that the free electricity having monthly consumption between 61-125 units in a month is applicable to Domestic Consumers only. All Domestic Consumers having consumption upto 125 units per month, shall be billed zero charge w.e.f. 1.7.2022. However, if the consumption exceeds 125 units in a month then the billing will be done for entire consumption as per subsidized Tariff approved by HPERC. The proposed subsidy shall be applicable only for the Domestic Consumers."

8.9.2 The Commission has, therefore, continued with the similar subsidy framework for FY 2023-24 as approved in the Supplementary Order dated 05.07.2022.

8.9.3 In accordance with provisions of Section 65 of the Electricity Act, 2003, and in terms of Sub-regulation (5) of Regulation 42 of the Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011, the Commission while giving effect to the subsidy hereby makes the following provisions:

a. The effective Energy Charges for all the Consumer categories as proposed by the GoHP after accounting for Government subsidy, shall be as given in the table below:

Table 166: Subsidized Effective Energy Charge

Particulars	Slabs	Units/month	Approved Energy Tariff for FY24 (Rs/kWh)*	GoHP Subsidy for FY24 (Rs./kWh)*	Effective Energy Tariff after subsidy (Rs/kWh)*
Domestic Consumers	Lifeline Consumers	0-60	3.72	3.72	0.00
	1st Slab	0-125	4.37	4.37	0.00
	2nd Slab	0-125	4.37	2.30	2.07
		126-300	5.27	1.10	4.17
	3rd Slab	0-125	4.37	2.30	2.07
		126-300	5.27	1.10	4.17
		Above 300	5.87	0.65	5.22
Agricultural Consumers			4.12	3.82	0.30

**For Consumers governed under 2-part Tariff, subsidy will be in Rs./kVAh*

b. Further, the GoHP shall provide subsidy against the Fixed Charges for Domestic Consumers as shown below:

Table 167: Subsidized Effective Fixed Charge

Particulars	Slabs	Units/month	Approved Fixed Charges for FY24 (Rs/conn./month)	GoHP Subsidy for FY24 (Rs./conn./ month)	Effective Fixed Charges after subsidy (Rs/kWh)
Domestic Consumers	Lifeline Consumers	0-60	55	55	Nil
	1st Slab	0-125	85	85	Nil
	2nd Slab	126-300	85	-	85
	3rd Slab	Above 300	85	-	85

c. With respect to agricultural Consumers under Irrigation and Drinking Water Pumping Supply (IDWPS) category, the Energy Charges shall be Rs 0.30 per kWh to the Consumer category up to Contract Demand up to 20 kVA. These revised Energy Charges on the account of Government subsidy would only be applicable to agricultural and allied activities, and which are paid for by individuals/ user groups but shall not be applicable for government supply.

d. Subsidy in case of Prepaid Consumers shall be applicable as per respective category and slabs.

e. The above revised Tariffs in respect of all categories of Consumers shall be effective from April 1, 2023. HPSEBL shall give appropriate adjustments in Consumer bills for the subsidy amount.

f. In case the GoHP/ HPSEBL want to change the level of subsidy provided to above classes/ categories of Consumers, they shall inform the Commission accordingly for necessary changes.

8.9.4 The Commission Orders that subsidy amount shall be paid in advance to the HPSEBL as per the provisions of Section 65 of the Electricity Act, 2003, and reconciled after every quarter. HPSEBL is directed to submit quarterly report regarding the payment of subsidy as well as the outstanding amount; if any. Further, in case the State Government fails to pay the subsidy, as per the provisions of Section 65 of the Act, the Tariffs in respect of above two categories shall stand reverted back to the original Tariff, as approved by the Commission in this Tariff Order.

8.9.5 The Commission would like to highlight that as the Petitioner have already participated in the RDSS scheme, the Petitioner would have to compulsory raise the quarterly subsidy bills in advance and GoHP would have to pay the subsidy amount within the quarter, so as to pre-qualify for the RDSS scheme.

9 OPEN ACCESS AND RENEWABLE POWER PURCHASE OBLIGATION

9.1 Introduction

9.1.1 The Commission has permitted Open Access to all the generators irrespective of installed capacity and to all the Consumers having Contract Demand above 1 MVA. The Commission has also made enabling provisions for availing the Open Access in its HPERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011 by segregation of the ARR of the Distribution Licensee in to the ARR for Retail Supply and Wheeling Supply. Accordingly, the Wheeling Tariff and Retail Supply Tariffs are being determined by the Commission for each year of the Control Period.

9.1.2 Based on the wheeling ARR approved in Para **Error! Reference source not found.**, the average wheeling charges for FY 2023-24 are as below:

Table 168: Wheeling Charges for FY24

Particulars	Amount
Total ARR for Wheeling Business approved for FY24 (Rs. Cr.)	2,299.60
Approved Energy Sales (MU)	11,306.45
Average Wheeling Charge (paisa per unit)	**203**

9.1.3 The above computed average wheeling charge of 203 paisa is for the total distribution network of HPSEBL. Most of the Open Access Consumers are connected at higher voltage level of the network and therefore, levying the average wheeling charge, as determined above, uniformly for all the Consumers would restrict the open access within the State. Therefore, for the purpose of promoting open access, the Commission has worked out the voltage-wise wheeling charges applicable for open access Consumers at various voltage level.

9.1.4 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.*"

9.1.5 In the absence of separate accounts for wheeling and retail supply business, the ARR of HPSEBL for FY 2023-24 has been segregated into wheeling and retail supply businesses in accordance with the allocation statement as detailed in subsequent Section. The Commission observes that in spite of the obligation of the Petitioner as per Regulation 5(1) of the MYT Regulations 2011 to segregate the accounts of the licensed business into wheeling business and retail supply business, the Petitioner has not made any efforts in this direction and has continued with the allocation statement provided by the Commission. The Petitioner is directed to segregate its accounts into wheeling business and retail supply business from FY 2023-24 onwards.

9.1.6 The various charges payable by the Consumers availing open access have been determined in this chapter.

9.2 Wheeling Charges

9.2.1 The distribution system of HPSEBL consists of lines and associated equipment at various voltage levels of EHV, HV and LV connected with the generating stations, HPPTCL system and the Consumers of HPSEBL. Accordingly, the charges for long/ medium term open access for these Consumers is required to be computed based on capacity basis (per MW) and also on per unit basis for the short-term open access. The Commission in the 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.

9.2.2 The Petitioner has provided data of voltage-wise sales, actual capacity of generator, etc. at each voltage level. The Commission has considered the submissions of the Petitioner for determining the Wheeling Charges.

9.2.3 Wheeling Costs varies with each voltage level at which the supply is wheeled and forms an integral part of the Wheeling Tariff. As per the submissions made by the Petitioner, the Commission has apportioned the cost of HPSEBL's wheeling business to various voltage classes. Accordingly, the Commission has determined the Wheeling Charges for the EHT (220 kV, 132 kV and 66 kV), HT (33 kV), HT (11 kV to less than 33 kV) and other voltage levels (less than11 kV) of the distribution system.

Sales at various voltage levels

9.2.4 The Petitioner in its Petition submitted that the sales of FY 2023-24 at EHT, HT and LT voltage-levels are to be apportioned as per the following table:

Table 169: Actual Voltage-wise sales as submitted by the Petitioner for FY22 (MU)

Category	220 kV	132 kV	66 kV	HT (33kV)	HT (>=11 kV &<33kV)	LT (<11 kV)
Sales	584	1,251	826	1,589	3,157	4,019
Voltage-wise sales (%)	5.1%	10.9%	7.2%	13.9%	27.6%	35.2%

9.2.5 Based on the information of actual sales available for FY 2021-22 at various voltage levels, the Commission has worked out and apportioned the estimated sales for FY 2023-24 at different voltage-levels as presented in the table below:

Table 170: Estimated Sales at different Voltage Levels for FY24 (MU)

Category	Total	220 kV	132 kV	66 kV	HT (33kV)	HT (>=11 kV &<33kV)	LT (<11 kV)
Sales apportioned at different voltage levels	*100%*	*5.1%*	*10.9%*	*7.2%*	*13.9%*	*27.6%*	*35.2%*
Total (within State)	**11,306**	**578**	**1,238**	**817**	**1,572**	**3,124**	**3,977**

9.2.6 Further, the estimated energy generated by the various generators connected at different voltage level has been considered additionally.

Cost Segregation and Methodology

9.2.7 The Commission in MYT Order for fourth Control Period (FY 2020 to FY 2024) dated 29.06.2019 had segregated the cost at each voltage level based on certain relevant parameters including the pattern of usage of the system by Consumers at various voltages. In its Petition, the Petitioner has considered the allocation ratio approved by the Commission in the previous Tariff Order dated 29.03.2022 for allocating Wheeling ARR in absence of voltage-wise cost of assets.

9.2.8 In response to the directive of the Commission regarding the voltage-wise/category-wise cost of supply study, the Petitioner had submitted a report on voltage-wise cost of supply as part of the previous Tariff proceedings. The Commission on reviewing the report submitted by the Petitioner found several anomalies and lacunas within the report. Accordingly, the Commission highlighted the shortcomings and asked the Petitioner to submit a revised report on voltage-wise/category-wise cost of supply. However, the Petitioner is yet to submit the revised report.

9.2.9 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. While determining the allocation ratio for different voltage levels, the Commission continued with the allocation ratio as submitted in the Petition for FY24.

9.2.10 To arrive at the cost of Wheeling at the various voltage levels, the total Wheeling ARR at various voltage levels has been apportioned to different voltage levels (i.e., EHT, HT and LT) in the following ratio, as also submitted by the Petitioner:

Table 171: Allocation of Wheeling cost across voltage levels

Particulars	EHT (220 kV)	EHT (132 kV)	EHT (66 kV)	HT (33 kV)	HT (>=11 kV &<33kV)	LT (<11 kV)
Allocation Ratio	4.2%	9.1%	3.8%	21.0%	29.0%	33.0%

9.2.11 The Wheeling ARR at higher voltage levels has been further apportioned to lower voltage levels, since the higher voltage-level system is also being used for supply at lower voltage level.

9.2.12 The power handled at each voltage level has been estimated taking into account the demand of HPSEBL and generating capacity connected. The Petitioner has submitted the details of capacity of generators at different voltage levels as represented below:

Table 172: Details of capacity of generators at different voltage levels in MW

Particulars	220 kV	132 kV	66 kV	33 kV	22 kV	11 kV
Hydro IPPs	-	-	62.60	378.45	50.10	0.40
Open Access Generators	-	122.00	51.50	39.80	-	-
Own Generation	120.00	252.00	49.45	50.00	15.25	1.55
Solar IPPs	-	-	-	15.00	1.70	21.40
Total	**120.00**	**374.00**	**163.55**	**483.25**	**67.05**	**23.35**

9.2.13 In addition to the above demand, energy flow at each voltage level has been estimated based upon the approved sales of HPSEBL and share of sales and actual generation at each voltage level as submitted by the Petitioner.

Table 173: Allocation of estimated power handled and energy flow across different voltage levels

Particulars	EHT (220 kV)	EHT (132 kV)	EHT (66 kV)	HT (33 kV)	HT (>=11 kV &<33kV)	LT (<11 kV)
Estimated Power handled (MW)	**230**	**610**	**319**	**782**	**685**	**757**
Consumer Demand	110	236	156	299	594	757
Generator Injection	120	374	164	483	90	-
Estimated Energy Flow (Mus)	**1,156**	**3,040**	**1,605**	**3,901**	**3,560**	**3,977**
Consumer Energy Flow	578	1,238	817	1,572	3,124	3,977
Generator Energy Flow	578	1,802	788	2,328	436	-

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

9.2.14 The approved wheeling charges as determined by the Commission are tabulated as follows:

Table 174: Approved Wheeling Charges for Open Access Consumers for FY24- Short Term Customers

Sl.	Description		EHT (220 kV)	EHT (132 kV)	EHT (66 kV)	HT (33 kV)	HT (>=11 kV &<33kV)	LT (<11 kV)
A	Total Wheeling ARR (Rs. Cr.)		2,299.60					
B	Cost apportioned (%)		4.16%	9.09%	3.75%	21%	29%	33%
C	Cost apportioned (Rs. Cr.)	A*B	96	209	86	483	667	759
D	Cost allocation brought forward from the next higher voltage block) (Rs. Cr.)	(E-(F x H/1000))		89	240	286	508	619
E	**Total Allocation (Rs. Cr.)**	**C+D**	**96**	**298**	**326**	**769**	**1,175**	**1,378**
F	Estimated Energy (MUs)		1,156	3,040	1,605	3,901	3,560	3,977
G	Total Energy Flow (MUs)		17,238	16,082	13,042	11,437	7,536	3,977

Sl.	Description		EHT (220 kV)	EHT (132 kV)	EHT (66 kV)	HT (33 kV)	HT (>=11 kV &<33kV)	LT (<11 kV)
H	**Wheeling Charges (Paisa per unit)**	**H= E*1000 /F**	**6**	**19**	**25**	**67**	**156**	**347**

Table 175: Approved Wheeling Charges for Open Access Consumers for FY24- Long Term and Medium-Term Customers

Sl.	Description		EHT (220 kV)	EHT (132 kV)	EHT (66 kV)	HT (33 kV)	HT (>=11 kV &<33kV)	LT (<11 kV)
A	Total Wheeling ARR (Rs. Cr.)		2,299.42					
B	Cost apportioned (%)		4.16%	9.09%	3.75%	21%	29%	33%
C	Cost apportioned (Rs. Cr.)	A*B	96	209	86	483	667	759
D	Cost allocation brought forward from the next higher voltage block) (Rs. Cr.)	As per previous table		89	240	286	508	619
E	**Total Allocation (Rs. Cr.)**	**C+D**	**96**	**298**	**326**	**769**	**1,174**	**1,378**
F	Estimated Load (MW)		230	610	319	782	685	757
G	Total Demand Flow (MW)		3,382	3,152	2,543	2,224	1,441	757
H	**Wheeling Charges (Rs. Per MW per month)**	**H= (E*10^7)/G/12**	**23,569**	**78,713**	**106,913**	**288,176**	**679,057**	**1,517,816**

9.2.15 The long-term and medium-term open access entails firm allocation of Wheeling capacity by HPSEBL to the Consumers availing open access as well as generators. Accordingly, the charges for these Customers have been determined based on capacity basis (per MW) as against the short-term open access customers for which the Wheeling Charges have been determined based on per unit basis.

9.2.16 In case of generators, Wheeling Charges shall be levied on the contracted power at the connection point in the distribution system.

9.2.17 In case the power is withdrawn from the distribution system at a voltage level which is different from the voltage level for injection of power into the distribution system, the Wheeling Charges corresponding to the lower voltage level shall be applicable.

9.2.18 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.

9.2.19 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.

9.3 Wheeling Charges for Renewable Generator

9.3.1 In accordance with Section 86(1)(e) read with Section 61(h) of the Electricity Act, 2003, the Commission, for the promotion of renewable energy can provide suitable measures for connectivity with the grid. In Order to promote generation from the renewable energy generators up to an installed capacity of 25 MW located within the State of Himachal Pradesh, the Commission decides that the Wheeling Charges payable by these generators shall be comparable to the Wheeling Charges for the EHT (66 kV) category of Open Access Consumers for FY 2023-24. However, in case, where a renewable energy project is connected directly to a Sub-station with higher voltage level (i.e. 132 kV and 220 kV), the Wheeling Charges for such higher voltage (132 kV or 220 kV) as the case may be, shall be applicable. However, the renewable energy generator shall have to bear the losses as per the actual connected voltage level. These concessional Wheeling Charges shall not be available to the renewable generators selling power, under Renewable Energy Certificate (REC) framework, to the Open Access Consumers or in Power Exchange or bilateral sale outside the State or Captive Consumers availing certain portion of power as Captive Power Producers.

9.3.2 It is observed that as per Amended Hydro Power Policy of Govt. of Himachal Pradesh dated 15.05.2018, the GoHP has decided to waive off open access charges payable by hydro projects having capacity of up to 25 MW, which shall be Commissioned after the date of notification i.e. 15.05.2018, for use of Intra-state transmission network. It is clarified that the Petitioner shall be required to recover the Wheeling Charges from these generators as fixed by the Commission in this Order. Further, the RE generators may claim the reimbursement of these charges from the GoHP as per the said notification.

9.4 Additional Surcharge

9.4.1 The Commission had determined the Additional Surcharge for the Consumers availing short-term open access vide its Tariff Order for FY 2022-23 in MPR Order. An additional surcharge of 75 paisa per kWh had been determined in the Order.

9.4.2 The Petitioner along with the Tariff Petition, has made a fresh application for determination of additional surcharge of 87.07 paisa per unit for FY 2023-24. The summary of the Petitioner's submissions has already been covered in Chapter 4.

9.4.3 In line with the methodology adopted in MPR Order for FY 2022-23, the Commission has revised the additional surcharge for FY 2023-24. The stranded assets have been ascertained based on the approved sales and power availability from various long-term sources for FY 2023-24. 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 109.95 Paise per unit as mentioned in the following table:

Table 176: Fixed Cost relating to Generating Capacity (at Stranded Generating Stations)

Sl.	Name of the Plant	Capacity (in MW)	Expected Net Annual Generation (MUs)	AFC for FY23-24 (Rs. Cr.)	Annual Fixed Cost (p/unit)	Power Purchase during FY24 (MUs)	Total fixed cost of power purchase (Rs. Cr.)
1	Unchahar-I	420	2846	298	105	2	0.16
2	Unchahar-II	420	2846	316	111	79	8.75
3	Unchahar-III	210	1423	172	121	52	6.23
4	Rihand- I	1000	6776	578	85	261	22.29
5	Rihand- II	1000	7223	547	76	244	18.48
6	Rihand- III	1000	7223	1007	139	273	38.13
7	Tanda II	660	4855	1361	280	14	3.89
8	Kahalgaon II	1500	10834	1140	105	141	14.81
9	Dadri-II TPS	980	6640	988	149	11	1.61
10	Singrauli STPS	2000	13924	906	65	23	1.52
11	**Total**	**9190**	**64589**	**7314**	**1237**	**1,099**	**115.88**
12	**Average of fixed cost rate (Paise/kWh)**						**105.39**

9.4.4 The Commission has taken into consideration the submissions made by the Petitioner in case of Inter-state charges as approved for FY 2023-24. In case of Intra-state transmission charges, the approved transmission charges have been considered for FY 2023-24. The Commission has worked out the per unit rate of the transmission charges for Inter-state and Intra-state as mentioned in the following table:

Table 177: Fixed Cost relating to Inter-state & Intra-state Transmission System (at Injection points)

Particulars	Inter-state Transmission Charges (Rs/MW/month)	Intra-state Transmission Charges (Rs. Cr/month)
Average/month	295,263	28,058
Average Fixed Cost@ 85.00% Load Factor at injection point (Paise/kWh)	47.58	4.52

9.4.5 The Commission has worked out the per unit basic rate of Inter-state transmission charges and Intra-state transmission charges as 47.58 Paise per unit and 4.52 Paise per unit respectively. It is observed that the Inter-state charges have increased significantly under the new CERC (Sharing of Inter-state Transmission Charges and Losses) Regulations, 2020 which have been made applicable from 1st November, 2020.

9.4.6 Based on the above details, the Commission has computed the rate of additional surcharge as 86 Paise/kWh as per details given in the table below.

Table 178: Computation of Additional Surcharge approved by the Commission for FY24

Sl.	Particulars	Fixed Cost at injection point	Fixed Cost at Consumer end*
1	Fixed Cost of Stranded Capacity (p/kWh)	105.39	112.99

Sl.	Particulars	Fixed Cost at injection point	Fixed Cost at Consumer end*
2	Transmission Charges		
(i)	Inter-state transmission charges (p/kWh)	47.58	51.01
(ii)	Intra-state transmission charges (p/kWh)	4.52	4.67
3	**Total Fixed Cost payable (1 + 2) (p/kWh)**	**157.50**	**168.68**
4	Recovery of Fixed Charges as Demand Charges from EHT Consumers		83
5	**Balance payable in shape of additional surcharge (p/kWh) (3 – 4)**		**86**

**Grossed up for approved Inter-state transmission losses (3.61%), Intra-state transmission losses (0.75%) and Distribution EHV losses (2.50%)*

9.4.7 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.

