Approval of Capital Cost and Determination of Tariff for the 4th and 5th Control Period from COD to

FY 2028-29

for

220/66 kV, 100/126 MVA (2x50/63 MVA)

GIS Sub-Station in the yard of 400/220 kV GIS Sub-Station at Gumma

Himachal Pradesh Power Transmission Corporation Limited

(HPPTCL)

Himachal Pradesh Electricity Regulatory Commission

05th March, 2026

BEFORE THE HIMACHAL PRADESH ELECTRICITY REGULATORY COMMISSION AT SHIMLA

PETITION NO: 217/2025

Decided on: 05.03.2026

CORAM

Sh. YASHWANT SINGH CHOGAL

Sh. SHASHI KANT JOSHI

In the matter of:

Approval of Capital Cost and Determination of Tariff for the 4th and 5th Control Period from COD to FY 2028-29 for 220/66 kV, 100/126 MVA (2x50/63 MVA) GIS Sub-Station in the yard of 400/220 kV GIS Sub-Station at Gumma under the Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2011, as amended from time to time, Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2023, as amended from time to time, and under Section 62, read with Section 86 of the Electricity Act, 2003.

AND

In the matter of:

Himachal Pradesh Power Transmission Corporation Ltd. (HPPTCL)....Petitioner

ORDER

The Himachal Pradesh Power Transmission Corporation Limited (hereinafter called the 'HPPTCL' or 'Petitioner' or 'Applicant') has filed the present Petition with the Himachal Pradesh Electricity Regulatory Commission (hereinafter referred to as 'the Commission' or 'HPERC') for the Approval of Capital Cost and Determination of Tariff for 4th and 5th Control Period from COD to FY 2028-29 for 220/66 kV, 100/126 MVA (2x50/63 MVA) GIS Sub-Station in the yard of 400/220 kV GIS Sub-Station at Gumma under the Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2011, as amended from time to time, Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2023, as amended from time to time, and under Section-62, read with Section-86 of the Electricity Act, 2003.

On scrutiny and examination of the Petition, several deficiencies were noted, and the Petitioner was asked to file response to the deficiencies. However, the Petitioner took significant time in responding to the clarifications and queries raised by the Commission. On several occasions, the information provided was either incomplete or did not address the query of the Commission adequately. Even post the written submissions, clarifications were sought verbally from the Petitioner. The Commission has heard the applicant, interveners, and the Stakeholders in detail. The Commission has also held formal interactions with the officers of the HPPTCL and has considered the entire material available on record.

After considering the Petition filed by the Applicant, the facts presented in its subsequent submissions, the responses of the Applicant to the objections and documents available on record, the Commission in exercise of powers vested in it under Section 86 of the Electricity Act, 2003 and 12(1) of HPERC Transmission Tariff Regulations, 2011, as amended from time to time, and HPERC Transmission Tariff Regulations, 2023, as amended from time to time passes the following Order for determining the Capital cost and Transmission Tariff in respect of 220/66 kV, 100/126 MVA (2x50/63MVA) GIS Sub Station in the yard of 400/220kV GIS Sub-station at Gumma from COD to FY 2028-29. While determining the Capital cost and Aggregate Revenue Requirement (ARR) for above mentioned asset, the Commission has also taken into consideration the guidelines laid down in Section 61 of the Electricity Act, 2003, the National Electricity Policy, the National Tariff Policy, CERC (Terms and Conditions of the Tariff) Regulations, 2019, as amended from time to time, CERC (Terms and Conditions of the Tariff) Regulations, 2024, as amended from time to time, HPERC (Terms and Conditions for Determination of

Transmission Tariff) Regulations, 2011, as amended from time to time and HPERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2023, as amended from time to time. Details of prudence check and approach adopted by the Commission with regard to approval of Capital cost and ARR for Sub-station are summarized in the detailed Order contained in Chapters 1 to 4.

-Sd-	**-Sd-**
(SHASHI KANT JOSHI)	**(YASHWANT SINGH CHOGAL)**
Member	**Member (Law) – Cum Chairman**

Shimla
Dated: 05th March, 2026

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1. INTRODUCTION

1.1 Himachal Pradesh Electricity Regulatory Commission

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

1.1.2 Functions of the Commission

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

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

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

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

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

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

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

g) levy fee for the purposes of this Act;

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

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

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

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

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

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.

1.2 Himachal Pradesh Power Transmission Corporation Ltd.

1.2.1 Himachal Pradesh Power Transmission Corporation Limited (hereinafter referred to as 'HPPTCL' or 'the Petitioner') is a deemed licensee under first, second and fifth provision of Section 14 of the Electricity Act, 2003 (hereinafter referred to as 'the Act') for Transmission of electricity in the State of Himachal Pradesh.

1.2.2 The Government of Himachal Pradesh (hereinafter referred to as 'GoHP' or the 'State Government') formed HPPTCL through a notification vide Notification No. MPP-A-(1)-4/2006-Loose, dated 11th September, 2008.

1.2.3 HPPTCL was entrusted with the following work / business with immediate effect:

a) All new works of construction of Sub-Stations of 66 kV and above.

b) All new works of laying/ construction of Transmission lines of 66 kV and above.

c) Formulation, updating, execution of Transmission Master Plan for the state for strengthening of Transmission network and evacuation of power including new works under schemes already submitted by the Himachal Pradesh State Electricity Board (HPSEB) under this plan to the Financial Institutions for funding and where loan agreements have not yet been signed.

d) All matters relating to planning and co-ordinations of the Transmission related issues with CTU, CEA, Ministry of Power, State Government and HPSEBL.

e) Planning and co-ordination with the IPPs/ CPSUs/ State PSUs/ Other Departments or organizations or agencies of the Central Government and State Government, HPSEBL and HPPCL with regard to all Transmission related issues.

1.2.4 HPPTCL was declared the State Transmission Utility (STU) by the GoHP vide Order dated 10th June, 2010 and as a result thereof, the Commission has recognized HPPTCL as a deemed "Transmission Licensee" as per the Commission's Order dated 31st July, 2010 in Petition No. 32 of 2010 filed by HPPTCL under Sections 14 and 15 of the Act, for grant of Transmission Licensee in the State of Himachal

Pradesh. Prior to FY 2010-11, the Transmission Tariff was being determined as a part of the Tariff Orders applicable to the HPSEBL system.

1.3 Multi Year Tariff Framework

1.3.1 The Commission follows the principles of Multi Year Tariff (MYT) for determination of Tariffs, in line with the provisions of Section 61 of the Electricity Act, 2003 (hereinafter to be referred to as the "Act").

1.3.2 The MYT framework is also 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.

1.3.3 The Commission had specified the terms and conditions for the determination of Tariff in the year 2004, based on the principles as laid down under Section 61 of the Electricity Act 2003.

1.3.4 Thereafter, the Commission had notified the HPERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2011 on 01.04.2011. These MYT Regulations were amended in 2013, 2018 and 2023 as (First Amendment) Regulations, 2013 on 01.11.2013, (Second Amendment) Regulations, 2018 on 22.11.2018 and (Third Amendment) Regulations, 2023 on 02.06.2023 (The Regulations along with its amendments shall be hereinafter referred to as "HPERC Transmission Tariff Regulations, 2011"). Thereafter, the Commission has notified the HPERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2023 on 14.03.2024 (The Regulations shall be hereinafter referred to as "HPERC Transmission Tariff Regulations, 2023").

1.4 Interaction with the Petitioner

1.4.1 The HPPTCL has filed the instant Application/Petition for the approval of Capital cost and determination of Tariff for the period from COD to FY 2023-24 for 220/66 kV, 100/126 MVA (2x50/63MVA) GIS Sub Station in the yard of 400/220kV GIS Sub-station at Gumma, with the Commission on 20.08.2024. Based on various observations/deficiencies pointed out by the Commission, HPPTCL has submitted further details and clarifications subsequently.

1.4.2 The Commission admitted the Petition submitted by the HPPTCL vide Interim Order dated 15.10.2025. There have been a series of interactions between the HPPTCL 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. In addition, the Petitioner submitted the Interlocutory Application (IA) along with the affidavit on 01.12.2025. Through the IA, the Petitioner has requested the Commission to approve the tariff for the 5th control period also.

1.4.3 Based on the detailed scrutiny of the Petition, further clarifications/ information was sought by the Commission from time to time. The following submissions made by the Petitioner in response to the data gaps, have been taken on record:

Table 1: Communication with the Petitioner

Sl. No.	Letter from Commission	Response from Petitioner
1	HPERC-F(1)-79/204-1999 dated 05.10.2024	Filling No. 80 of 2025 dated 22.02.2025
2	HPERC-F(1)-79/2024-665 dated 12.06.2025	Filling No. 364 of 2025 dated 18.07.2025
3	HPERC-F(1)-79/2024-2329 dated 28.08.2025	Filling No. 500 of 2025 dated 27.09.2025

1.5 Public Hearings

1.5.1 The Interim Order, inter alia, included directions to the Petitioner to publish the application in an abridged form and manner as per the "disclosure format" attached with the Interim Order for the information of all the Stakeholders in the State. As per the direction, the salient features of the Petition have been published by the HPPTCL in the following Newspapers:

Table 2: List of Newspapers for publication of Salient features for Stakeholders comments

S. No.	Name of News Paper	Date of Publication
1.	Amar Ujala	18.10.2025
2.	Times of India	18.10.2025

1.5.2 The Commission published a Public Notice inviting suggestions and objections from the public on the Tariff Petition filed by the Petitioner in accordance with Section 64(3) of the Act which was published in the Newspapers as mentioned in the table:

Table 3: List of Newspapers for Public Notice by the Commission

S. No.	Name of News Paper	Date of Publication
1.	Dainik Bhaskar	19.10.2025
2.	The Tribune	19.10.2025

1.5.3 The Stakeholders were requested to file their objections by 22.11.2025. The HPPTCL was required to submit replies to the suggestions/objections to the Commission by 29.11.2025 with a copy to the objectors on which the objectors were required to submit their rejoinders by 03.12.2025.

1.5.4 The Commission decided to conduct the Public Hearing and, therefore, through the aforesaid Public Notice informed the public about the scheduled date of Public Hearing as 08.12.2025. All the parties, who had filed their objections/ suggestions, were informed about the date, time and venue of the Public Hearing for presenting their case.

1.5.5 The Commission has undertaken detailed scrutiny of the submissions made by the Petitioner and the various objections raised by Stakeholders carefully for the purpose of issuance of this Order.

2. STAKEHOLDER OBJECTIONS

2.1 Introduction

2.1.1 As detailed out in Chapter-1 of this Order, the Commission through Public Notice in various newspapers informed the Public/Stakeholders about the dates of filing the comments/ objections and public hearing etc. for the Petition for the approval of Capital cost and Determination of Tariff for 4th and 5th Control period from COD to FY 2028-29 for 220/66 kV, 100/126 MVA (2x50/63 MVA) GIS Sub-Station in the yard of 400/220 kV GIS Sub-Station at Gumma.

2.1.2 Accordingly, the Public Hearing was conducted on 08.12.2025 in the Commission. The Comments/Suggestions were received on the Petition from the Directorate of Agriculture (Department of Agriculture) and HPSEBL. Issues raised by the Stakeholders in the written submission, along with reply given by the Petitioner and views of the Commission on the issues raised are summarized in the following paragraphs:

<u>Issues regarding Agriculture Land</u>:

Stakeholders' Submissions

2.1.3 With respect to the theme related to the Protection of Agricultural land, Minimizing impact on farms, Compensation for affected farmers, Safety considerations and Establishing coordination between HPPTCL and the Agriculture Department, the Respondent, Directorate of Agriculture (Department of Agriculture), has submitted the following for consideration:

A. **Protection of Agricultural land**: New infrastructure, such as transmission lines, be routed to avoid prime agricultural and horticultural areas to the greatest extent possible.

B. **Minimizing impact on farms**: In order to address the operational limitations caused by transmission lines, including issues related to farm machinery, irrigation systems, and general field accessibility, it is submitted that impact on farms should be minimum.

C. **Compensation for affected farmers**: It has been insisted that fair and timely compensation for any agricultural land which must be used for towers or rights-of-way be paid which should include not just land value but also, potential loss of productivity.

D. **Safety considerations**: Concerns have been raised about electrical hazards and the potential impact of electromagnetic fields (EMFs) on human and animal health, as well as on crop yields.

