

HIMACHAL PRADESH ELECTRICITY REGULATORY COMMISSION, SHIMLA

Vidyut Aayog Bhawan, Block No. 37, SDA Complex, Kasumpti, Shimla- 171009

CORAM: Sh. Devendra Kumar Sharma, Chairman
Sh. Yashwant Singh Chogal, Member (Law)
Sh. Shashi Kant Joshi, Member

In the matter of:

In the matter of the Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2023.

ORDER

The Himachal Pradesh Electricity Regulatory Commission (hereinafter to be referred as “the Commission”), in exercise of the powers conferred under Section 61, Sub-section(1) of Section 62, Clauses (a), (c) and (e) of Sub-section (1) of Section 86 and Clause (zd) of Sub-section (2) of Section 181 of the Electricity Act, 2003 (36 of 2003), read with Section 21 of the General Clauses Act, 1897 (10 of 1897), and all other powers enabling it in this behalf, notified the draft (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2023, on 2nd December, 2023 and as required under Sub-section (3) of the Section 181 of the Act, the same were published in the Rajpatra, Himachal Pradesh on 13th December, 2023.

2. The Commission invited public objections and suggestions by way of insertions in two News papers i.e. “Indian Express” and “Divya Himachal” on 15.12.2023 under Rule (3) of Electricity (Procedure of Previous Publication) Rules, 2005 and the full text of the draft amendment regulations was made available on the Commission’s website: www.hperc.org. The last date for filing objections/suggestions was 12.01.2024. A public hearing was also scheduled to be held in the matter on 22nd January, 2024 at 11.30 AM in the Commission which was postponed to be held on 30th January, 2024 at 11.30 AM through public notice inserted in “Hindustan Times” and “Amar Ujala” on 19th January, 2024. The public hearing further postponed to be held on 1st February, 2024 at 2.30 PM through public notice inserted in “The Tribune” and “Dainik Bhasker” on 24th January, 2024.
3. The Commission, vide letter dated 15.12.2023, also requested the major stakeholders, including the Government of Himachal Pradesh, Small Hydro Project Developers Associations, Directorate of Energy, HIMURJA, Jal Shakti Vibhag, Industries Associations, Hoteliers Association and Distribution Licensee to send their objections/ suggestions in the matter.
4. The Commission received comments/suggestions on the draft Regulations from the Himachal Pradesh Power Transmission Corporation Limited (HPPTCL), Himfed Bhawan, Panjari, Tuti Kandi, Shimla-171005 (HP) only.
5. The public hearing was held, as scheduled, on 1st February, 2024. The list of participants who attended the said public hearing is annexed as **Annexure-“A”**.

6. During the public hearing, the representative from HPPTCL mostly reiterated the Suggestions / Objections already submitted by the HPPTCL through written submissions. No other Stakeholder(s) attended the public hearing.

7. **Consideration of written/oral submissions made by the stakeholders and Commission's views.-**

After having carefully gone through all the written and oral submissions, the Commission proceeds to consider the various suggestions made by the stakeholder and finalize its views on the subject, as follows:-

(a) **Comments on Regulation 2:**

The HPPTCL has submitted that the Commission has set the Threshold Limit of Rs. 45 Crore for all the Intra-State Transmission Projects i.e. Transmission Line or Sub-station or both Transmission Line and Sub-station as a package to be developed through Tariff Based Competitive Bidding (TBCB) which seems to be set on a Lower side as compared to the Threshold Limit specified by other States which is over and above Rs. 100 Crore for the implementation of Intra State Transmission Projects as tabulated below:

S. N.	State	Threshold Limit in Rs. Crore
1	Assam	100
2	Bihar	100
3	Jharkhand	175
4	Chhattisgarh	250
5	MP	250
6	Gujarat	100
7	Maharashtra	500
8	Rajasthan	250
9	Punjab	250
10	Haryana	100
11	Uttarakhand	100

Further, the HPPTCL has added that in general, the project development cost is on higher side in hilly terrain in comparison to the plain terrain and that similar hilly State of Uttarakhand has also set threshold limit for construction of Projects under TBCB as Rs 100 Crores.