9.5 Cross Subsidy Surcharge

9.5.1 Sub-regulation 2 of Regulation 3 of Himachal Pradesh Electricity Regulatory Commission (Cross Subsidy Surcharge, Additional Surcharge and Phasing of Cross Subsidy) Regulations, 2006 stipulates that the Consumers availing Open Access shall have to pay the Distribution Licensee Cross Subsidy Surcharge which shall be determined by the Commission on a methodology and surcharge formula mentioned in the National Tariff Policy.

9.5.2 The Commission has been approving the cross-subsidy surcharge applicable to Open Access Consumers as per the formula specified in the National Tariff Policy 2006. Ministry of Power has notified a revised Tariff Policy dated 28th January 2016. As per the revised Tariff Policy, the cross-subsidy formula has been revised as under:

Surcharge formula:
S=T – [C/ (1-L/100) + D + R]
Where
S is the surcharge
T is the Tariff payable by the relevant category of Consumers, including reflecting the Renewable Purchase Obligation
C is the per unit weighted average cost of power purchase by the Licensee, including meeting the Renewable Purchase Obligation
D is the aggregate of transmission, distribution and wheeling charge applicable to the relevant voltage level
L is the aggregate of transmission, distribution and commercial losses, expressed as a percentage applicable to the relevant voltage level
R is the per unit cost of carrying regulatory assets
Provided that the surcharge shall not exceed 20% of the Tariff applicable to the category of the Consumers seeking open access

9.5.3 The revised cross-subsidy surcharge formula has been considered for determination of cross-subsidy surcharge.

Cross-subsidy surcharge for Long-term and Medium-Term Open Access Consumers

9.5.4 The Cross-subsidy Surcharge has been worked out based on the above methodology and formula as per the revised Tariff Policy. Further, the Commission in line with its HPERC (Cross Subsidy Surcharge, Additional Surcharge and Phasing of Cross Subsidy) Regulations, 2006, is required to reach a normative level of 20% of its opening level. Considering the same, the Cross-Subsidy Surcharge computed and approved by the Commission for FY 2023-24 is tabulated below:

Table 179: 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	2.17	0.43	1.15	0.43
2	HT 2 Consumers	1.71	0.34	1.17	0.34
3	Irrigation & Drinking Water Supply Category - EHT Consumers	2.52	0.50	1.22	0.50
4	Irrigation & Drinking Water Supply Category - HT Consumers	1.39	0.28	1.30	0.28
5	Bulk Supply Category - EHT Consumers	2.51	0.50	1.21	0.50
6	Bulk Supply Category - HT Consumers	1.18	0.24	1.25	0.24

Cross subsidy surcharge for Short-Term Open Access Consumers

9.5.5 In case of short-term open access by the Consumers, the rates as per table above shall be applicable only in cases where open access is availed for the full day (24 hours of the day) and the same quantum of power is availed through open access throughout the day. However, certain Consumers may avail open access for certain hours of the day to meet part of their requirement.

9.5.6 As per the present Tariff structure, the Tariff during peak hours are higher than the normal hours and the cross-subsidy surcharge computed as per revised formula will be higher as compared to normal hours. Therefore, the Commission has approved the cross-subsidy surcharge for peak hours and non-peak hours considering 20% of the computed cross subsidy in line with its HPERC (Cross Subsidy Surcharge, Additional Surcharge and Phasing of Cross Subsidy) Regulations, 2006.

Table 180: 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	0.60
2.	HT 2 Consumers	0.34	0.52
3.	Irrigation & Drinking Water Supply Category - EHT Consumers	0.50	0.59

Sl.	Description of Consumers	Cross-subsidy surcharge for part of the day	
		Non-Peak Hours (Rs./unit)	Peak Hours (Rs./unit)
4.	Irrigation & Drinking Water Supply Category - HT Consumers	0.28	0.30
5.	Bulk Supply Category - EHT Consumers	0.50	0.50
6.	Bulk Supply Category - HT Consumers	0.24	0.24

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

9.5.7 The Commission also feels that in some cases the Consumers may have to avail Open Access because of inability of Distribution Licensee to supply power during certain specific hours for reasons of power shortages etc. In Order to avoid any hardships to Consumers, the Commission hereby stipulates that in cases where the Distribution Licensee has communicated in advance to the Consumers about its inability to meet any part of power requirements of a Consumer for a specific duration, the cross subsidy surcharge and additional surcharge shall not be applicable for such part of the energy requirement (for which Distribution Licensee had expressed its inability to supply) which is met through open access during such periods.

9.5.8 The Commission has continuously endeavored to reduce the cross-subsidy and has been guided by the principles laid down in the National Tariff Policy. Since the target of realization being (-)15% and (+)10% of average cost of supply was achieved for most categories by FY 2018-19, the Commission in the amendments to the MYT Regulations, 2011 has laid down a road map with a target that by end of fourth Control Period (i.e., FY 2023-24), Tariff for Consumer categories, other than lifeline Consumers, shall be within (-)10% and (+)5% of the average cost of supply. However, for computation of cross-subsidy surcharge, the Commission is following the formula specified in the Tariff policy notified by Government of India.

9.6 Infrastructure Development Charges

9.6.1 The Commission has notified HPERC (Recovery of Expenditure for supply of Electricity) Regulations 2012 vide Notification No. HPERC/419 dated 18.5.2012 which has been published in the Rajpatra, HP on 23.5.2012.

9.6.2 For the Infrastructure Development Charge (IDC), the Petitioner has requested for the same IDC charges as approved by the Commission in its MPR Order.

9.6.3 Taking into consideration the proposal of the Petitioner, the Commission decides to retain the IDC as approved by the Commission in its MPR Order. The approved IDC charges are as below:

Table 181: Approved IDC Charges

Particulars	Approved IDC rates
IDC for Applicants under single part Tariff	NIL
IDC for Applicants under two-part Tariff	Rs. 200/- per kVA (or part thereof) of the Contract Demand.

9.6.4 Also, the Commission has observed that a significant amount of IDC is available with the Petitioner which should be utilized for funding of capital works. The

Commission directs the Petitioner to utilize the same on priority instead of taking equity towards various Capital Expenditure Schemes.

9.7 Distribution Losses

9.7.1 In addition to above charges, the Open Access Consumers/Customers shall have to bear the Distribution Losses in kind as per the provisions of the Open Access Regulations and shall be credited to the respective licensees through energy accounting mechanism. In case the power is withdrawn from the distribution system at a voltage level which is different from the voltage level for injection of power into the distribution system, the Distribution Losses corresponding to the lower voltage level shall be applicable. The Distribution Losses at following rates shall be applicable to the Open Access Consumers/ Customers including Generators, other Licensees and Traders:

Table 182: 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%

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

9.7.3 In Order to provide non-discriminatory access to its system to the Open Access Consumers/ customers, the HPSEBL shall maintain such systems in accordance with the provisions of the Himachal Pradesh Electricity Regulatory Commission (Distribution Performance Standards) Regulations, 2010.

9.8 Renewable Power Purchase Obligation (RPPO)

9.8.1 The Commission vide Regulation 4 of the HPERC (Renewable Power Purchase Obligation and its Compliance) Regulations, 2023 has specified the minimum ceiling of Wind, Hydro and Other Renewable RPPO for the Distribution Licensee over a time span of eight years from FY 2022-23 to FY 2029-30.The target laid down by the Commission for FY 2023-24 is given in the table below:

Table 183: Minimum quantum of purchase from Renewable Sources

Financial Year	Total RPO %age	Minimum Wind RPO %age of the total purchase	Minimum Hydro PO (HPO) %age of the total purchase	Minimum Other RPO% age of the total purchase
FY 2023-24	27.08%	1.60%	0.66%	24.82%

9.8.2 The surplus quantum of renewable power purchased by HPSEBL after meeting its RPPO, sale of renewable power outside the State and conversion of conventional energy to green energy by other obligated entities within the State shall be eligible for issuance of RECs or disposal in any other admissible mode.

10 DIRECTIONS AND ADVISORIES

10.1 Background

10.1.1 In view of the long standing and forward rolling directives, the Commission had discontinued the past directives and had issued fresh directions and advisories to HPSEBL in the MPR Order for fourth Control Period dated 29.03.2022. As part of the fourth APR Petition for FY 2023-24, the Petitioner has submitted a directive compliance report. During the processing of the APR Petition, the Commission raised several queries. In response to the queries, the Petitioner has submitted partial details.

10.1.2 The following table summarizes the compliance status of directives given by the Commission in MPR Order dated 29.03.2022, against which the Petitioner is mandated to submit timely compliance status:

10.2 Compliance of Directives of MPR Order

No.	Directives issued in the MPR Order	Status of Compliance	Commission's View
1.	**Outstanding Dues:** The Commission directed the Petitioner to provide detailed action plan to recover such outstanding dues towards the various Consumers of the period, greater than 1 year along with the issues and amount involved, within a period of three months of issuance of this Order (120 crore).	Outstanding amount as on 31.12.2022 is Rs. 295 Cr. Out of which Rs. 75.99 Cr. is pending for the period more than 1 year. In addition to above, Rs. 44.34 Cr. is disputed amount. Following Action Plan is hereby proposed to recover the outstanding amount more than 1 year: 1. The Govt. Departments which are covered under essential services i.e., IDWPS Connections, Hospitals, & Street Lighting Supply Consumers, it has been decided to issue clear notice of not more than 15 days to pay the outstanding amount failing	It was observed that the Petitioner has not provided the Action plan to recover the outstanding dues along with applicable timeframes. In response, the Petitioner has submitted that the Outstanding amount ending Dec 2022 is Rs. 295 Cr. including Disputed Amount of Rs. 44.34 Cr., out of which Rs. 75.99 Cr. amount is pending for the period of more than 1 year. The remaining outstanding amounts are being recovered on timely basis.

No.	Directives issued in the MPR Order	Status of Compliance	Commission's View
		which the Consolidated monthly outstanding amount will be proposed to be raised to the concerned Secretary/HOD of Govt department to pay the outstanding amount within 30 days failing which the supply shall be disconnected. 2. The directions stands already issued to the field units to disconnect the supply in respect of all categories of Consumers not covered at Sr. No. 1 above as per provisions of Electricity Act/ Supply Code. 3. To immediately file Civil Suit in respect of the Consumers disconnected permanently on account of non-payment of electricity bills. 4. Efforts are being taken to decide the cases pending before various courts expeditiously.	The Petitioner further submitted copies of letters issued to field offices for clearance of dues of the Govt. Departments/ Boards/ Corporations/ ULBs and requests made to the Director Urban Development. The Petitioner is directed to provide details of category wise receivables and the Age of the receivables along with action plan to recover ~76 Cr. outstanding amount which is greater than 1 year period within a period of one month from the issue of Tariff Order. Also, the Petitioner is directed to submit the action plan to recover the outstanding dues towards various Consumers with the next Tariff Petition.
2.	**Scheme Wise Approval of HT and EHV Schemes:** The Petitioner is directed to take scheme-wise approval of each HT and EHV scheme separately along with supporting documents. In the absence of prior approval, the Commission shall not consider the cost of such schemes for the purpose of Tariff determination. The Petitioner must **also share the EHV Planning Report and load flow studies conducted for the proposed EHV works with HPPTCL for future investment planning**. The Petitioner is also directed to ensure that new works of 66kV and above under EHV schemes should be undertaken by the State Transmission Utility (STU) in the State,	After obtaining the necessary approval of the Commission, each HV & EHV Scheme are being executed by HPSEBL. EHV planning report and Load flow studies conducted for purpose of EHV works is also being shared with HPPTCL for future investment planning. As per HPERC directions all new EHV works 66kV & above are being executed by HPPTCL. However, some urgent new EHV works are also being executed by HPSEBL for supplying power to the Consumer's after taking NOC and approval from HPPTCL and HPERC respectively. In addition, the Petitioner has submitted that the report shall be submitted to the	The Commission had asked the Petitioner to submit the summary of Scheme-wise capital expenditure approved for each HV & EHV Schemes along with physical and financial progress and also to submit copy of the communications with HPPTCL wherein EHV planning report and load flow studies conducted for the purpose of EHV works is being shared with HPPTCL for future investment planning. In response, the Petitioner has submitted that report shall be submitted by 31 March 2023. However, the report has not been submitted to the Commission till date.

No.	Directives issued in the MPR Order	Status of Compliance	Commission's View
	failing which it may lead to disallowance of capital cost.	Commission by 31 March 2023.	Therefore, the directive is being continued.
3.	**Record keeping of pension and terminal liabilities:** The Petitioner is directed to take up this matter on priority and maintain proper records against **pension contribution made by different Units viz Generation, BVPCL, Projects and S&I etc.** and submit the same with subsequent Tariff Petition. Compliance of the same shall be reported within two months from the issuance of this Order.	The decision has been taken by WTDs in 83rd meeting on the proposal for sharing of terminal benefits from other business of HPSEBL such as Generation Wing, BVPCL, Projects and S&I etc. Notification of the same is being issued from the Administrative Wing of HPSEBL. The pensioner liabilities will be shared between the other businesses of HPSEBL accordingly.	The Commission had asked the Petitioner to submit the copy of the Minutes of Meeting (MoM) of WTD's 83rd meeting and also to provide the copy of Notification from Administrative wing on sharing of terminal liabilities. In response, the Petitioner has submitted only the copy of the Minutes of Meeting (MoM) of WTD's 83rd meeting and did not provide a copy of Notification from Administrative wing to the F&A, as mentioned in the Minutes of Meeting (MoM) of WTD's 83rd meeting. As per the WTD's 83rd meeting, the Administration Wing of the Company (Deputation Cell) shall evolve a mechanism to provide bio-data in respect of employees on deputation to other organizations on half-yearly basis during their term of deputation, so that the amount on account of LS & PC could be recovered from the concerned departments/PSUs well in time before the retirement of the concerned employees. It is also ordered that the Generation Wing/ PCA/ BVPCL shall calculate the Leave Salary and Pension Contribution in respect of the employees posted w.e.f. 01.04.2014. Therefore, the direction is being continued and Petitioner is directed to initiate the record keeping from FY 2023-24 onwards and confirm the same along with next Tariff Petition.

<table>
<tr><th>No.</th><th>Directives issued in the MPR Order</th><th>Status of Compliance</th><th>Commission's View</th></tr>
<tr><td>4.</td><td>Record keeping of pension and terminal liabilities: Also, the Petitioner is directed to provide separately the details of pension and terminal benefits dues and actual amount received from other Organizations where the HPSEBL employees have been deployed and submit the same with subsequent Tariff Petition.</td><td>The detail of Pension Contribution & Leave Salary bill raised, and payment received from various organization is attached as per Annexure - "A"</td><td>The compliance is noted.</td></tr>
<tr><td>5.</td><td>Detail of Capital Works & Capitalization: The Petitioner is directed to submit detail of Capital Works and capitalization undertaken along with Truing-up for respective year. The Petitioner is also directed to submit the asset Commissioning certificates for HT works issued by the competent authority for assets capitalized in the respective year.</td><td>The detail of Expenditure and capitalisation for the year 2021-22 is as under:
<table><tr><th>Scheme</th><th>Expenditure</th><th>Capitalization</th></tr><tr><td>Distribution Scheme</td><td>581.90 Cr.</td><td>738.64 Cr.</td></tr><tr><td>ES Wing</td><td>156.40 Cr.</td><td>195.56 Cr.</td></tr><tr><td>Generation Scheme</td><td>40.04 Cr.</td><td>15.89 Cr.</td></tr><tr><td>Total</td><td>778.34 Cr.</td><td>950.09 Cr.</td></tr></table>
As on 31/10/2022 a sum of Rs. 1415.44 Cr. is pending for Capitalisation.</td><td>The Petitioner was unable to provide adequate supporting documents with respect to capitalization of various works.

Therefore, the Commission continues its direction. Further, the Petitioner is required to submit the Asset Commissioning Certificates for HT works issued by the competent authority for assets capitalized in FY 2021-22 and FY 2022-23 along with next Tariff Petition.</td></tr>
<tr><td>6.</td><td>Separate Account Heads for different Business Units: The Petitioner is directed to initiate preparation of detailed accounts for each business unit by maintaining separate account heads for each business unit and allocation of common costs across each business unit. The Petitioner is further directed to provide all subsequent accounts complying to the above direction of the Commission and the same should strictly be adhered to in the submission of next Tariff filing.</td><td>Hon'ble HPERC has issued repetitive directive that the TARIFF PETITION for the FY 2023-24 may be filed after separating the accounts of different business units as per HPERC Regulations regarding other income of the Licensee. HPSEB Ltd. is maintaining separate accounts for each Business Unit and is also preparing the Segment wise Balance Sheet and P&L Account from 2011-12 onwards. The company is preparing its books accounts in the SAP (ERP) so there is no requirement of maintaining a separate account head for each business unit as the transactions of each</td><td>While the Petitioner has submitted that it is maintaining separate accounts for each Business Units and is also preparing the Segment wise Balance Sheet and P&L Account from 2011-12 onwards. However, it is observed that these accounts are neither audited nor proper allocation of common costs are undertaken.

The Commission is of the view that since ERP has been implemented by the Petitioner, all items should be easily allocated to various business units.</td></tr>
</table>

No.	Directives issued in the MPR Order	Status of Compliance	Commission's View
		business unit can be easily identified in the SAP with the help of individual Profit Centre/Cost Centre. **To allocate the common cost among all the business units the draft Memorandum has been prepared and is under consideration. The proposal shall be finalized from next FY.**	Therefore, the direction is being continued and Petitioner is directed to initiate the separate record keeping for different Business Units from FY 2023-24 onwards and submit separate record along with next Tariff Petition. However, compliance be reported within four months of issuance of this Tariff Order.
7.	**Segregation of Wheeling and Retail:** The Commission observes that in spite of the obligation of the Petitioner as per Regulation 5(1) of the MYT Regulations 2011 to segregate the accounts of the licensed business into wheeling business and retail supply business, the Petitioner has not made any efforts in this direction and has continued with the allocation statement provided by the Commission. The Petitioner is directed to segregate its accounts into wheeling business and retail supply business from FY 2022-23 onwards. ARR for FY 2023-24 should contain these details separately.	For segregation of the wheeling business and retail supply business, a collective effort needs to be undertaken for segregation of the following components of the ARR; i. Power purchase/Transmission SLDC expenses ii. Employee Expenses (Direct/Indirect) iii. R&M(Direct/Indirect) iv. A&G expenses (Direct/Indirect) v. Depreciation (Direct/Indirect) vi. Interest on Loans (Direct/Indirect) vii. interest on working capital (Direct/Indirect) viii. Interest on security deposit (Direct/Indirect) ix. Provision of bad debts (Direct/Indirect) x. Income (Direct/Indirect) Committee is being formulated involving all the stakeholders and as per the recommendation of the Committee, the necessary basis for segregation of wheeling business and retail supply business may be undertaken. The provision shall be implemented in next MYT (FY25-FY29).	The Commission has observed that the Petitioner has not made any efforts in segregating the accounts of the licensed business into wheeling business and retail supply business. Therefore, the Commission continues its direction and directs the Petitioner to segregate its accounts into wheeling business and retail supply business from FY 2023-24 onwards so that the provision can be implemented from next Control Period (FY25-FY29). Further, the Petitioner is directed to provide the compliance of the directives of the Commission within three months of issuing of this Order.
8.	**Approval for Short-Term Power**	The Directive is being compiled by HPSEBL.	The Petitioner has submitted the proofs of

<table>
<tr><th>No.</th><th>Directives issued in the MPR Order</th><th>Status of Compliance</th><th>Commission's View</th></tr>
<tr><td></td><td>Procurement: The Petitioner is required to take regular approvals for any power purchase exceeding 5% limit for each of the quarter of FY 2022-23. In the absence of such submissions/ approvals, power purchase beyond 5% shall be disallowed by the Commission.</td><td></td><td>approval taken from the Commission for power purchase exceeding 5% limit for 1st and 2nd quarter of FY 2022-23 only. the Petitioner is directed to submit the approvals for any power purchase exceeding 5% limit for all the quarters of FY 2022-23 along with the True-up Petition for FY 2022-23. In future, these directives be complied with in Letter and spirit.</td></tr>
<tr><td>9.</td><td>SAIFI & SAIDI: The Commission directs the Petitioner to compile the requisite data and submit reports on parameters such as SAIDI, SAIFI, wheeling and supply availability, etc. along with Truing-up for respective years.</td><td>The Directive is being compiled by HPSEBL. The Proposed Trajectory to be fixed for next 3 years has already been submitted to Hon'ble Commission is as under:
<table>
<tr><th rowspan="2">FY</th><th colspan="2">SAIFI</th><th colspan="2">SAIDI (Min)</th><th colspan="2">CAIFI</th></tr>
<tr><th>Urban</th><th>Rural</th><th>Urban</th><th>Rural</th><th>Urban</th><th>Rural</th></tr>
<tr><td>2023</td><td>31</td><td>125</td><td>1023</td><td>2000</td><td>12</td><td>35</td></tr>
<tr><td>2024</td><td>28</td><td>115</td><td>896</td><td>1725</td><td>11</td><td>33</td></tr>
<tr><td>2025</td><td>25</td><td>105</td><td>775</td><td>1470</td><td>10</td><td>31</td></tr>
</table></td><td>The Commission had asked the Petitioner to submit the details with respect to SAIDI, SAIFI, wheeling and supply availability, etc. for FY 2021-22 and first two quarters of FY 2022-23.

