Approval of Capital Cost and Determination of Tariff for the 4th and 5th Control Period from COD to FY 2028-29

for

220/132 kV, 77/102/128 MVA (3×25.56/34.08/42.60 MVA) GIS Substation (Asset-1) and 220/33 kV, 80/100 MVA (4×26.66/33.33 MVA) Additional Transformer (Asset-2) at GIS Sub-Station, Charor in Distt. Kullu

Himachal Pradesh Power Transmission Corporation Limited

(HPPTCL)

Himachal Pradesh Electricity Regulatory Commission

June 20, 2026

BEFORE THE HIMACHAL PRADESH ELECTRICITY REGULATORY COMMISSION AT SHIMLA

PETITION NO: 223 of 2025 (Filing No. 211 of 2024)

Decided on: 20.06.2026

CORAM

Sh. YASHWANT SINGH CHOGAL

Sh. SHASHI KANT JOSHI

In the matter of:

Approval of Capital Cost and Determination of Tariff for the Period from COD to FY 2028-29 for 220/132 kV, 77/102/128 MVA (3×25.56/34.08/42.60 MVA) GIS Substation (Asset-1) and 220/33 kV, 80/100 MVA (4×26.66/33.33 MVA) Additional Transformer (Asset-2) at GIS Sub-Station, Charor in Distt. Kullu 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 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 the Period from COD to FY 2028-29 for 220/132 kV, 77/102/128 MVA (3×25.56/34.08/42.60 MVA) GIS Substation (Asset-1) and 220/33 kV, 80/100 MVA (4×26.66/33.33 MVA) Additional Transformer (Asset-2) at GIS Sub-Station, Charor in Distt. Kullu 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 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 representatives of Stakeholders. The Commission has also held formal interactions with the officers of HPPTCL and has considered the documents 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 Tariff Regulations, 2011, as amended from time to time, passes the following Order for determining the Capital Cost and Transmission Tariff for 220/132 kV, 77/102/128 MVA (3×25.56/34.08/42.60 MVA) GIS Substation (Asset-1) and 220/33 kV, 80/100 MVA (4×26.66/33.33 MVA) Additional Transformer (Asset-2) at GIS Sub-Station, Charor in Distt. Kullu from COD to FY 2028-29. While determining the Capital cost and Aggregate Revenue Requirement (ARR) for abovementioned assets, 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, 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. 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: 20 June, 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 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 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 1st November, 2013, (Second Amendment) Regulations, 2018 on 22nd November, 2018 and (Third Amendment) Regulations, 2023 on 2nd June, 2023 respectively (The Regulations and the subsequent amendments combined shall be herein after 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 14th March, 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 Petition/instant Application for approval of Capital Cost and Determination of Tariff for the Period from COD to FY 2023-24 for 220/132 kV, 77/102/128 MVA (3×25.56/34.08/42.60 MVA) GIS Substation (Asset-1) and 220/33 kV, 80/100 MVA (4×26.66/33.33 MVA) Additional Transformer (Asset-2) at GIS Sub-Station, Charor in Distt. Kullu, with the Commission on dated 06.09.2024. 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 15.11.2025. 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) through affidavit dated 26.11.2025. Through the IA, the Petitioner has requested the Commission to approve the tariff for the 5th control period also. Pending adjudication, the HPPTCL has requested for grant of Interim tariff under Regulation 12(3) and Regulation 20(2) of HPERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2023.

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 there to have been taken on record:

Table 1: Communication with the Petitioner

Sl. No.	Letter from Commission	Response from Petitioner
1	HPERC-F(1)-80/2024-2400 dated 05-12-2024	Filling No. 367 of 2025 dated 22-07-2025
2	HPERC-F (1)- 80/2024-2275 dated 23-08-2025	Filling No. 521 of 2025 dated 24-10-2025

1.5 Public Hearing

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	21.11.2025
2.	The Tribune	21.11.2025

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	22.11.2025
2.	The Tribune	22.11.2025

1.5.3 The Stakeholders were requested to file their objections by 24.12.2025. The HPPTCL was required to submit replies to the suggestions/objections to the

Commission by 29.12.2025 with a copy to the objectors on which the objectors were required to submit their rejoinders by 02.01.2026.

1.5.4 The Commission decided to conduct the Public Hearing and, therefore, issued a Public Notice informing the public about the scheduled date of Public Hearing as 06.01.2026 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 of approval of Capital cost and determination of Tariff for 4th and 5th Control period from COD to FY 2028-29 for 220/132 kV, 77/102/128 MVA (3×25.56/34.08/42.60 MVA) GIS Substation (Asset-1) and 220/33 kV, 80/100 MVA (4×26.66/33.33 MVA) Additional Transformer (Asset-2) at GIS Sub-Station, Charor in Distt. Kullu.

2.1.2 Accordingly, the Public Hearing was conducted on 06.01.2026 in the Commission. The Comments/Suggestions were received on the Petition from the EVEREST POWER PRIVATE LIMITED (EPPL) and HBSEBL. Issues raised by the Stakeholder 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>Time Over-run and Cost Over-run for Asset-1 and Asset -2:</u>

Stakeholder's Submissions

2.1.3 With respect to the time over-run and cost over-run of the Asset-1, the HPSEBL has submitted that as per DPR, the estimated cost of 220/132 kV, 77/102/128 MVA (3x25.56/34.08/42.60 MVA) GIS sub-Station Charor in Distt, Kullu (Asset - 1) is Rs. 70.56 Cr., whereas actual completion cost as on COD has been Rs. 83.70 Cr. The effective date for the project execution was 02.05.2018. The work was to be executed within 24 months i.e. up to 01.05.2020, however, the project was commissioned on 23.06.2023 i.e. with approximately 38 months delay. So, there is time over-run for completion of the project. Cost over-run in the completion cost of Asset-1 be not transferred to the beneficiaries.

2.1.4 With respect to the time over-run and cost over-run of the Asset-2, the HPSEBL has submitted that as per DPR, the estimated cost of 220/33 kV, 80/100 MVA additional transformer was Rs. 40.92 Cr., whereas actual completion cost as on COD is Rs. 41.46 Cr. The effective date for the project execution was 12.06.2019. The works was to be executed within 18 months i.e. up to 11.12.2020, however, the project was commissioned on 23.05.2023 i.e. with approximately 30.5 months delay. So, there is time over-run for completion of the project. Cost over-run in the completion cost of Asset-2 be not transferred to the beneficiaries.

Petitioner's Response

2.1.5 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 in Asset -1 and Asset-2 has been already submitted in the reply to Deficiency letter dated 05.12.2024. 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 were beyond the control of the Petitioner. Hence, the Commission is requested to allow the Petitioner to recover the complete impact of such expenses incurred and its respective IDC through the Tariff determination in line with the HPERC Transmission Tariff Regulations, 2011, as amended from time to time after prudent analysis.

Commission's Observations

2.1.6 The Commission feels that the time delay of 38 months in Asset -1 and 30.5 months in Asset-2 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 for Asset-1 and Asset -2:

Stakeholder's Submissions

2.1.7 With respect to the debt-equity ratio for Asset-1, the HPSEBL has submitted that the Petitioner has claimed the same as 72.36:27.64. As per HPERC Transmission Tariff Regulation, 2011, as amended from time to time, normative Debt: Equity ratio of 70:30 may be considered for working out the ARR of this project.

2.1.8 With respect to the debt-equity ratio for Asset-2, the HPSEBL has submitted that the Petitioner has claimed the same as 70.40:29.60. As per HPERC Transmission Tariff Regulation, 2011, as amended from time to time, normative Debt: Equity ratio of 70:30 may be considered for working out the ARR of this project.

Petitioner's Response

2.1.9 In reply to the averments made by the HPSEBL regarding debt-equity ratio for Asset -1, the HPPTCL has submitted that after closure of ADB tranche-III loan 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 reply to 2nd Deficiency Note dated 05.12.2024. Further, the debt:equity ratio as claimed in the Petition is in line with Regulation 18 of the HPERC Transmission Tariff Regulations, 2011, as amended from time to time.

2.1.10 In reply to the averments made by the HPSEBL regarding debt-equity ratio for Asset -2, the HPPTCL has submitted that 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

2.1.11 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, as amended from time to time, in Chapter 3 of this Order.

Return on Equity for Asset-1 and Asset -2:

Stakeholder's Submissions

2.1.12 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, as amended from time to time, based on actual basis at the time of truing up.

Petitioner's Response

2.1.13 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, as amended from time to time. In view of the above, the HPPTCL has requested the Commission to take an appropriate and judicious view in the matter.

Commission's Observations

2.1.14 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, as amended from time to time, in Chapter 3 of this Order.

IDC for Asset-1 & Asset-2:

Stakeholder's Submissions

2.1.15 With regards to Asset 1, the HPSEBL has submitted that there has been a variation of IDC Charges as compared to DPR of the project and actuals as on COD. The increase in IDC from Rs 2.28 Cr. in DPR to Rs. 9.76 Cr. as on COD, due to time over-run be not transferred to beneficiaries.

2.1.16 With regards to Asset 2, the HPSEBL has submitted that there has been a variation of IDC Charges as compared to DPR of the project and actuals as on COD. The increase in IDC from Rs 2.75 Cr. in DPR to Rs. 4.17 Cr. as on COD, due to time over-run be not transferred to beneficiaries.

Petitioner's Response

2.1.17 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 in Asset-1 and Asset-2 has been already submitted in the reply to Deficiency Note dated 05.12.2024. Further, the amendments to the contract have also been submitted under Paras 4.5 and 5.5 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 were beyond the control of the Petitioner. Hence, the Commission is requested to allow the Petitioner to recover the complete impact of such expenses incurred and its respective IDC through the Tariff determination in line with the HPERC Transmission Tariff Regulations, 2011, as amended from time to time, after prudent analysis.

Commission's Observations

2.1.18 In order to approve the IDC, the Commission has taken into consideration interest rate as per the agreement between Government of Himachal Pradesh and HPPTCL. Further, the delay occurred during construction of the project has been dealt in this Order after analysing the reasons/justifications put forth by the Petitioner. Furthermore, the Commission has calculated the normative IDC for the project and made requisite adjustments for approval of IDC which have been detailed under Chapter 3 of this Order.

Applicability of Transmission charges on EPPL:

Stakeholder's Submissions

2.1.19 With regards to applicability of Transmission charges, EPPL has submitted that they were wheeling power from its HEP through the 220 kV D/C Charor–Banala Transmission Line of the Petitioner/transmission licensee/HPPTCL, for onward sale to beneficiaries since 03.12.2019. For the purposes of such evacuation of power, EPPL entered into a Long-Term Access Agreement ("LTAA/LTA") dated 30.12.2022 with the Petitioner, HPPTCL, under which, EPPL was allocated a capacity of 86 MW till 12.07.2024, then 80 MW till 2044 for use of following assets:

1	220/132 kV, 100 MVA Substation at Charor by HPPTCL
2	220 kV D/C Charor- Banala line by HPPTCL (Commissioned)
3	Interconnection link at 220 kV level between M/s EPPL Charor and HPPTCL Charor (By HPPTCL as deposit work of M/s EPPL)

Therefore, the liability for transmission charges in terms of the LTA is limited to the specified quantum therein, and EPPL cannot be burdened with any liability beyond the specific system as detailed in Annexure-3 of the LTA in contravention of the terms thereof. The same is also in line with Regulation 33(1) of the HPERC MYT Regulations, 2011, as amended from time to time.

2.1.20 Further, with regards to Asset-2 in the instant Petition, EPPL submitted that 33/220 kV, 100 MVA Additional Transformer at 132/220 kV, GIS sub-station at Charor does not form part of the scope of works under the LTA dated 30.12.2022.

Petitioner's Response

2.1.21 In reply to the averments made by the EPPL, the HPPTCL has submitted that the issue has already been decided by the HPERC vide its Order dated 23.01.2025 in Petition No. 46 of 2021 in the matter of 220 kV D/C Charor-Banala Transmission line. The Commission has ruled that M/s EPPL is liable to pay transmission charges for the entire capacity of 220 kV D/C Charor-Banala Transmission line.

The Assets covered under the Instant Petition i.e. 220/132 kV, 77/102/128 MVA GIS sub-station (Asset-1) and 220/33 kV, 80/100 MVA additional transformer (Asset-2) at GIS substation forms the part of integrated as well as planned transmission system to evacuate power from 100 MW Malana Stage-II Hydro Electric Plant at Charor, Kullu. The charges are to be borne by M/s EPPL for Asset-1 and Asset-2 being Transmission system (in addition to Charor Banala Transmission line) for evacuation of power of Malana II HEP.

2.1.22 The HPPTCL has also submitted that under Annexure-3 of LTA dated 30.12.2022, one of the Transmission elements referred is 220/132kV Substation at Charor. The 220/33 kV part of the Charor Substation (Asset-2 of instant petition) is integral part of 220/132 kV Charor substation (Asset-I of instant petition) as both shares common 220 kV Bus and form integral component of the meshed Intra-State Transmission System through which 100 MW Power of Respondent was planned/proposed to be evacuated and both Assets cannot be treated as segregated Assets for convenience of Respondent. Assets of such nature are planned for network strengthening and further to ensure grid stability, redundancy and evacuation of regional hydro power. In view of the above, it is submitted that the Respondent cannot selectively choose to accept the benefits of grid connectivity while disowning the corresponding statutory obligations of Annual Transmission Charges (ATC) arising for such critical assets which have been developed by the STU keeping in view the objective of achieving enhanced network strengthening without creating multiple corridors across environmentally sensitive zones. Hence, there is no merit in the submissions of the Respondent and hence, liable to be rejected.

Commission's Observations

2.1.23 The issue raised by the EPPL with regard to the non-inclusion of the Asset-2 in the LTA agreement has to be dealt as per the provisions of the Himachal Pradesh Electricity Regulatory Commission (Grant of Connectivity, Long-term and Medium-term intra-State Open Access and Related Matters) Regulations, 2010, as amended from time to time. The subject petition dealt in this Order is for the determination of the capital cost and the tariff for recovery of ARR of the of the assets built by the Petitioner. Further, the recovery of the ARR of the Petitioner has to be as per the provisions of the relevant HPERC Transmission Tariff Regulations. However, if there is any dispute in this regard, the affected party may approach the Commission separately.