Based on the above, the HPPTCL has requested the Commission to reconsider the Threshold Limit defined for TBCB Projects and revise the same to at least Rs. 100 Crore. Further, the HPPTCL has prayed that the Projects involving soft loan & grant may be excluded from TBCB.

Commission's View:-

The Commission observes that the Regulations already provide that in case the State Govt./ Transmission Licensee intends to develop any Intra-State Transmission Project

above the threshold limit through cost plus approach due to some specific reasons, the State Government/ Transmission Licensee can do so but they shall have to obtain the prior approval of the Commission for the same.

The Commission had set the limit of Rs 45 Crore set for development of Projects through TBCB to bring efficiency and cost effectiveness into the system which shall in turn benefit not only the HPPTCL but also the consumers of the State.

However, keeping in view that the Project development cost is on higher side in hilly terrains, in comparison to plain areas, the Commission finds merit in the suggestion of the HPPTCL to increase this limit and decides to enhance the threshold limit of Rs 45 Crore set for development of Projects through TBCB to Rs 75 Crore. Further, the request of the HPPTCL regarding execution of those Transmission Projects having soft loan and the grant components is also considered and such Projects may be taken up by the HPPTCL but with the prior approval of the Commission.

As such, the Commission decides to finalize the proposed Regulation with changes as highlighted above.

(b) Comments on Regulation 3.1:

(i) Item Number 23 “cut-off date”:

The HPPTCL has submitted the proposed definition of “cut-off date” may be difficult to implement as in cases where the date falls in between a financial year, it would become difficult to ascertain whether a given asset has been capitalised prior to the cut-off date or after the cut-off date.

In view of above, the HPPTCL has suggested that the definition of cut-off date may be kept as the last day of the financial year closing after thirty-six months from the date of commercial operation of the project and may be modified as under:-

“(23) “Cut-off date” means the last day of the Financial Year after thirty six months from the date of commercial operation of the project;”.

Commission’s View:-

The Commission feels that there should not be any difficulty in implementing the same. The Commission further observes that the HPPTCL has not provided any valid reasons in ascertaining whether a given asset has been capitalised prior to the cut-off date or after the cut-off date.

However, the Commission observes that the Central Electricity Regulatory Commission (“CERC” for short) in its new draft Tariff Regulations for FY 2025-29 has also proposed the cut off date as the last day of the Financial Year after thirty six months from the date of commercial operation of the project. The Suggestion of HPPTCL is in line with the definition proposed by the CERC and,

as such, the Commission finds no harm in accepting the suggestion of the HPPTCL.

As such, the Commission decides to finalize the definition of “cut-off date” in line with the definition proposed by CERC in its draft Tariff Regulations.

(ii) **Item Number 24 “Date of commercial operation” or “COD”:**

The HPPTCL has welcomed the definition of “Date of Commercial Operation” or “COD” submitting that this will help the Utility to claim the Deemed COD wherein if the COD of the transmission system or an element thereof is prevented from regular service for reasons not attributable to the Transmission Licensee or its supplier or its contractors.

Commission’s View:-

The Commission aims to ensure that the Transmission Licensee in the State is able to recover its costs/expenses through timely receipts from the users of the Transmission system and should not be made to suffer on account of reasons which are beyond its control. However, it is clarified that these Regulations nowhere indicate that the Transmission Licensee can claim the deemed COD. The Licensee has to approach to the Commission in such cases for approval of the COD.

Accordingly, the Commission decides to finalize this Regulation without any change in this regard.

(c) **Comments on Regulation 5:**

The HPPTCL has submitted that the Petition for true-up upto FY 2021-22 has already been filed on dated 01.06.2023 under HPERC (Terms and conditions for Transmission Tariff) Regulations, 2011. Further, the Petition for true-up of FY 2022-23 & FY 2023-24 shall also be filed under HPERC (Terms and conditions for Transmission Tariff) Regulations, 2011, as amended from time to time.