In response, the Petitioner has submitted the details with respect to SAIDI, SAIFI, CAIFI, and CAIDI from FY 2018 till quarter two of FY 2022-23.

The Commission observes that the Petitioner has submitted all relevant details with respect to SAIDI, SAIFI, wheeling and supply availability, etc. for last five years and has also proposed a trajectory for the parameters for the next Control Period. Also, during the meeting held on 22.11.2022 with the management of HPSEBL, it was submitted that the targets of SAIFI/ hours of supply were required to be achieved under the RDSS Scheme and the targets are as below:
<table>
<tr><th>FY</th><th colspan="2">SAIFI</th><th colspan="2">Hours of Supply</th></tr>
<tr><td></td><td>Urban</td><td>Rural</td><td>Urban</td><td>Rural</td></tr>
<tr><td>2023</td><td>31</td><td>125</td><td>23.70</td><td>21.38</td></tr>
</table></td></tr>
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<table>
<tr><th>No.</th><th>Directives issued in the MPR Order</th><th>Status of Compliance</th><th>Commission's View</th></tr>
<tr><td></td><td></td><td></td><td>
<table>
<tr><td>2024</td><td>28</td><td>115</td><td>23.71</td><td>21.65</td></tr>
<tr><td>2025</td><td>25</td><td>105</td><td>23.72</td><td>21.98</td></tr>
</table>

The values were also discussed during the meeting and there was consensus that the aforesaid trajectory seems to be justified and achievable for next three years and HPSEBL was directed to submit a formal proposal. Post the meeting, Chief Engineer (Commercial) vide letter dated 30.01.2023 has submitted the following proposed trajectory for next three financial years.

<table>
<tr><td>FY</td><td>SAIFI</td><td></td><td>SAID (Min)</td><td></td></tr>
<tr><td></td><td>Urban</td><td>Rural</td><td>Urban</td><td>Rural</td></tr>
<tr><td>2023</td><td>31</td><td>125</td><td>1023</td><td>2000</td></tr>
<tr><td>2024</td><td>28</td><td>115</td><td>896</td><td>1725</td></tr>
<tr><td>2025</td><td>25</td><td>105</td><td>775</td><td>1470</td></tr>
</table>

<table>
<tr><td>FY</td><td>CAIFI</td><td></td><td>CAIDI</td><td></td></tr>
<tr><td></td><td>Urban</td><td>Rural</td><td>Urban</td><td>Rural</td></tr>
<tr><td>2023</td><td>12</td><td>35</td><td>33</td><td>16</td></tr>
<tr><td>2024</td><td>11</td><td>33</td><td>32</td><td>15</td></tr>
<tr><td>2025</td><td>10</td><td>31</td><td>31</td><td>14</td></tr>
</table>

Therefore, the Compliance is noted.</td></tr>
<tr><td>10.</td><td>Separate Account for AMC & ATS charges: The Petitioner is directed to maintain separate account head for AMC and ATS related charges and provide details along with adequate supporting documents.</td><td>Detail of AMC & ATS Charges is being maintained in SAP ERP System separately. The creating of separate account heads is under process and shall be implemented from next MYT (for ATS under A&G).

In response to the query, the Petitioner also provided details for AMC and ATS charges for</td><td>Compliance is noted.</td></tr>
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<tr><th>No.</th><th>Directives issued in the MPR Order</th><th>Status of Compliance</th><th>Commission's View</th></tr>
<tr><td></td><td></td><td>FY 2021-22 as under:
<table>
<tr><th>Sl.</th><th>Expense Type</th><th>Expense during FY 22 (in Rs. Cr.)</th></tr>
<tr><td>1</td><td>AMC</td><td>13.06</td></tr>
<tr><td>3</td><td>ATS</td><td>11.75</td></tr>
<tr><td></td><td>Total</td><td>24.81</td></tr>
</table></td><td></td></tr>
<tr><td>11.</td><td>Fixed Asset Register (FAR): The Commission directs the Petitioner to complete the ongoing exercise of preparing its Fixed Asset Register for distribution business prior to November 2019 and submit the same to the Commission within 3 months from the date of issue of this Order.</td><td>The Wing-wise asset class-wise detail of the GFA is being compiled with for working out the actual amount of Depreciation to be allowed in the ARR. At the time of compilation of the Assets from the Annual Accounts of the Company from 1972-73 onwards it is observed that the Wing-wise (i.e., Distribution, Generation, and Transmission) detail of the Gross Fixed Assets is available from 1972-73 to 1985-86 and the Class-wise breakup of the Gross Fixed assets is not available from 1985-86 to 2018-19.
Committee is being formulated by taking Chief Engineer from each wing of HPSEBL to ascertain the class wise breakup w.e.f. 1985-86 to 2018-19. The committee will submit the report by on or before 31/03/2023.</td><td>The Commission has asked the Petitioner to submit the report of the Committee to ascertain the class wise breakup w.e.f. 1985-86 to 2018-19. the Petitioner has not submitted the said report to the Commission.

It is observed that preparation of FAR by the Petitioner has been going on for a significant period but the same has not been finalized till date. The Petitioner is directed to complete the exercise at the earliest, but not later than three months from the date of issuance of this Tariff Order and submit the FAR along with filing of MYT Petition for the next Control Period.</td></tr>
<tr><td>12.</td><td>Payment of bilateral charges towards PKATL Assets: The Petitioner is directed to take up adequate representations to CERC and other stakeholders which would immediately prevent the incidence of these annual Fixed Charges on HP State alone. Also, the Petitioner is required to take steps for reversal of the charges against these assets in the past years. The Petitioner is directed to provide a status report of the various steps undertaken in this regard along with supporting documents in the subsequent Tariff filing.</td><td>HPSEBL is paying the bilateral charges for PKATL asset in compliance to the Hon'ble CERC Order dated 18.09.18 in HPSEBL Petition no. 104/MP/2018 have allowed recovery of total annual charges for PKATL assets w.e.f. 12.07.2017 i.e., COD of assets as under:
i) 15.5% of charges through PoC mechanism from all constituents of Northern Region.
ii) 84.5% of charges from HPSEBL till downstream transmission network is ready.

Accordingly, HPSEBL is provisionally paying to</td><td>It is observed that the Hon'ble APTEL has set aside the Order of CERC and has directed CERC to decide the matter afresh within three months. Also, the hearing with respect to the case has already been done and CERC has reserved the Order in the matter.

The compliance is noted. The Petitioner is required to submit the Order within 15 days from its pronouncement to the Commission.</td></tr>
</table>

No.	Directives issued in the MPR Order	Status of Compliance	Commission's View
	Also, the Commission shall review the matter based on initiatives undertaken by HPSEBL in this regard in the subsequent Tariff Orders and at the time of Truing up for FY 2022-23 while approving this amount.	Power grid @84.5% of the PKATL asset annual charges through bilateral billing on monthly basis and sharing the remaining as 15.5% through PoC charges along with other constituent of Northern Region. In the CERC Order dated 18.09.2018 the issue of sharing of transmission charges of PKATL assets by all constituents of Northern Region was not adequately addressed and HPSEBL has contended that the transmission charges for PKATL assets be included for recovery from all the constituents of Northern Region under PoC mechanism under the CERC (Sharing of Interstate Transmission Charges & Losses) Regulation 2010. Therefore, against the CERC Order dated 18.09.2018, HPSEBL filed appeal no. 343/2018 before Hon'ble APTEL, New Delhi and Hon'ble PTEL in its judgement dated 19.05.2022 have held that Order dated 18.09.2018 of CERC is against its Sharing Regulations, the said Order has been set aside & have directed CERC to decide the matter fresh within three months. Therefore, Hon'ble CERC has to decide fresh on the HPSEBL Petition 104/MP/2018 and the fresh decision of the Hon'ble CERC will be intimated as & when decided in the matter.	
13.	**Payment of bilateral charges towards PKATL Assets:** The Petitioner is also directed to take all required steps (including discussion at the management level and co-ordination with HPPTCL) to ensure completion of the downstream transmission network by October 2022 failing which the	The matter has been taken up with HPPTCL; the compliance status in this regard shall be submitted separately to the Commission by 31st March 2023.	In the absence of any status report, the Commission asked the Petitioner to provide requisite details. The Petitioner has mentioned that the construction of downstream network of Kala Amb is being developed by HPPTCL and Action Plan will be submitted by 31st March 2023. However, no submission has been made

No.	Directives issued in the MPR Order	Status of Compliance	Commission's View
	Commission shall be constrained to disallow these charges from 1st November 2022.		by the Petitioner up to the date of issuance of this Order. The directive is being continued and the Petitioner is required to submit the compliance status report within one month from issuance of this Order.
14.	**Curtailment of Reactive load charges:** The Petitioner is directed to ensure that the Field Units undertake strict vigilant action for curtailing of Reactive Load Charges. The status report in this regard be submitted to the Commission within three months of issuance of this Order. In case strict action is not taken by the Petitioner in this regard, these charges shall be disallowed from FY 2022-23 onwards.	The Regulation 6.6 of the CERC notified Indian Electricity Grid Code 2010 Regulations & subsequent amendments thereof and HP State Grid Code 2008, stipulates that Reactive power (VAr) compensation should ideally be provided locally, by generating reactive power as close to the reactive power consumption as possible. The Regional Entities except generating stations are therefore expected to provide local VAr compensation/generation such that they do not draw VAr from the EHV Grid, particularly under low voltage condition. In general, Regional Entities except Generating stations shall endeavour to minimize the VAr drawl at an interchange point when the voltage at that point is below 95% of rated and shall not return VAr when the voltage is above 105% and Regional Entity pays for Var drawal when voltage at metering point is below 97% or above 103% and gets paid for VAr return when voltage at metering point is below 97% or above 103%. ICT taps at the respective drawal points may be changed to control the VAr Switching in/out of all 400kV bus and line reactors shall be carried out as per the instructions of the RLDC and in case of the Intra-state transmission network as per	From the submissions of the Petitioner, it can be inferred that they have not undertaken any strict vigilant action for curtailing of Reactive Load Charges. The Petitioner was to submit the status report with regard to curtailment of the Reactive load Charges. But the same is yet to be submitted by the Petitioner. The Petitioner has requested the Commission to direct HPPTCL and HPSLDC for compliance in terms of CERC IEGC 2010 & HP State Grid Code. The Commission has noted that the implication of the reactive load charges to be paid is on the Petitioner. Therefore, the Petitioner must point out clearly where the HPPTCL and HPSLDC have not adhered to the relevant Regulations so that the Commission may give appropriate directions to them. In view of the above, The Commission maintains its directives and direct the Petitioner to submit the complete status report to the Commission within three months of the issuance of this Order.

No.	Directives issued in the MPR Order	Status of Compliance	Commission's View
		the instructions from HPSLDC. The Tap changing on all the 400/220kV ICTs shall be carried out as per the instructions of the RLDC or HPSLDC respectively. The ISGS and other generating stations connected to regional grid or Intra-state network shall generate/absorb reactive power as per the instructions of the RLDC or HPSLDC respectively within the capability limits of the generating units, that is without scarifying the active power generation required at that time. No payments shall be made to the generating companies for such VAr generation/absorption. The liability of Reactive Energy Charges is on Discoms only. Therefore, weekly Reactive Energy Accounts are issued by NRPC to the respective State SLDC in terms of CERC notified IEGC 2010 Regulations & subsequent amendments thereof and accordingly HPSEBL receives the weekly bills for Reactive Energy Charges from HPSLDC. The Reactive Energy Charges weekly bills for payable/receivable amount to/from NR Pool Account and Inter-Constituent Bilateral Reactive Energy Charges of HP (HPSEBL) with Punjab (PSPCL), Haryana (HVPNL) & Uttarakhand (UPCL) are submitted to HPSEBL by HPSLDC based on the NRPC Reactive Energy Charges weekly accounts for the NR Constituents. The weekly Reactive Energy Charges (Pool Account) of HPSEBL & Inter-Constituent Bilateral Reactive Energy Charges of HP (HPSEBL) with Punjab (PSPCL), Haryana (HVPNL) & Uttarakhand (UPCL) are either receivable/payable or zero as per the past	

No.	Directives issued in the MPR Order	Status of Compliance	Commission's View
		three months data of FY2022-23 (i.e., April 2022-June 2022) and details of weekly bills of Reactive Energy Charges from HPSLDC are given at Annexure C. It is added that there are certain interstate point in the HP Intra-state network which are under the control of HPPTCL / PGCIL and monitored by HPSLDC/RLDC such as Gumma-HPPTCL Substation, Banala-PG substation, Karchham-Wangtoo Hydro substation, Wangtoo-HPPTCL substation, Karian-HPPTCL substation etc. being the ISTS and the Reactive Energy Exchange (export/import) under High and Low Voltage Condition at these substations is also is billed to HPSEBL by HPSLDC based on NRPC Reactive Energy Accounts, in the weekly bills for Reactive Energy Charges (Pool Account) of HP. HPSLDC /HPPTCL may be directed by Hon'ble Commission for compliance in terms of CERC IEGC 2010 & HP State Grid Code.	
15.	**Additional Surcharge:** With regard to UI purchase, the Commission is of the view that the per unit rate of UI purchased during FY 2019-20 was very high and is primarily on account of additional surcharge which is due to non-adherence to the grid discipline. In response to clarification sought during TVS, the Petitioner clarified that due to hydro dependency of the state, the quantum of additional surcharge is high. The Commission feels that with proper tools for	A Scheme has been framed for having proper tools of scheduling of power by ALDC, HPSEBL and matter is being taken up for further funding through the State Power System Development Fund (PSDF) for forecasting of the Demand and forecasting of the Availability of power from various sources.	The Commission has subsequently asked the Petitioner to provide Scheme details. In response, the Petitioner has submitted that the Scheme was submitted to Member Secretary of Appraisal Committee of State PSDF. However, they have raised certain observations on the said Scheme. Also, the Petitioner has confirmed that they would submit the Scheme by 31st Mar 2023. The Petitioner has not submitted any Scheme

No.	Directives issued in the MPR Order	Status of Compliance	Commission's View
	scheduling the high variance and additional surcharge could be controlled and Petitioner should take steps to eliminate incidence of additional surcharge. The Petitioner, is therefore, directed to undertake adequate steps for proper scheduling of power and provide status of the same to Commission along with next Tariff Petition. Also, Petitioner is directed to provide information of UI units, total amount paid/ received, additional surcharge paid, etc. in subsequent true-up for each year.		so framed or its details regarding tools of scheduling of power by ALDC, HPSEBL as mentioned in the status of compliance. The Commission is of the view that the UI mechanism is not a new one and the same is being implemented in the country for many years now. So, the Petitioner cannot give such excuses that they are framing proper tools for scheduling and only then they will be able to curtail UI. Therefore, the Commission is continuing with the directive and the Petitioner is again directed to have strict vigilance while doing UI transactions. And, in case the Commission finds that the UI charges have been paid due to inefficiency on the part of the HPSEBL, the same shall be disallowed during Truing-up exercise.
16.	**Employee Cost:** The employee cost of the Petitioner is one of the highest in the country. The Commission in its previous Orders has given various directives in this regard for curtailment of the employee cost, but no concrete action has been taken by the Petitioner in this regard. The Commission in the last Order had asked the Petitioner to submit an efficiency improvement plan for next five years with an aim to reduce its employee cost by 1% every year. However, the Petitioner has ignored the directive of the Commission. Consumers of the State cannot be made to	HPSEBL has initiated work on following for reduction of Employee cost 1. A Committee to work out the proposal for reduction in employee cost has been constituted. The committee will also analyse retirement and recruitment gap. 2. Matter for introducing E-Office has been taken up with NIC. 3. Identification of Dying cadre is also on the agenda of the committee.	It is observed that no efficiency improvement plan has been submitted by the Petitioner. Also, no conclusive proposals or steps have been taken up by the Petitioner in this regard. No action has been taken up by the Petitioner regarding closing/ redesignating of the Offices which have become redundant as pointed out by the Commission in its earlier Tariff Orders. Further, the rationalisation of existing workforce has also not been carried out by the Petitioner in spite of the several directions in this regard. Also, the Commission observes that the Petitioner has recruited a lot of workforce on Outsource basis in the past

No.	Directives issued in the MPR Order	Status of Compliance	Commission's View
	pay higher cost of electricity due to inefficiencies in system of the Petitioner. The Petitioner has failed to take any action to control the employee cost in spite of continuous directions issued by the Commission. In one of the Tariff Orders, the Commission has even pointed out some of the units which seem redundant due to change in systems. The Petitioner, however, has not taken any action in this regard.		years. In this regard, the Commission is of the view that the Petitioner must strive to outsource the services/activity instead of keeping Outsource Staff. Petitioner has to clearly understand that its per unit Employee Cost is highest in the Country. Consumers of the State cannot be made to pay for inherent inefficiencies in the system. The Petitioner has done a lot of technological interventions of late which should have reduced the requirement of manpower if the same would have been implemented in a systematic manner which would have reflected in their accounts and inefficiencies would have been reduced. Accordingly, the Commission will not allow the cost of such offices which have become redundant. The Commission feels that the Petitioner is required to immediately take steps to cut down its operational cost. Otherwise, it may face the survival issue in the long run. The directive is being continued and the Commission, as a last resort, is impressing upon the Petitioner to come up with a proper plan and taking adequate steps to cut down its employee cost failing which the Commission shall be constrained to disallow a part of employee cost and/or fix the same by benchmarking it in each of the year going forward.
17.	**Employee Cost:** Considering that the Petitioner has undertaken several IT/OT	HPSEBL has initiated work on following for reduction of Employee cost	The Commission has asked the Petitioner to submit the detail of any new recruitment

No.	Directives issued in the MPR Order	Status of Compliance	Commission's View
	initiatives such as SAP ISU billing, SAP ERP, etc. which should have reduced the requirement of manpower deployed under various departments. HPSEBL should review the deployment of human resources in its various functions afresh. Further, in view of the above, the Commission directs the Petitioner that no new recruitment except for engineering and technical manpower should be undertaken by the Petitioner. In case of emergency situation, prior approval of the Commission be sought. In case the Petitioner does not take steps to control the employee cost and fails to reduce the per unit employee cost, which is highest in the country, the Commission shall be constrained to cap the employee cost of the Petitioner in the next Tariff Order.	1. A Committee to work out the proposal for reduction in employee cost has been constituted. The committee will also analyse retirement and recruitment gap. 2. Matter for introducing E-Office has been taken up with NIC. 3. Identification of Dying cadre is also on the agenda of the committee.	undertaken during FY 2022-23. In response, the Petitioner has submitted that a report shall be submitted by 31st March 2023. The Commission hereby reiterates that in case the Petitioner would have made recruitment during FY 2022-23 in contrast to the directive issued in this regard, the same shall not be allowed to be pass through while doing Truing up for FY 2022-23. As the Petitioner has not complied with the directive, the directive is being continued.
18.	**Consumer Awareness:** It is observed that the Consumers are not aware of the schemes and functions carried out by the Petitioner. Therefore, the Petitioner is directed that such Consumer awareness programme be carried out at least once in every quarter in each Circle. Further, the Petitioner is directed to observe Consumer and Energy Awareness week in all the circles once every year. Summary of activities and campaign undertaken during FY 2022-23 should be submitted along with next Tariff filing by the Petitioner for FY 2023-24.	HPSEBL is conducting Public Interaction programmes in line with the approval received from Hon'ble Commission vide letter No. HPERC-I(1)-3/2022-13-12-17 dated 30.08.2022.	In response to the query of the Commission, the Petitioner has not submitted any details of Public Interaction Programmes undertaken during FY 2021-22 and FY 2022-23. Therefore, the directive is being continued.
19.	**Delay in Commissioning of UHL-III HEP:** The Commission has noted that the	The structural design of penstock rehabilitation work including Transient analysis and CFD	As the Petitioner has not submitted the timelines for Commissioning of the Uhl-III