E. **Maintenance and coordination**: Establishing clear procedures for coordination between HPPTCL and the Agriculture Department for vegetation management and maintenance activities within the transmission corridor, particularly in farmed areas.

2.1.4 Therefore, it is prayed that the aforesaid comments for the protection of Agriculture Land be considered.

Petitioner's Response

2.1.5 In reply to the averments made by the Respondent, the Petitioner has submitted that the HPPTCL while executing any project takes due care of the issues highlighted by the Respondent. Further, HPPTCL being a State Transmission Licensee strictly adheres to all applicable laws, rules, guidelines, and standards issued by the Central, State Government and any other Authority in relation to the planning, routing, construction, operation, and maintenance of transmission infrastructure.

Commission's Observations

2.1.6 The Commission has taken note of the submissions of the Stakeholder and the Petitioner. The Commission observes that the Petitioner has, in general, been adhering to the prescribed procedures and statutory requirements while undertaking Right of Way (ROW) activities. The Petitioner typically obtains the necessary approvals from the concerned authorities, prior to execution of works, and ensures due compensation to affected landowners. The Commission further notes that the Petitioner follows established norms related to route alignment, vegetation management and maintenance activities within the transmission corridor, in accordance with applicable laws, rules, and guidelines. In cases where any deviation or non-compliance is observed, the Department of Agriculture may raise specific issues or lodge formal complaints with the higher authorities of HPPTCL as well as before the Commission for appropriate examination and necessary directions. The Commission notes that such a mechanism provides adequate oversight and ensures corrective action, if required.

Time Over run:

Stakeholder's Submissions

2.1.7 With respect to the time over run of the project, the HPSEBL has submitted that as per DPR, the estimated cost of 220/66 kV, 100/126MVA GIS sub-Station in the yard of 400/220 kV GIS Sub-station is Rs. 45.53 Cr. whereas actual completion cost as on COD is Rs. 48.75 Cr. The effective date for the project execution was 31.03.2020. The works was to be executed within 16 months i.e. up to 31.07.2021, however, the project was commissioned on 22.05.2023 i.e. with a delay of approximately 22 months. So, there is time over run for completion of the project. In addition, Cost over-run and completion cost be not transferred to the beneficiaries.

Petitioner's Response

2.1.8 In reply to the averments made by the HPSEBL regarding time over run, the HPPTCL has submitted that the detailed justification along with reasons of delay has been already submitted in reply to the Commission's Deficiency Note dated 05.10.2024. Further, the amendments to the contract have also been submitted under Para 4.5 of the main Petition. The Petitioner has put the best efforts to reduce the delay in commissioning of the assets, however, the reasons for the delay are beyond the control of the Petitioner. Hence, the Commission is requested to allow the Petitioner to recover the complete impact of such expenses incurred through the Tariff determination in line with the HPERC Transmission Tariff Regulations, 2011 after prudent check. It is also submitted that the instant asset has been commissioned/ charged on 22.05.2023 for the benefit of HPSEBL in view of its demand for IPH (Irrigation & Public Health) schemes and reliable power supply in far flung areas of Kothkhai/Sainj/Chaupal. However, the same has been charged at no load due to non-completion of LILO of existing 66kV Huli-Sainj Transmission Line being implemented by HPSEBL despite of various requests to HPSEBL for early commissioning/charging of the same.

Commission's Observations

2.1.9 The Commission feels that the time delay of 22 months could have been avoided to a large extent. The Commission has taken note of the submissions of both the Stakeholder and the Petitioner and has dealt with the matter in Chapter 3 of this Order.

Debt-Equity Ratio:

Stakeholder's Submissions

2.1.10 With respect to the debt-equity ratio, the HPSEBL has submitted that the Petitioner has claimed the same as 86.50:13.50. As per HPERC Transmission Tariff Regulations, 2011, normative Debt: Equity ratio of 70:30 may be considered for working out the ARR of this project.

Petitioner's Response

2.1.11 In reply to the averments made by the HPSEBL regarding debt-equity ratio, the HPPTCL has submitted that after closure of ADB tranche-III during September 2021, there has been an additional funding secured from HP State Co-operative Bank (HPSCB) to incur capital expenditure for completion of works for ADB spill over works, which required revision of funding. This has been submitted in the reply to the Commission's Deficiency Note dated 05.10.2024. Further, the debt:equity ratio as claimed in the Petition is in line with the Regulation 18 of the HPERC Transmission Tariff Regulations, 2011.

Commission's Observations

2.1.12 The Commission has taken note of the submissions of the Stakeholder and the Petitioner and has dealt with the matter based on the review of the documentary proofs submitted and the provisions of HPERC Transmission Tariff Regulations, 2011 in Chapter 3 of this Order.

Return on Equity:

Stakeholder's Submissions

2.1.13 With respect to the return on equity, the HPSEBL has submitted that RoE shall be computed as per Regulations 19 of HPERC Transmission Tariff Regulations, 2011, based on actual basis at the time of truing up.

2.1.14 In addition, the HPSEBL has submitted that the Petition for approval of Capital Cost and determination of Tariff for the period starting from COD to FY 2023-24 for 220/66 kV, 100/126 MVA GIS sub-Station in the yard of 400/220 kV, GIS Sub-station at Gumma may be considered on merits. In addition, the Petitioner has requested the Commission to do the prudence check, since it is the consumers of the State of HP, who will bear the cost.

Petitioner's Response

2.1.15 In reply to the averments made by the HPSEBL regarding return on equity, the HPPTCL has submitted that the matter on RoE is to be decided by the Commission as per the HPERC Transmission Tariff Regulations, 2011. In view of the above, the HPPTCL has humbly requested the Commission to take an appropriate and judicious view in the matter.

Commission's Observations

2.1.16 The Commission has taken note of the submissions of the Stakeholder and the Petitioner and has dealt with the matter based on the relevant provisions of HPERC Transmission Tariff Regulations, 2011 in Chapter 3 of this Order.

3. APPROVAL OF CAPITAL COST

3.1 Introduction

3.1.1 The HPPTCL has submitted a Petition for approval of Capital cost and determination of Tariff for the 4th Control Period from COD to FY 2023-24 for 220/66 kV, 100/126 MVA (2x50/63MVA) GIS Sub Station in the yard of 400/220kV GIS Sub-station at Gumma (hereinafter referred to as the 'Project') in accordance with the provisions of the 'HPERC Transmission Tariff Regulations, 2011', as amended from time to time.

3.1.2 As per Regulation 14 of the 'HPERC Transmission Tariff Regulations, 2011', as amended from time to time, the Capital cost of the Project is described as under:

> ***"14. Capital cost of the project***
>
> *(1) The Capital cost for a project shall include-*
>
> *(a) the expenditure incurred or projected to be incurred, including interest during construction and financing charges, any gain or loss on account of foreign exchange risk variation during construction on the loan – (i) being equal to 70% of the funds deployed, in the event of the actual equity in excess of 30% of the funds deployed, by treating the excess equity as normative loan, or (ii)being equal to the actual amount of loan in the event of the actual equity less than 30% of the funds deployed, - up to the date of commercial operation of the project, as admitted by the Commission, after prudence check;*
>
> *(b) capitalised initial spares subject to the ceiling norms as per regulation 15;*
>
> *(c) additional capital expenditure determined under regulation 16:*
>
> *Provided that the assets forming part of the project, but not in use, shall be taken out of the Capital cost.*
>
> *(2) The Capital cost admitted by the Commission, after prudence check, shall form the basis for determination of Tariff:*
>
> *Provided that the prudence check of Capital cost may be carried out based on the benchmark norms to be specified by the Commission from time to time:*
>
> *Provided further that in cases where benchmark norms have not been specified, prudence check may include scrutiny of the reasonableness of the capital expenditure, financing plan, interest during construction, use of efficient technology, cost over-run and time over-run, and such other matters as may be considered appropriate by the Commission for determination of Tariff:*
>
> *Provided further that where the implementation agreement and the Transmission service agreement entered into between the Transmission licensee and the long-term Transmission customer provides for ceiling of actual expenditure, the capital expenditure admitted by the Commission shall take into consideration such ceiling for determination of Tariff:*
>
> *Provided further that in case of the existing projects, the Capital cost admitted by the Commission prior to the start of the control period and the*

additional capital expenditure projected to be incurred for the respective years of the control period, as may be admitted by the Commission, shall form the basis for determination of Tariff:"

3.1.3 The Commission has reviewed the proposed Capital cost for the Project and the ARR projected for each year by the Petitioner from COD until the end of the Control Period i.e., FY 2023-24. Multiple set of deficiencies in the Petition were shared with the Petitioner to realistically validate the claims of the Petitioner viz. capital cost incurred, reasons for cost and time overrun, additional capital expenditure, bidder details, amendments to contract along with relevant approvals, Interest During Construction (IDC), funding details, etc.

3.1.4 The original Petition lacked significant detailing and supporting information to ascertain the Capital cost for the Project. The information provided in the Petition was inadequate and lacked justifications with respect to Capital cost, variation in actual cost vis-à-vis awarded cost, time and cost overrun, missing documents and approvals, schedule of debt disbursal etc. for which the Commission sought additional submissions and supporting documents from the Petitioner through deficiency letters. In some of the cases, the information provided by the Petitioner in response to the queries of the Commission remained incomplete and/or could not be validated through appropriate supporting documents.

3.1.5 The Commission has undertaken detailed prudence check and adequate assumptions, wherever required, for approving the Capital cost of the Project. The scrutiny and prudence check undertaken by the Commission for approval of Capital cost for the Project has been discussed in the following paragraphs.

3.2 Summary of the Project

Petitioner Submissions

3.2.1 The Petitioner has submitted that the Board of Directors approval for the scheme was granted on 24.05.2019 under which, the scheme was included under Tranche 3 of Himachal Pradesh Clean Energy Transmission Programme.

3.2.2 The CEA approval was granted for the scheme on 24.05.2019. The DPR cost of Substation has been Rs. 45.53 Cr which is inclusive of Interest during Construction (IDC) of Rs. 3.06 Cr and Departmental Charges (DC) of Rs. 4.10 Cr.

3.2.3 The relevant technical detail and configuration of the Substation as submitted by the Petitioner in the Petition is tabulated as follows:

Table 4: Asset details

Name of Asset	Type of S/S	Voltage Level	No. of Transformers with Rating	No. of Bays	COD
220/66kV, 100/126 MVA Sub-Station in the yard of 400/220kV GIS Sub-station at Gumma	GIS	220/66 kV	2×50/63 MVA	220 kV – 2 66 kV - 5	22 May 2023

3.2.4 The Petitioner has submitted that the tender for work of construction of the Substation was floated through competitive bidding. The construction of GIS Substation was awarded on turnkey basis to M/s GE T&D India Ltd. at the bid price of Rs. 45.59 Crore which included supply component of Rs. 39.69 Crore and erection & civil works of Rs. 5.90 Crore. However, in view of the reduced timelines for completion of the project, M/s GE T&D India Ltd. requested the Petitioner for waiver of the short circuit test, as the same was time consuming. Further, manufacturing of 2nd Unit of transformer could have been started only after successful completion of short circuit test of 1st Unit. In view of the same to avoid delay, the Petitioner agreed for the waiver of short circuit test, on the condition that M/s GE T&D India Ltd. shall provide extended warranty of 5 years. Since the cost of Short Circuit test was already included in the quoted price and the extended warranty was an additional cost, M/S GE T&D India Ltd agreed to reduce the ex-works price of 2 Nos. Power Transformer by Rs. 40 Lakh (i.e. Rs. 47.2 Lakh including 18% GST) for both the units. Thus, the cost for construction of the Asset was revised to Rs. 45.12 Crores which included supplies component of Rs. 39.22 Crore and erection & civil works of Rs. 5.90 Crore. Accordingly, the contract agreement was signed for Rs. 45.12 Crore, which is the initial awarded price.

3.2.5 Further, the Contract was amended vide Amendment letters 1 to 4, wherein the actual cost after 4th amendment was Rs. 44.16 Crore vis-a-vis initial awarded cost of Rs. 45.12 Crore. The variation in cost is majorly on account of deviation in quantity in supply and erection.