<u>Pendency of dispute regarding nature of Charor-Banala Transmission Line (Appeal No. 628 of 2023 before Hon'ble APTEL):</u>

Stakeholder's Submissions

2.1.24 With regards to Appeal No. 628 of 2023 before Hon'ble APTEL, EPPL submitted that the issue of nature of the Charor-Banala Transmission Line being Intra- State or Inter-State is not final, which entails that the recovery mechanism for any costs of such line is not finalized.

Petitioner's Response

2.1.25 In reply to the averments made by the EPPL regarding pending Appeal no. 628 of 2023, the HPPTCL has submitted that the pendency of Appeal No. 628 of 2023 before the Hon'ble APTEL does not change the nature of the transmission assets. It is well settled principle that unless there is an express stay, an order of a court cannot be kept in abeyance. The Respondent has failed to place on record any stay order restraining the Commission from approving capital cost and allowing recovery of tariff of associated Transmission system i.e. Asset-1 & Asset-2. Further, the Commission vide Order dated 23.01.2025 in Petition No. 46 of 2021 under Para 71 has dealt with the issue of pendency of Appeal No. 628 of 2023 before the Hon'ble APTEL.

Commission's Observations

2.1.26 The Commission has taken note of the submissions of the Stakeholder and the Petitioner and is of the view that this matter is not related to the present petition filed by the Petitioner.

ARR to be recovered from generators who delayed commissioning:

Stakeholder's Submissions

2.1.27 With regards to recovery of ARR, EPPL submitted that HPPTCL may in accordance with law recover the purported transmission charges for the remaining quantum and for any assets beyond the scope of LTA quantum for the subject transmission line from the generators/beneficiaries who have delayed in commissioning their respective projects, in consonance with the defaulters pay principle, as settled vide various judgments propounded by the Hon'ble APTEL or from any new beneficiaries for whom the additional elements were commissioned.

Petitioner's Response

2.1.28 In reply to the averments made by the EPPL, the HPPTCL submits that the submissions made by the Respondent are merely an attempt to re-argue proportional billing in the present proceedings which is nothing but a repetition of arguments already rejected on merits by Commission in Order dated 23.01.2025 in Petition No. 46 of 2021.

Commission's Observations

2.1.29 The Commission has taken note of the submissions of the Stakeholder and the Petitioner. The Commission vide its Order dated 23.01.2025 in Petition No. 46 of 2021 under Para 84 has dealt with the issue of proportional sharing of transmission charges as under:

" ….84. The careful perusal of Regulation 33 (1) of the HPERC, MYT Regulations, 2011, shows that the Annual Transmission service Charges shall be shared between the long term and medium-term customers of the transmission system on monthly basis on the allotted transmission capacity or contracted capacity, as the case may be. There is constraint of right of way due to which the construction of only subject transmission line was possible. The Transmission

Line is exclusively being used by the Petitioner to evacuate the power from Malana-II HEP since December, 2019. The Petitioner has signed long term open access agreement dated 30.12.2022 and agreement dated 28.06.2019 with the Respondent in accordance with the HPERC MYT Regulations, 2011. Thus, by interpreting the Regulation 33 (1) of the HPERC MYT Regulations, 2011 in line with the National Electricity Policy and Tariff Policy, LTA dated 30.12.2022 and agreement dated 28.06.2019, the Petitioner is liable to bear the cost of the entire approved ARR of the transmission line till other Projects in the area begin evacuation of power from their respective projects. Thus, the allotted capacity of 86 MW upto 12.07.2024 and 80 MW w.e.f. 13.07.2024 upto 05.12.2044, as mentioned in the LTA agreement dated 30.12.2022 shall come into being only when the other generators are connected to the system . . . . "

Delay in Charor-Banala Transmission Line

Stakeholder's Submissions

2.1.30 With regards to delay in Charor-Banala Transmission Line, EPPL has submitted that the Commission has time and again sought clarification from the Petitioner regarding execution of agreements with other beneficiaries since the commissioning of the Charor-Banala Transmission Line. In fact, vide Order dated 22.01.2025 passed by the Commission in Case No. 30 of 2024, the Commission refused to allow certain Capital Costs pertaining to the Charor-Banala Transmission Line due to pendency of dispute over the nature of subject transmission line and for the express reason that HPPTCL failed to execute the necessary agreements with other proposed beneficiaries.

Petitioner's Response

2.1.31 In reply to the averments made by the EPPL, HPPTCL has submitted that nature of associated Charor-Banala transmission Line has been decided as Intra-State by Hon'ble Central Electricity Regulatory Commission vide Order dated 04.05.2023 issued in Petition No. 57/MP/2022 and thereafter, HPERC vide Order dated 23.01.2025 issued in Petition No. 46 of 2021 reaffirmed that the Charor-Banala line continues to be intra-state (InSTS) and the recovery is to be effected as per Order dated 12.08.2021 in Petition No. 97 of 2020 (Approval of Capital Cost and determination of tariff for 220 kV D/C Charor-Banala Transmission line for the Period from COD to FY 2023-24).

2.1.32 Moreover, in MYT Order dated 22.01.2025 issued in Petition No. 30/2024 with regard to Schemes commissioned but not approved (Assets being referred in the instant Tariff Petition fall under the same category), the Commission had stated as under:

"Schemes commissioned but not approved: The Commission notes that the schemes commissioned but not approved will undergo a separate review process. At this stage, the Commission has not included such projects in the projected ARR of the fifth Control Period."

Commission's *Observations*

2.1.33 The Commission has taken note of the submissions of the Stakeholder and the Petitioner and is of the view that this matter is not related to the present petition filed by the Petitioner.

Applicability of ARR under Force Majeure events:

Stakeholder's Submissions

2.1.34 With regards to applicability of charges/ARR under force majeure events, EPPL has submitted that they are not liable to make payment of any transmission charges whatsoever, for the period during which EPPL could not utilize the LTA on account of occurrence of certain Force Majeure events

Petitioner's Response

2.1.35 In reply to the averments made regarding the EPPL is not liable to make payment of any transmission charges whatsoever, for the period during which EPPL could not utilize the LTA on account of occurrence of certain Force Majeure events, HPPTCL submits that with respect to such events separate petitions had been filed by EPPL which were pending adjudication before the Commission. The Petitioner further submits that the Commission vide Order dated 31.12.2025 issued in Petition No. 100/2024 & Petition No. 119 of 2023 has disallowed claims raised by Respondent. Therefore, the billing on M/s EPPL will be based on submissions made by Petitioner in subject Tariff Petition.

Commission's Observations

2.1.36 The Commission has taken note of the submissions of the Stakeholder and the Petitioner and is of the view that this matter is not related to the present petition filed by the Petitioner

3. APPROVAL OF CAPITAL COST

3.1 Introduction

3.1.1 The HPPTCL has submitted the instant Petition for approval of Capital cost and determination of Tariff for 220/132 kV, 77/102/128 MVA (3×25.56/34.08/42.60 MVA) GIS Substation (Asset-1) and 220/33 kV, 80/100 MVA (4×26.66/33.33 MVA) Additional Transformer (Asset-2) at GIS Sub-Station, Charor in Distt. Kullu for the 4th Control Period from COD to FY 2023-24 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 as claimed 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, amendments to contract along with relevant approvals, Interest During Construction (IDC), beneficiary 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 (w.r.t) 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 for the purpose of reviewing the Capital cost and ARR for the Project. 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 Asset-1 and Asset-2 was granted on 01.06.2012 and 28.12.2016 respectively.

3.2.2 The CEA approval was granted for Asset-1 on 5.06.2012 and for Asset-2 it was given in 39th standing Committee Meeting dated 29.05.2017 to 30.05.2017. The details of DPR cost of both the assets are as follows:

Table 4: DPR Cost of Asset-1 & Asset-2 (Rs Cr.)

Particulars	Hard Cost	IDC	DC (Departmental Charges)	Total Cost	Funding Agency
DPR Cost (Asset-1)	61.69	2.28	6.59	70.56	ADB
DPR Cost (Asset- 2)	33.46	2.75	3.57	39.78	KfW

3.2.3 In respect of approval from the HPERC, the Petitioner has submitted that the Commission vide letter dated 14.07.2020 in reply to the HPPTCL application dated 26.12.2019, has directed HPPTCL to seek approvals for the scheme on one-to-one basis, as works had already been started for the schemes under consideration. Although the said Application did not include the subject assets of GIS Substation Charor, but since the works for the sub-station had already been awarded & work initiated, therefore, it fell under the same category and accordingly, the instant Petition has been filed for the approval of capital cost and determination of tariff for the subject assets.

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

Table 5: Technical Details and Configuration of Sub-station

Name	Type of S/S	Voltage Level	No. of Transformers/ Reactors/SVC etc.	No. of Bays	COD
220/132 kV, 77/102/128 MVA (3×25.56/34.08/42.60 MVA) GIS Substation (Asset-1)	GIS	220/132 kV	3×25.56/34.08/42.60 MVA	220 kV – 6 132 kV – 6	23.06.2023
220/33 kV, 80/100 MVA (4×26.66/33.33 MVA) Additional Transformer (Asset-2)	GIS	220/33 kV	4×26.66/33.33 MVA	220 kV – 2 33 kV – 6	

3.2.5 The Petitioner has submitted that the tender for work of construction of the GIS Substation (Asset-1) was awarded on Turnkey basis vide LoA dated 19.03.2018 to M/s Kanohar Electricals Ltd. at the bid price of Rs. 68.37 Crore which included supply component of Rs. 52.78 Crore and erection & civil works of Rs. 15.58 Crore. Further, work for Additional transformer was awarded on Turnkey basis vide LoA dated 8.03.2019 to M/s Kanohar Electricals Ltd. at the bid price of Rs. 35.96 Crore which included supply component of Rs. 32.48 Crore and erection, civil works, Design services and Training charges of Rs. 3.48 Crore.

3.2.6 The Petitioner has submitted that the initial contract consisting of Supply and Services was amended at different stages as per the requirement. The details with regard to the amendment of each asset are tabulated below:

Table 6: Summary of Contract Value and Amendments (Rs.)

Particulars	Unit	Total Contract Cost	Reason by HPPTCL
Asset- 1			
Initial Order	Rs.	68,36,74,089.00	
1st Amendment	Rs.	-4,72,63,368.00	Variation in Quantities in supply part (Reduction)
2nd Amendment	Rs.	7,19,631.00	Variation in Quantities in Service part (Addition of Epoxy Coating)
3rd Amendment	Rs.	4,62,13,703.00	Variation in Quantities & inclusion of addl. items in supply & services part
4th Amendment	Rs.	56,03,466.00	Addition of new item (245kV, 4000A, Air to SF6 Bushing and Accessories etc. complete in all respects)
5th Amendment	Rs.	12,25,715.00	Variation in quantity of Equipment & other items in supply & services part (Power and Control cables, Air conditioning and Ventilation system and Relay and Protection Panels)
6th Amendment	Rs.	8,50,841.00	Variation in Quantity – Extra Civil Works after detailed engineering
7th Amendment	Rs.	-7,02,100.00	Variation in Quantities – Deletion of High-Resolution Thermal Imaging Camera
8th Amendment (as amended)	Rs.	-1,11,880.21	Variation in Supply & Services (Electrical Equipment and Erection)
9th Amendment	Rs.	-1,52,68,022.00	Variation in Civil Part
Final Value	**Rs.**	**67,49,42,074.79**	
Asset -2			
Initial Order	Rs.	35,96,00,107.13	
1st Amendment	Rs.	1,41,76,225.00	Variation of Quantities in Supply & Services
2nd Amendment	Rs.	-98,013.16	Variation of Quantities & inclusion of new items in Supply & Services
3rd Amendment	Rs.	-83,38,857.03	Variation of Quantities in Services
4th Amendment	Rs.	-1,57,18,392.98	Variation of Quantities in Supply & Services
5th Amendment	Rs.	11,32,611.91	Inclusion of new items in Supply & Services for furnishing the Rest House Camp
Final Value	**Rs.**	**35,07,53,680.87**	

3.2.7 Further, the Petitioner has submitted that there has been a decrease in the contract cost after Amendments which has decreased on account of variation in quantities. The break-up of the capital cost of Asset-1 and Asset-2 as on COD vis-à-vis the amount approved in the DPR are as follows:

Table 7: Details of Cost Variation in Total Project Cost submitted by Petitioner (Rs Cr.)

Particulars	Supply and erection	Misc. expenses#	IDC	DC (Departmental Charges)	Total
Asset-1					
DPR Cost	54.54	7.15	2.28	6.59	**70.56**
Actual Cost as on COD	63.69	6.52	9.91	3.73	**90.48***
Asset -2					

Particulars	Supply and erection	Misc. expenses#	IDC	DC (Departmental Charges)	Total
DPR Cost	30.99	2.47	2.75	3.57	**39.78**
Actual Cost as on COD	34.57	1.72	5.12	1.61	**43.02**

#Misc. Expenses includes Tender expenses, Survey Expenses, Soil investigation, RoW expenses, Legal expenses, Testing and Commissioning

*Includes Rs 6.64 Cr of additional compensation of 75% under provisions of new Act deposited as per directions of Hon'ble High Court and the same is booked as equity.

3.2.8 The Petitioner has further submitted that with reference to the increase in Supply & Services cost of Asset -1 as on COD with respect to the DPR Cost, the DPR for 220/132 kV, 3×25.56/34.08/42.6 MVA GIS Sub-Station at Charor in Distt. Kullu was prepared based on price level of 4th quarter of 2011 whereas the Notification of Award was placed on dated 19.03.2018, thus, leading to variation in prices with respect to those considered during preparation of DPR.