The HPPTCL has requested to consider the aspect that Multi-Year Tariff Petition shall also include trueing up for FY 2023-24 or for any Financial Year prior to FY 2023-24 for which trueing-up is yet to be completed and accordingly to allow the same to be carried out under HPERC (Terms and conditions for Transmission Tariff) Regulations, 2011, as amended from time to time.

Commission’s View:-

The Commission observes that the proposed Regulations clearly spell out that any issues prior to March 31, 2024, shall be governed by the Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions of transmission Tariff) Regulations, 2011, including amendments thereto.

Therefore, there is no need to modify the Regulation 5.2 as suggested by the HPPTCL. Moreover, it is practically not possible for them to file for true-up for the period FY 2023-24 along with MYT Petition.

As such, the Commission decides to finalize the proposed Regulation without any change in this regard.

(d) Comments on Regulation 7:

The HPPTCL has submitted that as per CERC Sharing Regulations, 2020, inclusion of State asset in PoC as ISTS requires tariff approval from CERC. Thus, the upcoming assets involving tariff approval from the Commission shall be Intra-state in nature and the same do not require maintaining separate accounts and sub balance sheets under Inter-state & Intra-state.

In addition to above, the HPPTCL has submitted that it may be allowed to maintain project wise expenses/accounts on actual basis/based on current methodology.

Commission's View:-

In the past, the HPPTCL has undertaken development of many assets which are of the nature of Inter-state as they are being primarily constructed for the evacuation of power outside the state. The Commission wants separate accounts for the purpose of transparency, accountability and fixation of tariff and the HPPTCL should not have any problem with maintaining separate accounts.

The Commission observes that the HPPTCL in its submissions has not expressed exclusively the issues faced by it in maintaining separate accounts and infact the HPPTCL itself has proposed maintenance of project wise expenses/ accounts, which are in consonance with the proposed Regulations.

As such, the Commission decides to finalize the proposed Regulation without any change in this regard.

(e) Comments on Regulation 8.2:

The HPPTCL has stated that the criteria for CAPEX approval for schemes may be clarified as DPR will not be required for schemes under Rs 10 Crore for Transmission Business.

Commission's View:-

The criteria for approval of the CAPEX for schemes below Rs 10 Crore shall be the same as has been for the schemes more than Rs 10 Crore. The only difference is that DPR for such schemes shall not be required to be submitted. But, the reasonableness and cost of the scheme shall be scrutinized based upon the prudence check by the Commission. In this regard, the proposed Regulations provide that the Capital investment plan of the Transmission Licensee shall have to be commensurate with load growth and quality improvement alongwith its cost-benefit analysis. Further, the

investment plan is also required to include yearly phasing of capital expenditure along with the source of funding, financing plan and corresponding capitalisation schedule.

The Commission, therefore, is of the view that there is no need to exclusively spell out the criteria for approval of the CAPEX schemes under Rs 10 Crore and as such, the Commission decides to finalize the proposed Regulation without any change in this regard.

(f) Comments on Regulation 9.1:

The HPPTCL has suggested that keeping in view the fact that HP State Transmission system is integrated having network of HPPTCL as well as HPSEBL, HP State Load Despatch Centre (HPSLDC) may be directed to compute various crucial parameters of HPPTCL Intra-state system i.e. monthly Transmission losses, grid disturbance record, peak demand and frequency excursion data.

Further, the HPPTCL has conveyed its inability to comply with the transmission loss detail/trajectory for old lines transferred from HPSEBL to HPPTCL as the associated bays are still with HPSEBL and has requested that transmission loss trajectory be finalized with respect to losses of newly commissioned operational projects of HPPTCL only.

Commission's View:-

The Commission observes that the HPSLDC has already been entrusted to determine the energy losses in the transmission system of the Transmission Licensee through the proposed Regulations. Moreover, SLDC is already obligated to keep record of all the crucial grid parameters as per the Electricity Act, 2003 and the Grid Code. However, the HPPTCL must also know and work out the transmission losses of its system and should ensure installation of energy meters at different locations as per the requirement of the Grid Code/ State Grid Code.