3.2.6 The Petitioner has submitted the summary of amendments carried out and its incremental impact in the table below:

Table 5: Summary of Contract Value with Amendments Issued for Asset as submitted by Petitioner (Rs. Cr)

Particulars	Supply Contract	Service Contract	Total Contract Cost	Reason for Amendment
Initial Order	39.22	5.90	45.12	
1st Amendment	38.08	5.71	43.79	Deviation in quantity in supply & erection
2nd Amendment	38.08	6.34	44.43	Deviation in quantity in erection part
3rd Amendment	38.15	6.35	44.50	Deviation in quantity in supply & erection
4th Amendment	38.15	6.02	44.16	Deviation in quantity in erection part (civil component)
Final Contract Value after amendments	**38.15**	**6.02**	**44.16**	

3.2.7 Further, the Petitioner has submitted that there has been a decrease in the contract cost by 2.13% after 4th amendment of the contract, majorly on account of variation in quantities. The break-up of the capital cost of Substation as on COD, awarded cost as per contract and cost as per DPR are as follows:

Table 6: Details of Cost Variation in Total Project Cost submitted by Petitioner (Rs. Cr)

Particulars	Cost approved in DPR	Awarded Cost post Amendment 1-4	Cost as on COD
Supply & Erection Works	36.02	44.16	44.01
Contingency @ 3%	1.12	-	-

Particulars	Cost approved in DPR	Awarded Cost post Amendment 1-4	Cost as on COD
Other misc. expenses	1.24	-	0.031*
DC	4.10	-	1.65
IDC	3.06	-	3.06
Total	**45.53**	**44.16**	**48.75**

** Rs.0.031 Cr includes Soil investigation charges of Rs.0.0059 Cr, Testing charges of Rs. 0.0094 Cr & other misc. charges of Rs.0.0154 Cr*

3.2.8 The Petitioner has also submitted that there was a delay in commissioning of the Substation by 22 months. From the effective date of contract on 31.03.2020, the time period for execution of the project was till 31.07.2021. However, the project could only be completed by 22.05.2023. The major reasons for delay included impact of Covid-19, damaged Bay of 66 kV ICT, inclement weather conditions and delay in clearances and approvals from concerned departments.

3.2.9 The Petitioner has submitted that the sole beneficiary of the system in line with the Supplementary Transmission Service Agreement executed on 17.01.2023, has been Himachal Pradesh State Electricity Board Limited (HBSEBL). The Petitioner has claimed that the substation and associated transmission line has been interconnected with the network of HPSEBL. This shall help to provide an alternate source of power to District Shimla for reduction of transmission losses and improvement of voltage stability & reliability in the Kotkhai/Sainj/Chopal areas.

Commission's Analysis

3.2.10 The Commission observes that the DPR envisages the cost for the Project as Rs. 45.53 Cr., which include Equipment Supply & Erection cost of Rs. 36.02 Cr. As per the DPR, the project is expected to provide an alternate source of power to Shimla District which would lead to reduced transmission losses and voltage stability and reliability in the Kotkhai/ Sainj area.

3.2.11 The Commission noted that the Board of Directors of the Petitioner and the CEA have granted approval of Rs. 45.53 Cr, which is proposed as additional works of ADB Tranche-3, for providing 220/66 kV, 80/100 MVA transformer in the yard of 400/200 kV Gumma Substation in District Shimla.

3.2.12 The Commission observes that the project for construction of Asset was awarded on Turnkey basis to M/s GE T&D India Ltd. at the bid price of Rs. 45.59 Crore which included supply component of Rs. 39.69 Crore and erection & civil works of Rs. 5.90 Crore. However, in view of avoiding the delay of 6 to 8 months for completion of the project, M/s GE T&D India Ltd. requested the Petitioner for waiver of the short circuit test, as the same was time consuming. Further, manufacturing of 2nd Unit of transformer could have been started only after successful completion of short circuit test of 1st Unit. In view of the same to avoid delay, the Petitioner agreed for the waiver of short circuit test, on the condition that M/s GE T&D India Ltd. shall provide extended warranty of 5 years. Since the cost of Short Circuit test was already included in the quoted price and the extended warranty was an additional cost, M/S GE T&D India Ltd agreed to reduce the ex-works price of 2 Nos. Power Transformer by Rs. 40 Lakh (i.e. Rs. 47.2 Lakh including 18% GST) for both the units. Thus, the cost for construction of the Asset was revised to Rs. 45.12 Crores which included supplies component of Rs. 39.22 Crore and erection & civil works of Rs. 5.90 Crore.

3.2.13 The Commission enquired from the Petitioner regarding the increase in the awarded cost (Rs. 45.12 Cr.) from the hard cost of DPR (Rs. 36.02 Cr.), to which the Petitioner mentioned in its response that the cost specified in the DPR was on estimation basis at 2018 price level values, whereas the contract for the project, was awarded to the M/s GE T&D India Ltd. in FY 2020-21 at Rs. 45.12 Cr after approval from M/s ADB. In response to a query by the Commission on whether the work was awarded based on competitive bidding, the Petitioner submitted the list of the prospective bidders who purchased the bid document as under:

Sr. No.	Name of the firm
1.	M/s NHVS India Pvt. Ltd.
2.	M/s GE T&D India Ltd.
3.	M/s Kanohar Electricals Ltd.
4.	M/s KEC International Ltd.
5.	M/s Toshiba T&D System India Pvt. Ltd.
6.	M/s XIAN XD Switchgear Lect. Co. Ltd. China

3.2.14 Further, the Petitioner submitted that the bids were invited on 16.05.2019, keeping in view of committed timelines for awarding the work by 30.09.2019, as per the provisions of ADB loan (Tranche-III). The initial deadline for submission and opening of the bids was 05.07.2019. However, on the request of prospective bidders, this deadline was extended to 09.08.2019. Despite the extension, although six prospective bidders had purchased the bid document, only one bidder i.e., M/s GE T&D India Ltd. submitted the bid. Further, the Petitioner submitted that in view of committed timeline for awarding the said work by 30.09.2019, it was not prudent to further extend the timeline for bid submission to ensure funds availability through ADB loan (Tranche -III). Thus, there was only one bidder in the instant case. The Commission has analysed the Technical Bid Evaluation Report (TBER) and found that the TBER dated 30.08.2019 was approved from M/s ADB on dated 12.09.2019 declaring the bidder as substantially responsive with no objection, before awarding of the said work.

3.2.15 Initially, the bidder quoted a bid price of Rs. 46.99 Cr. which was higher than the DPR cost. The Commission observes that the terms and cost of the project were finalized through negotiations and subsequent adjustments. A negotiation meeting was held on 14.11.2019, where the firm was successfully persuaded by the Petitioner to offer a 3% discount on the total evaluated bid price. Subsequently, during the kick-off meeting on 20.03.2020, the bidder requested for waiver of the time-consuming short circuit test. In lieu of this test, the bidder agreed to extend the warranty by five years and provide an additional Rs. 40 lakh discount, thereby setting the initial award price at Rs. 45.12 Cr. The Commission has analysed these negotiation letters and found to be in order, as it is matching with the initial BOQ provided by the Petitioner. Consequently, the Commission observes that the project cost at the time of the award (Rs. 45.12 Cr.) is lower than the estimated cost provided in the DPR, including IDC and DC at Rs. 45.53 Cr. In addition, based on the analysis of the Technical Bid Evaluation Report (TBER), the Commission observes that the DPR was framed based on HPSEBL's 2017-18 Cost data including cost escalation of 7.5% and DPR was approved by CEA during December 2018, thus escalation is not likely. Therefore, the Commission observes that the TBER committee had called for price negotiation on 14.11.2019 to reduce the rates. In view of the above analysis and observations, the Commission is of the considered opinion that the capital cost at the time of award at Rs. 45.12 Cr., as claimed by the Petitioner, is reasonable and justified.

3.2.16 The aspect of delay in commissioning of the project has been dealt in Para No. 3.6 of this section.

3.3 Date of Commercial Operations (COD)

Petitioner's Submissions

3.3.1 The Petitioner has submitted that the project was awarded to M/s GE T&D India Ltd. vide LOA dated 22.02.2020 after carrying out due competitive bidding process. As stated in the Petition, the effective date as per the L-2 schedule of the contract was 31.03.2020. The Effective Date of the contract is when a contract or plan officially starts, while an L-2 Schedule (Level 2) is a high-level summary master schedule used for management reporting, detailing major project phases, key milestones, and critical activities to provide an overview of progress. As per the approved L-2 schedule of the project as spelled out in the contract agreement, the time period for execution of project from effective date of contract was 16 months i.e. by 31.07.2021.

3.3.2 However, the project achieved COD on 22.05.2023 with a delay of around 22 months. The delay was attributed to following major issues:

- COVID induced lockdown
- Delay due to damaged bay of 66 kV ICT
- Inclement weather conditions
- Delay in First Time Charging Approval from Electrical Inspector
- Delay in obtaining First time Charging Approval from HPSLDC

Commission's Analysis

3.3.3 The Commission has observed that the Petitioner has claimed COD for 220/66 kV, 100/126 MVA, GIS Sub Station at Gumma on 22.05.2023.

3.3.4 The Commission observes that the EI Certificate for Substation was issued on 18.01.2023. The Substation was charged on no load due to non-completion of LILO of existing 66kV Huli-Sainj Transmission Line being implemented by HPSEBL. Therefore, currently no energy is being transmitted through 220/66 kV, 100/126 MVA (2x50/63 MVA) GIS Sub-station. The Commission further observed that HPPTCL has been requesting HPSEBL for early completion of LILO of 66kV Huli-Sainj Transmission Line for effective use of the complete facility which will help in increased reliability of power for HPSEBL along with a reliable supply of power for two major pumping stations for Shimla town as well as huge reduction in losses.

3.3.5 The Petitioner has provided HP State Load Dispatch Center (HPSLDC) Certificate as the supporting document for proof of COD. Furthermore, the Petitioner has submitted in reply to query of the Commission that as per the Regulation 6(1) of CEA (Grid Standards) Regulations, 2010, introduction of an element in the Intra-State Transmission System of State Grid requires concurrence of HPSLDC in the form of Operational Code. The Electrical Inspector Certificate is required for 1st time charging of new element of the transmission system.

3.3.6 Accordingly, test charging code was issued by HPSLDC after submission of all requisite documents/information including Chief Electrical Inspectorate approval and thus, the asset achieved the COD on 22.05.2023.

3.3.7 The documentary proofs against these approval letters such as intimation of charging, EI Certificate and HPSLDC letter have been analysed by the Commission. As per HPSLDC letter regarding initial charging of the Substation, the Commission has considered 22.05.2023 as the COD for the Substation.

3.3.8 The details of the dates of the BoD and CEA approvals, Contract details, Awarded date and Scheduled COD date are as under:

Table 7: Details on BoD and CEA approvals, Contract details, Awarded, Scheduled and Approved COD dates

Name of Asset	BoD Approval Date	CEA Approval Date	Contract Award Date	Contract Effective Date	Scheduled COD Date	Date of Initial Charging / Actual COD	Approved COD
220/66 kV, 100/126 MVA GIS Sub-station	24.05.2019	24.05.2019	22.02.2020	31.03.2020	31.07.2021	22.05.2023	22.05.2023

3.4 Energy flow and Nature of Asset

Petitioner Submissions

3.4.1 The Petitioner has submitted that HPSEBL has executed TSA on 17.01.2023 with the Petitioner, which includes the Asset 220/66 kV, 100/126 MVA GIS Substation in the yard of 400/220 kV GIS Substation at Gumma which was envisaged to provide an alternate source of power to Shimla district on the request of HPSEBL vide letter dated 21.07.2018. Through the letter, the HPSEBL had requested HPPTCL for connectivity at 66 kV level with the 400/220 kV Gumma Substation in order to cater the additional demand of Irrigation and Public Health (IPH) schemes as well as for ensuring the reliable power supply with reduced transmission losses and voltage stability in the far-flung areas of Kotkhai/Sainj/Chaupal.

3.4.2 Therefore, the subject asset is a part of strengthening of the existing intra-state EHV infrastructure and will also help in improvement of water supply schemes from Giri and Gumma.