3.2.9 Similarly, with respect to Asset- 2, the petitioner has submitted that the DPR for 220/33 kV, 80/100 MVA Additional Transformer at GIS Sub-Station, Charor in Distt. Kullu has been prepared based on price level of 2014-15 whereas Notification of Award for construction was placed on dated 08.03.2019 and thus leading to variation in prices at the time of award with respect to prices at DPR stage.

3.2.10 The Petitioner has also submitted that there was a delay in commissioning of the Assets as follows:

Table 8: Details of Commissioning

Assets	Scheduled completion of the project	COD	Delay
Asset-1	01.05.2020	23.06.2023	38 months
Asset-2	11.12.2020	23.06.2023	30.5 Months

***Commission's* Analysis**

3.2.11 The Commission has analysed the Petition and the supporting documents submitted by the Petitioner in detail and has found several deficiencies in the information provided. In order to undertake in-depth analysis, the Commission in its various deficiency letters sought additional information and supporting documents such as approvals of the CEA/BOD/competent agencies, details of awards/contracts, contract amendments, documents against project funding, payments made to Contractors, and Auditor's Certificate for the claimed cost as on COD, etc. In response, the Petitioner has submitted the relevant documents.

3.2.12 Based on the review of the documents and contract agreements, the Commission has noted that the contract was awarded separately for each asset through competitive bidding process which covered the scope of work as under:

a. **Asset-1:** "Design, Engineering, Manufacture, Fabrication, Testing at Manufacturers Works, Transportation to Site, Insurance, Loading/Unloading, Storage, Erection, Testing and Commissioning of 132/220 kV GIS Sub-station having 132 kV & 220kV GIS Equipments, 3 × 25.56/34.08/42.6 MVA, Single Phase Auto Transformers and other Sub Station Equipments and Associated Civil Works at Charor in Kullu District of Himachal Pradesh on Turnkey Basis"

b. **Asset-2:** "Design, Engineering, Manufacture, Testing at Manufacturers Works, Transportation to Site, Insurance, Storage, Erection, Testing and Commissioning of Additional 33/220 kV, 100 MVA Transformer with Associated GIS in the yard of 132/220 kV Charor Sub-station, Distt. -Kullu of Himachal Pradesh on Turnkey Basis"

3.2.13 The detail of the dates with regard to approvals, Award, COD etc. are as under:

Table 9: Asset-wise dates of various Approvals, Awards and Date of Initial Charging of Assets

Asset	BOD Approval Date	CEA Approval Date	Contract Award Date	Contract Effective Date	Scheduled COD Date	Date of Initial Charging/ Actual COD	Total Delay (Day)
Asset-1	1.06.2012	5.06.2012	19.03.2018	2-05-2018	01.05.2020	23.06.2023	38 months
Asset-2	28.12.2016	29.5.2017 & 30.05.2017	8.03.2019	12.06.2019	11.12.2020	23.06.2023	30.5 Months

3.2.14 The Commission has observed that the Petitioner has amended the awarded contract several times for each asset. In this regard, the Commission sought clarification and reasons for the amendments. In response, the Petitioner has submitted detailed justification for the contract amendments along with the supporting documents. Based on the submitted documents, the Commission has noted down all the contract amendments with reasons for each asset in the table below:

Table 10: Summary of Contract Value and Amendments with reasons (Rs. Cr.)

Particulars	Date of Amendment	Supply Contract	Services Contract	Total Contract Cost	Reason by HPPTCL
Asset- 1					
Initial Order	19.3.2018	52.78	15.58	68.37	
1st Amendment	22.02.2021	48.06	15.58	63.64	Variation in Quantities in supply part (Reduction)
2nd Amendment	30.04.2021	48.06	15.66	63.71	Variation in Quantities in Service part (Addition of Epoxy Coating)
3rd Amendment	4.12.2021	47.35	20.98	68.33	Variation in Quantities & inclusion of

Particulars	Date of Amendment	Supply Contract	Services Contract	Total Contract Cost	Reason by HPPTCL
					addl. items in supply & services part
4th Amendment	14.01.2022	47.91	20.98	68.89	Addition of new item (245kV, 4000A, Air to SF6 Bushing and Accessories etc. complete in all respects)
5th Amendment	26.07.2022	48.02	20.99	69.02	Variation in quantity of Equipment & other items in supply & services part (Power and Control cables, Air conditioning and Ventilation system and Relay and Protection Panels)
6th Amendment	18.08.2022	48.02	21.08	69.10	Variation in Quantity – Extra Civil Works after detailed engineering
7th Amendment	15.10.2022	47.95	21.08	69.03	Variation in Quantities – Deletion of High-Resolution Thermal Imaging Camera
8th Amendment (as amended)	10.07.2024	47.94	21.08	69.02	Variation in Supply & Services (Electrical Equipment and Erection)
9th Amendment	3.12.2024	47.94	19.55	67.49	Variation in Civil Part
Asset -2					
Initial Order	08-03-2019	32.48	3.48	35.96	

Particulars	Date of Amendment	Supply Contract	Services Contract	Total Contract Cost	Reason by HPPTCL
1st Amendment	20-01-2022	33.83	3.55	37.38	Variation of Quantities in Supply & Services
2nd Amendment	31-10-2022	33.80	3.57	37.37	Variation of Quantities & inclusion of new items in Supply & Services
3rd Amendment	02-03-2023	33.80	2.74	36.53	Variation of Quantities in Services
4th Amendment	19-06-2023	32.36	2.61	34.96	Variation of Quantities in Supply & Services
5th Amendment	24-05-2024	32.36	2.72	35.08	Inclusion of new items in Supply & Services for furnishing the Rest House Camp

3.2.15 Further, the detail of various assets as per DPR, Award and as on COD are as under:

Table 11: Asset-wise details of various Costs submitted by the Petitioner (Rs. Cr.)

Asset	Contractor Details (A)	DPR Cost (B)	Awarded Cost (C)	Final Cost post Amendment (D)	Cost as on COD (E)	Total Cost Variation (E-B)
Asset-1	(M/s kanohar Electricals)	70.56	68.37	67.49	90.48*	19.92
Asset-2	(M/s kanohar Electricals)	39.78	35.96	35.08	43.01	3.23

*Includes Rs 6.64 Cr of additional compensation of 75% under provisions of new Act, deposited as per directions of Hon'ble High Court and is booked as equity.

3.2.16 The Commission has also noted the submission made by the Petitioner regarding Capital Cost, time over-run, Cost over-run etc. All these are analysed and discussed in detail in subsequent sections.

3.3 Commercial Operation Date (COD) of Asset

***Petitioner* Submissions**

3.3.1 The Petitioner has submitted the asset wise scheduled COD (SCOD) dates as per L2 schedule and actual COD in the following table:

Table 12: Asset-wise Scheduled COD and actual COD dates

Asset	Scheduled COD	Actual COD	Total Delay (Day)
Asset-1	01.05.2020	23.06.2023	38 months
Asset-2	11.12.2020	23.06.2023	30.5 Months

***Commission's* Analysis**

3.3.2 The Commission has observed that the Petitioner has claimed COD for both the Assets as 23.06.2023.

3.3.3 The Petitioner has provided HP State Load Dispatch Center (HPSLDC) Certificate as the supporting document for proof of COD. The documentary proofs have been analysed by the Commission and as per HPSLDC letter regarding initial charging of the Substation, the Commission has considered 23.06.2023 as the COD for both Asset-1 & Asset-2. The summary of the claimed COD, supported by the SLDC certificate and compared against the scheduled COD, along with the COD subsequently approved by the Commission for Asset-1 and Asset-2, as discussed above, is provided below:

Table 13: Commercial Operation Date (COD) for Asset-1 and Asset-2 approved by the Commission.

Asset	HPSLDC Certificate	Scheduled COD Date	Claimed COD Date	Approved COD
Asset-1	Charged on 23.06.2023 as per approval dated 1.03.2024	01.05.2020	23.06.2023	23.06.2023
Asset-2		11.12.2020	23.06.2023	23.06.2023

3.4 Energy flow and Nature of Asset

***Petitioner* Submissions**

3.4.1 The Petitioner has submitted that, the pooling station consisting of both the assets is envisaged to evacuate about 188.90 MW of power from Small HEP's in Parvati valley by injecting the same into 220/400 kV sub-station (PGCIL) at Banala by construction of 220 kV D/C Charor-Banala Transmission line. It was also envisaged in the DPR that 220/132kV, 100 MVA transformer shall be installed at the first instance and subsequently, when generation is added, another 100 MVA transformer shall be installed for evacuation of additional power.

3.4.2 Out of total 188.9 MW of the power envisaged, SHEP of 32 MW have already been commissioned and are being evacuated on 33 kV through HPSEBL. Further, it has been envisaged that around 80 MW of identified small hydro potential between Toss & Manikaran shall be evacuated through 132/33kV, 50/63 MVA (2×25/31.5 MVA) Barsaini Sub-station and 132kV D/C Barsaini-Charor transmission line, SHEPs capacity of 42 MW namely i.e. Lower Balargha (14 MW), Balargha (9 MW), Sarsadi (9.6 MW) & Sharni (9.6 MW) shall be evacuated at 132kV through 132kV D/C Barsaini-Charor transmission line. Further around 33 MW of SHEP capacity i.e. Toss (10 MW), Jirah (4 MW), Jigrai (5 MW), Chakshi -II (3 MW), Shilla (1.8 MW), Garthi-II (1.5 MW), Garthi (1.25 MW) & Garthi-III (3 MW) shall be evacuated at 33kV through 132/33kV, 50/63 MVA Barsaini GIS Sub-station. Thus, the interconnection point of SHEPs of capacity around 33 MW are at 33kV level at 132/33kV Sub-station Barsaini and for SHEP capacity of 42 MW the interconnection point is at 132kV levelat 132kV D/C Barsaini-Charor line. In addition to above, around 12.8 MW capacity SHEPs have interconnection point at 33kV at 220/132/33kV Sub-station Charor. It is pertinent to mention here that apart from evacuation at 33kV, 220/132/33kV Sub-station Charor is also meant for strengthening of DISCOM system i.e. drawl at 33kV. Further around 21MW capacity of SHEPs having interconnection point on HPSEBL system at 33kV or 11kV shall also be evacuated through the transmission assets of HPPTCL i.e. 132/33kV, 50/63 MVA GIS Sub-station Barsaini and 220/132/33kV GIS Sub-station Charor. Thus, it is evident from above that evacuation system of various generators as mentioned above, is either directly through HPPTCL system or through HPSEBL system which is ultimately connected to HPPTCL Transmission system. Thus, the said scheme has resulted in strengthening of intra-state network.

3.4.3 The Petitioner has also submitted that due to limited corridor, utilization of the said assets for evacuation of power from Malana II (100 MW) has also been approved by 31st Standing Committee and Malana II is accordingly utilizing the assets.

***Commission's* Analysis**

3.4.4 The Commission has reviewed the Petitioner's submissions in detail. The Commission observes that the Project aims to evacuate about 188.90 MW of power from Small HEP's in Parvati valley by injecting the same into 220/400 kV sub-station (PGCIL) at Banala by construction of 220 kV D/C Charor-Banala Transmission line. Out of total 188.9 MW, SHEP of 32 MW have already been commissioned and are being evacuated at 33 kV level through HPSEBL respectively, details of commissioned projects of 32 MW capacity are as follows:

Table 14: Projects Commissioned and connected through 33 kV HPSEBL line

Name of Project	Capacity (MW) as per DPR	Status (Commissioned/Under Construction)	COD
TOSS	10.00	Commissioned	Unit-I 26.12.2008 Unit-II 11.08.2009
CHAKSHI	2.00	Commissioned	**22.02.2012**
BALARGHA	9.00	Commissioned	Unit-I, II & III 22.01.2018
JIRAH	4.00	Commissioned	**31.01.2011**
Bramganga	5.00	Commissioned	02.04.2008
Raskat	0.80	Commissioned	28.08.2001
Thuchaning	1.00	Commissioned (Capacity 1.5 MW)	**26.06.2024**

3.4.5 Further, Malana II (100 MW) is also evacuating power through the said assets. Thus, the beneficiaries for the system would be either generators connected directly through HPPTCL system and/or HPSEBL system which are ultimately connected to HPPTCL Transmission system.

3.4.6 The Commission sought further clarification from the Petitioner with regard to the beneficiaries of the Assets. In reply to a query, the Petitioner submitted that the beneficiaries of both the Assets for the period upto 31.03.2024 is M/s EPPL only. Further, Supplementary Transmission Service Agreement has been signed with HPSEBL for subject assets i.e. 220/132/33kV Charor Substation and132/33kV Barsaini Substation. Also, M/s Sandhya Hydro Power Projects Balargha (P) Limited will be beneficiary after commissioning of 132 kV Barsaini-Charor D/C Transmission line. Further, in case of coming up of new generation, HPSEBL will be treated as beneficiary if Generator has executed PPA with DISCOM whereas in case of Generator opting for open access, same will be treated as separate beneficiary.

3.4.7 From the review of the submissions of the Petitioner and the DPR, the Commission has noted that the assets have been utilized by Malana II HEP along with SHEPs of 32 MW, which have already been commissioned and being evacuated on 33 kV to HPSEBL.

3.4.8 Further, in reply to the deficiency note, the Petitioner submitted that the beneficiaries of both the Assets for the period upto 31.03.2024 is M/s EPPL only. Further, Supplementary Transmission Service Agreement has been signed with HPSEBL for subject assets i.e. 220/132/33kV Charor Substation, 132/33kV Barsaini Substation, 220kV D/C Charor-Banala Transmission line & 132kV D/C Barsaini-Charor line on dated 13.08.2025. M/s Sandhya Hydro Power Projects Balargha (P) Limited will be beneficiary after commissioning of 132kV Barsaini-Charor D/C Transmission line and in case of coming up of new generation, HPSEBL will be treated as beneficiary if Generator has executed PPA with DISCOM whereas in case of Generator opting for open access, same will be treated as separate beneficiary.