As such, the Commission decides to finalize the proposed Regulation without any change in this regard.

(g) Comments on Regulation 12.2:

With regard to filing of consolidated Petition in respect of the entire transmission system for the purpose of determination of tariff for the period 1.4.2024 to 31.3.2029, the HPPTCL has welcomed this move as the consolidated Petition will help reduce the Regulatory Burden on Transmission Licensee and requirement of filing multiple Petitions for various elements of the Transmission System.

Commission's View:-

The Commission has proposed the said provision with an aim to reduce the Regulatory Burden on Transmission Licensee and requirement of filing multiple Petitions for various elements of the Transmission System. Accordingly, the Commission decides to finalize the proposed Regulation without any change in this regard.

(h) Comments on Regulation 13.1:

With regard to filing of Petition and submission of data sought within specified timelines, the HPPTCL has suggested that the Licensee be given an opportunity to explain the reason for deviation from Regulations and in case of genuineness of reasons, delay in filing the Petition may be condoned.

The HPPTCL has further submitted that in case of delay in filing the Petition, the carrying cost pertaining to reasonable timeframe for disposal of any Petition may be allowed to Licensee as carrying cost is compensating in nature and does not result in any kind of enrichment.

Commission's View:-

The Commission is of the view that the Transmission licensee must file a Petition within the timelines prescribed by the Commission. The Commission shall, however, take a view at the time of such occurrence on case to case basis but it need not to be incorporated here in these Regulations.

As such, the Commission decides to finalize the proposed Regulation without any change in this regard.

(i) Comments on Regulation 14.1:

In regard of taking in-principle approval under specific circumstances, the HPPTCL has submitted that since Change in Law and Force Majeure Events are uncontrollable in nature, taking in principle approval for works requiring immediate investment may be a little time consuming and difficult. Further, Objections from beneficiaries may also delay the process of approval and, therefore, has suggested to carve an exception to such unforeseen events.

Commission's View:-

The Commission has proposed the provision only to bring transparency in the system. However, the Commission finds merit in the suggestion of the HPPTCL and, as such, the Commission decides to remove the said Regulation and finalize the Regulations accordingly.

(j) Comments on Regulation 16.1:

The HPPTCL has submitted that the reduction in Carrying Cost Rate from SBI MCLR + 300 Basis Points in HPERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2011, as amended from time to time, to SBI MCLR + 150 Basis Points in the proposed Regulations will directly impact the cash flows and result in reduced recovery of Carrying Cost on the Differential Tariff to be claimed post True Up in comparison to Previous Control Period. The HPPTCL has added that historically 300 bps margins was allowed due to the fact that any deferred recovery

affects the cash flows of any entity and to manage the same, utilities borrow short term loan which has a considerable margin over MCLR.

Accordingly, the HPPTCL has requested to retain the existing 300 Basis Points. The HPPTCL has further requested to allow the recovery of Carrying Cost from the date of COD till issuance of Tariff Order.

With regard to the delay in filing the true-up Petition(s) by the Transmission Licensee, the HPPTCL has submitted that the Carrying Cost or Holding Cost may not be allowed except in case of prudent reasons of delay in filing the same and such disallowance should be only corresponding to the delay period and should not be a reason for disallowance for the complete carrying cost.

Commission's View:-

The Commission is of the view that the rate of the carrying cost proposed is quite reasonable. This will inculcate a sense of financial discipline and the Licensee shall make the forecast of the revenue and the expenditure on realistic basis.

As such, the Commission decides to finalize the proposed Regulation without any change in this regard.

(k) Comments on Regulation 20:

The HPPTCL has submitted that the definition of gain and loss along with methodology to be adopted for arriving at gains or losses may require to be elaborated for sharing of gains or losses on account of controllable factors. The HPPTCL has further added that clarification as to whether the same shall fall under Non-Tariff Income along with whether the gains or losses are to be shared with Distribution licensee or LTA/TSA customers may also be required.