Commission's Analysis

3.4.3 From the review of the submissions of the Petitioner and the DPR, the Commission has noted that the power requirement of Shimla district is met from 220/132 kV Kunihar Substation in Solan district through 132 kV and 66 kV network in Shimla district. Kunihar Substation is single source of power for Shimla district and electrical network is long and less reliable leading to huge power losses and low voltage problem in the far-flung areas of Shimla district. HPPTCL has constructed 400/220 kV, 2x315 MVA GIS Substation at Pragatinagar (Gumma) in Shimla district for evacuation of upcoming hydroelectric projects in the Pabbar valley. Further, the Commission observes that the HPSEBL has submitted a proposal for the connectivity at 66kV level with the 400/220 kV Substation at Gumma, being constructed by HPPTCL at that time. This said connectivity shall provide alternate source of power to Shimla district leading to reduced transmission losses and voltage stability and reliability in the Kotkhai/ Sainj area. In its proposal, HPSEBL anticipated the power drawl of 40-50 MW at the 66 kV level vide letter dated 21.07.2018, which has been analysed by the Commission and found to be in order.

3.4.4 In reply to Commission's deficiency note on status of LILO of 66kV Huli-Sainj Transmission Line, the Petitioner has submitted that LILO of existing 66kV Huli-Sainj Transmission Line has not been completed yet by HPSEBL. As per the analysis of the letter on 51st meeting of STU Coordination Committee held on 16.08.2024, the Commission observes that the matter regarding status update of 66 kV LILO at Sainj-Huli line at 400/220/66kV Gumma substation of HPPTCL was discussed vide additional agenda item No. 1, wherein HPSBEL conveyed that work shall be completed by May 2025. However, the committed timeline of May, 2025 as assured by the HPSBEL has elapsed. Therefore, the Commission sought latest update on the same from the Petitioner, to which the Petitioner submitted that it had written a letter to HPSEBL on 18.06.2025 which the HPSEBL has not replied yet. The said letter dated 18.06.2025 has been reviewed by the Commission.

3.4.5 Based on the HPSLDC Certificate submitted by the Petitioner, the Commission observes that while the asset was charged for the first time on no-load on 22.05.2023, however, it is not put to use due to the non-completion of LILO of existing 66 kV Huli-Sainj Transmission Line by HPSEBL.

3.4.6 Further, in reply to the Commission's query regarding the current and future beneficiaries of the project, the Petitioner has submitted that the HPSEBL is the only beneficiary of the asset. In reply to a query, the Petitioner has submitted the TSA (Transmission Service Agreement) executed with the HPSEBL. Based on the analysis of this TSA, the Commission observes that the TSA is executed with the HPSEBL on dated 17.01.2023, and the HPPTCL shall charge HPSEBL/user(s) of the system as per the contracted capacity.

3.4.7 The matter of recovery of ARR by the Petitioner has been discussed in detail in Chapter 4 of this Order.

3.5 Capital Cost

Petitioner submissions

3.5.1 The Petitioner has submitted that the contract was awarded on Turnkey basis to M/s GE T&D India Ltd. which includes Supply and Services & Civil Works at combined value of Rs. 45.12 Cr. The Petitioner has further submitted that the DPR cost was estimated at 2018 price level however, the contract was executed in the year 2020, which led to the higher cost. The scheduled completion time of the Substation was 16 months from effective date of contract.

3.5.2 The comparison against cost of supplies and erection between DPR and initial award is as under:

Table 8: Comparison of Hard Cost - DPR vis-a-vis Awarded Cost

Description	DPR (in Rs Cr)	Award (in Rs Cr)
Supplies portion	31.77	39.22
Erection portion	4.25	5.90*
TOTAL	**36.02**	**45.12**

** Inclusive of Training Cost amounting to Rs. 0.13 Cr not provisioned in the DPR.*

3.5.3 The Petitioner has informed that the contract was amended vide Amendment letters 1-4 wherein the actual cost after final amendment decreased to Rs. 44.16 Cr vis-à-vis initial awarded cost of Rs. 45.12 Cr. The table below summarises the amendments carried out and its incremental impact.

Table 9: Summary of Contract Value with Amendments Issued (in Rs. Cr)

Particulars	Supply Contract	Service Contract	Total Contract Cost	Reason for Amendment
Initial Order	39.22	5.90	45.12	
1st Amendment	38.08	5.71	43.79	Deviation in quantity in supply & erection
2nd Amendment	38.08	6.34	44.43	Deviation in quantity in erection part
3rd Amendment	38.15	6.35	44.50	Deviation in quantity in supply & erection
4th Amendment	38.15	6.02	44.16	Deviation in quantity in erection part (civil component)
Final Contract Value after amendments	**38.15**	**6.02**	**44.16**	

3.5.4 The following table provides the DPR cost, Award cost, claimed cost as on COD as per the Petition for 220/66 kV Substation.

Table 10: Capital Cost comparison (Rs. Cr)

Particulars	Cost approved by the CEA (DPR)	Award Cost including Amendments 1-4	Cost as on COD 22.05.2023
	A	B	C
Supply & Erection Works	36.02	44.16	44.01
Contingency @ 3%	1.12	-	-
Other misc. expenses	1.24	-	0.031 *
DC	4.10	-	1.65
IDC	3.06	-	3.06
Total	**45.53**	**44.16**	**48.75**

** Rs. 0.031 Cr includes Soil investigation charges of Rs. 0.0059 Cr, Testing charges of Rs. 0.0094 Cr & other misc. charges of Rs. 0.0154 Cr.*

Commission's Analysis

3.5.5 The Commission has done a detailed scrutiny of the various components of the capital cost. As part of the prudence check, the Commission sought additional information and supporting documents including Auditor's Certificate, approvals of BOD, details of awards/ contracts, detail of correspondences, payments made to contractors, COD Certificate, etc.

3.5.6 The Commission observes that the cost approved by the Board of Directors (BOD) and the CEA for the project was same as the DPR cost which was Rs. 45.53 Cr (including Equipment (Supply & Erection) cost of Rs. 36.02 Cr.) for extension of 400/220 kV, 2x315 MVA GIS Substation at Pragatinagar (Gumma) in District Shimla.

3.5.7 The work for Substation was awarded with an expected completion time of 16 months. The contract was awarded to M/s GE T&D India Ltd. which includes Supply and Services & Civil Works at combined value of Rs. 45.12 Cr. Also, the Petitioner has submitted that there were four amendments issued resulting in reduction of cost to Rs. 44.16 Cr. The amendments, along with details of approval for carrying out these amendments, are summarized as follows:

Table 11: Amendments in Contract for Substation (Rs. Cr)

Amendment	Date	Supply Contract	Service Contract	Total Cost	Reason	Proof of Approval
Award Price	22.02.2020	39.22	5.90	45.12		
1st Amendment	17.08.2021	38.08	5.71	43.79	Deviation in quantity in supply & erection	Letter issued to vendor by DGM (Contracts)
2nd Amendment	28.09.2021	38.08	6.34	44.43	Deviation in quantity in erection part	Letter issued to vendor by DGM (Contracts)
3rd Amendment	22.08.2022	38.15	6.35	44.50	Deviation in quantity in supply & erection	Letter issued to vendor by DGM (Contracts)
4th Amendment	20.02.2023	38.15	6.02	44.16	Deviation in quantity in erection part (civil component)	Letter issued to vendor by DGM (Contracts)
Final Award Cost		**38.15**	**6.02**	**44.16**		

3.5.8 The Commission has reviewed the LOA document of the contract and all the amendment documents to the contract along with its BOQ in detail and found that the cost claimed by the Petitioner towards the LOA and its 4 amendments to LOA is in line with the documentary proofs submitted.

3.5.9 Towards the cost claimed as on COD, the Commission sought the year wise payments released to the Contractor along with supporting documents in deficiency letters to verify the claimed cost as on COD of Rs. 44.01 Cr. The Petitioner in reply to the query, has submitted the scanned bills and payment proofs in respect of material supplied amounting to Rs. 38.12 Cr. and erection & civil works amounting to Rs. 5.89 Cr. that have been made to the Contractor. The

Commission has reviewed all the payment proofs submitted by the Petitioner and found that the documentary proofs add up to the claimed cost of Rs. 44.01 Cr. as on COD.

3.5.10 Further, the Petitioner submitted the Auditor's Certificate for the claimed amount as on COD in response to the query of the Commission. Accordingly, based on the due diligence of the supporting documents and Auditor's Certificate, the Commission has allowed an amount of Rs. 44.01 Cr. (hard cost) which is the same as claimed by the Petitioner.

Other Costs

3.5.11 The details of Other Miscellaneous expenses under Hard Cost for the Substation are summarized below:

Table 12: Other Costs claimed by the Petitioner (Rs. Cr)

Particulars	Claimed (as on COD)
Soil Investigation	0.01
Testing Charges	0.01
Other Misc. charges	0.02
Total	**0.04**

3.5.12 With regard to the Soil Investigation and Testing Charges, the Petitioner in its reply to the Commission's deficiency letter has submitted that it has made a payment of Rs. 59,000/- towards Geo Globe Consultants for "Evaluation of safe bearing capacity of soil with plate load test (300*300 mm plate) as per Indian Standards (IS) Code and submission of complete test report at location 220/66 kV GIS Substation Gumma, Kothai, Shimla, HP" and Rs. 94,400/- towards Power Grid Corporation of India Limited for Calibration/Testing of 3 Phase 4 wire Energy meter, along with the payment proofs. Based on the review of payment proofs submitted by the Petitioner, the Commission has found the same to be in order. Therefore, the Commission has approved the expenses towards Soil Investigation and Testing Charges as claimed by the Petitioner.

3.5.13 Regarding Other Misc. Charges, the Petitioner has claimed an amount of Rs. 0.02 Cr. On initial scrutiny, the Commission didn't find any details with regard to the payment and asked regarding the details for "Other Misc. Charges" claimed under Capital Cost along with documentary evidence. The Petitioner in its reply to the Commission's deficiency letter has submitted the details of "Other Misc. Charges" along with the payment proofs as mentioned below:

Table 13: Details of Other Misc. Charges claimed by the Petitioner

S. No.	Cost Head	Description	Amount (Rs.)
1	Other Misc. Charges	E-Challan paid by HPPTCL	2,500.00
2		E-Challan paid by HPPTCL towards Registration fees, other receipts and Collection Charges of cess realised under Building and Construction Worker	625.00

S. No.	Cost Head	Description	Amount (Rs.)
3		Payment made to M/s Lakshay Arts against providing of LED letters and fabrication of iron structure with fixation at site	1,40,184.00
4		Payment made to M/s Ajeet Graphics on account of payment for inauguration /foundation plate (Acrylic)	10,195.00
5		**TOTAL**	**1,53,504.00**

3.5.14 Based on the analysis of the supporting documents, the Commission is of the view that all these expenses under "Other Misc. Charges" are of operational nature and should be a part of O&M expense. Therefore, the Commission doesn't find any reason to allow this amount for "Other Misc. Charges" under "Other Costs" head of Capital Cost.

3.5.15 The Hard Cost approved by the Commission is summarized below:

Table 14: Other Costs approved by the Commission (Rs. Cr)

Particulars	Claimed (as on COD)	Approved
Soil Investigation	0.01	0.01
Testing Charges	0.01	0.01
Other Misc. charges	0.02	-
Total	**0.04**	**0.02**

3.6 Overheads (IDC and Departmental Charges)

Petitioner's submissions

3.6.1 The Petitioner has submitted that the provision for IDC in the DPR was estimated as Rs 3.06 Crore which is same as the actual IDC as on COD. The reason for same IDC against actual total cost of Rs. 45.69 Cr as on COD against DPR cost of Rs. 42.47 Cr is on account of ADB loan restructuring as per agreement dated 04.07.2024 signed between GoHP & HPPTCL.

3.6.2 Though there was delay in achieving the COD of the project, the actual IDC incurred is within the approved cost as per the DPR and therefore, the Petitioner has requested to allow the actual IDC incurred condoning the entire time over-run.

3.6.3 With regard to the departmental charges, the Petitioner has submitted that the departmental charges as on COD has been Rs. 1.65 Crore as against approved in the DPR at Rs. 4.10 Crore, which is within 11% of the actual hard cost and therefore, it has requested the Commission to allow the same.