3.4.9 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 separately for each asset on turnkey basis. Further, the contract underwent several amendments as per the requirement and change in scope/quantity. The details of the DPR Cost, Amended Contract Value and Capital cost claimed as on COD are provided as follows:

Table 15: Summary of claimed Capital cost as on COD (Rs. Cr.)

Particulars	DPR Cost	LOA Cost	Amended LOA Cost	Claimed Cost as on COD
Asset 1				
Supply	43.68	52.78	47.94	48.00

Particulars	DPR Cost	LOA Cost	Amended LOA Cost	Claimed Cost as on COD
Service/Erection	8.89	15.58	19.55	15.69
Cost of Residential Colony	1.97			
Land	4.50			6.21
Contingency charges	2.65			
Miscellaneous Charges				0.30
Departmental Charges	6.59			3.73
Interest During Construction	2.28			9.90
Additional compensation of 75% under provisions of new Act paid as per directions of court Hon'ble High Court				6.64
Total	**70.56**	**68.37**	**67.49**	**90.48**
Asset 2				
Supply	30.99	32.48	32.36	32.33
Design services		0.01	0.01	
Service/Erection		3.42	2.66	2.44
Training charges		0.05	0.05	
Land	1.5			
Contingency charges	0.97			
Miscellaneous Charges				1.72
Departmental Charges	3.57			1.61
Interest During Construction	2.74			5.12
Total	**39.78**	**35.96**	**35.08**	**43.01**

***Commission's* Analysis**

3.5.2 The Commission noted that the Petition submitted by the Petitioner is for 2 assets for which the competent authorities had approved the schemes separately. Further, the Petitioner awarded the works separately for each asset. The Capital cost approved for each asset has been discussed in the following paragraphs:

A. <u>Asset-1: 220/132 kV, 77/102/128 MVA (3×25.56/34.08/42.60 MVA) GIS Sub-station:</u>

3.5.3 The Commission sought additional information and supporting documents including Auditor Certificate, approvals of BOD, reasons for price variation, details of awards/ contracts, correspondences, payments made to Contractors, COD certificate etc., as part of the prudence check for approval of the capital cost.

3.5.4 The Commission observes that the Asset-1 cost as per DPR was Rs. 70.56 Cr. which includes Rs. 54.54 Cr. towards Supply & Erection and residential colony, Rs. 4.50 Cr. towards land, Rs 2.65 against contingency charges, Rs. 6.59 Cr. towards Departmental Charges and Rs. 2.28 Cr. towards Interest During Construction (IDC). The scheme for construction of Asset-1 was approved in the 15th BOD Meeting of the Petitioner held on 01.06.2012. Subsequently, the CEA gave its approval to Asset-1 on 05.06.2012. The Commission observes that the petitioner in its reply submitted that the residential colony work has been completed. However, the location for construction of residential colony was shifted and same has been constructed at Phozal Substation site. Accordingly, all associated works have been executed at Phozal Substation. Accordingly, the DPR approved cost for the Asset-1 has been Rs. 68.59 Cr. only (excluding cost pertaining to residential colony).

3.5.5 As per the copy of the contracts provided, the Supplies and Services contract for the Asset-1 was awarded to M/s. Kanohar Electricals Ltd. on turnkey basis at Rs. 68.37 Cr. In response to the query raised on major deviation in price as envisaged in DPR for the Supplies and Services at Rs. 52.57Cr. and the initial award for Asset-1 at Rs. 68.37 Cr., the Petitioner has submitted that the DPR for construction of Asset-1 was approved based on price level of 4th quarter of 2011 whereas, the notification of award for the construction of the scheme was placed on 19.03.2018. Further, petitioner has submitted approval of Board of Directors taken through its 36th Meeting held on 21.03.2018 in respect of placing of Award on M/s Kanohar Electricals Limited for construction of 220/132kV Charor Substation. The approval of ADB was also taken before Award of work of said Substation.

3.5.6 The Commission with respect to the selection process of Contractor has observed that the competitive bidding mechanism was followed by the Petitioner and the contract was awarded to M/s Kanohar Electricals Ltd at an amount of Rs. 68.37 Cr. with a completion period of 24 months.

3.5.7 As per the subsequent submission of the Petitioner, the Commission has noted that the awarded contract was amended nine times owing to the factors such as deviation in quantity, additional scope in work etc.

3.5.8 Based on the scrutiny of the copies of amendments letters as provided by the Petitioner, the Commission has outlined the contract revision values as under:

Table 16: Summary of Contract Value and Amendments for Asset-1 (Rs. Cr.)

Particulars	Date of Amendment	Supply Contract	Services Contract	Total Contract Cost	Reason by HPPTCL
Asset- 1					
Initial Order	19.3.2018	52.78	15.58	68.37	
1st Amendment	22.02.2021	48.06	15.58	63.64	Variation in Quantities in supply part (Reduction)
2nd Amendment	30.04.2021	48.06	15.66	63.71	Variation in Quantities in Service part (Addition of Epoxy Coating)
3rd Amendment	4.12.2021	47.35	20.98	68.33	Variation in Quantities & inclusion of addl. items in supply & services part

Particulars	Date of Amendment	Supply Contract	Services Contract	Total Contract Cost	Reason by HPPTCL
4th Amendment	14.01.2022	47.91	20.98	68.89	Addition of new item (245kV, 4000A, Air to SF6 Bushing and Accessories etc. complete in all respects)
5th Amendment	26.07.2022	48.02	20.99	69.02	Variation in quantity of Equipment & other items in supply & services part (Power and Control cables, Air conditioning and Ventilation system and Relay and Protection Panels)
6th Amendment	18.08.2022	48.02	21.08	69.10	Variation in Quantity – Extra Civil Works after detailed engineering
7th Amendment	15.10.2022	47.95	21.08	69.03	Variation in Quantities – Deletion of High-Resolution Thermal Imaging Camera
8th Amendment (as amended)	10.07.2024	47.94	21.08	69.02	Variation in Supply & Services (Electrical Equipment and Erection)
9th Amendment	3.12.2024	47.94	19.55	67.49	Variation in Civil Part

3.5.9 The Commission, as per the submissions of the Petitioner, has noted the reasons for the Amendments. As per the submissions, the contract price revisions were attributed to variation in quantity of supply, erection and civil works along with inclusion of additional items. In addition, the Commission observes that the last two amendments were on 10.07.2024 & 3.12.2024, which are after the COD claimed date of 23.06.2023. These amendments has reduced the award cost.

3.5.10 Further, as on COD (i.e., on 23.06.2023), the Petitioner has claimed supply cost as Rs. 48.00 Cr. and service cost as Rs. 15.69 Cr. against the last amended cost (i.e., vide 9th amendment) of supply cost as Rs. 47.94 Cr. and service cost as Rs. 19.55 Cr.). In response to query, the Petitioner has submitted that as on COD payment released to Contractor towards Supplies & erection works amounts to Rs 63.69 Crores and after COD upto 31.03.2024, payment of Rs 2.06 Crores (as per Audited Cost Certificates) was released. Further, after 01.04.2024 upto 31.03.2025 and during FY 2025-26, payment of Rs 1.36 Crores & Rs 0.07 Crores respectively has been booked towards Supplies & Erection portion making total amount released towards Supplies & erection works as Rs 67.18 Crores. However, final Award Cost towards construction of Asset-1 is Rs 67.49 Crores and differential amount of Rs 0.31 Crores arising on account of difference of final Award Cost w.r.t. payment released towards Supplies & Erection will be settled upon short closure of project in due course of time.

3.5.11 In reply to the query, the Petitioner has submitted the payment proofs against these expenses mentioned. The Commission has scrutinized the payment proofs in detail and accordingly, has allowed the same.

3.5.12 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. 63.69 Cr. as claimed.

3.5.13 In view of the above and from the review of the Capital cost claimed, the Commission approves the Capital cost (hard cost) excluding Departmental Charges (DC) and Interest During Construction (IDC) (discussed in the subsequent section) for the Project as shown in the table below:

Table 17: Hard Cost approved by Commission for Asset-1 (Rs. Cr.)

Particulars	DPR Cost	Amended Contract Cost	Claimed Cost as on COD	Approved Cost as on COD
Supply	43.68	47.94	48.00	48.00
Service/Erection	8.89	19.55	15.69	15.69
Total	**52.57***	**67.49**	**63.69**	**63.69**

**Rs. 1.97 Cr. excluded for residential colony.*

Land acquisition

3.5.14 The Petitioner in the Petition has submitted Rs 6.21 Cr. expenses against the land acquisition. However in the subsequent replies, the Petitioner has submitted breakup of expenses along with documentary proof as follows:

Table 18: Land Acquisition details of Asset-1

S.No.	Description	Amount (in Rs)	Approved by authority
1	Cost of land @ Rs 20,02,275.00 per Bigha	2,81,06,932.00	Order by Land Acquisition Collector dated 10.03.2014 issued in Award No. 4
	Solatium @ 100%	2,81,06,932.00	
	Additional charges	14,60,020.00	
	TOTAL	**5,76,73,884.00**	
2	Cost of fruit plants/trees	6,57,280.00	Order by Land Acquisition

S.No.	Description	Amount (in Rs)	Approved by authority
	Cost of structure	4,82,313.00	Collector dated 29.10.2014 issued in Supplementary Award in Award No. 4
	Solatium @100%	11,39,593.00	
	Additional Charges	1,50,989.00	
	TOTAL	**24,30,175.00**	
3	Amount wrongly booked into Charor Substation	20,00,000.00	
	TOTAL	**6,01,04,059.00**	

3.5.15 The Commission has observed that, the amount of Rs 20 lakhs has been wrongly booked into expenditure of 220/132 kV Charor Substation. Further, the Petitioner vide subsequent submission has submitted that land for construction of Charor Substation was acquired by HPPTCL as per orders of Land Acquisition officer (LAO), after issuance of Notification under Land Acquisition Act 1894 at the time of initiation of acquisition proceedings. Against the payments released by HPPTCL, some landowners moved to Collector L.A. (ADJ Court) under Section 64 of new Act i.e. "The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013" and HPPTCL was directed to make the payment of additional compensation of 75% under provisions of the new Act. The Orders of ADJ Court were challenged before Hon'ble High Court and presently the matters are pending before Hon'ble High Court. However, payment of Rs 6.64 Cr was released by HPPTCL pursuant to Hon'ble High Court directions and the said amount was booked into accounts of the HPPTCL. Due to inadvertence, said amount could not be booked into expenditure details of Charor Substation upto FY 2023-24 which otherwise was lying in the vendor account of the Registrar General under Advance Deposit against Court Case. Copy of the Certificate certifying booking of said amount of Rs 6.64 Crores under vendor account of the Registrar General has been submitted.

3.5.16 Accordingly, based on the due diligence of the supporting documents and Auditor's Certificate, the Commission has allowed an amount of Rs. 6.01 Cr. as claimed. Further, for the amount of Rs 6.64 Cr claimed against the payment of additional compensation of 75% under provisions of new the Act, the Commission feels that as the matter is still pending before Hon'ble High Court, the decision will be taken after judgement of the Hon'ble High Court.

Other Costs

3.5.17 In addition to supply, erection and land acquisition expenses, the Petitioner has claimed expenses related to miscellaneous expenses such as soil investigation, site supervision, legal, water supply, furniture, testing and commissioning etc.

3.5.18 On initial scrutiny, the Commission did not find any details with regard to the payment made. In response to the queries, the Petitioner submitted the supporting documents against the claim of Rs 0.31 Cr.

3.5.19 In view of the submitted documents and payment proofs, the Commission has approved the cost as described in the following table.

Table 19: Miscellaneous Expenses approved by Commission for Asset-1 (Rs. Cr.)

Particulars	DPR Cost	Claimed Cost as on COD	Auditor Certificate	Approved as on COD
Tender exp	-	0.02	0.02	0.02
RoW	-	0.00	0.00	0.00
soil investigation	-	0.04	0.04	0.04
Site supervision	-	0.05	0.05	0.05
Other Misc	-	0.00	0.00	0.00
Legal	-	0.15	0.15	0.15
Water supply Connection	-	0.01	0.01	0.01
Furniture	-	0.01	0.01	0.01
Testing & Commissioning	-	0.02	0.02	0.02
Total	**-**	**0.31**	**0.31**	**0.31**

B. Asset-2: 220/33 kV, 80/100 MVA (4×26.66/33.33 MVA) Additional Transformer at GIS Sub-Station Charor:

3.5.20 The Commission sought additional information and supporting documents including Auditor's Certificate, approvals of BOD, reasons for price variation, details of awards/ contracts, correspondences, payments made to Contractors, COD certificate etc., as part of the prudence check for approval of the capital cost.

3.5.21 The Commission has observed that the Asset-2 cost as per DPR was Rs. 39.78 Cr. which included Rs. 30.99 Cr. towards Supply & Erection cost, Rs. 0.97 Cr. towards contingency charges, Rs 1.5 Cr against land, Rs. 3.57 Cr. towards Departmental Charges and Rs. 2.74 Cr. towards Interest During Construction (IDC). The scheme for construction of Asset-2 was approved in the 32nd BoD Meeting of the Petitioner held on 28.12.2016. Subsequently, the CEA gave its approval to Asset-2 on 28.07.2017. The approval from the BoD and CEA for Asset-2 was for Rs. 39.78 Cr.

3.5.22 As per the copy of the contracts provided, the Supplies and Services contract for the Asset-2 was awarded to M/s. Kanohar Electricals Ltd on turnkey basis at Rs. 35.96 Cr. with a completion period of 18 months.

3.5.23 As per the subsequent submission of the Petitioner, the Commission has noted that the awarded contract was amended five times owing to the factors such as deviation in quantity, additional scope in work and GST implications etc.

3.5.24 Based on the details provided by the Petitioner, the Commission has outlined the contract revision values as under:

Table 20: Summary of Contract Value and Amendments for Asset-2 (Rs. Cr.)