Commission's View:-

The Commission feels that the terms "gains" and "losses" are self explanatory and need no exclusive definition/explanation. Further, Regulation 18 indicates the controllable and uncontrollable parameters. Regulation 20 covers the mechanism/methodology of sharing of the gains and losses on account of controllable parameters. There ought to be no confusion in this regard. Any gains and losses on these accounts cannot become part of the Non Tariff Income of the Licensee. Further, it is very much clear that any gains or losses are to be shared with all the Customers/users including Distribution licensee as per the provisions of these Regulations.

The Commission finds no ambiguity in the Regulation and as such, decides to finalize the proposed Regulation without any change in this regard.

(l) Comments on Regulation 22:

The HPPTCL has pointed that the proviso for adjustment of revenue earned by the transmission licensee by using the assets before the date of commercial operation may be detrimental in cases wherein Billing was done to Beneficiaries from the date of

operationalization of LTA which was before the COD of the Asset, as such, revenue will be considered as the revenue earned by the Transmission Licensee before the date of commercial operation which will lead to reduction in Capital Cost as on COD thereby reducing the ARR.

In this regard, the HPPTCL has submitted that revenue in cases of deemed COD or mismatch of COD may be kept out of the purview of such adjustments.

Commission's View:-

The Commission fails to understand as to how a Long Term Agreement (LTA) may get operationalised before the Commissioning of an asset and effectively there is no question of any billing. The billing, as such, can only be done based upon the tariff fixed/determined by the Appropriate Commission.

There is no loss to the Licensee in case any earnings before the COD are adjusted by the Commission. Therefore, the apprehension of the HPPTCL is without any basis and can not be considered.

In view of the above, the Commission finds no merit in the submission of the HPPTCL and as such, decides to finalize the proposed Regulation without any change in this regard.

(m) Comments on Regulation 30.1:

With regard to the proviso providing that if the generating station is not commissioned on the SCOD or actual COD (whichever is later) of the associated transmission system, the generating company shall bear the IDC and IEDC or transmission charges if the transmission system is declared under commercial operation by the Commission till the generating station is commissioned, the HPPTCL has requested for reimbursement of 100% transmission charges irrespective of associated system or common transmission system.

The HPPTCL has submitted that in case of mismatch of COD, 100% transmission charges irrespective of associated system or common transmission system may be allowed to be reimbursed.

Commission's View:-

The Commission finds merit in the submission of the HPPTCL and feels that the Transmission Licensee needs to be amply compensated for non-utilization or under-utilization of its assets. The generating company should be liable to bear the transmission charges of the associated transmission system corresponding to Long Term Access granted for the generating station or unit(s) thereof, which have not achieved COD, if the transmission system is declared under commercial operation by the Commission till the generating station or unit(s) thereof is commissioned.

However, the Commission also feels that in case of delay in associated transmission system beyond the SCOD of the generating station or actual COD, whichever is later of the generating station, the transmission licensee should be liable to arrange the

evacuation from the generating station at its own arrangement and cost till the associated transmission system is commissioned or otherwise till such alternate arrangement is made, the transmission licensee(s) should pay to the generating station, the Annual Transmission Charge of the Intra-state transmission system, corresponding to the quantum of Long Term Access, for the period for which the transmission system has got delayed.

As such, the Commission decides to finalize the proposed Regulation after effecting changes as indicated above accordingly.

(n) Comments on Regulation 32.1:

The HPPTCL has requested to allow actual quantum of equity infused irrespective of approval taken from BOD (Board of Directors).

Commission's View:-

The Commission carries out the required prudence check in order to ascertain the actual equity infused in the project. The same is also provided in the proposed Regulation and shall take care of the concerns of the HPPTCL. The Commission finds no reason for carrying out any changes in the Regulation and, as such, decides to finalize the proposed Regulation without any change in this regard.

(o) Comments on Regulation 35.3:

The HPPTCL has submitted that the reduction of 1.50% in Rate of Equity from 15.50% applicable as per the HPERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2011, as amended from time to time, to 14% as provided in the proposed Regulations will have implications on the ARR of the Transmission Licensee. Lowering RoE will increase the risk perception of the project and will increase the interest rates on the loan component which will be counter productive and will increase the cost.