No.	Directives issued in the MPR Order	Status of Compliance	Commission's View
	Commissioning of Uhl-III project has been deferred multiple times by the Petitioner. It seems there is no professional control in execution of this project. Further, it looks like that the project has unending Commissioning schedule. In this regard, the Petitioner is directed to ensure that the project is constructed and Commissioned as per HPERC (Terms and Conditions for Determination of Hydro Generation Supply Tariff) Regulations, 2011 and amendments thereof. It is further clarified that any inefficiencies including delay in completion of the project shall not be passed on to the Consumers of the State.	studies of water conductor system/penstock is still in progress with HPPCL design office Sundernagar and CWC, New Delhi, which has been delayed by approximately 5 months. However, effort shall be made to retrieve some delays to the extent possible. The detailed report on status of UHL-III HEP (100MW) consisting of status before and after rupture of pen stock submitted on dated 19/11/2022.	project, the directive is being continued. It seems that the Petitioner has no concrete action plan for Commissioning of ULH-III project. Commission's directives in most of the past years have not been complied with by the Petitioner. The Commission, therefore, would be constrained not to allow costs built in due to inefficiency. Therefore, at the time of filing of the next Tariff Petition for the Project, the Petitioner is required to comply with this directive.
20.	**Circle wise T&D Losses:** It is observed that the T&D losses of the Petitioner during the third Control Period have been range bound. Further, the T&D losses during first two years of fourth Control Period have been on an increasing trend including higher than 20% losses in several Circles/ Divisions. Therefore, the Petitioner must ensure that the T&D losses for each Circle are brought down within 20% range in the subsequent years of the fourth Control Period. In absence of the same, the Commission shall be constrained to additionally penalize the Petitioner with respect to higher than 20% losses for the respective circles. The Petitioner is also directed to maintain the T&D loss trajectory approved by the Commission for the remaining years of the 4th Control Period.	The T&D Losses targets to each circle have been given below 20% for FY23. The losses for first qtr has been reconciled and it has been observed that the losses in r/o Kullu and Dalhousie Circle is more than 20% i.e., 20.48 and 22.36% respectively. The target in respect of kullu Circle needs to be reviewed as most of the power is wheeling power. Wheeling power in respect of Kullu circle is approx. 29MU / Month. The T&D Losses for FY 2021-22 were 12.75% and for FY 2022-23 are12.23% for first quarter. The detail of BEE Data for FY 2021-22 submitted through e-mail as under: First Qtr Submitted on 12/08/2022. Second Qtr Submitted on 31/03/2022. Third Qtr Submitted on 31/03/2022. Fourth Qtr Submitted on 25/08/2022.	The Commission observes that the Petitioner has fixed the targets for achieving the T&D losses below 20% for FY 2022-23. However, still the losses for Kullu and Dalhousie Circles have come more than 20% in the first quarter after reconciliation. The Commission continues the directive with further direction to the Petitioner to submit the detail of actual Circle wise T&D losses achieved against the targets fixed for FY 2022-23 within three months of issuance of this Order. Also, the Petitioner is directed to provide circle-wise targets for next Control Period in the next Tariff Petition.

No.	Directives issued in the MPR Order	Status of Compliance	Commission's View
		Annual Energy Audit/Accounting Report for FY 22 Submitted on 15/11/2022. The Petitioner has also submitted Copy of the Circle wise Annual Energy Audit/ Accounting Reports for FY22, as asked by the Commission.	
21.	**Accounting for Transmission and Distribution Loss:** The Commission directs the Petitioner to undertake separate accounting for Transmission losses of its 66 kV and above network and Distribution losses of its 33kV and below network. Further, the Petitioner is also required to account for the HPPTCL network and own network losses separately.	Being implemented.	In response to the query, the Petitioner has provided FY 2022-23 - Q1 and Q2 overall losses at circle level along with losses at various voltage-levels for Q1 of FY 2022-23. However, the methodology and other details for arriving at the losses have not been explained. Also, various anomalies in the information submitted are observed i.e., losses at higher voltage level are higher compared to lower voltage level. The submission made by the Petitioner is elementary and lacks detailing. Also, the Petitioner has not provided details with respect to how the segregation of the losses at various voltage levels are being done and how it plans to account for HPPTCL network losses. Therefore, the directive is being continued. Further, the Petitioner is directed to provide energy audit reports for FY 2021-22 and FY 2022-23 within three months of issuance of this Order.
22.	**Response to Stakeholder Queries:** It is observed that on several occasions the observations made by the stakeholders are specific and based on the content of the Petition. However, the Petitioner has	Proper and adequate responses are being provided to stakeholders and Consumers for their comments.	The compliance is noted. The Petitioner has to ensure that the response to the stakeholders is provided properly and adequately in future as well.

No.	Directives issued in the MPR Order	Status of Compliance	Commission's View
	provided similar response to such observations. On previous occasions as well, the Commission had highlighted that the Petitioner should provide adequate qualitative and quantitative response to the stakeholder's comments and objections. The Commission takes strong note of the non-compliance with respect to several directives of the Commission in the previous Tariff Orders. The Petitioner is directed to ensure that proper and adequate responses are provided to the comments of stakeholders from subsequent Tariff Petitions.		
23.	**Inventory of Meters and allied equipment:** In view of the submission of the stakeholders that Consumers are forced to buy the energy meters due to unavailability of meters with the Petitioner, the Commission is of the view that it is one of the prime duty of the Licensee to give electricity connection to the Consumers within the stipulated timeframe. It has come to notice of the Commission that the **electricity connection is not released due to non-availability of the meter** and, sometimes it happens that a Consumer is forced to buy the energy meter. If a Consumer can purchase the meter from the market so can the Licensee as well. Moreover, a meter is the main equipment from the perspective of DISCOM. Therefore, the Commission directs the Petitioner to ensure adequate stock of meters and allied equipment available with it and also it	The meters replaced by smart meters in Shimla & Dharamshala were diverted to other field locations for utilization. Also, due to removal of NOC requirement for new connections, the no. of connection applications suddenly increased. Under RDSS scheme current electronic meters are to be replaced with Smart Meters in a phased manner for which tenders were invited however due to non-qualification of the firms the tenders were cancelled and retendering was done. Currently tender evaluation is in process. The replaced meters would be utilized for emergency requirements in field offices. In addition to this, the procurement of new meters to meet the demand is under process.	The Commission had asked the Petitioner to submit the details of pending application for new connections. In response, the Petitioner has submitted that out of total 1,22,542 applications received, 93,765 applications have been approved and 28,777 are under process of approval. The compliance to the same is noted. The Petitioner is required to complete all pending applications at the earliest as per provisions of relevant Regulations and Supply Code. In addition, the Petitioner should adequately stock the meters so that the Consumers are not forced to buy the meters themselves in future. Compliance of the relevant provisions of Regulations and Supply Code be supplied within a month from the date of issuance of this Tariff Order.

No.	Directives issued in the MPR Order	Status of Compliance	Commission's View
	should be ensured that the Consumers are not forced to buy the metering equipment.		
24.	**Service Connection Charges:** The Commission has noted down the concern of the stakeholders regarding fixation of the normative charges for new electricity connection up to 150 kVA. HPSEBL is directed to submit the detail calculations of the normative charges within one month of issuance of this Order.	The revised proposal as discussed in the meeting on dated 01/09/2022 stands submitted to the Commission on dated 20/10/22. The rates have been worked out for overhead lines with bare conductor, overhead AB Cables & Underground XLPE Cables at 11KVand 22KV. The Commission has sought details regarding total length of service line laid down by the HPSEBL along with total expenditure occurred "Deposit Head" on a/c of laying such service lines for load above 50 KW/KVA and up to 150KW/KVA at 11KV/22KV for last 3 years vide letter dated 09/11/2022. The reply is awaited from field & compliance shall be made by 31/12/2022.	The Petitioner has filed a separate Petition in this regard and the same is under the consideration of the Commission. Therefore, the directive is being dropped.
25.	**Tariff Structure:** The issue of giving **separate domestic connections for residential colonies of the industries can only be possible if it is possible to segregate the same from industries by way of separate feeder/ metering.** HPSEBL is directed to look into the matter and detailed report in this regard be submitted within 3 months of issuance of this Order. The Commission shall take a view in this matter subsequently in the next Tariff Order.	As per existing Tariff Order, there is a provision of issuance of separate connection for Factory lighting as well as residential colonies attached to the Industry in both cases where supply is requested separately or as a clubbed load of the Industry. At present, Consumer is applying for electricity connections to Industrial Units as a clubbed load for factory lighting as well as Industrial Load and no separate connection is being sought by the units for the residential colonies attached to the industry. It is further submitted that in Industrial Area developed by Industry department as well as other areas, in case there is any requirement in future for the release of separate connection	Based on the response provided by the Petitioner, there are provisions in the Tariff Order under which the Petitioner can supply domestic connection for residential colonies of the industries. Also, the Petitioner has committed to provide separate connections to such industrial establishments as and when they apply for the same. The compliance is noted.

No.	Directives issued in the MPR Order	Status of Compliance	Commission's View
		for the residential colonies attached to the Industrial units in the same premises the same shall be released by HPSEBL as Domestic Connection by creating infrastructure for the same.	
26.	**Procurement of new vehicles:** The Petitioner is directed to restrain, to the maximum possible extent from the purchase of new vehicles for its staff/officers. The Petitioner should outsource the requirement for any new vehicles instead of procuring by themselves. This shall ensure reduction in overall Cost for the Petitioner.	In HPSEBL norms dated 22-10-1993 for providing of attached vehicles to the officers as well as trucks/Mtc. Van have been formed by the Board. As per norms the officers of the rank of Sr. Executive Engineer and above are entitled for attached vehicle. Similarly, as per norms trucks/utility van/maintenance vehicles are also admissible for each office (Sub-Division) in field. At present in HPSEBL total vehicle are 422 including of 116 private hired vehicles. The Board has only 306 departmental vehicles in total (Car/Jeep/Mtc. Vehicles). The board itself has decided outsourcing of the management of vehicles required in the field units. Therefore, most of private taxies as attached vehicles instead of Board's own vehicles. Replacement of all maintenance vehicles is being made on outsource basis by hiring of private vehicles, so far 116 Nos. private vehicles (Car/Jeep and procurement of Board's departmental vehicles is only considered in favour of Senior Officers of Board from the rank of Superintending Engineer and above. The procurement of new attached vehicle has been considered as replacement of their old/condemned vehicles. At present about 40% vehicles have been engaged on outsource basis. 100% outsourcing of the vehicles will not be	The compliance to this directive is noted.

No.	Directives issued in the MPR Order	Status of Compliance	Commission's View
		applicable as we have sufficient Nos. of regular drivers in the Board; therefore, to utilize the services of the drivers, vehicles are necessary to be purchased. However, the preference is always extended to the hiring of private vehicles instead of procurement of vehicles.	
27.	**Management of Surplus Energy:** The Petitioner is directed to sell the surplus energy available with the Discom up to the last unit at an economically beneficial price to the maximum extent possible. The details of efforts made by the licensee to sell the surplus energy in all possible ways and the details of sale of surplus energy in a month shall be intimated to the Commission. Further a study should be conducted by the Petitioner based on the surplus energy during the peak and off-peak hours in a year and seasonal variation in the peak and off-peak consumption levels. The output of the study should be able to indicate the Consumer categories who can plan and shift their load to off-peak hours. Findings of the study should be used by the Petitioner to submit a comprehensive proposal for modification/review of ToD Tariff dispensation, along with its next Tariff Petition.	HPSEBL is making all efforts for the sale of surplus energy in the most economical manner on the Power Exchange in Day Ahead Market (DAM), Term Ahead Market (TAM) & Real Time Market (RTM).	As the Petitioner has not conducted any study with respect to management of surplus energy during the peak and off-peak hours in a year and also seasonal variation in the peak and off-peak consumption levels, the directive is being continued.
28.	**Energy Audit:** The Commission directs DISCOM to arrange a separate exercise to perform Circle wise Energy Audits and submit an action plan with targeted measures and plan of action to reduce the	The circle wise T&D Losses target has been fixed for the FY2022-23 for all Operation Circles. Losses for 1st and 2nd quarter of FY 23 have been provided based on the additional	The information provided by the Petitioner depicts circle-wise losses for FY2021-22and FY 2022-23 with no supporting documents on Circle-wise audit reports. The Petitioner was required to undertake circle wise energy audit

No.	Directives issued in the MPR Order	Status of Compliance	Commission's View
	losses based on this Energy Audit Report to the Commission. The energy audit of all feeders shall be conducted. The Commission also directs the DISCOMs to submit a quarterly progress report on this matter.	information sought.	based on which the targets have to be set by the Petitioner for achieving the T&D losses trajectory fixed by the Commission. However, the submissions made by the Petitioner are elementary and lacks detailing. Therefore, the directive is being continued. Further, the Petitioner is directed to provide energy audit reports for FY 2021-22 and FY 2022-23 within three months of issuance of this Order. Petitioner should carry out Third party Energy Audit for Consumers having load more than 50 kW as well as checking of connection from Third Party.
29.	**Timely submission of Reports and Compliance of directives:** The Commission has noted that the Petitioner does not submit the quarterly reports and the reports related to compliance of directives in a regular and timely manner. Therefore, the Petitioner is directed to submit the compliance to directives of the Commission in a regular and time bound manner as mentioned in the respective directives.	The directive is being adhered.	It is observed that the Petitioner has not provided all the quarterly reports to the Commission and some of it are being submitted along with the Tariff Petition for subsequent year. The directive is therefore continued.
30.	**Model Sub-division:** The Petitioner is directed to create a Model Sub-division in each circle for reliable power supply with almost no fluctuation or interruption in supply, an upgrade to smart meters, better customer service, and increased efficiency within one year, which shall be further spread to the whole of the State.	HPSEBL has finalized the list of Model Sub-Divisions for each Op. Circle however, the notification could not be issued due to Model Code of Conduct and shall be issued immediately after lifting of Model Code of Conduct.	The Petitioner has submitted the Circle wise Model Sub-divisions notified vide Notification No. HPSEBL/CE(Comm)/SERC-11/2022-23-13338-13663, dated 23 Dec 2022 to the Commission. The Petitioner is directed to submit quarterly details with respect to the Model Sub-divisions from first quarter of FY 2023-24 onwards.

No.	Directives issued in the MPR Order	Status of Compliance	Commission's View
31.	**Double (multiple) feeder supply of electricity:** The Petitioner should undertake a study to evaluate how the reliability of supply could be improved in industrial area by having an alternate or multiple feeder supply in these areas to Consumers. The double feeder supply arrangement shall be provided by the Discom on the specific request of the Consumer particularly to avoid interruption of supply in case of failure of any one feeder to avoid loss of production of the Consumer thereof. A detailed report should be submitted to the Commission within three months from the date of issuance of this Order.	Compliance status shall be submitted to Hon'ble Commission separately.	In response to subsequent query regarding submission of the information, the Petitioner has submitted that in most of the Industrial Areas, the multiple feeders for supply of electricity already exist and detailed status on the matter shall be submitted by 31 March 2023. It is observed that the Petitioner has made generalized statements regarding adequacy of the network and has not submitted required details/ report in this regard. Therefore, the directive is continued herewith. The Petitioner is directed to submit information within a month.
32.	**Free Power Purchase:** In view of comparatively lower price of GoHP free power, the Petitioner is directed to approach GoHP to source its free power from the Central Sector Generating Stations as well on full year basis. This would be win-win situation to all the stakeholders involved, viz. GoHP, HPSEBL and the Consumers of the State. By selling some quantum of free power to HPSEBL, GoHP shall ensure the stable and assured return as the short-term market sale currently being undertaken by GoHP is subject to various risks involved. In this Order, the Commission has projected GoHP free power from those stations only which are connected with STU/HPSEBL system as HPSEBL has not come up with any proposal for additional GoHP power tied up.	The Commission in its Order dated 29.03.2022 for the determination of Tariff for FY 2022-23 for HPSEBL has approved the power procurement plan. In addition, the Commission in its Order dated 19.04.2022 on HPSEBL & HPPCL Joint Petition No. 20 of 2022 have approved power procurement from HPPCL projects i.e., from Kashang & Sawra Kuddu saleable energy on short term basis for the period from May 2022 to March 2023. The power tie ups for the FY 2022-23 with regard to disposal of summer power surpluses & to mitigate winter power deficits under banking energy arrangement have been made. Therefore, to avail the GoHP free power throughout the year will increase energy surpluses in FY2022-23. However, GoHP has verbally assured to divert its free power	The Commission observes that the Petitioner has considered additional free power from few Central Generating Stations for FY 2023-24. However, considering the growth in overall sales, the Petitioner should pursue higher quantum of share from GoHP free power entitlement. This would enable the Petitioner to meet the growing demand in future. Therefore, the Petitioner is directed to undertake a detailed assessment with respect to demand and supply position for next Control Period and take-up the matter with GoHP for allocation of higher quantum of GoHP free power in various generation stations. Also, the Petitioner is directed to submit status of the same with the Commission along with Business Plan and MYT Petition for next Control Period.

No.	Directives issued in the MPR Order	Status of Compliance	Commission's View
	However, HPSEBL must strive hard for adding more GoHP power in its portfolio on long term basis.	entitlement in Central Generating Stations as & when requisitioned by HPSEBL for the short duration & also from selective generating stations. It is pertinent to mention here that in the month of April 2022, energy shortages was experienced by HPSEBL due to seasonal fluctuations in the hydro generations & rise in the demand in the State and the power deficits was managed through availing GoHP free power in all the Central Generating Stations (CGS) from 16th to 30th April 2022 on requisition basis. Even after availing GoHP free power in CGS there was still power deficits which were managed by power procurement from Power Exchanges on need basis so as to provide 24x7 basis power to the Consumers of the State. However, HPSEBL has considered Power Purchase Projection against free power of Bairasuil & Chamera-I for FY 23-24 which is subject to the approval of DoE, GoHP.	
33.	**Compliance to decisions of CGRF/ Ombudsman:** Few stakeholders have highlighted that decisions of Electricity Forum or the Ombudsman in the form of relief / refund are not implemented by the Petitioner. The stakeholders have raised a serious issue of non- compliance of the Orders of the Statutory Authorities made under Electricity Act, 2003. The Commission directs the Petitioner to look into the matter and any casual approach on its part shall be viewed seriously and dealt as per the Act and under relevant provisions of the HPERC	Compliance status of Orders of CGRF/Ombudsman shall be intimated by the respective office i.e. CGRF & Ombudsman. Further it is submitted that HPSEBL is bound to implement the Order of these statutory authorities. However, in case the Orders are not in-line with the Regulations and provisions of the Act, HPSEBL is having equal right to contest the Orders so issued by these authorities in violation to the provisions of the Electricity Act as well as the Regulations notified by HPERC for which the appeals are also being filed wherever necessitated.	The response provided by the Petitioner is very generic and not supported by details of such cases where the Petitioner has implemented the decision of the CGRF/Ombudsman and number of appeals which have been filed. The Petitioner is directed to provide summary and details of such cases during the last three years along with next Tariff Petition.

No.	Directives issued in the MPR Order	Status of Compliance	Commission's View
	Regulations.		
34.	**Principal and Interest payment towards UDAY Bonds:** One of the main purposes of the UDAY scheme was the financial turnaround of the DISCOMs. If the burden of Bond's repayment and its interest cost are still to be borne by the DISCOM then the DISCOM will not be able to come out from its losses and its financial viability will get severely hampered. Therefore, the Commission has excluded the amount of interest on the UDAY bonds for FY23 and FY24. The Petitioner is directed to take up the matter with the State Government for taking over the interest and repayment liabilities of these bonds and reimburse the interest paid on these bonds as per the tripartite agreement.	The Interest amount of Rs. 113.27 Cr. (HY) has not been paid since August, 2021 after completion of 4 years period as per the tripartite agreement. Further, instalment of principal amounting to Rs. 289.50 cr. is due from Feb, 2023 as per bi-partite agreement. The matter of conversion of UDAY Loan of Rs. 289.50 Cr. into grant and equity is under consideration of state Govt.	The Petitioner is required to continue to communicate with the GoHP to get this finalized and get all UDAY loans converted into Grant and Equity as per the provision of the tripartite agreement. The Commission shall not be allowing the repayment and interest of UDAY loans going forward. The compliance to the directive is noted.
35.	**Voltage Wise Cost of Supply:** With respect to the directive to undertake and submit a Voltage-wise Cost of Supply, HPSEBL has submitted a report to the Commission. Based on the review of the report, several inconsistencies were observed including the base year for the study which was FY2016-17. The Commission directs the Petitioner to update the report based on the observation and the key concerns raised on the report. This updated study be completed within six months of issue of this Tariff Order and its recommendations be included in the Tariff Petition for the next financial year.	Report already stands submitted to the HPERC.	The Commission has pointed out certain observations in the report. The Commission has received the reply of HPSEBL on these observations/ queries. The reply of HPSEBL has been analysed. The major issue in this report is regarding the scope of work given to M/s CRISIL. It has been reported in HPSEBL's reply that M/s CRISIL was awarded to ascertain Category wise cost of supply. The focus of the study was not voltage wise cost of supply. And, the voltage wise cost of supply was determined using weighted average cost of supplies for different applicable categories at particular voltage

<table>
<tr><th>No.</th><th>Directives issued in the MPR Order</th><th>Status of Compliance</th><th>Commission's View</th></tr>
<tr><td></td><td></td><td></td><td>level.
In view of the above, this study cannot be considered as Voltage wise cost of supply.