Particulars	Date of Amendment	Supply Contract	Services Contract	Total Contract Cost	Reason by HPPTCL
Asset -2					
Initial Order	08-03-2019	32.48	3.48	35.96	
1st Amendment	20-01-2022	33.83	3.55	37.38	Variation of Quantities in Supply & Services
2nd Amendment	31-10-2022	33.80	3.57	37.37	Variation of Quantities & inclusion of new items in Supply & Services
3rd Amendment	02-03-2023	33.80	2.74	36.53	Variation of Quantities in Services
4th Amendment	19-06-2023	32.36	2.61	34.96	Variation of Quantities in Supply & Services
5th Amendment	24-05-2024	32.36	2.72	35.08	Inclusion of new items in Supply & Services for furnishing the Rest House Camp

3.5.25 The Commission, as per the submissions of the Petitioner, has noted that the reasons for amendments was addition of new items along with the variation in costs due to variation in quantity. In addition, the Commission observes that the last amendment was on 24.05.2024, which is after the COD claimed date of 23.06.2023. These amendment has reduced the initial award cost.

3.5.26 Further, as on COD (i.e., on 23.06.2023) the Petitioner has claimed supply cost as Rs. 32.33 Cr. and service cost as Rs. 2.24 Cr. against the last amended cost (i.e., vide 5th amendment) of supply cost as Rs. 32.36 Cr. and service cost as Rs. 2.72 Cr. In response to query, the Petitioner has submitted that as on COD payment released to Contractor towards Supplies & erection work amounts to Rs 34.57 Crores only and after COD upto 31.03.2024,Rs 0.04 Cr was further released.

3.5.27 The Petitioner has submitted the Auditor's Certificate for the claimed amount as on COD, in response to the Commission's query. The Commission has also noted that scope of work to the contractor also includes Rs 0.531 Cr Design, Operation and Maintenance including Procedures for Fault attending and replacement of parts at Manufacturer's/Suppliers Works, which should be covered through normative operation and maintenance expenses allowed to the petitioner. Therefore, the Commission has approved an amount of Rs. 34.52 Cr. as claimed as per the supporting documents and Auditor's Certificate.

3.5.28 In view of the above and from the review of the Capital cost claimed, the Commission approves the Capital cost (hard cost) excluding Development Charges (DC) and Interest During Construction (IDC) (discussed in the subsequent section) for the Project as shown in the table below:

Table 21: Hard Cost approved by Commission for Asset-2 (Rs. Cr.)

Particulars	DPR Cost	Amended Contract Cost	Claimed Cost as on COD	Approved Cost as on COD
Supply		32.36	32.33	32.33
Service/Erection		2.72	2.24	2.19
Total	**30.99**	**35.08**	**34.57**	**34.52**

Other Costs

3.5.29 In addition to supply, erection and land acquisition expenses, the Petitioner has claimed expenses related to miscellaneous expenses such as tender, AECOM consultancy and testing and commissioning.

3.5.30 On initial scrutiny, the Commission did not find any details with regard to the payment made. In response to the queries, the Petitioner submitted the supporting documents against the claim of Rs 1.71 Cr.

3.5.31 The Commission has observed that major expenses are related to payment made to AECOM against consultancy charges. In response to query raised for details of services provided by AECOM and increase in expenses, the petitioner submitted that services provided by M/s AECOM are as per Point No. “2.1b” of Clause No. 2 titled “Implementation Consultant” of Separate Agreement to the Project Agreement dated 05.10.2015. With regard to reason for increase in AECOM expenses, the petitioner has submitted that in the provisional Cost Certificate upto COD submitted earlier, the IDC & AECOM Consultancy Expenses were included upto 31.03.2023 only. These figures have later been updated upto date of actual COD i.e. 23.06.2023 based on Audited Certificate for Capital Cost as on COD for Asset-2. In addition to above, the AECOM Expenditure, AECOM Departmental Charges & AECOM IDC for the Financial Years 2021-22, 2022-23 & 2023-24 have also been reallocated based on revised allocation approach. It has been also observed that the charges claimed are within the range of Departmental charges approved in the DPR.

3.5.32 In view of the submitted documents and payment proofs, the Commission approves the cost as described in the following table:

Table 22:Miscellaneous Expenses approved by Commission for Asset-2 (Rs. Cr.)

Particulars	DPR Cost	Claimed as on COD	Auditor Certificate	Approved Cost as on COD
Tender Exp		0.0049	0.0049	0.0049
Land Cost	1.5			
Testing & Commissioning		0.0118	0.0118	0.0118
AECOM consultancy charges		1.6999	1.6999	1.6999
Total	**1.5**	**1.72**	**1.72**	**1.72**

3.6 Overheads (IDC and Departmental Charges)

***Petitioner's* submissions**

A. Asset-1: 220/132 kV, 77/102/128 MVA (3×25.56/34.08/42.60 MVA) GIS Sub-station:

3.6.1 The Petitioner as on COD has submitted the IDC amount of Rs. 9.9 Cr. against the DPR of Rs. 2.28 Cr. Further, the Petitioner has considered 10% interest rate in line with the DPR, and the loan agreement signed between the HPPTCL and the GoHP.

3.6.2 With regards to the Departmental Charges, the Petitioner as on COD has claimed the Departmental Charges of Rs. 3.73 Cr. against the DPR approved Rs. 6.59 Cr. for the project.

B. Asset-2: 220/33 kV, 80/100 MVA (4×26.66/33.33 MVA) Additional Transformer at GIS Sub-Station Charor:

3.6.3 The Petitioner as on COD has submitted the IDC amount of Rs. 5.12 Cr. against the DPR approved Rs. 2.74 Cr. Further, the Petitioner has considered 10% interest rate in line with the DPR and the loan agreement signed between the HPPTCL and the GoHP.

3.6.4 With regards to the Departmental Charges, the Petitioner as on COD has claimed the Departmental Charges of Rs. 1.61 Cr. against the DPR approved Rs. 3.57 Cr. for the project.

***Commission's* Analysis**

A. Asset-1: 220/132 kV, 77/102/128 MVA (3×25.56/34.08/42.60 MVA) GIS Sub-station:

3.6.5 The Commission has reviewed the IDC and DC claimed with respect to the Auditor Certificate provided by the Petitioner. The Petitioner has claimed IDC of Rs. 9.90 Cr. and DC of Rs. 3.73 Cr. against the DPR approved amount of Rs.2.28 Cr. and Rs. 6.59 Cr., respectively.

Table 23: IDC and Departmental charges claimed by Petitioner for Asset-1 (Rs. Cr.)

Particulars	DPR	As on COD	Auditor Certificate
Interest During Construction (IDC)	2.28	9.90	9.90
Departmental Charges (DC)	6.59	3.73	3.73

3.6.6 The Commission observes that the Petitioner has not submitted proper details, working and the basis for consideration of IDC and DC and accordingly, sought justification on assumptions for consideration of DC and IDC in the Petition through the deficiency letters.

3.6.7 The Commission noted that as on COD the Petitioner has submitted the Departmental Charges (DC) as Rs. 3.73 Cr. against the DPR approved charges of Rs. 6.59 Cr. Further, the Petitioner has submitted the Auditor's Certificate mentioning the DC amount of Rs. 3.73 Cr.

3.6.8 The Commission has observed that the Petitioner in the DPR has computed the DC of Rs. 6.59 Cr. as 11% of hard cost. The Commission has allowed the minimum of normative DC and actual departmental charges. Since the actual departmental charges on COD are lower than 11% of the approved hard cost, actual departmental charges as on COD have been considered. Accordingly, the DC for Asset-1 are approved as follows:

Table 24: DC approved by the Commission for Asset-1 (Rs. Cr.)

Particular	DPR	As on COD	Auditor Certificate	Approved
Asset-1	6.59	3.73	3.73	3.73

3.6.9 The Commission in order to authenticate the claim, sought detailed computation of IDC considered consisting of date of drawl of debt, amount of debt, computation of IDC, etc. to which the Petitioner has submitted the detailed working of IDC in its reply.

3.6.10 The project was envisaged to be completed in 24 months as per the contract awarded by the Petitioner, however, the actual time of execution of the project was higher by almost 38 months. From the submissions of the Petitioner, the following reasons were identified to be the major for time overrun:-

Table 25: Reasons for time over-run for Asset-1

Sl.	Period of Delay	Delay Reasons	Months
1	26.06.2018 – 16.02.2019	Delay due to shifting of Gantry location	7.9
2	12.01.2019 - 16.02.2019	Hindrance due to local agitation	1.2
3	25.06.2019 – 20.07.2019	Delay due to future 132kV line feeder arrangement	0.9
4	30.01.2020 – 15.05.2020	Delay due to continuous water seepage in 7.3m retention wall area	3.6
5	23.03.2020 - 22.08.2020	Delay due to lockdown imposed by GoI on account of 1st wave of COVID-19 Pandemic	3.5
6	1.04.2021 – 30.06.2021	Delay due to lockdown imposed by GoI(Government of India) due to COVID-19 Second wave	3
7	22.02.2021 – 31.03.2021 & 1.07.2021 – 14.02.2022	Delay due to manufacturing and supply of 245kV Air to SF6 bushing and 220kV interconnecting bay	8
8	28.01.2022 – 14.02.2022	Stoppage of construction work due to Pooja festival in nearby temple	0.6
9	12.08.2022 – 24.11.2022	Delay due to non-clearance of 132kV interconnection bus duct foundation	3.5
10	11.04.2023 – 18.05.2023	Work stoppage of drain work by local farmers	1
11	3.05.2019 - 28.08.2023	Unworkable weather conditions	7
12	14.10.2022 – 10.01.2023	Clearance issue	3
13	13.09.2022 – 17.03.2023	Delay due to repeating PD/SFRA Tests	6
14	January 2023 – May 2023	Requirement of shutdowns to execute the work of 132 kV Interconnecting bay, implementation of protection scheme for integration with Everest substation and connection of jumpers between HPPTCL Charor substation and Everest substation at 220 & 132 kV level	5

** Only 38 months accounted as delay as some delay duration overlapped with other activities*

3.6.11 From fine reading of the submissions of the Petitioner and the supporting documentary proofs, it can be easily inferred that the delays were primarily on account of technical and commercial issues. Further delays as mentioned at 'S.Nos.1,3, 7, 9, 12 and 13', could have been avoided by proper planning before initiation of the project as all the delays mentioned are to be taken care during the planning phase only. This shows that the Petitioner has not taken proper measures during the planning phase. Thus, the Commission is of the view that the above delay of 38 months could have been avoided by proper planning and timely taking up the matters with the concerned competent agencies and authorities.

3.6.12 Further, the Commission is of the view that it would be unreasonable to consider that each individual activity has led to the overall delay of almost 38 months in project execution. The Commission, therefore, 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.

3.6.13 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, social hindrances, 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 IDC as discussed below.

3.6.14 The Commission noted that the Petitioner has submitted the IDC cost of Rs. 9.90 Cr. as on COD against the DPR approved IDC of Rs. 2.28 Cr. The IDC estimated during DPR stage was based on LIBOR interest rate (i.e. 4.64% p.a.) whereas actual rate of interest is 10% p.a. Further, the Petitioner had initially not submitted the Auditor Certificate in support of its claim. In response to the deficiency letter, the Petitioner submitted the Auditor Certificate mentioning the IDC amount of Rs. 9.90 Cr. along with the calculation methodology. In its response to increase in IDC claim in Auditor's Certificate, the Petitioner has submitted that in the provisional Cost Certificate upto COD submitted earlier by Petitioner, IDC expenses were included upto 31.03.2023 only. Said figures have now been updated upto date of actual COD i.e. 23.06.2023.

3.6.15 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.

3.6.16 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 24 months as per the contract has been considered to estimate the benchmark IDC.

3.6.17 The Commission notes that the Petitioner has performed debt restructuring for Asset-1, as informed by the Petitioner. The Commission for the purpose of IDC calculation has considered the restructured loan.

3.6.18 Thus, the benchmark IDC computed for Asset-1 is summarized as follows:

Table 26: Computation of benchmark IDC (debt/Equity/Grant) for Asset-1 (Rs. Cr.)

Particular	Formula	Approved	%	Details
Approved Hard Cost	A	70.01		
Departmental Charges (DC)	B	3.73		
Hard Cost including DC	C=A+B	73.75		
Funding requirement	D=C	73.75		
Normative Debt	E=80% of D	59.00		
Normative Equity	F=20% of D	14.75		
Debt Restructuring				
Interest led Loan @ 10% RoI	G=10% of E	**5.90**		10% of disbursed loan
Interest Free Loan	H=80% of E	47.20		80% of disbursed loan
Equity	I=(10% of E + F)	20.65		10% of disbursed loan + Equity component

3.6.19 For assessing the benchmark IDC, the Commission has considered the normative debt as per the DPR at 80% of approved hard cost including DC. However, based on the restructuring of loan undertaken by the Petitioner, the Commission has considered 10% of the normative loan (Rs. 5.90 Cr.) for calculating the benchmark IDC. In addition, the Commission has considered the interest rate at 10% as per the Loan agreement.

3.6.20 Further, as the project duration is 24 months, the Commission has considered debt phasing as 40% and 60% in year 1 and year-2 respectively, as per the DPR.

3.6.21 Thus, the benchmark IDC computed for Asset-1 is summarized as follows:

Table 27: Computation of benchmark IDC for Asset-1 (Rs. Cr.)

Particulars	Unit	Year I	Year II	Total
		Qtr-1	Qtr-2	
Debt disbursement	%	40%	60%	**100%**
Opening Debt (a)	Rs. Cr.	0	2.36	
Addition during the year (b)	Rs. Cr.	2.36	3.54	
Closing Debt (c)	Rs. Cr.	2.36	5.90	
Average Debt (d=(a+c)/2)	Rs. Cr.	1.18	4.13	
Interest rate (e)	%	10.00%	10.00%	
Total IDC (f=d*e)	**Rs. Cr.**	**0.12**	**0.41**	**0.53**

3.6.22 Against the benchmark IDC of Rs. 0.53 Cr., the Petitioner has claimed IDC of Rs. 9.90 Cr. as on COD for the Project.