Commission's Analysis

3.6.4 The Commission has reviewed the IDC and DC claimed with respect to the Auditor Certificate provided by the Petitioner. An amount of Rs. 3.06 Cr. against IDC and

Rs. 1.65 Cr. against DC has been claimed by the Petitioner against the Asset-220/66 kV, 100/126 MVA GIS Substation, as spelled out as under:

Table 15: IDC and Departmental charges claimed by Petitioner (Rs. Cr)

Particulars	DPR	As on COD	Auditor Certificate
Interest During Construction (IDC)	3.06	3.06	3.06
Departmental Charges (DC)	4.10	1.65	1.65

3.6.5 The Commission observes that the Petition lacks proper details, working and the basis for consideration of IDC and DC submitted by the Petitioner. Accordingly, the Commission sought justification on assumptions for consideration of DC and IDC in the Petition from the Petitioner through the deficiency letters. The Commission in order to authenticate the claim, sought detailed computation of IDC, to which the Petitioner has submitted the detailed working in its reply.

3.6.6 The project was envisaged to be completed in 16 months as per the contract awarded by the Petitioner, however, the actual time of execution of the project was higher by 22 months. From the submissions of the Petitioner, the following reasons were identified to be the major reasons for time overrun:

Table 16: Reasons for time over-run

S. No.	Period of Delay	Duration (Months)	Description of Hindrances
1	1.4.2020 to 30.9.2020	6	Delay due to impact of Covid-19 1st wave
2	1.4.2021 to 30.6.2021	3	Delay due to impact of Covid-19 2nd wave
3	26.3.2021 to 8.11.2021	7.5	Delay due to Damaged Bay of 66 kV ICT
4	17.11.2021 to 13.5.2023	1.5#	Inclement weather conditions
5	October 2022 to May 2023	8	Delay due to necessary clearances and approvals from concerned departments. a) Delay in First Time Charging Approval from Electrical Inspector b) Delay in obtaining First time Charging Approval from HPSLDC
	Total	**22***	

** Only 22 months accounted as delay as some delay duration overlapped with other activities.*
 # Inclement weather conditions is claimed for intermittent durations during 17.11.2021 to 13.5.2023.

3.6.7 The Commission further sought the Gantt chart clearly describing the activity wise delay with respect to time over-run from the Petitioner through the deficiency letters.

3.6.8 Replying to this, the Petitioner submitted the same along with the detailed activity wise delay as mentioned below:

Table 17: Revised reasons for time over-run

S. No.	Nature of Hindrance	Start Date	End Date	delay	Non overlapping period
1	Delay due to Covid -19-1st wave	4/1/2020	9/30/2020	182	182
2	Delay in approval of Transformer and Firewall Drawings due to Plate Load Test	10/20/2020	11/25/2020	37	37
3	Delay in approval of various drawings-1	10/1/2020	10/19/2020	19	19

S. No.	Nature of Hindrance	Start Date	End Date	delay	Non overlapping period
4	Delay in approval of various drawings-2	11/27/2020	3/3/2021	96	96
5	Revision in the BCU rate pertaining to the Control & protection Package of Gumma-II	3/3/2021	7/23/2021	142	142
6	Delay due to damage bay of 66kV ICT	3/25/2021	11/8/2021	228	107
7	Delay due to change in proposal related to laying of 220 kV Cable.	1/1/2022	1/31/2022	31	31
8	Extra scope of work for supply and fabrication of Monkey ladder	2/24/2022	3/26/2022	30	30
9	Delay in issuance of approval by Chief Electrical Inspector	12/28/2022	2/1/2023	36	36
10	Delay in issuance of FTC approval by HPSLDC	2/28/2023	3/2/2023	3	3
11	Rainfall at Site	7/1/2022	8/11/2022	41	41
		Total		**845**	**724**

3.6.9 From fine reading of the submissions of the Petitioner and the supporting documentary proofs, it can be easily inferred that the delays were mainly on account of technical and commercial issues. Regarding the delay of 37 days for the approval of Transformer and Firewall Drawings due to conduction of Plate Load Test and the delay of 115 days for the approval of various drawings, the Commission is of the view that Conducting tests (like Plate Load Test) and obtaining drawing approvals are standard pre-construction activities that should have been factored into the original schedule. The delay arose due to lack of internal coordination between the contractor/vendor and the Petitioner, and not due to force majeure, statutory clearances, or third-party constraints beyond control. A prudent utility is expected to anticipate and plan for such tests and approval timelines. Delay due to inadequate planning or contractor/vendor inefficiency cannot be passed on to beneficiaries. Regarding the delay of 142 days for revision in the BCU (Bay Control Unit) rate pertaining to the Control & Protection Package of Gumma-II, this pertains to commercial/contractual issues between the Petitioner and its vendor. The Commission is of the view that such procurement related disputes or rate adjustments are within the control of the Petitioner. Delay of 228 days due to damage of bays attributable to the Contractor/Petitioner's own execution practices, delay of 31 days due to change in proposal related to laying of 220 kV cable falls under project management and planning that should have been anticipated at planning and design stage. Delay of 30 days due to execution of an extra scope of work for supply and fabrication of Monkey ladder is outside the original scope of work while awarding the work and therefore, the Commission does not find any justifiable reasons to allow the same. Delay of 39 days in issuance of approval by Chief Electrical Inspector and FTC (First Time Charging) approval by HPSLDC could have been avoided by proper planning before initiation of the project. This shows that the Petitioner has not taken proper measures during the planning phase despite the fact that the Petitioner is having significant experience in construction of Sub-stations and Transmission lines and other related assets and is aware of the time delays for approvals. Therefore, the Petitioner ought to have taken adequate steps to avoid such delays. The Commission is of the view that the above delay of 724 days could have been avoided by proper planning and timely taking up the matters with the concerned competent agencies and authorities.

3.6.10 Further, the Commission has considered the delay of Covid-19 Pandemic under force majeure condition which wasn't in the control of the Petitioner. However, it would be unreasonable to consider that each individual activity led to the overall delay of almost 22 months in project execution. The Commission is of the view that certain activities could have been undertaken in parallel, and the delay could have been shortened/ averted by proper planning and follow up at the Petitioner's end.

3.6.11 In addition, the details provided with respect to time overruns only mentioned various dates when issues emerged, or activities were completed. However, it could not be established as to how each activity had impacted the overall timeline of the project and whether other activities could have been planned in a manner where the delay could have been avoided. However, at the same time there was delay on account of reasons such as COVID-19, etc. which weren't in the control of the Petitioner. Hence, post detailed review of each of the reasons of delay, the Commission has calculated the normative IDC as discussed below.

3.6.12 With regards to the rate of interest, the Commission sought the supporting documentary proofs in support against which the Petitioner has submitted the loan agreement signed between the HPPTCL and the GoHP specifying the rate of interest as 10%. Accordingly, the Commission has considered the rate of interest in line with the Petitioner's submissions for the computation of IDC.

3.6.13 In view of revision in hard cost as well as rate of interest, the Commission has computed a revised benchmark for the IDC. A project duration of 16 months as per the contract has been considered to estimate the benchmark IDC.

3.6.14 For assessing the benchmark IDC with project duration of 16 months, the Commission has assumed 12.50% debt disbursement on bi-monthly basis for 8 times corresponding to the period of 16 months as per the contract.

3.6.15 The benchmark IDC computed for the Asset is summarized as follows:

Table 18: Computation of benchmark IDC for the Asset (Rs. Cr)

Particulars	Unit	BM1	BM2	BM3	BM4	BM5	BM6	BM7	BM8	Total
Debt disbursement	%	12.50%	12.50%	12.50%	12.50%	12.50%	12.50%	12.50%	12.50%	**100%**
Opening Debt (a)	INR Cr.	0	4.57	9.14	13.70	18.27	22.84	27.41	31.97	
Addition during the year (b)	INR Cr.	4.57	4.57	4.57	4.57	4.57	4.57	4.57	4.57	
Closing Debt (c)	**INR Cr.**	**4.57**	**9.14**	**13.70**	**18.27**	**22.84**	**27.41**	**31.97**	**36.54**	
Average Debt (d=(a+c)/2)	INR Cr.	2.28	6.85	11.42	15.99	20.55	25.12	29.69	34.26	
Interest rate* (e)	%	10%	10%	10%	10%	10%	10%	10%	10%	
Total IDC (f=d*e)	**INR Cr.**	**0.04**	**0.11**	**0.19**	**0.27**	**0.34**	**0.42**	**0.49**	**0.57**	**2.44**

**Bi-monthly interest rate of 1.67% has been considered (10%/6 = 1.67%).*

3.6.16 Against the benchmark IDC of Rs. 2.44 Cr., the Petitioner has claimed IDC of Rs. 3.06 Cr. as on COD for the Project. The Petitioner has submitted the computation and the Auditor's Certificate in this regard.

3.6.17 As discussed in preceding Paras, part of the delay could be considered under force majeure events and not attributable to the Petitioner. However, it would be unreasonable to consider that each individual activity led to the overall delay of almost 22 months in project execution. The Commission, therefore, decides to allow sharing of excess amount of IDC (over and above the normative IDC) between the Petitioner and beneficiaries in equal ratio (50:50). The computation is provided as follows:

Table 19: IDC Approved by the Commission for the Asset (Rs. Cr.)

Particular	Benchmark (A)	Actual/Claimed (B)	Difference (C=B-A)	Approved (A+50%*C)
Asset-1	2.44	3.06	0.62	2.75

3.6.18 With regard to departmental charges, the Petitioner has submitted that the actual expense incurred under DC is Rs. 1.65 Cr. vis-à-vis Rs. 4.10 Cr. estimated at 11% as per the DPR. The Commission has allowed the minimum normative charges determined in accordance with the provisions of DPR i.e., 11% of hard cost or actual departmental charges, whichever is lower. Since the actual departmental charges on COD is lower than 11% of the approved hard cost, actual departmental charges as on COD have been considered. Accordingly, the DC for the asset is approved as follows:

Table 20: Departmental Charges approved by the Commission for the Asset (Rs. Cr)

Particular	DPR	As on COD	Auditor Certificate	Approved
Asset-1	4.10*	1.65	1.65	1.65

**11% of the hard cost*

3.6.19 In line with the Hard Cost, IDC and DC approved in preceding sections, the approved project cost as on COD vis-à-vis the project cost claimed by the Petitioner for the Project is summarized in the following table:

Table 21: Claimed and Approved Project Cost for the Asset (Rs. Cr)

S. No.	Particulars	Claimed as on COD	Approved as on COD
1.	Supply	38.12	38.12
2.	Erection & Civil Works	5.89	5.89
3.	Other Misc. expenses	0.03	0.02
4.	Departmental Charges	1.65	1.65
5.	IDC	3.06	2.75
	Total	**48.75**	**48.42**

3.7 Project Funding

Petitioner Submissions

3.7.1 The Petitioner has quoted the Regulation 18 of the 'HPERC Transmission Tariff Regulations, 2011', which provides as follows:

> ***"18. Debt-equity ratio***
>
> *For the purpose of determination of the Tariff, the equity and outstanding debt as determined for the base year by the Commission shall be considered*

as given. However, for any fresh capitalization of assets, the Commission shall apply a debt equity ratio of 70:30 on the capitalised amount as approved by the Commission for each year of the control period:

Provided that where equity employed is in excess of 30%, the amount of equity for the purpose of Tariff shall be limited to 30% and the balance amount shall be considered as loan. The interest rate applicable on the equity in excess of 30% treated as loan has been specified in regulation 20. Where actual equity employed is less than 30%, the actual equity shall be considered."

3.7.2 As per the DPR, the scheme was originally envisaged to be executed with the debt and equity ratio of 80:20 which was subsequently approved by the BoD. The same has accordingly been funded by ADB which is 86.50% of the project cost and the balance has been infused in the form of equity which is 13.50% of the project cost.