Therefore, the Petitioner is directed to get the study modified in line with the requirement and submit to the Commission within six months of issuance of this Order.</td></tr>
<tr><td>36.</td><td>Proposal for revision in Security Deposit for Pre-paid Consumers: With respect to changes in security deposit for prepaid Consumers, the Petitioner is directed to submit a proposal to the Commission within 1 month of issuance of this Order in line with the provisions of the applicable Regulations.</td><td>Proposal already stands submitted to Hon'ble HPERC.</td><td>The compliance to the directive is noted.</td></tr>
<tr><td>37.</td><td>Subsidy payments by Government of Himachal Pradesh: The Commission directs that subsidy amount shall be paid in advance to the HPSEBL as per the provisions of Section 65 of the Electricity Act, 2003, and reconciled after every quarter. HPSEBL is directed to submit quarterly report regarding the payment of subsidy as well as the outstanding amount; if any, to the Commission. In case the State Government fails to pay subsidy in time, interest on such outstanding amounts shall be recoverable by the Petitioner. Further, in case the State Government fails to pay the subsidy, as per the provisions of Section 65 of the Act, the Tariffs announced after subsidy shall stand reverted back to the original Tariff, as</td><td>The Quarter wise abstract on account of advance subsidy claimed/released from the State Govt. is as under

Quarter wise abstract:
<table>
<tr><th>Quarter</th><th>Estimated Subsidy</th><th>Actual Subsidy</th><th>Subsidy released</th></tr>
<tr><td>OB</td><td></td><td>₹ 89.4</td><td></td></tr>
<tr><td>Apr-22</td><td>₹ 62.50</td><td>₹ 59.34</td><td rowspan="3">₹ 187.50</td></tr>
<tr><td>May-22</td><td>₹ 62.50</td><td>₹ 66.63</td></tr>
<tr><td>Jun-22</td><td>₹ 62.50</td><td>₹ 69.39</td></tr>
<tr><td>Total</td><td>₹ 187.50</td><td>₹ 284.76</td><td>₹ 187.50</td></tr>
<tr><td>OB</td><td></td><td>₹ 97.26</td><td></td></tr>
<tr><td>Jul-22</td><td>₹ 73.06</td><td>₹ 85.76</td><td rowspan="3">₹ 280.19</td></tr>
<tr><td>Aug-22</td><td>₹ 73.06</td><td>₹ 83.78</td></tr>
<tr><td>Sep-22</td><td>₹ 73.06</td><td>₹ 83.89</td></tr>
<tr><td>Total</td><td>₹ 219.18</td><td>₹ 350.69</td><td>₹ 280.19</td></tr>
<tr><td>Grand</td><td>₹ 406.68</td><td>₹ 635.45</td><td></td></tr>
</table></td><td>In response to the query, the Petitioner has submitted the proof for first three Quarters of FY 2022-23.

The Commission would like to highlight that as the Petitioner has already participated in the RDSS Scheme, the Petitioner would have to compulsory raise the quarterly subsidy bills in advance and GoHP would have to pay the subsidy amount within the quarter, so as to pre-qualify for the RDSS Scheme.

Considering the subsidy aspect to be a key aspect under the RDSS Scheme, the Commission feels that the Petitioner should submit the details on a quarterly basis to the Commission. Therefore, the directive is being</td></tr>
</table>

<table>
<tr><th>No.</th><th>Directives issued in the MPR Order</th><th>Status of Compliance</th><th>Commission’s View</th></tr>
<tr><td></td><td>approved by the Commission in this Tariff Order.</td><td><table>
<tr><td>Total</td><td></td><td></td><td></td></tr>
<tr><td>OB</td><td></td><td>₹ 70.50</td><td></td></tr>
<tr><td>Oct-22</td><td>₹ 85.76</td><td>₹ 82.64</td><td rowspan="3">₹ 182.02</td></tr>
<tr><td>Nov-22</td><td>₹ 85.76</td><td></td></tr>
<tr><td>Dec-22</td><td>₹ 85.76</td><td></td></tr>
<tr><td>Total</td><td>₹ 257.28</td><td></td><td></td></tr>
</table>
Note:
i) State Govt. have issued sanction for release of Rs. 257.28 Cr dated 29.10.2022 out of which subsidy amounting to Rs 145.78 Cr has been released till date. Further, total release of Rs 182.02 Cr includes balance of advance roll back subsidy of Rs 36.24 Cr for the 2nd quarter.
ii) The matter of release of balance of roll back subsidy (Actual) of Rs 34.25 Cr has been taken up with the State Govt. vide letter no. HPSEBL/F&A/Com-I/Roll back/2022-23-264-68 Dated 18.10.2022 and is under consideration of State Government.</td><td>continued. Further, the Petitioner is directed to provide the status of the subsidy for each quarter within 30 days from the end of each quarter to the Commission.</td></tr>
<tr><td>38.</td><td>E-Reverse bidding: The Petitioner is directed to follow E-reverse bidding for all Engineering Procurement and Construction works of value of more than Rs. 1 Cr. as already directed by Commission as per the letter no. HPERC-F(1)-27/2021-3156-57 dated 10.02.2022.</td><td>The provision of e-reverse bidding is not available on NIC Portal. Matter has been taken up with NIC.

In response to the query of the Commission, the Petitioner further submitted that necessary provisions in this regard has already been incorporated in 2nd Amendment of Delegation of (Financial, Administration and HR) Power, 2022 (DOFP) of HPSEBL dated 30.12.2022. Copy of the same is also provided by the Petitioner.</td><td>It is observed that the Petitioner has undertaken administrative steps towards complying with the directive. The Petitioner is directed to provide the status of implementation of the directive within two months from issuance of this Order.</td></tr>
</table>

No.	Directives issued in the MPR Order	Status of Compliance	Commission's View
39.	**Proposal to discourage the use of Diesel Generator (DG) Sets:** The Petitioner is directed to submit a proposal along with next year Tariff filings to discourage the use of DG sets in the State.	Action Plan to improve the supply system reliability & quality of power is under progress. Compliance status shall be submitted to the Commission separately.	It is observed that the Petitioner has not been able to prepare an action plan regarding the same even almost one year of issuance of the Tariff Order. This reflects poorly on the Petitioner and its compliance to the directives of the Commission. The Petitioner is being provided another opportunity to submit a detailed proposal within three months of issuance of this Order.
40.	**Non-compliance to Directives:** The Commission concurs with the views of the stakeholders regarding non-compliance by the Petitioner in regard to several directives issued by the Commission in the past. Despite several queries and reminders, the Petitioner has been able to comply or provide partial information for majority of the directives while no details/compliance has been noted for the balance directives. The Commission takes serious view on the Petitioner's approach for not complying to the directives and directs the Petitioner to take up the compliance to directives in a sincere manner.	All efforts are being made by HPSEBL to ensure the timely compliance of all directives issued by Hon'ble Commission.	The Commission feels that the Petitioner is not complying with the directives in the most earnest way. Therefore, the directive is being continued.

10.3 New Directives

10.3.1 A detailed discussion was held with the Petitioner in regard to compliance of the Directives during the Technical Validation Session, where in the Petitioner appraised that it is ensuring compliance to directives of the Commission in true spirit. However, at times, compliance is delayed on account of various reasons, and it shall endeavor to ensure strict compliance of the directives of the Commission in future as well. Further, the Commission has decided to issue a set of fresh directives to be complied by the Petitioner as highlighted below:

RPPO Compliance

10.3.2 The Commission directs the Petitioner to undertake procurement of sufficient renewable power or REC certificates to meet any shortfall in the RPO requirement for FY 2023-24 in line with the Himachal Pradesh Electricity Regulatory Commission (Renewable Power Purchase Obligation and its Compliance) Regulations, 2023 notified on 24th Feb 2023.

Notification of Hon'ble CERC's hearing dates to the affected parties in the State

10.3.3 Whenever the Hon'ble CERC conveys the hearing dates to the Distribution Licensees affecting the Consumers of the State, the HPSEBL is directed to notify the same on its website for the benefit of the people of the State. Further, the stakeholders are also advised to be vigilant themselves as well.

Load factor Study

10.3.4 Regarding issue raised by some of the stakeholders for giving rebate in the electricity Tariff linked with the load factor, the same is already build in the Tariff for the Consumers having load/ demand more than 20 kVA. The Tariff determined by the Commission for such Consumers has two components i.e., Demand Charges and Energy Charges. Demand Charges are fixed and linked to the contracted demand and Energy Charges depends upon usages of energy. In case the load factor is more, the energy consumption is also high and the same would imply reduced effective per unit charges. However, the Commission shall look into this proposal of introducing load factor-based Tariff in future after doing consultations with all stakeholders involved.

10.3.5 The Petitioner is directed to conduct a Load factor study of the DISCOM within six months before the next control period and based on the analysis of the said study report, the Commission may take a call on Load factor Rebate during processing of the MYT Order for the next Control Period.

Steps for reduction of additional surcharge under DSM Regulations

10.3.6 It is observed that apart from normal deviation charges, the Petitioner has paid an amount of Rs. 52.14 Cr. towards additional deviation charges against the total UI purchase cost of Rs. 205.04 Cr., which is a significant amount. Also, month-wise details submitted by Petitioner indicate that it has drawn power under UI at the rates as high as Rs. 10.96 per unit and Rs. 12.14 per unit during months of August and March of FY 2021-22. This is a significant burden on the ARR and indicates the poor planning of power procurement by the Petitioner. The Commission takes serious concerns over the high amount of additional deviation charges and directs the Petitioner to undertake steps for reducing the high burden of DSM charges on the Petitioner and submit a detailed action plan within three months from the issuance of this Tariff Order.

10.3.7 Also, the Commission has also taken note of the submissions made by the Petitioner regarding difference in Intra-state DSM Regulations vis-à-vis Inter-state DSM Regulations resulting in additional burden to the Petitioner. It has been given to understand by the Petitioner that the issues with regard to the Intra-state DSM Regulations have now been resolved and the Petitioner has incurred very few DSM charges during FY 2022-23. The Commission directs the Petitioner to do proper planning for short term power purchase with load forecasting tools. Otherwise, the Commission shall be constrained not to allow UI power procured at such high rates in the future.

SLDC certified units from own generating stations

10.3.8 The Commission has considered the actual energy units based on the CE (Generation) for FY 2021-22. However, the Petitioner is directed to provide SLDC certified units from own generating power houses from the next True-up onwards.

Audited numbers for Division-wise break-up

10.3.9 It was observed that the Petitioner has not bifurcated the expenses towards S&I and Project Divisions in the True-up for FY 2021-22. Based on the query, the Petitioner has provided break-up of O&M expenses amongst the various Divisions of the Petitioner i.e., Generation, Distribution, S&I and Project. However, it is observed that the same are not audited and has been prepared internally by the finance team of HPSEBL. The Petitioner is directed to get the Division-wise accounts break-up audited by the Statutory Auditor for the next True-up year.

Details with respect to R-APDRP Part A and Part B schemes of Govt. of India

10.3.10 The Petitioner is directed to provide information with respect to year-wise amount of interest capitalized in the two Schemes i.e., R-APDRP Part A and R-APDRP Part B under the GFA and the interest credit allowed by the Central Govt. as grants against the two Schemes. The Petitioner is also directed to provide this information along with the Truing-up of controllable parameters for the fourth Control Period based on which the Commission shall review and make necessary adjustments to the GFA.

Details with respect to overbooking in Revenue for FY 2020-21

10.3.11 The Petitioner is directed to provide Statutory Auditor certificate explaining the issue and whether the revenue for FY 2020-21 was overbooked to the extent of Rs. 5.22 Cr. and the subsidy has not been received against the same from GoHP during the year or in the subsequent years. The Petitioner is also required to clarify the reason for not seeking the subsidy from the Government with respect to the same.

Effective implementation of the Smart Energy Meters in the State

10.3.12 The Commission has noted that there has been planning failure and implementation lapses in implementation of Smart Energy Meter Scheme in the cities of Shimla and Dharamshala. The Petitioner could not reap the full benefit of the Scheme as all the Energy Meters required to be replaced with Smart Meters could not be executed. And, still the Petitioner is incurring the same operational cost which it was doing earlier, on account of the left out Meters. Further, the Petitioner is required to replace all the existing energy meters with Smart Meters under RDSS. In view of the above, the Petitioner is hereby directed to do proper analysis and planning so as to implement the Scheme in such a way that operational cost on account of Smart Metering gets reduced and becomes cost neutral to the Consumers.

Approval of the Commission for any power purchase from sources other than approved

10.3.13 The Petitioner is required to take prior approval of the Commission for any power purchase from sources other than approved in this Order. However, in case of exigency, the Petitioner may opt for short term power procurement through the DEEP portal of GoI and/or at the platform of Power Exchanges with intimation to the Commission. The price of such power procured shall be capped at the Average cost of Supply determined by the Commission in this Order. Also, the Petitioner shall take the post facto approval of the Commission justifying its action. In absence of such approval, power purchased from sources other than approved in this Order shall be disallowed and not passed through in the ARR.

Issue of Long-Term Sustainability of HPSEBL

10.3.14 The Commission in its previous Tariff Orders has raised concerns on various issues facing the Petitioner especially the operational efficiency. The Commission now feels that in view of the changing external environment including the proposed amendments in the Electricity Act, 2003, the long-term sustainability of the HPSEBL is in danger especially because of its huge debt and eroded net worth. The UDAY scheme of GoI has restructured around 75% of the debt of the HPSEBL by issuance of Bonds of the same value by the GoHP. This debt of the HPSEBL was supposed to be take over by the GoHP in the shape of grant and equity as per the terms of Tripartite Agreement executed between HPSEBL, GoHP and GoI. But the same has not happened till date. This has adverse impact on the balance sheet of the Company.

10.3.15 The Commission vide its letter No. HPERC/F(1)-53/2023-3162-64 dated 15.02.2023 has issued advisory to the GoHP addressing various issues facing the Petitioner so as to cut down its operational cost and make it financially viable and sustainable. The Commission believes that the GoHP will take adequate steps in this direction as suggested by the Commission.

10.3.16 The Commission has time and again pointed out regarding huge employee cost of the HPSEBL which is eating out the benefit of its overall low power purchase cost when compared to the other States. Besides Distribution Business, the HPSEBL is also having Generation assets, the HV/EHV assets and it also venture into execution of the new power projects. HPSEBL is a Distribution Licensee, therefore, it should focus on this aspect of the business only. The Commission is of the view that the other businesses which HPSEBL is undertaking at the present be shifted to the concerned agencies/ companies. The generating power stations including the under-construction projects be transferred to the HPPCL and similarly, the transmission assets of HV/EHV be transferred to the HPPTCL along with the employees and the associated liabilities. This decision, if taken, would reduce operational and employee cost of HPSEBL significantly.

Roadmap for reduction of Employee costs

10.3.17 The Commission in its previous Tariff Orders have identified some of the offices/units of the Petitioner that have become redundant in view of the technological advancements and/or the services of which can be easily outsourced. But, no action in this regard has been taken by the Petitioner. Therefore, the Commission decides that from FY 2023-24 onwards, the part of the cost of the offices/units namely, Design, PLCC, M&T, P&T, S&I, etc. shall not be allowed in the ARR. The Petitioner is directed to record of the cost of these units/offices separately in its Accounts and proper justification for these offices/units be furnished to the Commission. The Commission shall allow the cost after doing proper prudence check in respect of these units/offices from FY 2023-24 onwards. Further, the Commission directs the Petitioner to submit a road map for reduction in employee cost within one month of issuance of this Order i.e., by 30th April, 2023, as agreed by the Petitioner in the meeting held on 27th March, 2023.

Strengthening of Power System in the Kala Amb area

10.3.18 The issue of quality and reliability of power supply in the Kala Amb area has been a cause of concern for quite some time now. The transmission and distribution system strengthening has not happened as per the plan. The Commission directs the Petitioner to come up with a sound proposal within one month from the date of issuance of current Tariff Order for FY 2023-24 for strengthening of Power System in the Kala Amb area.

Power Procurement Strategy and Banking arrangements

10.3.19 The Commission advised HPSEBL to re-examine its decision on banking arrangement because as per the current scenario, the rates of sale of energy in Power market are quite high. The Commission also directs the Petitioner to act on sound commercial principles in future and not to adopt this method of banking of electricity. Yet, in case the DISCOM intends to do banking in future it should take prior approval from the Commission.

Load Forecasting for planning of Power Procurement

10.3.20 HPSEBL informed the Commission that a Scheme amounting to about Rs. 6 Crore per year has been framed for load-forecasting of short term, medium term and long-term through software. The Petitioner is directed to review the proposal and hire an expert consultant for exact load forecasting instead of any proposal of a Scheme having high cost on year-to-year basis.

High T&D losses

10.3.21 The Petitioner informed the Commission that the loss in Solan Circle at present is in the range of 4-5% and the same in Nahan Circle it is around 7%. The Commission directs the Petitioner to ensure that the T&D losses of Solan circle should be around 3% or less. Further, the Commission directs the Petitioner upon capping of T&D losses at Circle level at 20% having losses more than 20% from the next control period.

Subsidy Payments through Direct Benefits Transfer

10.3.22 The HPSEBL informed that the GoHP has proposed to provide subsidy to Domestic and Agriculture Sector Consumers only during FY 2023-24 and it should not increase from the last year's level. The payment of subsidy shall be made through Direct Benefits Transfer (DBT) mode. For implementation of this facility, AADHAR Number of electricity Consumers needs to be maintained in Data Base of HPSEBL. It was informed that this process shall require 5-6 months for implementation. Also, the HPSEBL informed that the 20 Paisa per unit subsidy given in FY 2022-23 has been withdrawn by the GoHP and moreover, now the subsidy has to be given to only one connection through DBT. The clarification on subsidies on Fixed Charges was, however, not received from the GoHP.

10.3.23 The Commission directs the Petitioner to take matter with GoHP for further clarification on the aforementioned points and the same should be updated/submitted to the Commission accordingly.

Status of UDAY Scheme with respect to conversion of government loan into grant and equity as per the tripartite agreement

10.3.24 The HPSEBL informed that the matter of the conversion of UDAY loan of Rs. 2890.50 Cr into grant and equity is still under consideration of the State Government and latest communication in this respect has been made on 22nd March, 2023. In this regard, the Petitioner is directed to take up the matter with GoHP strongly as the Commission will not allow anything related to UDAY loans except for the provisions as provided in the tripartite agreement between the GoI, the GoHP and the HPSEBL.

Utilization of Hamirpur Transmission Bays

10.3.25 Regarding non-utilization of two number of bays by HPSEBL at Hamirpur Sub-station of the PGCIL, the Transmission charges for these bays amounting to Rs.68 Lakh/ Annum is being charged from HPSEBL through bilateral billing till utilisation of these bays by HPSEBL as per the CERC Orders and thereafter these charges will be recovered through PoC mechanism. It has been conveyed by the HPSEBL that there were 6 Nos 220 KV bay at 400/220 PGCIL Sub-Station, Chowki- Kankiri at Hamirpur, out of which 4 Nos bays have been utilized for LILO of 220 KV D/C Jalandher-Mattansidh Transmission Line (The 2 Nos bays towards Jalandher and 2 Nos bays towards Mattansidh end). The remaining 2 No bays have been constructed but not utilized in any Sub-station of HPSEBL. HPSEBL has requested the HPPTCL for surrendering these bays. In this regard, the Petitioner is directed to move an application before Hon'ble CERC for early disposal of the matter.