The HPPTCL has pointed out that all the major infrastructure Regulatory Boards have fixed the Cost of Equity in the range of 15% and considering that the transmission projects have gestation period ranging from 2-3 years and that transmission operations in hilly State like Himachal Pradesh is riskier, RoE may be retained at current rate which shall also maintain regulatory certainty.

Commission's View:-

The Commission feels that in the present day scenario, the capital for a transmission project is available at quite a cheaper rate because of numerous reasons including regulatory certainty. However, the Commission has considered the submission of the HPPTCL that the transmission projects in hilly States like Himachal Pradesh are riskier and accordingly decides to fix the RoE as 14.5% instead of 14% as proposed in the draft Regulations.

The Commission, as such, decides to finalize the Regulation after carrying out modification/change to this extent.

(p) Comments on Regulation 38.1:

The HPPTCL has submitted for providing clarification as to whether the maintenance spares considered towards working capital shall be 15% of monthly or yearly O&M expenses.

Commission's View:-

The Commission finds merit in the submission of the HPPTCL and it is hereby clarified that the maintenance spares considered towards working capital shall be 15% of yearly O&M expenses. Accordingly, the Commission decides to finalize the Regulation after modifying the same to this extent.

(q) Comments on Regulation 42:

The HPPTCL has submitted that the implementation/incorporation of Late Payment Surcharge Rules is a welcome move as it will ensure timely settlement of Bills and clearance of dues.

Commission's View:-

The Commission is guided by the Acts and Rules framed by the Government of India (GoI). The Late Payment Surcharge Rules have been notified by the GoI to ensure timely payment of dues to the Generating Companies, the Transmission Licensees and the electricity Trading Licensees.

The Commission aims to ensure that the Transmission Licensee in the State is also able to recover its costs/expenses through timely receipts from the users of the Transmission system.

Accordingly, the Commission decides to finalize this Regulation without any change in this regard.

(r) Comments on Regulation 43:

The HPPTCL has submitted that the implementation/incorporation of Payment Security Mechanism is a welcome move as it will ensure timely settlement of Bills and clearance of dues.

Commission's View:-

The Commission is guided by the Acts and Rules framed by the Government of India (GoI). The provision for the Payment Security Mechanism has been made in the Regulation as per the Late Payment Surcharge Rules notified by the GoI to ensure timely payment of dues to the transmission licensees.

Accordingly, the Commission decides to finalize the proposed Regulation without any change in this regard.

(s) General Comments:

- (i) Allowance of Relief during the Period Proceedings of Petition for POC Inclusion is underway**

The HPPTCL has submitted that it is facing a situation wherein even after the Determination of Tariff for the Assets, the Utility is unable to realize any revenue during the Period where the Utility is required to approach the Hon'ble CERC for inclusion of Asset under POC Mechanism which takes longer duration of time and seriously impacts the cash flow position of HPPTCL as no recovery of ARR is made till the time the matter is sub-judice before the Hon'ble CERC.

On the other hand, since the existing LTAs are already in place with the beneficiaries, the asset is under utilization by the beneficiaries.

In view of the above, the HPPTCL has requested that requisite provisions may be included in the Tariff Regulations allowing interim tariff to be recovered from the beneficiaries to deal with such situations wherein some Interim Relief for recovery of ARR from the beneficiaries may be allowed to the Utility till such time the Petition for inclusion of Asset under POC Mechanism is disposed off by the Appropriate Commission.

Commission's View:-

The Commission observes that the HPPTCL has created a lot of transmission assets without regulatory approvals and the beneficiaries are also not in place in most of these assets. The Commission further feels that there are lots of intricacies involved in deciding these matters. However, any interim relief in terms of tariff etc. as requested by the HPPTCL can be allowed on case to case basis by the Commission..

As such, the Commission decides to finalize the proposed Regulation without any change in this regard.