3.6.23 As discussed above, the Commission is of the view that certain activities could have been undertaken in parallel, and the delay could have been averted by proper planning and follow up at the Petitioner’s end. The Commission, therefore, decides to allow sharing of difference amount of IDC (over and above the normative IDC) between the Petitioner and beneficiaries in equal ratio (i.e., 50:50). The computation is provided as follows:

Table 28: IDC Approved by the Commission for Asset-1 (Rs. Cr.)

Particular	Benchmark (A)	Actual/Claimed (B)	Difference (C=B-A)	Approved (A+50%*C)
Asset-1	0.53	9.90	9.37	5.22

3.6.24 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 29: Claimed and Approved Project Cost for Asset-1 (Rs. Cr.)

S. No.	Particulars	Claimed as on COD	Approved as on COD
	Asset-1		
a)	*Supply*	*48*	*48*
b)	*Services*	*15.69*	*15.69*
c)	*Miscellaneous Expenses (I/C land compensation)*	*13.15*	*6.32*
d)	**Hard Cost**	**76.85**	**70.01**
1)	IDC	9.90	5.22
2)	Departmental Charges	3.73	3.73
	Total	**90.48**	**78.96**

B. <u>Asset-2: 220/33 kV, 80/100 MVA (4×26.66/33.33 MVA) Additional Transformer at GIS Sub-Station Charor:</u>

3.6.25 The Commission has reviewed the IDC and DC claimed with respect to the Auditor Certificate provided by the Petitioner. An amount of Rs. 5.12 Cr. against IDC has been claimed by the Petitioner against the Asset-2 which is higher than the DPR approved amount of Rs. 2.74 Cr. As per the DPR, for Asset-2, the scheme was originally envisaged to be funded with the debt, grant and equity ratio of 40:40:20 and the same has been funded by KfW. Further, the Petitioner has claimed Rs. 1.60 Cr. against DC which is lower than the DPR approved amount of Rs 3.57 Cr.

Table 30: IDC and Departmental charges claimed by Petitioner for Asset-2 (Rs. Cr.)

Particulars	DPR	As on COD	Auditor Certificate
Interest During Construction (IDC)	2.74	5.12	5.12
Departmental Charges (DC)	3.57	1.60	1.60

3.6.26 The Commission observed that the Petitioner has not submitted proper details, working and the basis for consideration of IDC and DC and accordingly, sought justification on assumptions for consideration of DC and IDC in the Petition from the Petitioner through the deficiency letters.

3.6.27 The Commission noted that as on COD, the Petitioner has submitted the Departmental Charges (DC) as Rs. 1.60 Cr. against the DPR approved DC of Rs. 3.57 Cr. Further, the Petitioner had initially not submitted the Auditor's Certificate in support of its claim. In response to the deficiency letter, the Petitioner submitted the Auditor Certificate mentioning the DC amount of Rs. 1.60 Cr.

3.6.28 In case of Departmental Charges, 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 including charges made to AECOM consultancy on COD are lower than 11% of the approved hard cost, actual departmental charges as on COD have been considered. Accordingly, the DC for Asset-2 is approved as follows:

Table 31: DC approved by the Commission for Asset-2 (Rs. Cr.)

Particular	DPR	As on COD	Auditor Certificate	Approved
Asset-2	3.57	1.61	1.61	1.61

3.6.29 The Commission in order to authenticate the claim, sought detailed computation of IDC considered consisting of date of drawl of debt, amount of debt, computation of IDC, etc. to which the Petitioner has submitted the detailed working of IDC in its reply.

3.6.30 The project was envisaged to be completed in 18 months as per the contract awarded by the Petitioner, however, the actual time of execution of the project was higher by almost 30.5 months. From the submissions of the Petitioner, the following reasons were identified to be the major reasons for time overrun.

Table 32: Reasons for time over-run for Asset-2

Sl.	Period of Delay	Delay Reasons	Months
1	12.06.2019 – 22.08.2020	Delay due to finalization of Overall General Layout	14.5
2	22.03.2020 – 16.08.2020	Delay due to lockdown imposed by GoI due to COVID-19 Pandemic	6
3	9.11.2020 – 15.07.2022	Delay due to Manufacturing and Supply of 137.3 Mtr. Extended 220kV GIB (w.e.f. 09.11.2020 to 15.07.2022)	8
4	1.04.2021 – 30.06.2021	Delay due to COVID-19, 2nd Wave (from April 2021 to June 2021)	3
5	30.01.2021 – 14.02.2021 & 28.01.2022 – 14.02.2022	Stoppage of construction Work due to Pooja Festival in nearby Temple, every year in the month of January-February	0.5
6	14.10.2022 – 15.02.2022	Delay due to clearance issue	2.5
7	27.04.2022 – 2.07.2022	Delay due to additional/extra work after the notification of award	2
8		Unworkable Weather Conditions	3.5
9	29.03.2023 – 9.05.2023	Issue regarding CT Secondary wiring	0.5

** Only 30.5 months accounted as delay as some delay duration overlapped with other activities*

3.6.31 From fine reading of the submissions of the Petitioner and the supporting documentary proof, it can be easily inferred that the delays were primarily on account of technical, commercial and Covid issues. The Commission is of the view that the delay at 'S. No. 1, 3, 6, and 7, could have been avoided by proper planning before initiation of the project as all the delays mentioned are to be taken care during the planning phase only. Further, the Petitioner is having significant experience in construction of Sub-stations and Transmission lines and other related assets and must be aware about the standard practices and clearances required during the execution of the projects. Therefore, the Petitioner ought to have taken adequate steps to avoid such delays. Thus, the Commission is of the view that the above delay of 30.5 months could have been avoided by proper planning and timely taking up the matters with the concerned competent agencies and authorities.

3.6.32 Accordingly, based on reasons stated by the Petitioner, the Commission has considered the delay of Covid-19 Pandemic under force majeure condition. However, it would be unreasonable to consider that each individual activity has led to the overall delay of almost 30.5 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.

3.6.33 In addition, the details provided with respect to time overruns mentioned various dates when issues emerged, or activities were completed. However, it could not be established as 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, social hindrances, 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 IDC as discussed below.

3.6.34 The Commission noted that the Petitioner has submitted the IDC cost of Rs. 5.12 Cr. as on COD against the DPR approved IDC of Rs. 2.74 Cr. Further, the Petitioner had initially not submitted the Auditor's Certificate in support of its claim. In response to the deficiency letter, the Petitioner submitted the Auditor's Certificate mentioning the IDC amount of Rs. 5.12 Cr. along with the calculation methodology.

3.6.35 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 Petitioners submissions for the computation of IDC.

3.6.36 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 18 months as per DPR has been considered to estimate the benchmark IDC.

3.6.37 For assessing the benchmark IDC with project duration of 18 months, the Commission has assumed 16.67% debt disbursement for all the 6 quarters of the financial year corresponding to 18 months as per the contract.

3.6.38 The benchmark IDC computed for Asset-2 is summarized as follows:

Table 33: Computation of benchmark IDC for Asset-2 (Rs. Cr.)

Particulars	Unit	Year I	Year I	Year I	Year I	Year II	Year II	Total
		Qtr-1	Qtr-2	Qtr-3	Qtr-4	Qtr-5	Qtr-6	
Debt disbursement	%	16.67%	16.67%	16.67%	16.67%	16.67%	16.67%	**100%**
Opening Debt (a)	Rs. Cr.	0	2.52	5.05	7.57	10.09	12.61	
Addition during the year (b)	Rs. Cr.	2.52	2.52	2.52	2.52	2.52	2.52	

Particulars	Unit	Year I	Year I	Year I	Year I	Year II	Year II	Total
		Qtr-1	Qtr-2	Qtr-3	Qtr-4	Qtr-5	Qtr-6	
Closing Debt (c)	Rs. Cr.	**2.52**	**5.05**	**7.57**	**10.09**	**12.61**	**15.14**	
Average Debt (d=(a+c)/2)	Rs. Cr.	1.26	3.78	6.31	8.83	11.35	13.87	
Interest rate*(e)	%	10.00%						
Total IDC (f=d*e)	**Rs. Cr.**	**0.03**	**0.09**	**0.16**	**0.22**	**0.28**	**0.35**	**1.14**

**Quarterly interest rate of 2.50% has been considered.*

3.6.39 Against the benchmark IDC of Rs. 1.14 Cr., the Petitioner has claimed IDC of Rs. 5.12 Cr. as on COD for the Project. The Petitioner has submitted the computation and the Auditor's Certificate in this regard.

3.6.40 As discussed in preceding paragraphs, 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 30.5 months in project execution. The Commission is of the view that other 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. 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 34: IDC Approved by the Commission for Asset-2 (Rs. Cr.)

Particular	Benchmark (A)	Actual/Claimed (B)	Difference (C=B-A)	Approved (A+50%*C)
Asset-2	1.14	5.12	3.98	3.13

3.6.41 In line with the Hard Cost, IDC and Departmental Charges 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 35: Claimed and Approved Project Cost for Asset-2 (Rs. Cr.)

S. No.	Particulars	Claimed as on COD	Approved as on COD
	Asset-2		
a)	*Supply*	*32.33*	*32.33*
b)	*Services*	*2.24*	*2.19*
c)	*Miscellaneous Expenses*	*1.71*	*1.71*
d)	**Hard Cost**	**36.29**	**36.23**
1)	IDC	5.12	3.13
2)	Departmental Charges	1.60	1.61
	Total	**43.01**	**40.97**

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 for Asset-1 the scheme was originally envisaged to be executed with the debt and equity ratio of 80:20 and the same has accordingly been funded by ADB. Further, for Asset-2, the scheme funded by KfW has been at debt, grant and equity ratio of 40:40:20.

3.7.3 The following table provides the details of project funding of all the assets as proposed by the Petitioner:

Table 36:Project Funding proposed by the Petitioner

Particulars	DPR	Actual as on COD	Claimed as on COD
Asset-1 (ADB Funded)			
Debt	80.00%	66.93%	70.00%
Equity	20.00%	33.07%	30.00%
Total Project Cost	**100.00%**	**100.00%**	**100.00%**
Asset-2 (KfW Funded)			
Debt	40.00%	63.43%	70.40% (excluding grant)
Grant	40.00%	28.64%	
Equity	20.00%	7.92%	29.60% (excluding grant)
Total Project Cost	**100.00%**	**100.00%**	**100.00%**

***Commission's* Analysis**

3.7.4 The Commission observes that the Assets-1 were 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 amount has been received by GoHP which has been further extended as loan to the Petitioner at an interest rate of 10%. Further, the Commission observes that the Assets-2 was originally envisaged at a debt, grant and equity ratio of 40:40:20 as provided in the DPR. As per the documents submitted by the Petitioner, the project has been funded through KfW, but the 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 agreements signed between the Petitioner and GoHP has been submitted by the Petitioner.

3.7.5 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.

3.7.6 The Commission has observed that the copy of Auditor's Certificate as 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.

3.7.7 Further, the Commission observes that ADB and KfW has sanctioned loan to the Government of India (GoI) under the Himachal Pradesh Clean Energy Transmission Investment Programme (HPCETIP) and Green Energy Corridor-I (GEC-I) scheme respectively, which was further channelized to HPPTCL through Government of Himachal Pradesh (GoHP). However, it appears that 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 in the ratio of 90% grant and 10% loan from the Govt. of India, the entire proceeds were extended by GoHP to the Petitioner as loan carrying interest rate of 10% per annum.

3.7.8 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 tripartite agreement among Govt. of HP, ADB and HPPTCL. In compliance, the Petitioner has submitted 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 the 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. The Commission, as per the Electricity Act 2003, is bound to safeguard the interest of Consumers who can't be burdened with extra tariff on such counts. It is relevant to mention that the Commission has taken a similar view in other matters including the Petitions of the Himachal Pradesh Power Corporation Ltd. (HPPCL), against which Orders have been assailed by the HPPCL before the Hon'ble APTEL.

3.7.9 In view of the above, for the Assets-1, 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)(b) of the 'HPERC Transmission Tariff Regulations, 2011', which specify the following:

"(b) the debt-to-equity ratio shall be considered in accordance with regulation 18, after deducting the amount of financial support provided through consumer contribution, deposit work, capital subsidy or grant;"

3.7.10 For Asset-2, the Petitioner has claimed MNRE grant of Rs 3.41 Cr. against the eligible MNRE grant of Rs 15.91 Cr. The Commission is of the considered view that the grant approved for Asset-2 should not be utilized for other GEC-I funded assets as done by the Petitioner. Further, the capital allocation/debt 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. Therefore, the Petitioner is directed to re-negotiate with GoHP and align the terms and conditions of the Loan Agreements.

3.7.11 In view of the above, for Asset-2, the Commission has considered MNRE grant as 40% of the DPR approved capital cost. Further, as per the terms and conditions of debt between GoHP and GoI i.e., 90% grant and 10% debt, an additional grant has been considered. The balance capital cost has been bifurcated into debt equity as per norms i.e. 70%:30%. The calculation is elaborated in the table no. 38 below.