Segregation of Account Heads for different Business Units

10.3.26 The Commission directs the Petitioner to segregate its account into different businesses and also the Licensed Distribution Business Accounts be segregated into Wheeling Business and Retail Supply Business units from FY 2023-24 onwards, so that the provisions can be implemented from the next Control Period (FY25-FY29).

ANNEXURE – I GENERAL CONDITIONS OF TARIFF AND SCHEDULE OF TARIFF

PART-I: General Conditions of Tariff

A. This Schedule of Tariff shall come into force with effect from **1st April 2023** and will be applicable throughout the State of Himachal Pradesh.

Provided further that this Tariff Order shall not be applicable to Consumers who have been permanently disconnected prior to the date of issue of this Order unless such Consumers get their connections re-instated in the future

B. The rates mentioned in this Schedule of Tariff are exclusive of electricity duty, taxes and other charges already levied or as may be levied by the Government of Himachal Pradesh from time to time.

C. This Tariff automatically supersedes the existing Tariff w.e.f. **1st April 2023** which was in force with effect from 1st April 2022 except in such cases where 'Special Agreements' have otherwise been entered into for a fixed period, by HPSEBL with its Consumers. Street Lighting Agreements shall, however, not be considered as 'Special Agreements' for this purpose and revised Tariff as per Schedule **'SLS'** of this Schedule of Tariff shall be applicable.

D. This Schedule of Tariff is subject to the provisions of **'Schedule of General and Service Charges' (Appendix – A)** and related Regulations notified by the Commission, from time to time.

E. Force Majeure Clause: In the event of a force majeure event, as defined in Himachal Pradesh Electricity Supply Code, 2009, as amended from time to time, the Consumer shall be entitled to proportionate reduction in Demand Charge or any other Fixed Charges, if applicable, provided he serves at least 3-day notice on the supplier for shut down of not less than 15 days duration.

F. Standard Supply Voltage: The Standard Supply Voltage shall be regulated in accordance with the provisions of the Himachal Pradesh Electricity Supply Code, 2009, as amended from time to time.

G. Single Point Supply: The various Tariffs referred to in this Schedule are based on the supply being given at a single voltage and through a single delivery and metering point. Supply given at other voltages and through other points, if any, shall be separately metered and billed.

H. Lower Voltage Supply Surcharge (LVSS): Consumers availing electricity supply at a voltage lower than the 'Standard Supply Voltage' as per Himachal Pradesh Electricity Supply Code, 2009, as amended from time to time, in addition to other charges, be also charged a 'Lower Voltage Supply Surcharge' (LVSS) at the rates given in the following Table on only the amount of Energy Charges billed, for each level of step down (as given in following table) from the 'Standard Supply Voltage' to the level of Actually Availed Supply Voltage.

Standard Supply Voltage	Actually Availed Supply Voltage	LVSS
11kV or 15kV or 22 kV	1Ø 0.23 kV or 3Ø 0.415kV OR 2.2 kV	5%
33 kV	11 kV or 22 kV	3%
66 kV	33 kV	2%
≥ 132 kV	66 kV	2%

***EXPLANATION**:*

1) *The revised provisions of standard supply voltage under the* Himachal Pradesh Electricity Supply Code, 2009, as amended from time to time, *have been notified and new connections shall be released on that basis.*
2) *Here the expression "for each level of step down" as an example shall mean that in a particular case, if the Standard Supply Voltage is 33kV and the Actually Availed Supply Voltage is less than 11 kV, then the number of step downs shall be two (2) and the rate of LVSS applicable shall be 8% (5%+3%). Similarly, if the Standard Supply voltage is >=132 kV and actual availed supply voltage is 33 kV, the LVSS shall be applicable @4% (2%+2%).*
3) *The LVSS shall be charged at 50% of the rates determined as per the above provisions if any one or all of the following conditions are met:*
   i. *if supply is given through a dedicated feeder or a joint dedicated feeder and metering for billing purpose is done at the licensee's Sub-station; and/or*
   ii. *If the LVSS becomes payable in spite of the Contract Demand being within the relevant permissible limit applicable for the standard supply voltage viz 50 kVA for LT supply, 2200 kVA for 11 kV or 22 kV supplies, 10000 kVA for 33 kV and 12000 kVA for 66 kV supplies.*

I. Lower Voltage Metering Surcharge (LVMS): In respect of Consumers, for whom the metering (for maximum demand (kVA) or energy consumption (kWh or kVAh) or both) instead of being done on the higher voltage side of the transformer at which the supply had been sanctioned by the HPSEBL, is actually done on the lower voltage side of the transformer due to non-availability of higher voltage metering equipment or its unhealthy operation, such Consumers shall in addition to other charges, be also charged "Lower Voltage Metering Surcharge" (LVMS) at the rate of 2% on the amount of only the Energy Charges billed.

J. Late Payment Surcharge (LPS): Surcharge for late payment shall be levied at the rate of 1.5% per month or part thereof, on the outstanding amount excluding electricity duty/ taxes for all the Consumer categories.

K. Supply during peak load hours: The following additional conditions shall be applicable for use of Power during peak load hours (6:30 PM to 10 PM) in case of the Consumers covered under small Industrial Power supply, medium Industrial Power supply, large Industrial Power supply and irrigation and drinking water Power supply:

i) Such consumption shall be recorded separately through suitable meters which are capable of recording the energy (kVAh/kWh) during the peak load hours. The HPSEBL shall, in case of any constraint, always be entitled to impose any restrictions on usage of Power during peak load hours in all cases through general or specific Order;

ii) In cases where the HPSEBL imposes any restrictions through general or specific Orders, the Consumer shall abide by such restrictions failing which the HPSEBL shall be entitled to disconnect the supply to such Consumers after giving a notice;

iii) Payment of peak load charges (demand and energy) shall be made as per the respective Schedules of Tariff;

L. Demand Charge (DC): The Consumers under two (2) part Tariff, whose energy consumption is billed/ charged in Rs/kVAh, shall in addition to the kVAh charges, be also charged at the rates as per Part-II, the 'Demand Charges' (in Rs/kVA/month), calculated on the actual Maximum Demand (in kVA) recorded on the energy meter during any consecutive 30 minute block period of the month or at 85 % of the Contract Demand (in kVA), whichever is higher but up to a ceiling of Contract Demand as currently applicable. The demand in excess of Contract Demand will be charged under clause "M" relating to Contract Demand Violation Charges (CDVC).

Explanation:

i) During the actual number of days of billing in any period, the above mentioned parameters i.e. actual recorded Maximum Demand and Contract Demand as the case may be, and the prescribed respective rates of charges in the relevant Schedule of Tariff alone shall form the basis for calculation of Demand Charges and the Licensee, based on the number of days of billing in excess or short of a month (of 28 or 29 or 30 or 31 days), shall not apply any other factor other than mentioned in this para, that may alter or vary either of these parameters in any way.

ii) Where the Contract Demand has not been applied for or sanctioned, the limit corresponding to 90% of the connected load (in kW) converted into kVA by adopting Power factor of 0.9 shall be deemed as the Contract Demand;

M. Contract Demand Violation Charge (CDVC): In the event, the actual Maximum

Demand (in kVA) recorded on the energy meter during any consecutive 30 minute block period, exceeds the Contract Demand (in kVA), the Consumer shall be charged 'Contract Demand Violation Charges' (CDVC) (in Rs/ kVA) at a rate which shall be three (3) times the rate of the Demand Charges (DC) (referred to in para '**L**') to the extent the violation occurred in excess of the Contract Demand.

NOTE: In cases where the Contract Demand has been got reduced temporarily as per applicable provisions; such reduced Contract Demand shall be considered as the Contract Demand for the purpose of determining the Contract Demand Violation Charges (CDVC); if any.

N. Disturbing Load Penalty (DLP): In case where there is unauthorized use of mobile welding sets, polishing machines or similar equipment, the Consumer will pay by way of penalty, Rs. 350 per kVA of the load rating of welding set per day, in addition to the Energy Charges.
However, the Consumer may with prior intimation and payment of Rs. 200 per day in addition to the Energy Charges, as applicable, can use mobile welding, polishing machines or similar equipment. The same shall be applicable to all categories of Consumers except Industrial Supply, Bulk Supply, Temporary Supply and such equipment (under Commercial Supply) provided the load for such Consumer does not exceed 120% of sanctioned load.

NOTE: Authorization shall mean authorization (temporary or permanent) to a Consumer by the designated office of the Licensee in whose area the supply to the Consumer exists and shall not be assumed as authorization of any form from local or other bodies.

O. *Night-Time Concession (NTC):* Night-Time Concession (in Rs/kVAh) on consumption of energy (in kVAh) from 22:00 hours to 06:00 hours shall be available to two part Tariff Consumers falling under the Category to which such concession has been allowed as per Part-II – Schedule of Tariff, at the rates fixed in the relevant Consumer Category under the Schedule of Tariff. However, such Consumers must be provided with suitable tri-vector meters capable of recording energy during different times of the day.

P. *Rebate for Prepaid Consumers:* A rebate of 3% on the Energy Charge shall be applicable for all the Consumers availing prepaid meter facility.

Q. Seasonal Industries: In this Schedule, unless the context otherwise provides, Seasonal Industries mean the industries which by virtue of their nature of production, work only during a part of the year, continuously or intermittently up to a maximum period of 7.5 months in a year, such as atta chakkis, saw mills, tea factories, cane crushers, irrigation water pumping, rice husking/hullers, ice factories, ice candy plants and such other factories as may be approved and declared as seasonal by the HPSEBL from time to time. The provisions under this clause shall also be applicable for such hotels in the Lahaul Spiti, Kinnaur and Pangi area which remain closed for most of the winter months. Seasonal industries shall be governed under the following conditions: -

i) The Consumer shall intimate in writing to the concerned Sub-Divisional Officer of the HPSEBL, one month in advance, the months or the period of off-season during which he will close down his plant(s) and the Contract Demand not exceeding 20 kVA which shall be availed by him during such period for maintenance and overhauling of its plant and lighting, etc.

ii) The minimum working period for a Seasonal Industry in a year shall be taken as 4 (four) months.

iii) During the off-season, the entire energy consumption and the Power utilised for maintenance and overhauling of the plant and the factory lighting will be charged at the rates under the relevant Category of "Commercial Supply" Tariff depending on the Contract Demand to be availed by him during such period as per item (i) above.

iv) The Fixed Charge, Demand Charge or any other Fixed Charge shall be levied as per the respective Tariff applicable for seasonal period and off-seasonal period. However, no such Fixed Charges shall be levied if the Consumer totally closes down its installation during the off-season and doesn't draw any load.

R. <u>Power Factor Surcharge (PFS):</u>

i) If at any point of time, the Power factor of Consumers, to whom Power Factor Surcharge is applicable as per Part-II of the Schedule of Tariff, is checked by any means and found to be below 0.90 lagging, a surcharge @ 10% on the amount of Energy Charges, irrespective of voltage of supply, shall be charged from the Consumer from the month of checking and will continue to be levied till such time the Consumer has improved his Power factor to at least 0.90 lagging by suitable means under intimation to the concerned Sub Divisional Officer who shall immediately get it checked.

ii) The monthly average Power factor will be calculated on readings of Tri- Vector Meter/ Bi-Vector Meter/ Two Part Tariff Meters as per formula given as follows and shall be rounded up to two decimal places:

$$\text{Power Factor} = \text{kWh} / \text{kVAh}$$

In case of defective tri-vector meter/bi-vector meter/two-part Tariff meter, Power factor will be assessed on the basis of average Power factor recorded during last three consecutive months when the meter was in Order. In case no such readings are available, then the monthly average Power factor of three months obtained after installation of correct tri-vector meter/ bi-vector meter/ two-part Tariff meter shall be taken for the purpose of Power Factor Surcharge during the period the tri-vector meter/ bi-vector meter/ two part Tariff meter remained defective.

iii) The said Power Factor Surcharge shall be independent of the supply voltage.

iv) The Fixed Charge shall not be taken into account for working out the amount of Power Factor Surcharge, which shall be levied on the amount of kWh

Energy Charges only.

S. Replacement of Defective/Missing/damaged Shunt Capacitors -

In accordance with Himachal Pradesh Electricity Supply Code, 2009, as amended from time to time.

T. Temporary Revision of Contract Demand:

In accordance with Himachal Pradesh Electricity Supply Code, 2009, as amended from time to time.

U. Sanction of Contract Demand:

In accordance with Himachal Pradesh Electricity Supply Code, 2009, as amended from time to time.

V. The General Conditions Of Tariff Contained In Part-I, The Schedule Of Tariff Contained In Part -II of this Annexure and General and Service charges contained in Appendix to this Tariff Order shall be read and applied in conjunction with the relevant provisions of Himachal Pradesh Electricity Supply Code, 2009, as amended from time to time;

W. Wherever specific provisions have been provided in this Tariff Order, the same shall prevail over General Provisions;

X. The Tariffs and charges provided in this Tariff Order are applicable only to the Consumers of the HPSEBL Ltd.;

Y. HPSEBL shall provide suitable meters capable of recording the parameters for billing purposes as per the Tariff structure under respective Schedules.

Z. In case any dispute arises regarding interpretation of this Tariff Order and/or applicability of this Tariff, the decision of the Commission shall be final and binding.

Words, terms and expressions defined in the Himachal Pradesh Electricity Supply Code, 2009, as amended from time to time and used in this Schedule shall have and carry the same meaning as defined and assigned in the Himachal Pradesh Electricity Supply Code, 2009, as amended from time to time.

PART-II: Schedule of Tariff

SCHEDULE - DOMESTIC SUPPLY (DS)

1 Applicability

This Schedule is applicable to the following Consumers:

a) Consumers using electrical energy for lights, fans, heaters, cooking ranges, ovens, refrigerators, air conditioners, stereos, radios, televisions, mixers, grinders, electric iron, sewing/embroidery/knitting machines, domestic pumping sets and other domestic appliances in a single private house/flat or any other residential premises;

b) Religious places with connected load up to 5 kW;

c) Orphanages, homes for old people and homes for destitute;

d) Working Women Hostels, Hostels attached to the educational institutions, if supply is given separately to each hostel and the electricity charges are recovered from the students;

e) Leprosy Homes run by charity and un-aided by the Government;

f) Panchayat Ghars with connected load up to 5 kW;

g) Patwar Khanas and Kanungoo Bhawans (Government Buildings only) with connected load up to 5 kW;

h) Community gausadans, goshalas and cow sanctuaries not registered with Gow Sewa Ayog with connected load up to 20kW;

i) Monasteries and Nunneries;

j) Heritage Hotels approved under HP Government's Heritage Tourism Policy, 2017;

k) Residential Paying Guests;

l) Incredible India Bed-and-breakfast as per GoI, Ministry of Tourism guidelines;

m) "Home Stay Units" in rural areas duly registered with the District Tourism Development Officer;

n) Offices of the Himachal Pradesh Senior Citizen Forum;

o) Personal Garage for parking of personal light motor vehicle;

p) For Industrial Consumer which are under PDCO due to non-payment of dues or sick closed units with maximum connected load of 20 kW for lighting and security purpose only till regular connection is restored (Pre-paid meter provisionally); and

q) MES and other military establishment

Note:

(i) *Where a portion of the dwelling is used regularly for the conduct of a business, the consumption in that portion shall be separately metered and billed under the appropriate Category, whichever is applicable. If separate circuits are not provided, the entire supply will be classified under the relevant Category.*

(ii) *Resale and supply to tenants, other flats, etc. is strictly prohibited.*

(iii) *No compounding will be permissible. For residential societies which wish to take a single point supply, this would be permitted, and the Energy Charges would be divided by the number of such units to determine the relevant slab. Thus, if there are 10 dwelling units in a society and the energy consumption in a month is 3500 units, the first 1250 (125*10) units would be charged at Rs 4.37 per kWh, the next 1750 (175*10) at Rs 5.27 per unit and the balance 500 units at Rs. 5.87 per unit. Fixed Charge shall be Rs. (85*10).*

2 **Character of Service:** *Applicable as per the relevant provisions of Himachal Pradesh Electricity Supply Code, 2009, as amended from time to time.*

3 **Single Part Tariff**

A) Domestic Supply Consumers

a) Fixed Charges (Charges-1)

Description	Fixed Charge (Rs./Month)
Lifeline Consumers and Consumers in Tribal & Difficult Areas	55.00
Other Consumers	
0-125	85.00
126-300	85.00
Above 300	85.00

a) Energy Charges

Description	Slabs (kWh per month)	Energy Charge (Rs./kWh)
Lifeline Consumers	0-60	3.72
Other Consumers	0-125	4.37
	126-300	5.27
	Above 300	5.87

Note:

1. *In the case of **Lifeline Consumers,** the concessional Tariff will be available for use of electricity by these families up to a maximum of 60 units per month. In*

case this limit is exceeded, the normal Domestic Tariff slabs of 0-125; 126-300; and above 300 kWh per month respectively will apply.

2. *Heritage hotels, Incredible India bed-and-breakfast, homestay units in rural areas are to be charged under Domestic Category with Energy Charges for such Consumers to be levied at 30% higher than the net Energy Charges payable (net off subsidy) by the Consumers in the respective slab.*

3. *For MES and other Military Establishments, if they are able to segregate the domestic load in their respective cantonment area, then it can apply for separate meter under Domestic Category else they shall be charged at Domestic Tariff along with additional 5% on the Energy Charge.*

4. **Lower Voltage Supply Surcharge (LVSS):** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*
5. **Lower Voltage Metering Surcharge (LVMS)*:*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*
6. ***Late Payment Surcharge (LPS):*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*
7. ***Night Time Concession (NTC):*** *Not Applicable.*
8. ***Power Factor Surcharge (PFS):*** *Not Applicable.*
9. ***Disturbing* Load Penalty (DLP):** *Applicable as per the provisions under 'Part-1 General Conditions of Tariff'.*
10. ***Rebate for Prepaid Consumers:*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'*

SCHEDULE **- NON-DOMESTIC NON-COMMERCIAL SUPPLY (NDNCS)**

1. Applicability

This Schedule is applicable to the following Consumers:

a) Government and semi-Government offices;

b) Educational Institutions viz. Schools, Universities, ITIs, Colleges, Centre for Institute of Engineers, Sports Institutions, Mountaineering Institutions and allied sports and Libraries, Hostels and Residential Quarters, attached to the Educational Institutions, Private Medical Colleges with attached Hospital and with user charges as per Govt. Hospital rates, if supply is given at single point;

c) Religious places such as Temples, Gurudwaras, Mosques, Churches etc. with connected load greater than 5kW;

d) Sainik and Govt. Rest Houses, Government Museums, Anganwari workers training centers, Mahila mandals, village community centers;

e) Government Hospitals (including libraries, hostels and residential quarters attached to these establishments), Primary Health Centers, Dispensaries and Veterinary Hospitals, if supply is given at single point;

f) Panchayat Ghars with connected load greater than 5kW;

g) Patwar Khanas and Kanungoo Bhawans (Government Buildings only) with connected load greater than 5kW;

h) Sarais and Dharamsalas run by Panchayats and Municipal Committees or by voluntary organizations;

i) Office of Lawyers and Government recognized Non-Government Organizations (NGOs);

j) Tunnel Lighting and Ventilation; and

k) Lifts operating in Group Housing Societies, Apartments, etc.

Note: (1) *In the case of residences attached to the Institutions, as at (b), (f) and (g) above, the same shall be charged at the Domestic Supply (DS) Tariff, in cases where the Consumer seeks a separately metered connection for the residential portion.*

(2) Lifts in residential premises shall be charged at the 'Domestic Tariff'

2. Character of service: *Applicable as per the relevant provisions of* Himachal Pradesh Electricity Supply Code, 2009, as amended from time to time.

3. Non-Domestic Non-Commercial Supply Consumers

A) Single Part Tariff for Contract Demand ≤ 20 kVA

a) Fixed Charges (Charges-1)

Fixed Charges (Rs/month)	145.00

b) Energy Charges (Charges-2)

Energy Charges (Rs./kWh)	5.42

4. Two Part Tariff for Contract Demand > 20 kVA

a) Fixed Charges (Charges-1)

Fixed Charges (Rs/month)	Nil

b) Energy Charges (Charges-2)

Energy Charges (Rs./kVAh)	5.16

c) Demand Charge (Charges-3)

Demand Charge (Rs/kVA/month)	140.00

Demand Charges would be levied on the actual maximum recorded demand in a month in any 30-minute interval in a month or 85% of the Contract Demand, whichever is higher, but up to a ceiling of Contract Demand. Contract Demand Violation Charges shall be applicable beyond such ceiling.