(ii) Interim Tariff

The HPPTCL has suggested that currently there is no provision of allowing Interim Tariff for the Assets which have achieved Commercial Operation, due to which there is no recovery of ARR till the time final Tariff is determined by the Commission leading to serious cash flow issues for the Utility.

The HPPTCL has proposed to ensure that the cash flow of utility is not affected on one hand and on the other hand, the carrying cost to be paid by the beneficiaries on delayed recoveries is minimized, an interim Tariff of up to 80% of the tariff claimed in cases where Time over-run or cost over-run in the implementation of the Project is involved and 90% of the tariff claimed in cases where there is no time and cost overrun involved may be allowed during the first hearing itself.

Commission's View:-

The Commission feels that the HPPTCL ought to file the Petition for determination of Tariff of its Assets furnishing complete details as may be required by the Commission well in time. This shall reduce the time required for disposal of such Petitions by the Commission. The Commission has observed several instances where the HPPTCL has failed to submit data/information with respect to the filed Petitions even months after the due dates.

However, to ensure that the cash flow of the HPPTCL is not adversely affected, the Commission decides that the issue regarding allowing of Interim Tariff shall be taken up on case to case basis subject to a maximum of 70% of the tariff claimed by the HPPTCL.

Accordingly, the proposed Regulations are modified to incorporate the above changes.

(iii) Enhanced O&M for Transmission Assets in Hilly Region

The HPPTCL has submitted that considering that the factors such as increased logistic, erection, labor, transportation costs contribute to higher O&M expenses borne by Transmission Utilities in Hilly regions as compared to mainland projects besides other elevated costs in these Hilly Region, the Hon'ble CERC has proposed to allow O&M expenses by applying a factor of 1.5 to the normative O&M Expenses in the Draft Regulation notified for FY 2024-29 Control Period.

In view of above, the HPPTCL has proposed that the O&M expenses being proposed by Hon'ble CERC for Transmission Licensees whose transmission assets are located solely in NE Region, States of Uttarakhand and Himachal Pradesh, the Union Territories of Jammu and Kashmir and Ladakh may be consider in the proposed Regulations also.

Commission's View:-

The Commission observes that normative O&M expenses have not been determined in the proposed Regulations. Therefore, there is no question of applying a factor of 1.5 to the normative O&M Expenses in the Regulations as suggested by the HPPTCL.

However, the Commission feels that the fixation of O&M charges may be taken care of during finalization of the MYT Order of the HPPTCL and, as such, the Commission decides to finalize the proposed Regulation without any change in this regard.

In view of the above, the Commission, after taking into consideration the objections and suggestions received on the draft Regulations and the deliberations in the public hearing conducted thereon, decides to finalize the Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2023 by incorporating the changes on the above lines.

Ordered accordingly.

Sd/-
(Shashi Kant Joshi)
Member

Sd/-
(Yashwant Singh Chogal)
Member (Law)

Sd/-
(Devendra Kumar Sharma)
Chairman

Place: Shimla
Date:14.03.2024

Annexure-A

Sr. No.	Participant
1.	Er. Mandeep Singh, Chief Engineer (System Operation), HPSEBL
2.	Er. Anup Ram, Chief Engineer (Commercial), HPSEBL
3.	Er. Manoj Kumar, General Manger (C&D) , HPPTCL
4.	Er. Rakesh Kapoor, Superintending Engineer (SERC/T), HPSEBL
5.	Er. R.K. Verma, Superintending Engineer (Interstate), HPSEBL
6.	Er. Ravi Gupta, Sr. Manager, HPPTCL
7.	Er. Pradeep Chauhan, Executive Engineer(E), Jal Shakti Vibhag
8.	Er. Abhinav Sharma, Assistant Engineer(E), HPPTCL
9.	Col Anil Saunkhala, Regional Director, PHDCCI
10.	Sh. Rohit Sharma, Executive Officer, PHDCCI
11.	Sh. Tapan Kumar, Consultant, HPPTCL
12.	Sh. Prakhar Kulshrseshth, Consultant, HPPTCL
13.	Sh. Bhanu Kanwar, Manager, M/s JSW Hydro Energy Limited