3.7.3 The following table provides the project funding of the asset as per DPR vis-à-vis actual as on COD as submitted by the Petitioner:

Table 22: Project Funding as per DPR vis-à-vis Actual as on COD submitted by the Petitioner

Particulars	DPR	Actual as on COD	Actual Cost (Rs. Cr)
Debt	80.00%	86.50%	42.17
Equity	20.00%	13.50%	6.58
Total Project Cost	**100.00%**	**100.00%**	**48.75**

3.7.4 Further, the Petitioner has submitted that vide letter No. 174002/2023 dated 03.01.2023, it has proposed to the Government of Himachal Pradesh (GoHP) to restructure the loan funded from ADB which was approved vide GoHP letter dated 04.03.2023. Accordingly, agreement was executed between HPPTCL and GoHP on 04.07.2024 w.r.t. HPPTCL letter No. HPPTCL-PLG-017/1/2022-Planning Cell-HPPTCL-1/397836/2024 dated 04.05.2024 for restructuring of ADB funded loan. Subsequently, GoHP vide its letter dated 09.07.2024 had notified HPPTCL regarding the restructuring of ADB Loan, wherein the key terms and conditions of existing lending agreement for ADB funded projects has been modified. The relevant extract of the Revised ADB Loan agreement is as follows:

"……

2. The second party hereby agrees that: -

i. *Rate of Interest shall be 10% per annum for 10 % of all disbursements.*
ii. *Interest on 10% of total disbursed amount shall start immediately from the date of disbursement which will be payable by HPPTCL to the GoHP.*
iii. *10 % of all disbursement shall be infused as equity by GoHP.*
iv. *80 % of all disbursement shall be interest free loan.*
v. *Principal repayment for 90 % of total disbursed amount will be made in 15 equal annual instalments with a moratorium period of 5 years.*
vi. *The interest will be repaid as due in January of each financial year. The amount of the interest will be calculated on the above rate and terms up to last day of the preceding month in which the payment is due i.e. 31st December.*
vii. *The second party agrees to supply such information and maintain accounts in such manner as may be desired by the first party and will be subject to audit.*

viii. The transactions under this agreement shall be in Indian Rupees only. The first party agrees and undertakes to further make repayment of loan to Government of India/ Asian Development Bank and second party will have no responsibility towards this.

……"

3.7.5 Accordingly, the debt, interest free debt & equity considered by the Petitioner as on COD is as shown in the table below:

Table 23: Abstract of Funding of Capital Cost submitted by the Petitioner

Particulars	Revised Cost based on the terms of revised Loan Agreement (As on COD)		Debt /Equity Claimed
	(Rs. Cr)	(%)	(Rs. Cr)
Debt (10% of actual Loan (Rs. 42.17 Cr.))	4.22	8.65 %	4.22 (Debt)
Interest Free Debt (80% of actual loan (Rs. 42.17 Cr.))	33.74	69.20 %	33.74 (Debt)
Equity (inclusive of Additional Equity @ 10% of actual loan i.e. Rs. 4.22 Crore)	10.80	22.15 %	10.80 (Equity) (6.58+4.22)
Total	**48.75**	**100.00**	**48.75**

3.7.6 Thus, the Petitioner has submitted that the effective Debt to Equity ratio is 77.85:22.15 and has requested the Commission to consider the above funding of capital cost.

Commission's Analysis

3.7.7 The Commission observes that the asset was originally envisaged at a debt and equity ratio of 80:20 as provided in the DPR. As per the documents submitted by the Petitioner, the project has been funded through ADB, but the capital amount has been received by GoHP which has been further extended as loan to the Petitioner at an interest rate of 10%. A copy of the loan agreement signed between the Petitioner and GoHP has been submitted by the Petitioner.

3.7.8 To verify the Debt and Equity claimed by the Petitioner, the Commission vide deficiency letters sought details of Debt-Equity received, Loan Agreement, Sanctioned Letters, Board of Director (BOD) approvals and other relevant documents. In response to the queries, the Petitioner has submitted the additional details and documents.

3.7.9 The Commission has observed that the copy of Auditor's Certificate provided does not specify the original debt and equity funding ratio. Also, no information on source of funding of equity, date of infusion along with documentary evidence for the equity infused in the project was provided by the Petitioner. The Petitioner has submitted that it receives equity from Government of H.P (GoHP) on overall basis at the firm level and not on individual projects basis and the amount of equity received by the HPPTCL is further allocated to various projects on requirement basis.

3.7.10 Further, the Commission observes that the ADB has sanctioned loan to the Government of India (GoI) under the Himachal Pradesh Clean Energy

Transmission Investment Programme (HPCETIP) which was further channelized to HPPTCL through Government of Himachal Pradesh (GoHP). However, the GoHP has amended the terms and conditions of the financial assistance for extending it to the HPPTCL. While the entire multilateral funds were received by the State Govt. in the ratio of 90% grant and 10% loan from the Govt. of India, being a special category State, but the entire loan proceeds were extended by GoHP to the Petitioner as loan carrying interest rate of 10% per annum.

3.7.11 The Commission, in its previous Orders, had directed the Petitioner to re-negotiate with GoHP and align the terms and conditions of the Loan Agreements in line with the above. In compliance, the Petitioner has provided that GoHP, vide letter dated 04.03.2023, has conveyed approval for restructuring of the ADB loan as 80% of disbursed loan to be converted into interest free loan, 10% of disbursed loan to be kept as interest-bearing loan @10% and remaining 10% of disbursed loan to be converted to equity. It is observed that as per the GoHP letter dated 04.03.2023 and HPPTCL letter dated 08.08.2024, while partial relief has been provided but the entire terms and conditions have not been adopted resulting in additional equity consideration towards the project. The Commission is of the considered view that the debt equity considered against each scheme during the funding stage should be retained and the capital allocation by the GoHP to the Petitioner should be on the same terms & conditions as GoHP has received from the GoI on account of Himachal Pradesh being a special category State.

3.7.12 In view of the above, the Commission has provisionally considered the debt amount availed under the ADB scheme as 90% grant and 10% debt. For calculating the grant portion, the Commission has considered 90% of minimum amongst Normative Debt and Actual Debt. Further, after reducing such amount of grant from the total approved Capital cost, the Commission has considered debt:equity ratio as 70% debt and 30% equity for the balance amount in line with Regulation 17-A(4) of the 'HPERC Transmission Tariff Regulations, 2011', which specify the following:

"(b) the debt-to-equity ratio shall be considered in accordance with regulation 16, after deducting the amount of financial support provided through consumer contribution, deposit work, capital subsidy or grant;"

3.7.13 The Commission has relied on the documentary proofs submitted and has approved the project funding as follows:

Table 24: Debt Equity Grant approved by the Commission (Rs. Cr.)

Particulars	Claimed (As on COD)		Approved (As on COD)	
	Capital cost	% of Funding	Capital cost	% of Funding
Total Cost	**48.75**		**48.42**	
Normative Debt (A)			38.74	
Actual Debt (B)			42.17	
Grant (90%*minimum (A,B))			34.86	90%
Balance Requirement			**13.56**	
Debt	37.95	77.85%	9.49	70.00%
Equity	10.80	22.15%	4.07	30.00%
Total Cost less of grant	**48.75**	**100.00%**	**13.56**	**100.00%**

3.8 Additional Capital Expenditure

Petitioner Submissions

3.8.1 The Petitioner has submitted that for the FY 2024-25, provisional additional capital expenditure of Rs. 11.1 Lakh (approx.) is yet to be incurred against the pending bills to be raised by the contractor.

Commission's Analysis

3.8.2 With respect to the Additional Capital Expenditure (ACE), the Commission has sought justification regarding the claimed amount of Rs. 11.1 Lakh in FY 2024-25 in the deficiency letters which is beyond the 4^{th} Control Period and detailed head wise break up of Additional Capital Expenditure from COD to FY 2023-24 along with Auditor's Certificate.

3.8.3 The Petitioner has submitted that the Additional Capital Expenditure of Rs. 11.1 Lakh is not being claimed in the tariff under the present petition. The same was only appraised to the Commission as the ACE pertains to pending works prior to COD of the asset and shall be claimed in the FY 2024-25. Further, out of Rs. 11.1 Lakh, the firm has raised bills amounting to Rs. 10.39 Lakh, whose details are as follows:

- Electrical erection bill amounting to Rs. 2,50,704/-
- Civil erection bill amounting to Rs. 7,89,114/-, out of this, an amount of Rs.2.39 lakh has been recovered from the contractor on account of negative deviation in quantities.

3.8.4 The Commission has gone through the submissions of the Petitioner carefully and has not approved any expense towards Additional Capital Expenditure as the same was not claimed by the Petitioner in the tariff under the present petition.

4. APPROVAL OF ARR AND TARIFF

4.1 Background

4.1.1 The Petitioner has proposed projections for COD to FY 2023-24 as per the 'HPERC Transmission Tariff Regulations, 2011' as amended from time to time. As per the submissions of the Petitioner, ARR for each year of the Control Period has been divided into following elements:

- O&M Expenses;
- Interest on Loan;
- Interest on Working Capital;
- Depreciation;
- Return on Equity

4.1.2 The Commission has examined the Petition, and the subsequent submissions made in response to the deficiency letters for the purpose of approving the elements of ARR for the period from COD to FY 2023-24. The Commission has also considered the provisions of 'HPERC Transmission Tariff Regulations, 2011', Audited Annual Accounts, Capital Cost Certificate by Statutory Auditor, Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 (CERC Tariff Regulations, 2019) and approved capital expenditure and funding plan for the Project for the purpose of ARR projections for each year.

4.1.3 In this Chapter, the Commission has discussed the methodology for computing each component of the ARR including O&M expenses, interest on loan, depreciation, return on equity, working capital requirement and interest etc. for approving the total ARR for each year from COD till FY 2023-24. The methodology followed and approved values for each component of the ARR is detailed in the subsequent sections.

4.2 O&M Expenses

Petitioner Submissions

4.2.1 The Petitioner has submitted that as per the HPERC Transmission Tariff Regulations, 2011, Operation and Maintenance Expense is computed considering the following methodology:

"(3) The O&M expenses for the nth year of the control period shall be approved based on the formula given below:-

'O&Mn' = R&Mn + EMPn + A&Gn : Where –

'EMPn' = [(EMPn-1) x (1+Gn) x (CPIinflation)] + Provision (Emp);

'A&Gn' = [(A&Gn-1) x (WPIinflation)] + Provision(A&G);

'R&Mn' = K x (GFA n-1) x (WPIinflation);

'K' - is a constant (could be expressed in %). Value of K for each year of the control period shall be determined by the Commission in the MYT Tariff Order based on licensee's filing, benchmarking of repair and maintenance expenses, approved repair and maintenance expenses vis-à-vis GFA approved by the Commission in past and any other factor considered appropriate by the Commission;

'CPIinflation' – is the average increase in the Consumer Price Index (CPI) for immediately preceding three years before the base year;

'WPIinflation' – is the average increase in the Wholesale Price Index (WPI) for immediately preceding three years before the base year;

'EMPn' – employee's cost of the Transmission licensee for the nth year (employee cost for the base year would be adjusted for provisions for expenses beyond the control of the licensee and one-time expected expenses, such as recovery/ adjustment of terminal benefits, implication of pay revisions, arrears and interim relief.);

'Provision (Emp)'- Provision corresponding to clauses (iii), (iv) and (v) of sub regulation (1-a) of regulation 13, duly projected for relevant year for expenses beyond control of the Transmission Licensee and expected one-time expenses as specified above;

'A&Gn' – administrative and general costs of the Transmission licensee for the nth year;

'Provision(A&G)'-Cost for initiatives or other one-time expenses as proposed by the Transmission licensee and approved by the Commission after prudence check;"

'R&Mn' – Repair and Maintenance costs of the Transmission licensee for the nth year;

'GFAn-1' – Gross Fixed Asset of the Transmission licensee for the n-1th year;

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

Provided that, repair and maintenance expenses determined shall be utilized towards repair and maintenance works only;

Provided further that, the impact of pay revision (including arrears) shall be allowed on actual during the mid-term performance review or at the end of the control period as per actual/ audited accounts, subject to prudence check and any other factor considered appropriate by the Commission."

4.2.2 The Petitioner has submitted that the Commission in the Order dated 1.11.2021, in Petition No. 98 of 2020 in the matter of approval of Capital Cost and Tariff for 33/220kV GIS sub-station at Karian along with 220kV D/C transmission line to PGCIL pooling sub-station at Chamera-II has approved the normative O&M expenses for the period from FY 2018-19 to FY 2023-24 based on the normative O&M expenses specified in CERC (Terms and Conditions of Tariff) Regulations, 2019 (hereinafter referred to as "CERC Tariff Regulations, 2019") with the ruling that any variation in O&M expenses shall be reviewed and considered at the time of true up.

4.2.3 The Petitioner in line with the above approach, has projected O&M expenses considering the norms specified in CERC Tariff Regulations, 2019 and has sought liberty from the Commission to submit actuals at the time of truing up.