3.7.12 The Commission relying upon the documentary proofs submitted by the Petitioner, has approved the project funding as follows:

Table 37: 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
Asset-1	**90.48**		**78.96**	
Total Cost				
Normative Debt (A)			63.17	
Actual Debt (B)			60.56	
Grant (90%*minimum (A, B))			54.51	90%
Balance Requirement			**24.45**	
Debt	60.56	66.93%	17.12	70%
Equity	29.92	33.07%	7.34	30%
Total Cost less of grant	**90.48**	**100%**	**24.45**	**100%**
Asset-2				
Total Capital Cost as per DPR (A)			**39.78**	**100%**
MNRE Grant estimated as per DPR (B)			15.91	40%

Particulars	Claimed (As on COD)		Approved (As on COD)	
	Capital cost	% of Funding	Capital cost	% of Funding
Total Actual Capital Cost claimed as on COD (C)	**43.01**	**100%**		
Actual MNRE Grant claimed as on COD (D)	3.41	7.92%		
Total Capital Cost Approved as on COD (E)	**43.01**	**100%**	**40.97**	**100%**
Approved MNRE Grant as on COD (F=Min(40%*E,B))			15.91	38.84%
Approved Capital Cost excluding MNRE Grant (G=E-F)			25.06	
Debt as Per DPR financing structure (H)			16.70	
Portion of actual debt converted to Grant (90%) (I=90%*H)			15.03	
Approved Capital Cost excluding Grant (J=G-I)			10.02	
Total Debt as on COD (K=70%*J)	**27.29**	63.44%	**7.02**	**17%**
Total Grant as on COD (L=F+I)	**3.41**	7.92%	**30.95**	**76%**
Total Equity as on COD (M=E-K-L)	**12.32**	28.64%	**3.01**	**7%**

3.8 Additional Capital Expenditure

***Petitioner* Submissions**

3.8.1 For Asset-1, the Petitioner has projected an Additional Capitalisation Expenditure (ACE) of Rs. 2.12 Crores from COD to 31.03.2024 in accordance with Regulation 16(1) and Regulations 16(2) of HPERC MYT Transmission Regulations, 2011 respectively. The details of works along with its nature under additional capitalization projected for Asset-1 are as shown below.

Table 38: Additional Capitalisation claimed by Petitioner – Asset-1 (Rs. Cr)

Sl.	Description of Invoice	Amount	Remarks
1	29th Civil Bill	1.08	Payments released are pending liabilities in nature
2	30th Civil Bill	1.06	
3	Stone recovery amounts	(0.0093)	
4	SAP Entry Sheet	(0.065)	
	TOTAL	**2.06**	
5	Land acquisition	0.029	
6	Other Misc. charges	0.0003	
7	DC	0.026	
	Total	**2.12**	

3.8.2 For Asset-2, the Petitioner has projected an Additional Capitalisation Expenditure (ACE) of Rs. (3.45) Cr from COD to 31.03.2024 in accordance with Regulation

16(1) and Regulations 16(2) of HPERC MYT Transmission Regulations, 2011 respectively. The detail of works along with its nature under additional capitalization projected for Asset-2 are as shown below.

Table 39: Additional Capitalisation claimed by Petitioner – Asset-2 (Rs. Cr)

Sl.	Particulars	COD to 31.03.2021	
		Amount	Nature of Add-Cap
1	Erection and Civil Work	0.013	Payments released are pending liabilities in nature
2	Material Supply	0.028	
3	MNRE Grant	-3.47	
4	DC (Departmental Charges)	-0.029	
5	**Total ACE – Asset-2**	**-3.46**	

Commission's Analysis

3.8.3 In accordance with Regulation 16 of the 'HPERC Transmission Tariff Regulations, 2011' as amended from time to time, the Commission has verified the claimed 'Additional Capital Expenditure'. Further, the Regulation provides for the same as follows:

"(1) The capital expenditure incurred or projected to be incurred, on the following counts within the original scope of work, after the date of commercial operation and up to the cut-off date may be admitted by the Commission, subject to prudence check-

(a) undischarged liabilities;

(b) works deferred for execution;

(c) procurement of initial capital spares within the original scope of work, subject to the provisions of regulation 15;

(d) liabilities to meet award of arbitration or for compliance of the order or decree of a court; and

(e) change in law:

Provided that the details of works included in the original scope of work, along with estimates of expenditure, undischarged liabilities and the works deferred for execution, shall be submitted along with the application for determination of tariff.

(2) The capital expenditure incurred on the following counts after the cut-off date may, in its discretion, be admitted by the Commission, subject to prudence check:-

(a) Liabilities to meet award of arbitration or for compliance of the order or decree of a court;

(b) Change in law or compliance of any existing law;

(c) Any expenses to be incurred on account of need for higher security and safety of the capital asset as advised or directed by appropriate Government agencies or statutory authorities responsible for national security/internal security;

(d) Any liability for works executed prior to the Cut-off Date, after prudence check of the details of such undischarged liability, total estimated cost of package, reasons for such withholding of payment and release of such payments etc.;

(e) Any liability for works admitted by the Commission after the Cut-off Date to the extent of discharge of such liabilities by actual payments;

(f) Any additional capital expenditure, which has become necessary for efficient operation of the transmission system. The claim shall be substantiated with the technical justification duly supported by the documentary evidence like test results carried out by an independent agency in case of deterioration of assets, report of an independent agency in case of damage caused by natural calamities, obsolescence of technology, upgradation of capacity for the technical reason such as increase in fault level; and

(g) Any additional expenditure on items such as relays, control and instrumentation, computer system, power line carrier communication, DC batteries, replacement due to obsolesce of technology, replacement of switchyard equipment due to increase of fault level, tower strengthening, communication equipment, emergency restoration system, insulators cleaning infrastructure, replacement of porcelain insulator with polymer insulators, replacement of damaged equipment not covered by insurance and any other expenditure which has become necessary for successful and efficient operation of transmission system:

Provided that any expenditure on acquiring the minor items or the assets including tools and tackles, furniture, air-conditioners, voltage stabilizers, refrigerators, coolers, computers, fans, washing machines, heat convectors, mattresses, carpets, etc., bought after the Cut-off Date shall not be considered for additional capitalization for determination of tariff:

Provided further that if any expenditure has been claimed under Renovation and Modernisation (R&M) or repairs and maintenance under O&M Expenses, the same expenditure cannot be claimed under this Regulation."

3.8.4 The Commission in order to approve the additional capitalisation, sought justification and relevant documents from the Petitioner in support of its claim. In reply to the query, the Petitioner has provided with the break-up of Additional Capitalisation for each asset on year-on-year basis. In addition, the Commission has also analysed the supporting documents with respect to the claimed amounts towards Additional Capitalisation and find to be in place. Also, the Petitioner has provided the Auditor's Certificate for Additional Capital Expenditure.

3.8.5 With respect to Asset-1, the Commission has allowed the Additional Capital Expenditure claimed against pending liabilities and adjustment entries, based on the verification of payment proofs and Auditor's Certificate submitted by the

Petitioner. However, the Commission has not allowed Additional Capital Expenditure claimed as per Auditors Certificate against land acquisition, other Misc. charges and DC as no proper justification is submitted in replies to queries raised by Commission.

3.8.6 With regard to Asset-2, the Commission has approved the claimed amount pertaining to supply, erection, and the adjustment entry for departmental charges, as supported by the Auditor’s Certificate. Further, the Commission has not taken into account the adjustment against the MNRE grant, since the eligible grant has already been considered in the capital cost up to the COD.

3.8.7 The following table summarises the additional capitalisation approved by the Commission for all the assets:

Table 40: Additional Capitalisation approved by the Commission (Rs. Crores)

Sl.	Description of Invoice	Claimed	Approved
1	29th Civil Bill	1.08	1.08
2	30th Civil Bill	1.06	1.06
3	Stone recovery amounts	(0.0093)	(0.0093)
4	SAP Entry Sheet	(0.065)	(0.065)
	TOTAL	**2.06**	**2.06**
5	Land acquisition	0.029	0
6	Other Misc. charges	0.0003	0
7	DC	0.026	0
	Total ACE – Asset -1	**2.12**	**2.06**
8	Erection and Civil Work	0.013	0.013
9	Material Supply	0.028	0.028
10	MNRE Grant	-3.47	
11	DC (Departmental Charges)	-0.029	-0.029
	Total ACE – Asset-2	**-3.46**	**0.012**

3.8.8 The table below summarises the total Capital cost including additional capitalisation approved vis-à-vis awarded cost post amendments for all the assets:

Table 41: Comparison of approved Capital cost and Additional Capitalisation Vs Awarded Cost post amendments (Rs. Cr.)

Particulars	Awarded Cost post amendment	Capital cost approved as on COD	Approved Additional Capitalisation	Total Capital cost including Add. Cap.
Asset-1				
Supply	47.94	48		48
Erection	19.55	15.69	2.06	17.75
Sub-Total	**67.49**	**63.69**	**2.06**	**65.75**

Particulars	Awarded Cost post amendment	Capital cost approved as on COD	Approved Additional Capitalisation	Total Capital cost including Add. Cap.
Miscellaneous Expenses		6.32		6.32
DC (Departmental Charges)		3.73		3.73
IDC (Interest During Construction)		5.22		5.22
Total Cost – Asset-1		**78.96**	**2.06**	**81.02**
Asset-2				
Supply	32.36	32.33	0.013	32.343
Erection	2.66	2.19	0.028	2.218
Sub-Total	**35.08**	**34.52**	**0.041**	**34.56**
Miscellaneous Expenses		1.71		1.71
DC (Departmental Charges)		1.61	-0.029	1.581
IDC (Interest During Construction)		3.13		3.13
MNRE Grant				-3.47
Total Cost – Asset-2		**40.97**	**0.012**	**40.982**

3.8.9 The funding of the above approved additional capitalization for all the assets has been considered as per the Debt: Equity ratio of 70:30 (70% debt and 30% Equity) of the project as approved above.

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;
- Depreciation;
- Interest and Financing Charges;
- Interest on Working Capital;
- Return on Equity

4.1.2 In addition, the Petitioner submitted the Interlocutory Application (IA) through affidavit dated 26.11.2025. Through the IA, the Petitioner has requested the Commission to approve the tariff for the 5th control period also.

4.1.3 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.

4.1.4 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 Regulation 13 of the HPERC MYT Transmission Regulations, 2011, Operation and Maintenance Expenses are 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;

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 42: O&M Expenses claimed by Petitioner (Rs. Lakh)

Particulars	Unit	FY 2023-24
Asset 1		
O&M Expenses		
220 kV	Rs. Lakh/bay	18.09
132 kV	Rs. Lakh/bay	12.92
220 kV bays	No.	6
132 kV bays	No.	6
220/132/33 kV Transformer	Rs. Lakh/MVA	0.282
Capacity	MVA	3*42.6 = 127.80
Total O&M Expenses	**Rs. Lakh**	**222.10**
Asset 2		
O&M Expenses		
220 kV	Rs. Lakh/bay	18.09
33 kV	Rs. Lakh/bay	12.92
220 kV bays	No.	2
33 kV bays	No.	6
220/33 kV Transformer	Rs. Lakh/MVA	0.282
Capacity	MVA	3*33.33 = 99.99
Total O&M Expenses	**Rs. Lakh**	**141.91**

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 Assets, it is difficult to ascertain a realistic trend for O&M expenses for the upcoming years. In the 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 expenses 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 43: Normative O&M Expenses

Item	Unit	FY24
220 kV (GIS bay)	Rs. Lakh/bay	18.09
132 kV and below (GIS bay)	Rs. Lakh/bay	12.92
220 kV (Transformer)	Rs. Lakh/MVA	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 44: O&M Expenses approved by Commission (Rs. Lakhs.)

Particulars	Unit	FY 2023-24
Asset 1		
O&M Expenses		
220 kV	Rs. Lakh/bay	18.09
132 kV	Rs. Lakh/bay	12.92
220 kV bays	No.	6
132 kV bays	No.	6
220/132/33 kV Transformer	Rs. Lakh/MVA	0.282
Capacity	MVA	3*42.6 = 127.80
Total O&M Expenses	**Rs. Lakh**	**222.10**
Asset 2		
O&M Expenses		
220 kV	Rs. Lakh/bay	18.09
33 kV	Rs. Lakh/bay	12.92
220 kV bays	No.	2
33 kV bays	No.	6
220/33 kV Transformer	Rs. Lakh/MVA	0.282
Capacity	MVA	3*33.33 = 99.99
Total O&M Expenses	**Rs. Lakh**	**141.91**

4.2.9 The CERC norms for O&M expenditure do not provide for any additional provision for expenditure towards insurance, consultancy charges, petition filing fees, manpower training, etc. Hence, no additional expenses pertaining to the same have been allowed. Any additional expenditure on account of the same shall be reviewed at the time of true-up as per the submissions of the Petitioner and prudence check.

4.3 Interest on Loan

Petitioner Submissions

4.3.1 The Petitioner has submitted that it has claimed/considered the interest on loan in accordance with the Regulation 20 of the HPERC MYT Transmission Regulations, 2011, as amended from time to time.

4.3.2 For Asset- 1, the Petitioner has considered the opening value of loan as on COD as Rs 10.14 Crore for the purpose of working out the Interest on Loan. Further, no loan for additional capitalization during the period FY 2023-24 has been considered by the Petitioner while determining interest on loan. The Petitioner has considered the interest rate of 10% as per the ADB Loan Agreement read with lending agreement with GoHP.

4.3.3 For Asset-2, for the purpose of working out the Interest on Loan, the Petitioner has considered the actual opening value of loan as on COD amounting to 70.40%

of the Project cost excluding Grant i.e. Rs. 26.79 Crore. For additional capitalization during FY 2023-24, loan is considered as per norms i.e. as 70% of capitalization. The interest rate of 10% has been considered as per the KfW Loan Agreement read with lending agreement with GoHP.

4.3.4 Furthermore, the Petitioner has submitted that, in the absence of any actual loan repayment, the repayment for the purpose of calculating interest on the loan has been assumed to be equal to the depreciation charged for each year of the Control Period, in accordance with the applicable Regulations.

4.3.5 The computation of Interest on Loan for both the assets has been provided in the following table:

Table 45: Interest on Loan claimed by Petitioner (Rs. Lakhs)

Particulars	FY24
Asset-1	
Opening Balance	1014.01
Addition	0.00
Repayment (Pro rata)	71.78
Closing Balance	942.23
Rate of Interest (%)	10.00%
Interest on Loan	**97.81**
Asset-2	
Opening Balance	2679.05
Addition	(1.65)
Repayment	200.88
Closing Balance	2476.52
Rate of Interest (%)	10.00%
Interest on Loan	**257.78**

Commission's Analysis

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

4.3.7 Regulation 20 of the HPERC MYT Transmission 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."

4.3.8 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.

4.3.9 For Asset-1 and Asset-2, the Commission has considered the debt amount as per the approved funding, including additional capitalization as discussed in Chapter 3 earlier.

4.3.10 Accordingly for Asset-1, 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.

4.3.11 It is observed that the rate of interest charged from the Petitioner by the Govt. 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.