5. **Lower Voltage Supply Surcharge (LVSS):** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

6. ***Lower Voltage Metering Surcharge (LVMS):*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

7. ***Late Payment Surcharge (LPS):*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

8. ***Contract Demand Violation Charge:*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

9. ***Night Time Concession (NTC):*** *Not Applicable.*

10. ***Power Factor Surcharge (PFS):*** *Not Applicable.*

11. ***Disturbing Load Penalty (DLP):*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

12. ***Peak Load Charges (PLC):*** *Not Applicable.*

13. ***Rebate for Prepaid Consumers:*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'*

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* Himachal Pradesh Electricity Supply Code, 2009, as amended from time to time.

4. Single Part Tariff for Contract Demand ≤ 20 kVA

a) Fixed Charges (Charges-1)

Fixed Charges (Rs/month)	145.00

b) Energy Charges (Charges-2)

Energy Charges (Rs./kWh)	5.52

5. Two Part Tariff for Contract Demand > 20 kVA

a) Fixed Charges (Charges-1)

Fixed Charges (Rs/month)	
20 – 100 kVA	Nil
Above 100 kVA	Nil

B) Energy Charges (Charges-2)

Contract Demand	**Energy Charge (Rs./kVAh)**
>20 kVA ≤ 100 kVA (More than 20 kVA but up to 100 kVA)	5.31
Above 100 kVA	5.21

C) Demand Charges (Charges-3)

Demand Charges (Rs/kVA/month)	
>20 kVA $\leq$ 100 kVA (More than 20 kVA but up to 100 kVA)	110.00
Above 100 kVA	170.00

Demand Charges would be levied on the actual maximum recorded demand in a month in any 30-minute interval in a month or 85% of the Contract Demand, whichever is higher, but up to a ceiling of Contract Demand. Contract Demand Violation Charges shall be applicable beyond such ceiling.

5 **Lower Voltage Supply Surcharge (LVSS):** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

6. ***Lower Voltage Metering Surcharge (LVMS):*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

7. ***Late Payment Surcharge (LPS):*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

8. ***Contract Demand Violation Charge:*** *Applicable as specified under 'Part-1 General Conditions of Tariff'.*

9. ***Night Time Concession (NTC):*** *Not Applicable.*

10. ***Power Factor Surcharge (PFS):*** *Not Applicable.*

11. ***Disturbing Load Penalty:*** *Applicable as specified under 'Part-1 General Conditions of Tariff' of this Annexure I.*

12. ***Peak Load Charges (PLC):*** *Not Applicable.*

13. ***Rebate for Prepaid Consumers:*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'*

<u>SCHEDULE - *SMALL INDUSTRIAL* POWER SUPPLY (SIP)</u>

1 Applicability

This Schedule is applicable to Industrial Consumers with Contract Demand not exceeding 50 kVA including pumps (other than irrigation pumping), tokas, cane crushers, Atta Chakkis, Tele-communication Towers, and also for supply to Information Technology Industry (limited only to IT Parks recognised by the State/Central Government). Industrial type of Agricultural loads with connected load falling in the abovementioned range and not covered by Schedule "IDWPS" shall also be charged under this Schedule.

2 Character of service: Applicable as per *as per relevant provisions of* Himachal Pradesh Electricity Supply Code, 2009, as amended from time to time**.**

3 Single Part Tariff for Contract Demand ≤ 20 kVA

a. Fixed Charges (Charges-1)

Fixed Charges (Rs/month)	155.00

b. Energy Charges (Charges-2)

Energy Charges (Rs./kWh)	5.17

4 Two Part Tariff for Contract Demand > 20 kVA < 50 kVA

a) Fixed Charges (Charges-1)

Fixed Charges (Rs/month)	Nil

b) Energy Charges (Charges-2)

Energy Charges (Rs./kVAh)	5.06

<u>Note</u>:

In case of sick unit or permanently disconnected units Industrial Consumer can avail pre-paid meter with a load up to 20 kW for the purpose of lighting, surveillance and security.

c) Demand Charges (Charges-3)

Demand Charges (Rs/kVA/month)	100.00

Demand Charges would be levied on the actual maximum recorded demand in a month in any 30-minute interval in a month or 85% of the Contract Demand, whichever is higher but up to a ceiling of Contract Demand. Contract Demand Violation Charges shall be applicable beyond such ceiling.

5 Peak load charges (PLC)

Description	Energy Charge for consumption during peak load hours
Contract Demand $\leq$ 20 kVA	1.35 times of the normal per kWh charges
Contract Demand > 20 kVA	Rs. 6.36/kVAh

6. **Lower Voltage Supply Surcharge (LVSS):** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*
7. **Lower Voltage Metering Surcharge (LVMS):** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*
8. **Late Payment Surcharge (LPS):** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*
9. **Contract Demand Violation Charge:** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*
10. **Night Time Concession (NTC):** *Applicable for the Consumers having Contract Demand of more than 20kVA, as per provisions under 'Part-1 General Conditions of Tariff', at the following rates:*

    (i) 110 Paise/kVAh for consumption during night hours for the month of June, July and August 2023;

    (ii) 70 Paise/kVAh for other months.
11. **Power Factor Surcharge (PFS):** (1) *Applicable as per provisions under 'Part-1 General Conditions of Tariff' for the Consumers covered under single part Tariff.*

    (2) Not applicable for Consumers covered under two-part Tariff
12. **Disturbing Load Penalty (DLP):** *Not Applicable.*
14. **Factory lighting and colony supply:** All consumption for bonafide factory lighting i.e., energy consumed in factory premises including factory building, its offices, stores, time keeper office, canteen, library, staff dispensary, welfare center and factory yard lighting shall be charged under this Tariff Schedule. The consumption for bonafide use of residential/staff quarters and street lighting of the colony shall also be charged under this Tariff Schedule if supply is taken at a single point. Such consumption shall be charged for the energy consumed at the following rates:
    a) During normal times and night time: Normal rate subject to the condition that the night time concession as per 10 above shall be given on consumption during night time.
    b) During peak load hours: The rates (demand and energy) applicable for peak load hours shall be charged.

    If supplies for colony and/or its residences are taken separately, the same shall be charged as per the relevant Consumer categories of this Schedule of Tariff.
15. **Rebate for New and Expansion Industries:**
    a. For new industries, which have come into production between 01.07.2019 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.

b. For new industries, which have come into production between 01.06.2020 to 31.05.2021, the Energy Charges shall be 10% lower than the approved Energy Charges for the respective Category for a period of 3 years.

c. For new industries, which have come into production from 01.06.2021 onwards, the Energy Charges shall be 15% lower than the approved Energy Charges for the respective Category for a period of 3 years.

d. For existing industries, which have undergone expansion during 01.06.2020 to 31.05.2021, Energy Charges shall be 10% lower than the approved Energy Charges corresponding to the respective Category for a period of three years for quantum of energy consumption corresponding to proportionate increase in Contract Demand.

   Provided that such expansion, if undertaken during 1.07.2019 to 31.05.2020 and/or during 01.06.2021 to 31.03.2023 and/or shall be undergoing expansion on or after 01.04.2023, 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.

e. The above-mentioned rebate on Energy Charges shall be applicable during normal and peak hours. In case of night hours, night-time concession shall only apply.

16. Rebate for Prepaid Consumers*: Applicable as per provisions under 'Part-1 General Conditions of Tariff'*

SCHEDULE - MEDIUM INDUSTRIAL POWER SUPPLY (MIP)

1. Applicability

This Schedule is applicable to Industrial Consumers with Contract Demand above 50 kVA but not exceeding 100 kVA including pumps (other than irrigation pumping), tokas, cane crushers, Atta Chakkis, Tele-communication Towers, and also for supply to Information Technology Industry (limited only to IT Parks recognised by the State/Central Government). Industrial type of Agricultural loads with connected load falling in the above mentioned range and not covered by Schedule "IDWPS" shall also be charged under this Schedule.

2. Character of service: *Applicable as per relevant provisions of* Himachal Pradesh Electricity Supply Code, 2009, as amended from time to time.

3. Two Part Tariff

a) Fixed Charges (Charges-1)

Fixed Charges (Rs/month)	Nil

b) Energy Charges (Charges-2)

Energy Charges (Rs./kVAh)	5.06

Note:

In case of sick unit or permanently disconnected units, the Industrial Consumer can avail pre-paid meter with a load up to 20 kW for the purpose of lighting, surveillance and security.

c) Demand Charges (Charges-3)

Demand Charges (Rs/kVA/month)	120.00

Demand Charges would be levied on the actual maximum recorded demand in a month in any 30-minute interval in a month or 85% of the Contract Demand, whichever is higher but up to a ceiling of Contract Demand. Contract Demand Violation Charges shall be applicable beyond such ceiling.

4. Peak load charges (PLC)

Description	Energy Charge (Rs./kVAh)
> 50 kVA	Rs. 6.16

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5. Lower Voltage Supply Surcharge (LVSS): *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

6. Lower Voltage Metering Surcharge (LVMS): *Applicable as per provisions under*

'Part-1 General Conditions of Tariff'.

7. **Late Payment Surcharge (LPS):** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

8. **Contract Demand Violation Charge:** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

9. **Night Time Concession (NTC):** *Applicable as per provisions under 'Part-1 General Conditions of Tariff', at the following rates:*

   (i) 110 Paise/kVAh for consumption during night hours for the month of June, July and August 2023;

   (ii) 70 Paise/kVAh for other months.

10. **Power Factor Surcharge (PFS):** *Not Applicable.*

11. **Disturbing Load Penalty (DLP):** *Not Applicable.*

12. **Factory lighting and Colony Supply:** *All consumption for bonafide factory lighting i.e., energy consumed in factory premises including factory building, its offices, stores, time keeper office, canteen, library, staff dispensary, welfare center and factory yard lighting shall be charged under this Tariff Schedule. The consumption for bonafide use of residential/staff quarters and street lighting of the colony shall also be charged under this Tariff Schedule, if supply is taken at a single point. Such consumption shall be charged for the energy consumed at the following rates:*

    a) *During normal times and night time: Normal rate subject to the condition that the night time concession as per 9 above shall be given on consumption during night time.*

    b) *During peak load hours: The rates (demand and energy) applicable for peak load hours shall be charged.*

    If supplies for colony and/or its residences are taken separately, the same shall be charged as per the relevant Consumer categories of this Schedule of Tariff.

13. **Rebate for New and Expansion Industries:**

    a. *For new industries, which have come into production between 01.07.2019 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.*

    b. *For new industries, which have come into production between 01.06.2020 to 31.05.2021, the Energy Charges shall be 10% lower than the approved Energy Charges for the respective Category for a period of 3 years.*

    c. *For new industries, which have come into production from 01.06.2021 onwards, the Energy Charges shall be 15% lower than the approved Energy Charges for* *the respective Category for a period of 3 years.*

d. *For existing industries, which have undergone expansion during 01.06.2020 to 31.05.2021, Energy Charges shall be 10% lower than the approved Energy Charges corresponding to the respective Category for a period of three years for quantum of energy consumption corresponding to proportionate increase in Contract Demand.*

   Provided that such expansion, if undertaken during 1.07.2019 to 31.05.2020 and/or during 01.06.2021 to 31.03.2023 and/or shall be undergoing expansion on or after 01.04.2023, 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.

e. *The above-mentioned rebate on Energy Charges shall be applicable during normal and peak hours. In case of night hours, night-time concession shall only apply.*

14. Rebate for Prepaid Consumers: *Applicable as per provisions under 'Part-1 General Conditions of Tariff'*

SCHEDULE - LARGE INDUSTRIAL POWER SUPPLY (LIPS)

1. Applicability

This Schedule is applicable to all other Industrial Power Consumers with Contract Demand exceeding 100 kVA including Tele-communication Towers and Information Technology industry (limited only to IT parks recognized by the State/Central Govt.) and not covered by Schedule "IDWPS".

2. Character of Service: *Applicable as per relevant provisions of Himachal Pradesh Electricity Supply Code, 2009, as amended from time to time.*

3. Two Part Tariff

a) Fixed Charges (Charges-1)

Description	Fixed Charge s(Rs/month)
EHT	Nil
HT-1 (Contract Demand up to and including 1MVA)	Nil
HT-2 (Contract Demand above 1 MVA)	Nil

b) Energy Charges (Charges-2)

Description	Energy Charges (Rs./kVAh)
EHT	
220 kV and above	4.66
132 kV	4.71
66 kV	4.76
HT-1 (Contract Demand up to and including 1MVA)	5.06
HT-2 (Contract Demand above 1 MVA)	4.81

Note:

In case of sick unit or permanently disconnected units, the Industrial Consumer can avail pre-paid meter with a load up to 20 kW for the purpose of lighting, surveillance and security.

c) Demand Charges (Charges-3)

Description	Demand Charge (Rs/kVA/month)
EHT	
220 kV and above	425.00
132 kV	425.00
66 kV	425.00
HT-1 (Contract Demand up to	250.00

and including 1MVA)	
HT-2 (Contract Demand above 1 MVA)	400.00

Note: Demand Charges would be levied on the actual maximum recorded demand in a month in any 30-minute interval in a month or 85% of the Contract Demand, whichever is higher but up to a ceiling of Contract Demand. Contract Demand Violation Charges shall be applicable beyond such ceiling.

4. Peak load charges (PLC)

Description	Energy Charge (Rs./kVAh)
EHT	5.96
HT-1	6.16
HT-2	6.16

5. **Lower Voltage Supply Surcharge (LVSS):** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

6. **Lower Voltage Metering Surcharge (LVMS):** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

7. **Late Payment Surcharge (LPS):** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

8. **Contract Demand Violation Charge:** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

9. **Night Time Concession (NTC):** *Applicable as per provisions under 'Part-1 General Conditions of Tariff' of this Annexure I at following rates:-*

   (i) 110 Paise/kVAh for consumption during night hours for the month of June, July and August 2023;

   (ii) 70 Paise/kVAh for other months.

10. **Power Factor Surcharge (PFS):** *Not Applicable*.

11. **Disturbing Load Penalty (DLP):** *Not Applicable*

12. **Factory lighting and colony supply:** All consumption for bonafide factory lighting i.e., energy consumed in factory premises including factory building, its offices, stores, time keeper office, canteen, library, staff dispensary, welfare Centre and factory yard lighting shall be charged under this Tariff Schedule. The consumption for bonafide use of residential/staff quarters and street lighting of the colony shall also be charged under this Tariff Schedule if supply is taken at a single point. Such consumption shall be charged for the energy consumed at the following rates:

    a) During normal times and night time: Normal rate subject to the condition that the night time concession as per 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, the same shall be charged as per the relevant Consumer Categories of this Schedule of Tariff.

13. Rebate for New and Expansion Industries:

a. For new industries, which have come into production between 01.07.2019 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.

b. For new industries, which have come into production between 01.06.2020 to 31.05.2021, the Energy Charges shall be 10% lower than the approved Energy Charges for the respective Category for a period of 3 years.

c. For new industries, which have come into production from 01.06.2021 onwards, the Energy Charges shall be 15% lower than the approved Energy Charges for the respective Category for a period of 3 years.

d. For existing industries, which have undergone expansion during 01.06.2020 to 31.05.2021, Energy Charges shall be 10% lower than the approved Energy Charges corresponding to the respective Category for a period of three years for quantum of energy consumption corresponding to proportionate increase in Contract Demand.

   Provided that such expansion, if undertaken during 1.07.2019 to 31.05.2020 and/or during 01.06.2021 to 31.03.2023 and/or shall be undergoing expansion on or after 01.04.2023, 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.

e. Example: In case of Contracted Demand is increased by an industry from 2 MVA to 3 MVA, the monthly units consumption for the purpose of lower Energy Charges shall be considered in proportion of the Original Contracted Demand and increased Contracted Demand. i.e., in case of the monthly consumption is 6 LUs, the lower Energy Charges shall be applicable on 2 LUs while 4 LUs shall be billed at the regular Energy Charge.

f. The above-mentioned rebate on Energy Charges shall be applicable during normal and peak hours. In case of night hours, night-time concession shall only apply.

14. Rebate for Prepaid Consumers: *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

SCHEDULE - IRRIGATION AND DRINKING WATER PUMPING SUPPLY (IDWPS)

1 Applicability

This Schedule is applicable to connections for water and irrigation pumping and also covers all consumption for bona fide Pump House lighting. This Schedule is also applicable to Private Irrigation loads in individual/ society's names, green houses, poly houses, mushroom growing, processing facilities for agriculture, poultry farms and sheds, pond fish culture in farmer's own agricultural land, fisheries, horticulture, floriculture and sericulture etc. where all such activities are undertaken by agricultural land holders and temporary agricultural loads such as wheat threshers and paddy threshers. This Schedule shall also be applicable to sewerage treatment plants and Cow sanctuaries and Gaushala registered with Gow Sewa Ayog.

Since this Schedule of Tariff covers 'processing facilities for agriculture', all Consumers having processing facilities relating to agriculture such as seed treatment, etc. shall also be covered under this Schedule. However, the Consumers involved in manufacturing, processing and service sector activities based on agriculture produce such as mushroom processing, etc. shall be covered under relevant Industrial Schedule of Tariff.

2. Character of service: *Applicable as per relevant provisions of Himachal Pradesh Electricity Supply Code, 2009, as amended from time to time.*

3 Single Part Tariff for Contract Demand≤20 kVA

a) Fixed Charges (Charges-1)

Description	Fixed Charges (Rs/month)
All Consumers	105.00

b) Energy Charges (Charges-2)

Energy Charges (Rs./kWh)	4.12

4. Two Part Tariff for Contract Demand > 20 kVA

a) Fixed Charges (Charges-1)

Fixed Charges (Rs/month)	
LT	Nil
HT	Nil
EHT	Nil

b) Energy Charges (Charges-2)

Description	Energy Charges (Rs./kVAh)
LT	5.46
HT	5.06

EHT	4.66

c) Demand Charges (Charges-3)

Maximum Demand Charges (Rs/kVA/month)	
LT	100.00
HT	300.00
EHT	400.00

Demand Charges would be levied on the actual maximum recorded demand in a month in any 30-minute interval in a month or 85% of the Contract Demand, whichever is higher, but up to a ceiling of Contract Demand. Contract Demand Violation Charges shall be applicable beyond such ceiling.

Notes:

a) *Government of HP subsidy under this Category would only be applicable to agricultural Consumers having Contract Demand of upto 20 kVA only irrespective of the voltage levels at which they are connected.*

5. Peak load charges (PLC)

Description	**Energy Charges (Rs./kVAh)**
LT	6.36
HT	6.16
EHT	5.96

6. Lower Voltage Supply Surcharge (LVSS): *Applicable as specified under 'Part-1 General Conditions of Tariff'.*

7. *Lower Voltage Metering Surcharge (LVMS):* *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

8. *Late Payment Surcharge (LPS):* *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

9. *Contract Demand Violation Charge:* *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

10. *Night Time Concession (NTC):* *Applicable as per provisions under 'Part-1 General Conditions of Tariff', at the following rates:*

(i) 70 Paise/kVAh for consumption during night hours for the month of June, July and August 2023;

(ii) 50 Paise/kVAh for other months.

11. *Power Factor Surcharge (PFS):* *(1) Applicable as per provisions under 'Part-1 General Conditions of Tariff' for the Consumers covered under single part Tariff.*

(2) Not applicable for Consumers covered under two-part Tariff

12. *Disturbing Load Penalty (DLP):* *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

13. *Factory lighting and colony supply:* *All consumption for bonafide factory lighting* *i.e., energy consumed in factory premises including factory building, its offices, stores, time keeper office, canteen, library, staff dispensary, welfare Centre and factory yard lighting shall be charged under this Tariff Schedule. The consumption for bonafide use of residential/staff quarters and street lighting of the colony shall also be charged under this Tariff Schedule, if supply is taken at a single point. Such consumption shall be charged for the energy consumed at the following rates:*

a) During normal times and night time: Normal rate subject to the condition that the night time concession as per 10 above shall be given on consumption during night time.

b) During peak load hours : The rates (demand and energy) applicable for peak load hours shall be charged.

If supplies for colony and/or its residences are taken separately, the same shall be charged as per the relevant Consumer Categories of this Schedule of Tariff.