4.2.4 Accordingly, the Petitioner has submitted the O&M expenses as below:

Table 25: O&M Expenses submitted by the Petitioner

Particulars	Unit	FY 2023-24
O&M Expenses		
220 kV	Rs. Lakh/bay	18.09
66 kV	Rs. Lakh/bay	12.92
220 kV bays	No.	2
66 kV bays	No.	5
220/132/33 kV Transformer	Rs. Lakh/MVA	0.282
Capacity	MVA	2*63 = 126
Total O&M Expenses	**Rs. Lakh**	**136.32**

Commission's Analysis

4.2.5 The Commission has reviewed the submissions of the Petitioner. As the actual audited O&M expenses for sufficient number of years are not available for the Asset, it is difficult to ascertain a realistic trend for O&M expenses for the upcoming years. In absence of any accurate benchmark, the Commission has relied upon the normative O&M expenses prescribed in the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 (CERC Tariff Regulations, 2019) for the purpose of year wise estimation of O&M expenses for the control period.

4.2.6 As the Regulations provide for O&M expense based on voltage level, number of circuits and conductor size, the following norms have been considered as per the technical specifications for computation of O&M expenses as per CERC Tariff Regulations, 2019:

Table 26: Normative O&M Expenses

Item	Unit	FY21	FY22	FY23	FY24
220 kV (Bay)	Rs. Lakh/bay	16.31	16.88	17.47	18.09
66 kV (Bay)	Rs. Lakh/bay	11.65	12.06	12.48	12.92
132 kV and below (Transformer)	Rs. Lakh/MVA	0.254	0.263	0.272	0.282

4.2.7 Accordingly, the Commission has approved the O&M expenses for each year. Any variation in O&M expenses shall be reviewed and considered at the time of True-up.

4.2.8 The following table provides the O&M expenses approved by the Commission for each year:

Table 27: O&M Expenses approved by Commission (Rs. Lakh)

Particulars	FY 2023-24
Norm 220 kV (Rs. Lakh per Bay)	18.09

Particulars	FY 2023-24
Norm 66 kV and below (Rs. Lakh per Bay)	12.92
Norm 220/132/33 kV Transformer (Rs. Lakh per MVA)	0.282
No. of Bays (220 kV)	2
No. of Bays (66 kV)	5
Transformer Capacity (MVA)	2*63 = 126
Annual O&M Expenses (Rs. Lakh)	**136.32**

4.3 Depreciation

Petitioner Submissions

4.3.1 The Petitioner has submitted the depreciation for the Project in accordance with the Regulation 23 of the HPERC Transmission Tariff Regulations, 2011, as amended from time to time, based on the actual Capital cost.

4.3.2 In accordance with the Regulations, the depreciation for each year has been worked out by the Petitioner as shown in the following table:

Table 28: Depreciation claimed by Petitioner (Rs. Lakh)

Particulars	FY24
Opening GFA	4875.27
CC/Grants	0.00
Net Opening GFA	4875.27
Net Closing GFA	4875.27
Average GFA	4875.27
Less: Land under full ownership	0.00
GFA excluding Land	4875.27
Rate of Depreciation	5.28%
Depreciation	**257.41**

Commission's Analysis

4.3.3 The Commission has approved the depreciation in line with provisions of the Regulation 23 of the HPERC Transmission Tariff Regulations, 2011, which reads as follows:

*"**23. Depreciation***

(1) The value base for the purpose of depreciation shall be the Capital cost of the asset admitted by the Commission.

(2) The salvage value of the asset shall be considered as 10% and depreciation shall be allowed up to maximum of 90% of the Capital cost of the asset.

(3) (2-a) The salvage value for IT equipment and software shall be considered as NIL and 100% value of the assets shall be considered depreciable.

(4) Depreciation shall be calculated annually based on Straight Line Method and at rates specified in Appendix-I to these regulations for the assets of the Transmission system:

Provided that, the remaining depreciable value as on 31st March of the year closing after a period of 12 years from date of commercial operation shall be spread over the balance useful life of the asset.

(5) For Transmission project which are in operation for less than 12 years, the difference between the cumulative depreciation recovered and the cumulative depreciation arrived at by applying the depreciation rates specified in this regulation corresponding to 12 years, shall be spread over the period up to 12 years, and the remaining depreciable value as on 31st March of the year closing after a period of 12 years from date of commercial operation shall be spread over the balance useful life of the asset.

(6) For the project in operation for more than 12 years, the balance depreciation to be recovered shall be spread over the remaining useful life of the asset.

(7) Depreciation shall be chargeable from the first year of commercial operation. In case of commercial operation of the asset for part of the year, depreciation shall be charged on pro rata basis."

4.3.4 The Commission has examined the depreciation proposed by the Petitioner. The Petitioner hasn't considered the Grant component, but the Commission has considered the Grant component as per the Funding pattern discussed earlier under "Project Funding" section.

4.3.5 The yearly depreciation approved from COD to FY 2023-24 is summarized in the table below:

Table 29: Depreciation approved by Commission (Rs. Lakh)

Particulars	FY24
Opening GFA	4,842.33
Less: Grant	3,486.48
Less: Consumer contribution	-
Less: Land under full ownership	-
Net Opening GFA	**1,355.85**
Addition during the year	-
Net Closing GFA	1,355.85
Depreciable Value	**1,355.85**
Rate of Depreciation	5.28%
Annual Depreciation	**71.59**

4.4 Interest on Loan

Petitioner Submissions

4.4.1 The Petitioner has submitted the interest on loan in accordance with the Regulation 20 of the HPERC Transmission Tariff Regulations, 2011 as amended from time to time.

4.4.2 For the purpose of working out the Interest on Loan, the Petitioner has considered the opening value of loan as on COD as per the funding claimed in the petition. It has considered an interest rate of 10% as per the revised Loan Agreement with GoHP.

4.4.3 The Petitioner has further submitted that in the absence of any actual repayment; for the purpose of working out the Interest on Loan, the repayment has been considered equal to Depreciation charged during each year of the Control Period as per the Regulation.

4.4.4 The Computation of Interest on Loan has been submitted by the Petitioner as under:

Table 30: Interest on Loan claimed by the Petitioner (Rs. Lakh)

Particulars	FY 2023-24
Opening	421.72
Addition	0.00
Repayment	28.60*
Closing	393.12
Interest Rate (%)	10.00
Interest	**40.74**

**Pro-rated Repayment*

Commission's Analysis

4.4.5 The Commission has considered the loan amount in line with the project funding approved for the project in the previous chapter.

4.4.6 Regulation 20 of the HPERC Transmission Tariff Regulations, 2011 stipulates the following:

"20. Interest and Finance Charges

(1) Interest and finance charges on loan capital shall be computed on the outstanding loans, duly taking into account the schedule of repayment in accordance with the terms and conditions of relevant agreements of loan, bond or non-convertible debentures. Exception can be made for the existing or past loans which may have different terms as per the agreements already executed if the Commission is satisfied that the loan has been contracted for and applied to identifiable and approved projects.

(2) The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio at the beginning of each year applicable to the project:

Provided that if there is no actual loan for a particular year but normative loan is still outstanding, the last available weighted average rate of interest shall be considered:

Provided further that if the Transmission licensee does not have actual loan then the weighted average rate of interest of the Transmission licensee as a whole shall be considered.

Provided further that if the Transmission Licensee as a whole does not have actual loan, then one (1) Year State Bank of India (SBI) MCLR / any replacement thereof as notified by RBI for the time being in effect applicable for one (1) Year period, as may be applicable as on 1st April of the relevant Year plus 200 basis points shall be considered as the rate of interest for the purpose of allowing the interest on the normative loan.

(3) The interest rate on the amount of equity in excess of 30% treated as notional loan shall be the weighted average rate of the loans of the respective years and shall be further limited to the rate of return on equity specified in these regulations:

Provided that all loans considered for this purpose shall be identified with the assets created:

Provided further that the interest and finance charges of re-negotiated loan agreements shall not be considered, if they result in higher charges:

Provided further that the interest and finance charges on works in progress shall be excluded and shall be considered as part of the Capital cost:

Provided further that neither penal interest nor overdue interest shall be allowed for computation of Tariff.

(4) In case any moratorium period is availed of in any loan, depreciation provided or in the Tariff during the years of moratorium shall be treated, as notional repayment of loan during those years and interest on loan capital shall be calculated accordingly.

(5) The Transmission licensee shall make every effort to refinance the loan as long as it results in net benefit to the beneficiaries. The costs associated with such refinancing shall be borne by the Transmission customers and any benefit on account of refinancing of loan and interest on loan shall be shared in the ratio of 2:1 between the Transmission licensee and the Transmission customers. Refinancing may also include restructuring of debt.

(6) In respect of foreign currency loans, variation in rupee liability due to foreign exchange rate variation, towards interest payment and loan repayment actually incurred, in the relevant year shall be admissible; provided it directly arises out of such foreign exchange rate variation and is not attributable to the Transmission licensee or its suppliers or Contractors.

(7) The above interest computation shall exclude the interest on loan amount, normative or otherwise, to the extent of Capital cost funded by consumer contribution, deposit work, capital subsidy or grant, carried out by Transmission licensee."

4.4.7 The Commission has approved the Interest on Loan in accordance with the HPERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2011, as amended from time to time. Repayment equivalent to approved depreciation has been considered for each year in line with the Regulations. Accordingly, the opening and closing loan balances for each year has been determined.

4.4.8 The Commission has considered the debt amount as per the approved funding, including additional capitalization as discussed in earlier chapter.

4.4.9 Accordingly, the Commission has considered the rate of 10% as applicable in accordance with the terms and conditions of the loan as per agreement between the Petitioner and the GoHP.

4.4.10 It is observed that the rate of interest charged from the Petitioner by the Government of Himachal Pradesh (GoHP) is 10% which is higher than the rate of interest agreed with the ADB. The Petitioner has submitted that the GoHP levies interest rate at 10% on all loans funded by ADB as per the agreement entered by the GoHP with HPPTCL.

4.4.11 Since ADB has provided loan to GoHP which in turn is transferred to the Petitioner for implementation of the project, the rate of interest of 10% is applicable as per the agreement of the Petitioner with GoHP. The Commission is of the view that the rate of 10% is competitive as compared with the rates applicable on other Transmission assets of HPPTCL and borrowings by similar utilities in other States from various sources and, therefore, approves the same for Tariff determination for the Assets.

4.4.12 However, considering that the lending agencies may be charging at lower rate, the Commission directs the Petitioner to negotiate with the GoHP and align the interest rate in line with the rate of interest agreed by the GoHP with ADB. Any efforts in this direction will not only lead to better cost optimisation in the form of lower interest costs but also benefit the Consumers of the State of Himachal Pradesh as a whole.

4.4.13 The following table provides the Interest on Loan approved by the Commission for each year:

Table 31: Interest on Loan approved by Commission (Rs. Lakh)

Particulars	FY24
Opening Balance	949.10
Addition	-
Repayment	71.59
Closing Balance	877.51
Average Loan Balance	913.30
Rate of Interest (%)	10.00%
Interest on Loan	**91.33**

4.5 Return on Equity

Petitioner Submissions

4.5.1 The Petitioner has submitted the Return on Equity in accordance with the Regulation 19 of the HPERC Transmission Tariff Regulations, 2011, as amended from time to time.

4.5.2 For working out the Return on Equity, the Petitioner has submitted that it has considered the Opening Equity as on COD as per the funding claimed in this Petition.

4.5.3 The RoE proposed by the Petitioner is summarised in the table as follows:

Table 32: RoE claimed by Petitioner (Rs. Lakh)

Particulars	FY24
Opening Equity	1,079.80
Addition	-
Closing Equity	1,079.80
Average Equity	**1,079.80**

Particulars	FY24
RoE (%)	15.50%
Return on Equity	**167.37**

Commission's Analysis

4.5.4 Regulation 19 of the HPERC Transmission Tariff Regulations, 2011, stipulates the following:

"19. Return on Equity

(1) Return on equity shall be computed on the equity determined in accordance with regulation 18 and on pre-tax basis at the base rate of 15.5% to be grossed up as per sub-regulation (3) of this regulation:

(2) The rate of return on equity shall be computed by grossing up the base rate with the normal tax rate applicable to the concerned Transmission licensee company:

Provided that return on equity with respect to the actual tax rate applicable to the Transmission licensee in line with the provisions of the relevant Finance Acts of the respective year during the Tariff period shall be trued up separately for each year of the Tariff period along with the Tariff petition filed for the next Tariff period.

(3) Rate of return on equity shall be rounded off to three decimal points and be computed as per the formula given below:-

(a) Rate of pre-tax return on equity = Base rate / (1-t)

(b) Where t is the applicable tax rate in accordance with sub-regulation (2) of this regulation."

4.5.5 Equity corresponding to the Capital cost has been approved by the Commission in the previous Chapter under the head 'Project funding'. The same has been considered for approving the return on equity.

4.5.6 The Commission has considered rate of return @ 15.50% for approval of RoE for the Control Period. Any tax liability arising on the Petitioner during the Control Period shall be trued-up at the end of Control Period/ Mid Term Review based on effective tax rate/ liability.

4.5.7 Based on the above, the return on equity approved by the Commission is summarised in the table below:

Table 33: RoE approved by Commission (Rs. Lakh)

Particulars	FY24
Opening Equity	406.76
Addition	-
Closing Equity	406.76
Average Equity	**406.76**
RoE (%)	15.50%
Return on Equity	**63.05**

4.6 Interest on Working Capital (IoWC)

Petitioner Submissions

4.6.1 The Petitioner has computed Interest on working capital as per Regulation 21 and 22 of the HPERC Transmission Tariff Regulations, 2011, as amended from time to time.

4.6.2 The Petitioner has calculated the interest on working capital considering prevalent SBI MCLR as on 1st April of FY 2022-23 plus 300 basis points.

4.6.3 In accordance with the above Regulations, the interest on working capital claimed is as shown below:

Table 34: Interest on Working Capital claimed by Petitioner (Rs. Lakh)

Particulars	FY24
O&M Expenses for 1 month	11.36
Receivables for 2 months	102.89
Maintenance Spares (at 15% monthly O&M Expenses)	20.45
Total Working Capital	**134.70**
Interest Rate (%)	11.50%
Interest on Working Capital	**15.49**

Commission's Analysis

4.6.4 The Commission in its deficiency letters had sought clarification on some computational errors in the calculation of interest on working capital to which the Petitioner had replied with recalculation of interest on working capital as shown below:

Table 35: Recalculation of Interest on Working Capital claimed by Petitioner (Rs. Lakh)

Particulars	FY24
O&M Expenses for 1 month	11.36
Receivables for 2 months	102.52
Maintenance Spares (at 15% monthly O&M Expenses)	1.70
Total Working Capital	**115.59**
Interest Rate (%)	11.50%
Interest on Working Capital	**13.29**

4.6.5 Based on the approved O&M expenses and expected receivables, the Commission has approved the working capital requirements and interest on working capital for the Control Period in accordance with Regulations 21 & 22 of the HPERC Transmission Tariff Regulations, 2011.

4.6.6 The relevant clauses of the above regulations are reproduced as follows:

"21. Working Capital- The Commission shall calculate the working capital requirement for the Transmission licensee containing the following components: -

(a) O&M expenses for 1 month;

(b) receivables for two months on the projected annual Transmission charges; and

(c) maintenance spares @ 40% of repair and maintenance expenses for one month.

"22. Interest Charges on Working Capital- Rate of interest on working capital to be computed as provided hereinafter in these regulations shall be on normative basis and shall be equal one (1) Year State Bank of India (SBI) MCLR / any replacement thereof as notified by RBI for the time being in effect applicable for one (1) Year period, as may be applicable as on 1st April of the Financial Year in which the Petition is filed plus 300 basis points. The interest on working capital shall be payable on normative basis notwithstanding that the licensee has not taken working capital loan from any outside agency or has exceeded the working capital loan based on the normative figures."

4.6.7 According to the provision for computation of interest on working capital, the Commission has considered the rate of interest on working capital as SBI MCLR as on 1^{st} April plus 300 basis points for FY 2023-24.

4.6.8 The computation for working capital requirement and interest on working capital is shown in the table as follows:

Table 36: Interest on Working Capital approved by Commission (Rs. Lakh)

Particulars	FY24
O&M Expenses for 1 month	11.36
Receivables for 2 months	1.70
Maintenance Spares (at 15% monthly O&M Expenses)	61.82
Total Working Capital	**74.88**
Interest Rate (%)	11.50%
Interest on Working Capital	**8.61**

4.7 Aggregate Revenue Requirement

Petitioner Submissions

4.7.1 The table given below summarizes the proposed Aggregate Revenue Requirement for FY 2023-24 as claimed by the Petitioner. Since the COD of Sub-Station is on 22.05.2023, the ARR calculated for FY 2023-24 has been prorated for the days of operation.

Table 37: Summary of ARR claimed by Petitioner (Rs. Lakh)

Particulars	FY24
O&M Expenses	136.32
Interest on Loan	40.74
Interest on Working Capital	15.49
Depreciation	257.41

Particulars	FY24
Return on Equity	167.37
Total ARR	**617.34**
Pro-rata for number of days in operation (315 days)	**532.77**

Commission's Analysis

4.7.2 Based on the discussions in sections above, the summary of the Aggregate Revenue Requirement (ARR) approved by the Commission is summarised in the table as follows:

Table 38: Summary of ARR approved by Commission (Rs. Lakh)

Particulars	ARR Claimed by Petitioner	ARR Approved by the Commission
O&M Expenses	136.32	136.32
Depreciation	257.41	71.59
Interest on Loan	40.74	91.33
Interest on Working Capital	13.29	8.61
Return on Equity	167.37	63.05
Total ARR	**615.14**	**370.90**
Pro-rata for number of days in operation (315 days)	**530.87**	**320.09**

4.8 Additional Submission

***Petitioner* Submissions**

4.8.1 The Petitioner has prayed the Commission to allow Carrying Cost from the beneficiary at the rate as specified under Regulation 10(A) of HPERC Transmission Tariff Regulations, 2011, as amended from time to time, for the period starting COD till the issuance of Tariff Order.

4.8.2 Further, in the Interlocutory Application submitted along with the affidavit dated 01.12.2025, the Petitioner has prayed the Commission to determine the tariff for the 5th MYT Control Period from FY 2024-25 to FY 2028-29 in accordance with the Regulation 12(3) of the HPERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2023.

***Commission's* Analysis**

4.8.3 The Commission observes that the Petitioner had not taken the prior approval of the CAPEX before executing the scheme. Further, the Petitioner has also taken considerable time in responding to the various queries raised by the Commission resulting in delay in disposing off the Petition. Since, the delay was attributable to the Petitioner, the Commission feels inappropriate to allow any carrying cost as part of the Order. However, in case the transmission service agreements executed by the Petitioner with the beneficiaries provides for the carrying cost then the Petitioner may recover the same as per the provisions of the agreements.

4.8.4 Further, the Petitioner has not claimed any additional capitalisation for the 5th MYT Control Period in its Interlocutory Application submitted. However, as per Regulation 20(2) of the HPERC Transmission Tariff Regulations, 2023, the Commission is empowered to determine the Tariff on Suo-Moto basis. Regulation 20(2) of the HPERC Transmission Tariff Regulations, 2023 is reproduced below for reference:

> ***"20. Determination of Tariff-***
>
> *…*
>
> *(2) Notwithstanding anything contained in these Regulations, the Commission shall have, at all times, the authority, either on Suo-motu basis or on a Petition filed by the Transmission Licensee, to determine the tariff or Fees and Charges, including terms and conditions thereof, of Transmission Licensee:*
>
> *Provided that such determination of tariff or Fees and Charges may be pursuant to an agreement or arrangement or otherwise whether or not previously approved by the Commission and entered into at any time before or after the applicability of these Regulations."*

4.8.5 Accordingly, the Petitioner has determined the Annual Revenue Requirement (ARR), for the 5th MYT Control Period on provisional basis, subject to review at the time of Mid-Term Review, which is as shown below.

Table 39: ARR approved by Commission for 5th MYT Control Period (Rs. Lakh)

Particulars	FY25	FY26	FY27	FY28	FY29
O&M Expenses	117.18	123.36	129.78	136.57	143.80
Depreciation	71.59	71.59	71.59	71.59	71.59
Interest on Loan	84.17	77.01	69.85	62.69	55.54
Interest on Working Capital	8.25	8.55	8.61	8.69	8.78
Return on Equity	58.98	58.98	58.98	58.98	58.98
Total ARR	**340.17**	**339.49**	**338.82**	**338.52**	**338.68**

4.8.6 Further, as per Regulation 12(3) of the HPERC Transmission Tariff Regulations, 2023, the Commission is empowered to grant Interim Tariff relief upto 70%, to avoid financial burden and to ensure smooth operations of the HPPTCL. Regulation 12(3) of the HPERC Transmission Tariff Regulations, 2023 is reproduced below for reference:

> ***"20. Tariff determination-***
>
> *…*
>
> *(3) If the information furnished by the Transmission Licensee in the Petition is in accordance with these Regulations, the Commission, in case of a new transmission system or element thereof, through a specific prayer in the tariff application may consider granting interim tariff of up to seventy per cent (70%) of the tariff claimed from the date of commercial operation during the first hearing of the application."*

4.8.7 Therefore, in the interest of justice, equity and to ensure uninterrupted transmission services in the State, the Commission has hereby allow the Petitioner to recover the Interim Transmission Charges determined for the 5th MYT Control Period @ 70% as shown below. However, these Interim Transmission Charges determined are subject to review at the time of Mid-Term Review.

Table 40: Interim Tariff approved for 5th MYT Control Period (Rs. Lakh)

Particulars	FY25	FY26	FY27	FY28	FY29
Interim Transmission Charges Recoverable	**238.12**	**237.64**	**237.17**	**236.97**	**237.08**

4.9 Transmission Charges

Petitioner Submissions

4.9.1 The Petitioner has requested the Commission to approve an interim tariff @ 90% of the proposed annual transmission charges for the asset that can be recovered from the beneficiaries till the final tariff of the asset is approved by the Commission and allow the Petitioner to recover the approved transmission charges directly from HPSEBL which is the sole beneficiary for the said Asset.

4.9.2 The Petitioner has further submitted that it has already intimated HPSEBL vide letter dated 02.09.2023 regarding charging of 220/66kV, 100/126 MVA GIS substation as well as regarding applicability of transmission charges on account of delay in completion of downstream works of LILO of 66kV Sainj-Huli Transmission line. Further, the TSA in this regard has also been signed between HPPTCL & HPSEBL on 17.01.2023. Therefore, the Petitioner has requested the Commission to consider the deemed COD of the subject asset as 22.05.2023 as claimed by the petitioner.

Commission's Analysis

4.9.3 The Commission sought information with regards to existing and future beneficiaries of the asset along with the TSAs/ Open Access agreements executed with the beneficiaries, as documentary evidence. The Petitioner in reply submitted that the HPSEBL is the current beneficiary of the Asset. In this regard, the Petitioner has conveyed that the Transmission Service Agreement (TSA) has been executed with the HPSEBL on dated 17.01.2023.

4.9.4 The Petitioner has further submitted in its reply to the deficiency letters that LILO of existing 66kV Huli-Sainj Transmission Line has not been completed yet by the HPSEBL. The matter regarding status update of 66kV LILO at Sainj-Huli line at 400/220/66kV Gumma/Pragatinagar substation of HPPTCL was discussed in the 51st meeting of STU Coordination Committee held on 16.08.2024 vide additional agenda item No. 1, wherein HPSBEL conveyed that work shall be completed by May 2025. The committed timeline of May, 2025 as assured by HPSBEL has elapsed. Therefore, the Petitioner has sought latest update on the same from HPSEBL vide letter dated 18.06.2025 for which HPSEBL has not replied yet.

4.9.5 The Commission observes that while the asset was charged for the first time on 22.05.2023, it is not yet put to use due to the non-completion of LILO of existing 66 kV Huli-Sainj Transmission Line by HPSEBL.

4.9.6 Therefore, the Petitioner is directed to recover the transmission charges from the identified long-term /medium-term beneficiary of the Transmission Asset as per terms and conditions of the TSA/ Open Access Agreements and the Clause 33 of HPERC Transmission Tariff Regulations, 2011 which reads as under:

"33. Allocation of Transmission Service Charge and Losses (1) The Annual Transmission Service Charge (ATSC) shall be shared between the long and medium-term customers of the transmission system on monthly basis based on the allotted transmission capacity or contracted capacity, as the case may be."

4.9.7 The Petition is disposed off as above.

-Sd-	**-Sd-**
(SHASHI KANT JOSHI)	**(YASHWANT SINGH CHOGAL)**
Member	**Member (Law) – Cum Chairman**

Shimla

Dated: 05th March, 2026