14. Rebate for Prepaid Consumers: *Applicable as per provisions under 'Part-1 General Conditions of Tariff'*

SCHEDULE - BULK SUPPLY (BS)

1 Applicability

This Schedule is applicable to general or mixed loads to M.E.S and other Military establishments, Central PWD Institutions, Construction Power for Hydro-Electric projects, Tunnel Construction, Hospitals, Private Medical colleges with attached Hospital and with user charges not as per Govt. Hospital rates, Departmental/Private Colonies, Group Housing Societies, A.I.R Installations, Aerodromes, Bus Stands with single point connection and other similar Establishments/Institutions where further distribution to various residential and non-residential buildings is to be undertaken by the Consumer, for its own bona fide use and not for resale to other Consumers with or without profit. However, in case of MES, this Schedule shall continue to apply till such time MES do not avail Open Access.

2. Character of service: *Applicable as per relevant provisions of Himachal Pradesh Electricity Supply Code, 2009, as amended from time to time.*

3. Two Part Tariff

a) Fixed Charges (Charges-1)

Fixed Charges (Rs/month)	
LT	Nil
HT	Nil
EHT	Nil

b) Energy Charges (Charges-2)

Description	**Energy Charges (Rs./kVAh)**
LT	5.26
HT	4.76
EHT	4.56

c) Demand Charges (Charges-3)

Demand Charges (Rs/kVA/month)	
LT	250.00
HT	350.00
EHT	350.00

Demand Charges would be levied on the actual maximum recorded demand in a month in any 30-minute interval in a month or 85% of the Contract Demand, whichever is higher but up to a ceiling of Contract Demand. Contract Demand Violation Charges shall be applicable beyond such ceiling.

4. Lower Voltage Supply Surcharge (LVSS): *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

5. ***Lower Voltage Metering Surcharge (LVMS*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

6. ***Late Payment Surcharge (LPS*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

7. ***Contract Demand Violation Charge:*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

8. ***Night Time Concession (NTC):*** *Not applicable.*

9. ***Power Factor Surcharge (PFS):*** *Not Applicable.*

10. ***Disturbing* Load Penalty (DLP):** *Not Applicable.*

11. ***Peak Load* Charges (PLC):** *Not Applicable.*

12. ***Rebate for Prepaid Consumers:*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'*

SCHEDULE - STREET LIGHTING SUPPLY (SLS)

1 Applicability

This Schedule is applicable for Street Lighting System including Traffic Control Signal Systems on roads and Park lighting in Municipalities, Nagar Panchayats, SADA areas and Panchayats.

2 Character of service: *Applicable as per relevant provisions of Himachal Pradesh Electricity Supply Code, 2009, as amended from time to time.*

3. Single Part Tariff

a) Fixed Charges (Charges-1)

Fixed Charges (Rs/month)	145.00

b) Energy Charges (Charges-2)

Energy Charges (Rs./kWh)	5.37

4. Line maintenance and Lamp Renewal Charges

Where the bulbs, tubes etc. are to be provided and replaced at the cost of the HPSEBL, Line Maintenance and Lamp Renewal Charges shall be charged in addition to the Energy Charges. These charges shall be charged at the following rates:

Description	**Charge** (Rs./point/month)
Fluorescent Tube 4' 1x40 W	50
Fluorescent Tube 4' 2x40 W	50
Fluorescent Tube 2' 1x20 W	50
Fluorescent Tube 2' 2x20 W	50
MVL up to 125 W	50
MVL above 125 W	100
SVL up to 150 W	100
SVL above 150 W	120
CFL	100
T-5 Tube light	50
Metal Halide up to 150 W	100
Metal Halide above 150 W	140
LED	150
High Mast Light	No. of lamps of any of above Category x charges applicable for each point of such Category

Note:

i) For special type of fixtures like sodium and neon vapour lamps, fittings or any *other fixtures not covered above, the material for maintenance of the fixtures and the lamps for replacement shall be provided by the Public Lighting Consumers themselves and only replacement charges shall be levied.*

ii) *When the bulbs/Mercury vapour lamps/tubes and other accessories are provided by the Public Lighting Consumers and only replacement is to be done by* the *HPSEBL, Line Maintenance and lamp renewal charges shall be as follows:*

Description	**Charge** (Rs./point/month)
Fluorescent Tube 4' 1x40 W	50
Fluorescent Tube 4' 2x40 W	50
Fluorescent Tube 2' 1x20 W	50
Fluorescent Tube 2' 2x20 W	50
MVL up to 125 W	50
MVL above 125 W	50
SVL up to 150 W	50
SVL above 150 W	50
CFL	50
T-5 Tube light	50
Metal Halide up to 150 W	50
Metal Halide above 150 W	50
LED	50
High Mast Light	No. of lamps of any of above Category x charges applicable for each point of such Category
Any other special fixture not covered above	50

5. **Lower Voltage Supply Surcharge (LVSS):** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

6. ***Lower Voltage Metering Surcharge (LVMS):*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

7. ***Late Payment Surcharge (LPS):*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

8. ***Night Time Concession (NTC):*** *Not Applicable.*

9. ***Power Factor Surcharge (PFS):*** *Not Applicable.*

10. ***Disturbing Load Penalty (DLP):*** *Not Applicable.*

11. ***Rebate for Prepaid Consumers:*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'*

SCHEDULE - TEMPORARY METERED SUPPLY (TMS)

1 Applicability

This Schedule is applicable to all loads of temporary nature including exhibitions, touring talkies, circuses, fairs, melas, marriages, festivals, temporary supply for construction purposes including civil works by Government departments and other similar purposes for temporary needs only. This Schedule shall also include connections for which NOC from the relevant authorities i.e., Panchayat, Municipalities, Town and Country Development Authority (by whatever name called) has not been provided by the Consumer. However, this Schedule is not applicable to wheat threshers & Paddy threshers, which shall be covered under Irrigation & Drinking Water Pumping Supply even for temporary connection.

2 Character of service: *Applicable as per relevant provisions of Himachal Pradesh Electricity Supply Code, 2009, as amended from time to time.*

3 Single Part Tariff for Contract Demand ≤ 20 kVA

a) Fixed Charges (Charges-1)

Fixed Charges (Rs/month)	200.00

b) Energy Charge (Charges-2))

Energy Charges (Rs./kWh)	7.42

4 Two Part Tariff for Contract Demand > 20 kVA

a) Fixed Charges (Charges-1)

Fixed Charges (Rs/month)	Nil

b) Energy Charges (Charges-2)

Energy Charges (Rs./kVAh)	6.76

c) Demand Charges (Charges-3)

Demand Charges (Rs/kVA/month)	400.00

Demand Charges would be levied on the actual maximum recorded demand in a month in any 30-minute interval in a month or 85% of the Contract Demand, whichever is higher, but up to a ceiling of Contract Demand. Contract Demand Violation Charges shall be applicable beyond such ceiling.

Notes:

a) *For Consumers availing temporary supply for up to 15 days, additional charges of Rs. 500 per day shall be applicable for both upto 20kVA and above 20kVA of Consumer load.*

5. **Lower Voltage Supply Surcharge (LVSS):** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

6. ***Lower Voltage Metering Surcharge (LVMS):*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

7. ***Late Payment Surcharge (LPS):*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

8. ***Contract Demand Violation Charge:*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

9. ***Night Time Concession (NTC):*** *Not Applicable.*

10. ***Power Factor Surcharge (PFS):*** *Not Applicable.*

11. ***Disturbing Load Penalty (DLP):*** *Not Applicable.*

12. ***Peak Load Charges (PLC):*** *Not Applicable.*

13. ***Rebate for Prepaid Consumers:*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'*

SCHEDULE – RAILWAY TRACTION

1 Applicability

This Schedule is applicable to Railways for Traction Loads.

2 Character of service

Standard Supply Voltage (AC 50 Hz)	≥ 66kV

3 Two Part Tariff for Contract Demand > 20 kVA

a) Fixed Charges (Charges-1)

Fixed Charges (Rs/month)	Nil

b) Energy Charges (Charges-2)

Energy Charges (Rs./kVAh)	5.16

c) Demand Charges (Charges-3)

Demand Charges (Rs/kVA/month)	400.00

Demand Charges would be levied on the actual maximum recorded demand in a month in any 30-minute interval in a month or 85% of the Contract Demand, whichever is higher, but up to a ceiling of Contract Demand. Contract Demand Violation Charges shall be applicable beyond such ceiling.

4. **Lower Voltage Supply Surcharge (LVSS):** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*
5. **Lower Voltage Metering Surcharge (LVMS):** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*
6. ***Late Payment Surcharge (LPS):*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*
7. ***Contract Demand Violation Charge:*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*
8. ***Night Time Concession (NTC):*** *Not applicable.*
9. ***Power Factor Surcharge (PFS)*****:** *Not Applicable.*
10. **Disturbing Load Penalty (DLP):** *Not Applicable.*
11. **Peak Load Charges (PLC):** *Not Applicable*.
12. ***Rebate for Prepaid Consumers:*** *Applicable as per provisions under 'Part-1 General Conditions of Tariff'*

SCHEDULE – EV Charging Stations

1. Applicability

This Schedule is applicable to Public Electric Vehicle Charging Stations set up for providing Electric Vehicle Charging facilities on commercial basis.

2. Character of service: *Applicable as per relevant provisions of Himachal Pradesh Electricity Supply Code, 2009, as amended from time to time.*

3. Single Part Tariff

a) Fixed Charges (Charges-1)

Fixed Charges (Rs/month)	Nil

b) Energy Charges (Charges-2)

Energy Charges	5.82 (Rs./kWh)

13. Lower Voltage Supply Surcharge (LVSS): *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

14. *Lower Voltage Metering Surcharge (LVMS*): *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

15. *Late Payment Surcharge (LPS):* *Applicable as per provisions under 'Part-1 General Conditions of Tariff'.*

16. *Contract Demand Violation Charge:* *Not Applicable*

17. *Night Time Concession (NTC):* *Not applicable.*

18. *Power Factor Surcharge (PFS):* *Not Applicable.*

19. *Disturbing* Load Penalty (DLP): *Not Applicable.*

20. *Peak Load* Charges (PLC): *Not Applicable.*

21. *Rebate for Prepaid Consumers:* *Applicable as per provisions under 'Part-1 General Conditions of Tariff'*

Appendix-A: Schedule of General and Service Charges

S. No.	Description	Approved by the Commission
1. Particulars:		
A. Meter Inspection and Testing Charges (Challenge of Correctness of Meter by Consumer)		
(i)	Single Phase	Rs. 100/- per meter
(ii)	Poly phase (LT)	Rs. 300/-
(iii)	HT or special meter (MDI or Trivector meter)	Rs. 550/-
		Rs. 1100/- with CT/PT combined unit
Note: This amount shall be deposited by the Consumer along with his application for the inspection of the meter and will be refunded to him in case the meter is not found to be correct within the prescribed limits.		
B. Testing Charges of Transformers or other equipment of Consumer or Private Party		
(I)	Protective Relays:	
	Testing including current and Time Setting of protective relays	Rs. 1100/- per Relay
(II)	Power and Distribution Transformers	
(a)	Insulation resistance tests of winding	Rs. 770/- per Transformer
(b)	General checking of breather and other accessories	Rs. 400/- per Transformer
(c)	Dielectric strength test of oil	Rs. 300/- per Transformer
(d)	Testing of buchuolz relay and temperature indicators functioning	Rs. 800/- each
(III)	Circuit Breaker 400 volts and 11/33kV	
	General checking of breaker and testing of the tripping mechanism	Rs. 800/- each
(IV)	Current transformer and Potential transformers and meters:	
(a)	Testing of single-phase LT current transformer	Rs. 300/- each
(b)	Current Testing of 3 phase LT current transformer	Rs. 440/- each
(c)	Testing of single phase 11kV & 33kV CTs	Rs. 550/- each
(d)	Testing of three phase 11kV & 33kV CTs	Rs. 1100/- each
(e)	Testing & recalibration of single-phase LT energy meter	Rs. 90/- per meter
(f)	Testing & recalibration of three phase energy meter w/o CT	Rs. 330/- per meter
(g)	Testing & recalibration of three phase energy meter With CT	Rs. 660/- per meter
(h)(i)	Testing & recalibration of HT/EHT metering equipment	Rs. 2000/- per meter
(h)(ii)	With CT/PT combined unit	Rs. 2500/- per unit
(i)	Testing & recalibration of maximum demand indicator	Rs. 660/- per meter
(j)	Testing & adjustment of voltmeter/ ammeter	Rs. 300/- each
(V)	Checking of Capacitors (other than initial checking) on Consumer's request:	
(a)	At 400 volts	Rs. 200/- per job
(b)	At 11 kV and above	Rs. 200/- per job
(VI)	General	
(a)	Dielectric strength of oil of various equipment	Rs. 300/- per sample
(b)	Earth test of substation	Rs. 300/- per earth
(c)	Insulation resistance of cables/insulation of various equipment /installations	Rs. 300/- per cable/ equipment

S. No.	Description		Approved by the Commission
C. Testing charges at the time of routine periodical inspections or first test and inspection of new installation which includes protection and control of complete Sub-station (including Transformers, Capacitor Banks, Meter and Metering equipment having connected load >50 kW and/or supply voltage 11 kV or higher) and inclusive of all man power 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 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	**Sub stations**	Rs. 10,000/-
(ii)	33 kV		Rs. 15,000/-
(iii)	66 kV		Rs. 50,000/-
(iv)	132 kV		Rs. 1,00,000/-
(v)	220 kV		Rs. 3,00,000/-
(vi)	SHP Capacity (up to 2.5 MW)	**Small Hydro Plants**	Rs. 25,000/-
(vii)	SHP Capacity (greater than 2.5 MW)		Rs. 50,000/-
D.	Visiting charges		
	Visiting charges for Officers and staff to Consumers premises for testing of equipment (other than C above)		Rs. 3500/- per day for complete team PLUS actual journey charges as per out turn of vehicle
Remarks: -			
(i) The charges mentioned under 'C' above shall be charged for the actual Periodical Inspection done and shall be on per inspection basis only.			
(ii) Visiting charges mentioned under D above include the visiting charges of M&T staff as well.			
(iii) Charges for HPSEBL's maintenance/testing Vans or Trucks if needed for the purpose will be extra. All Charges shall be got deposited before undertaking the testing work.			
(iv) Complete testing of 11kV, 22kV and 33 kV connections as per item C above shall be conducted before the release of HT connection.			
(v) Test reports on suitable forms will be issued by the operation Sub-divisions/M&T Lab, which will be produced by the prospective Consumer along with the Wiring Contractor's test report.			
(vi) The insulation, earth and oil tests as well as general checking and inspection should be performed by the operation Sub-division. Other tests requiring M&T Lab. facilities shall be arranged by the operation Sub-division/division in the nearest M&T Lab., or by arranging the visit of the M&T staff to the Consumer's premises.			
vii) The requests for testing shall be entertained by the concerned Operation Sub-division which will be responsible for arranging all tests including tests by the M&T Lab and also for the recoveries of all the charges, including those of M&T Lab.			

S. No.	Description	Approved by the Commission
viii) The amount recovered from Consumers for testing carried out by the M&T Lab shall be adjusted through inter-divisional adjustment between the Operation Divisions and the M&T Divisions.		
2. Changing the position of meter at the request of Consumer		
(i)	Single phase	Rs. 100/-
(ii)	Poly phase (LT)without CT	Rs. 250/-
	Poly phase (LT)with CT	Rs. 500/-
(iii)	HT or special meter	Rs. 1100/-
3. Resealing charges		
(i)	Meter cupboard	Rs. 25/-
(ii)	Meter Cover or Terminal Cover (single phase)	Rs. 110/- for meter terminal cover and full cost of the meter where M&T seal is found broken.
(iii)	Meter cover or terminal cover (three phase)	Rs. 350/- for meter terminal cover and full cost of the meter where M&T seal is found broken.
(iv)	Cut-out (where it has been independently sealed)	Rs. 100/-
(v)	Maximum demand indicator	Rs. 550/-
(vi)	Potential fuse(s) time switch/CT chamber	Rs. 550/-
4. Reconnection of supply		
(i)	Small Industrial Power Supply Consumers (Contract Demand< = 50 kVA)	Rs. 500/-
(ii)	Medium Industrial Power Supply Consumers (Contract Demand > 50 kVA and < = 100 kVA)	Rs. 1000/-
(iii)	Large Industrial Power Supply Consumers (Contract Demand > 100 kVA)	Rs. 1500/-
(iv)	All other categories of Consumers	Rs. 250/-
5. Fuse replacement:		
	Replacement of fuse(s) pertaining to HPSEBL/ Consumer	Rs. 50/-
6. Testing Consumer's installation:		
(i)	The first test and inspection of a new installation or of an extension to the existing installation	Nil
(ii)	For every subsequent visit for the test and inspection of a new installation or of an extension to the existing installation	
(a)	Single Phase LT	Rs. 100/-
(b)	Three phase (LT)	Rs. 200/-
(c)	Three phase (HT)	Rs. 500/-
	Note:- These charges shall be deposited by the Consumer in advance before every subsequent visit for inspection of installation	
7. Replacement of meter card:		
(i)	Domestic/NDNCS/Commercial	Rs. 10/- in each case
(ii)	All other categories of Consumers	Rs. 10/- in each case
8. Replacement of meter glass:		

S. No.	Description	Approved by the Commission
(i)	Replacement of broken glass of meter cup board when the Consumers is considered to have broken it	Rs. 100/-
(ii)	Replacement of broken or cracked glass of meter when there is no evidence of Consumer having broken it or tempered with the meter	Rs. 100/-
(iii)	Replacement of broken glass of meter when the Consumer has tempered with or broken by Consumer:	
(a)	Single phase	Rs. 500/-* or the actual cost of meter whichever is higher
(b)	Three phase	Rs. 1500/- *or the actual cost of meter, whichever is higher.
	Note-1: This amount will be charged without prejudice to the right of HPSEBL to take any other action or impose penalty on the Consumer as per the prevailing rules. Since in such cases, the meter has to be sent to M&T lab, the meter changing charges shall be levied additionally.	
	* This is without prejudice to HPSEBL's right to recover the estimated cost of theft of energy. Principles of natural justice shall invariably be followed and opportunity of being heard given to the Consumer before levying such charge.	
9. Supply of duplicate copies of the bills/ review of bills:		
(i)	Review of bills (all Categories)	Nil
(ii)	Supply of duplicate copies of bills	
(a)	Domestic/NDNCS/Commercial	Rs. 5/-
(b)	Medium and large Power supply	Rs. 5/-
(c)	All other categories	Rs. 5/-
(iii)	Supply of duplicate copies of Demand notice:	
(a)	Domestic Consumers	Rs. 10/-
(b)	Non-residential Consumers	Rs. 10/-
(c)	Small Industrial and Agriculture Consumers	Rs. 10/-
(d)	Medium Industrial Consumers	Rs. 10/-
(e)	Large Industrial and other categories of Consumers	Rs. 10/-
(iv)	Supply of detailed print out of the meter recording	Rs. 50/-
10. Attendants for functions		
	Deputing attendants (line staff) for all functions.	
	(Per Attendant per day per function limited to 8 hours/day)	Rs. 250/-
11. Cost of Application/Agreement Form and wiring Contractor's test report forms:		
	For all categories	Nil
12. Processing fee for change in Contract Demand		
	Fee for change in Contract Demand (CD)	Rs. 25/- per kVA of the changed quantum of CD
13. Disconnection Charges (to be paid by authority / agency Ordering disconnection*#)		
(I)	Small Industrial Power Supply Consumers (Contract Demand< = 50 kVA)	Rs. 500/-
(ii)	Medium Industrial Power Supply Consumers (Contract Demand > 50 kVA and < = 100 kVA)	Rs. 1000/-

S. No.	Description	Approved by the Commission
(iii)	Large Industrial Power Supply Consumers (Contract Demand > 100 kVA)	Rs. 1500/-
(iv)	All other categories of Consumers	Rs. 250/-
	** Except on Orders passed by Judges/ Other Adjudicatory/ Regulatory Bodies.* *Note: These charges shall also be applicable for Consumers requesting disconnection.* *#whenever any direction is received from HPPCB (Himachal Pradesh Pollution Control Board) for the disconnection of an electricity meter, the same shall be carried out without levy of any disconnection charges. HPSEBL shall recover such charges from the defaulting units when any request is made for restoration of the connection.*	

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(SHASHI KANT JOSHI) **Member**	**(YASHWANT SINGH CHOGAL)** **Member Law**	**(DEVENDRA KUMAR SHARMA)** **Chairman**

Shimla

Dated: March 31, 2023