4.3.12 As per the loan agreement with GoHP, the ADB loan is transferred to the Petitioner at interest rate of 10% p.a. for project implementation. 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.

4.3.13 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 with lesser tariff.

4.3.14 Further, with regards to Asset-2, The interest rate of 10% has been considered as per the KfW Loan Agreement read with lending agreement with GoHP.

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

Table 46: Interest on Loan approved by Commission (Rs. Crore)

Particulars	FY24
Asset-1	
Opening Balance	17.12
Addition	1.44
Repayment	1.03
Closing Balance	17.53
Average Loan Balance	**17.32**
Rate of Interest (%)	10.00%
Interest on Loan	**1.73**
Asset-2	
Opening Balance	7.02
Addition	0.008
Repayment	0.53
Closing Balance	6.49
Average Loan Balance	**6.76**
Rate of Interest (%)	10.00%
Interest on Loan	**0.68**

4.4 Depreciation

Petitioner Submissions

4.4.1 The Petitioner has submitted that it has claimed/considered the depreciation for each year of the Control Period for the Project in accordance with the Regulation 23 of the HPERC MYT Transmission Regulations, 2011 and its subsequent amendments, based on the actual Capital cost.

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

Table 47: Depreciation claimed by Petitioner (Rs. Lakhs)

Particulars	FY24
Asset-1	
Opening GFA	8370.22
Net Opening GFA	8370.22

Particulars	FY24
Addition	215.55
Net Closing GFA	8585.77
Average GFA	8478.00
Less: Land under full ownership	622.50
GFA excluding Land	7855.50
Rate of Depreciation	5.28%
Depreciation	**414.78**
Asset-2	
Opening GFA	4146.38
Less: Grant	340.82
Net Opening GFA	3805.56
Addition	(2.20)
Net Closing GFA	3803.36
Average GFA	3804.46
Less: Land under full ownership	-
GFA excluding Land	3804.46
Depreciation Rate	5.28%
Depreciation	**200.88**

Commission's Analysis

4.4.3 The Commission has approved the depreciation in line with provisions of the Regulation 23 of the HPERC MYT Transmission Regulations, 2011, as amended from time to time, 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."

4.4.4 The Commission has examined the depreciation proposed by the Petitioner in detail for each year. The Commission has arrived on Gross Fixed Assets (GFA) for each year based on the year wise capitalisation approved in the Chapter 3.

4.4.5 The Commission has determined the weighted average depreciation rate for both the assets based on the asset wise breakup provided by the Petitioner. Accordingly, the weighted average depreciation rate has been considered for the purpose of estimation of depreciation for each year. The actual depreciation shall be allowed at the weighted average depreciation rates as per norms approved in the HPERC MYT Transmission Regulations, 2011, as amended from time to time, at the time of true-up.

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

Table 48: Depreciation approved by Commission (Rs. Crore)

Particulars	FY24
Asset-1	
Opening GFA	78.96
Less: Grant	54.51
Less: Consumer contribution	
Less: Land under full ownership	6.10
Net Opening GFA	**18.44**
Addition during the year	2.06
Net Closing GFA	**20.50**
Depreciable Value	**19.47**

Particulars	FY24
Rate of Depreciation	5.28%
Annual Depreciation	**1.03**
Asset-2	
Opening GFA	40.97
Less: Grant	30.95
Less: Consumer contribution	
Less: Land under full ownership	
Net Opening GFA	**10.02**
Addition during the year	0.012
Net Closing GFA	**10.03**
Depreciable Value	**10.03**
Rate of Depreciation	5.28%
Annual Depreciation	**0.530**

4.5 Return on Equity

Petitioner Submissions

4.5.1 The Petitioner has submitted that it has claimed/considered the Return on Equity in accordance with the Regulation 19 of the HPERC MYT Transmission Regulations, 2011 and its subsequent amendments.

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 for each year is summarised in the table as follows:

Table 49: RoE claimed by Petitioner (Rs. Lakh)

Particulars	FY24
Asset-1	
Opening Equity	2511.07
Addition	215.55
Closing Equity	2726.62
Average Equity	**2618.84**
RoE (%)	15.50%

Particulars	FY24
Return on Equity	**405.92**
Asset-2	
Opening Equity	1126.51
Addition	(0.55)
Closing Equity	1125.96
Average Equity	1126.24
RoE (%)	15.50%
Return on Equity	**174.57**

Commission's Analysis

4.5.4 Regulation 19 of the HPERC MYT Transmission 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 50: RoE approved by Commission (Rs. Crore)

Particulars	FY24
Asset-1	
Opening Equity	7.34
Addition	0.62
Closing Equity	7.95
Average Equity	7.64
RoE (%)	15.50%
Return on Equity	**1.18**
Asset-2	
Opening Equity	3.007
Addition	0.003
Closing Equity	3.010
Average Equity	3.009
RoE (%)	15.50%
Return on Equity	**0.47**

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 MYT Transmission 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 The interest on working capital claimed has been shown as below:

Table 51: Interest on Working Capital claimed by Petitioner (Rs. Lakh)

Particulars	FY24
Asset-1	
O&M Expenses for 1 month	18.51
Maintenance Spares (at 15% monthly O&M Expenses)	194.97
Receivables for 2 months	2.78
Total Working Capital	**216.25**
Interest Rate (%)	13.50%

Particulars	FY24
Interest on Working Capital	**29.19**
Asset-2	
O&M Expenses for 1 month	11.83
Maintenance Spares (at 15% monthly O&M Expenses)	132.47
Receivables for 2 months	1.77
Total Working Capital	**146.07**
Interest Rate (%)	13.50%
Interest on Working Capital	**19.72**

Commission's Analysis

4.6.4 The Commission in its deficiency letters had sought clarification on some computational errors in the rate of interest on working capital to which the Petitioner has replied with correct rate of interest to be considered while determining ARR.

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 MYT Transmission 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 1st April of each year plus 300 basis points for FY 2020-21 to FY 2023-24.

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

Table 52: Interest on Working Capital approved by Commission (Rs. Crore)

Particulars	FY24
Asset-1	
O&M Expenses for 1 month	0.185
Maintenance Spares (at 15% of O&M Expenses)	0.333
Receivables for 2 months	1.058
Total Working Capital	**1.576**
Interest Rate (%)	11.50%
Interest on Working Capital	**0.18**
Asset-2	
O&M Expenses for 1 month	0.118
Maintenance Spares (at 15% of O&M Expenses)	0.213
Receivables for 2 months	0.532
Total Working Capital	**0.863**
Interest Rate (%)	11.50%
Interest on Working Capital	**0.10**

4.7 Aggregate Revenue Requirement

Petitioner Submissions

4.7.1 The table given below summarizes the proposed Aggregate Revenue Requirement for each year from COD to FY 2023-24, as claimed by the Petitioner:

Table 53: Summary of ARR claimed by Petitioner (Rs. Lakh)

Particulars	FY24
Asset-1	
O&M Expenses	222.10
Interest on Loan	97.81
Interest on Working Capital	29.19
Depreciation	414.78
Return on Equity	405.92
ARR – Asset – 1	**1169.81**

Particulars	FY24
Pro-rata for number of days in operation (283 days)	**907.00**
Asset-2	
O&M Expenses	141.91
Interest on Loan	257.78
Interest on Working Capital	19.72
Depreciation	200.88
Return on Equity	174.57
ARR – Asset – 2	**794.85**
Pro-rata for number of days in operation (283 days)	**616.28**

Commission's Analysis

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

Table 54: Summary of ARR approved by Commission (Rs. Crores)

Particulars	FY24
Asset-1	
O&M Expenses	2.22
Interest on Loan	1.73
Interest on Working Capital	0.18
Depreciation	1.03
Return on Equity	1.18
ARR – Asset – 1	**6.35**
Pro-rata for number of days in operation (283 days)	**4.92**
Asset-2	
O&M Expenses	1.42
Interest on Loan	0.68
Interest on Working Capital	0.10
Depreciation	0.53
Return on Equity	0.47
ARR – Asset – 2	**3.19**
Pro-rata for number of days in operation (283 days)	**2.47**

4.8 Additional Submissions

Petitioner Submissions

4.8.1 The Petitioner has prayed 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 first bill based on Tariff Order.

4.8.2 Further, in the Interlocutory Application submitted along with the affidavit dated 26.11.2025, 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 (hereinafter referred to as "HPERC Transmission Tariff Regulations, 2023").

Commission's Analysis

4.8.3 The Commission observes that the Petitioner had not taken the prior approval of the Commission for 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 (TSA)/ Long-term Open Access (LTA) agreements, executed by the Petitioner with the beneficiaries provide for the carrying cost, 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 55: ARR approved by Commission for 5th MYT Control Period (Rs. Crore)

Particulars	FY25	FY26	FY27	FY28	FY29
Asset-1					
O&M Expenses	1.87	1.96	2.07	2.17	2.29
Depreciation	1.08	1.08	1.08	1.08	1.08
Interest on Loan	1.70	1.59	1.48	1.37	1.27
Interest on Working Capital	0.18	0.18	0.19	0.19	0.19
Return on Equity	1.23	1.23	1.23	1.23	1.23
Total ARR	**6.06**	**6.05**	**6.05**	**6.05**	**6.06**
Asset - 2					
O&M Expenses	1.21	1.28	1.34	1.42	1.49
Depreciation	0.53	0.53	0.53	0.53	0.53
Interest on Loan	0.62	0.57	0.52	0.46	0.41
Interest on Working Capital	0.09	0.10	0.10	0.10	0.11
Return on Equity	0.47	0.47	0.47	0.47	0.47
Total ARR	**2.93**	**2.94**	**2.96**	**2.98**	**3.00**

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:

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

Table 56: **Interim Tariff approved for 5th MYT Control Period (Rs. Crore)**

Particulars	FY25	FY26	FY27	FY28	FY29
Interim Transmission Charges Recoverable					
Asset-1	**4.24**	**4.24**	**4.24**	**4.24**	**4.24**
Asset-2	**2.05**	**2.06**	**2.07**	**2.09**	**2.10**

4.9 Transmission Charges

Petitioner Submissions

4.9.1 The Petitioner has requested the Commission to recover the ARR for the period from COD to 31.03.2024 from M/s EPPL only, being the sole beneficiary of the system. The Petitioner has informed that LTA Agreement has been signed between HPPTCL & M/s EPPL on 30.12.2022 for evacuation of power of Malana-II HEP.

4.9.2 Further, a Supplementary Transmission Service Agreement has been signed with the HPSEBL for subject assets i.e. 220/132/33kV Charor Substation, 132/33kV Barsaini Substation, 220kV D/C Charor-Banala Transmission line & 132kV D/C Barsaini-Charor line on dated 13.08.2025.

4.9.3 The Petitioner has submitted that M/s Sandhya Hydro Power Projects Balargha (P) Limited has been granted permanent connectivity through LILO (one circuit) of 132kV Barsaini-Charor D/C Transmission line and same is currently evacuating its power under temporary arrangement on HPSEBL 33kV System under Short term arrangement.

4.9.4 The Petitioner has also submitted that in case of coming up of new generation, HPSEBL will be treated as beneficiary if the Generator has executed PPA with the DISCOM whereas in case of Generator opting for open access, same will be treated as separate beneficiary.

Commission's Analysis

4.9.5 As per the Petitioner, M/s EPPL is the sole beneficiary of the Asset-1 and Asset-2 from COD to 31.03.2024 and has accordingly entered into LTA with the Petitioner. Further, the Petitioner has informed that the Supplementary Transmission Service Agreement has been signed with HPSEBL for the subject assets i.e. 220/132/33kV Charor Substation on dated 13.08.2025. The Petitioner has further informed that M/s Sandhya Hydro Power Projects Balargha (P) Limited will be beneficiary after commissioning of the 132kV Barsaini-Charor D/C Transmission line and in case of coming up of new Generation Capacity, HPSEBL will be treated as beneficiary if the Generator (s) has executed the PPAs with the DISCOM and in case the Generator (s) has/have opted for the open access, they will be treated as separate beneficiary(ies).

4.9.6 Accordingly, the Petitioner is directed to recover the transmission charges from identified long-term/medium-term beneficiary(ies) of the Transmission Assets for the 4th control period from COD to 31.03.2024, as per the terms and conditions of the LTA/TSA and the Clause 33 of HPERC Transmission Tariff Regulations, 2011, as amended from time to time and 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 Further, for the period from 01.04.2024 onwards, the transmission charges shall be payable in accordance with Regulation 45 of the HPERC Transmission Tariff Regulations, 2023 and which reads as under:

"(1) The Annual Transmission Charges for the Transmission Licensee shall be determined, based on the norms as specified in these Regulations and recovered on monthly basis as transmission charge from the users who shall share the Transmission Charge in proportion of the allotted transmission capacity or contracted capacity, as the case may be:

Provided that the charges payable by the Transmission System Users may also take into consideration factors such as voltage, distance, direction, quantum of flow and time of use, as may be specified by the Commission in its Order.

(2) The transmission charge (inclusive of incentive) payable for AC System or part thereof for a calendar month shall be computed in accordance with the following equation: -

For TAFM≤98%
AFC x (NDM / NDY) x (TAFM / 98%)
For TAFM: 98% <TAFM≤ 98.5%
AFC x (NDM / NDY) x (1)
For TAFM: 98.5% <TAFM≤ 99.75%
AFC x (NDM / NDY) x (TAFM/98.5%)
For TAFM: ≥ 99.75%
AFC x (NDM / NDY) x (99.75% /98.5%)

Where,

AFC = Annual fixed charges specified for the year, in Rupees;
NATAF = Normative annual transmission availability factor, in per cent;
NDM = Number of days in the month;
NDY = Number of days in the year; and
TAFM = Transmission system availability factor for the month, in percent, computed in accordance with Appendix-II to these Regulations.

(3) The Transmission Licensee shall raise the bill for the transmission charge (inclusive of incentive) for a month based on its estimate of TAFM. Adjustments, if any, shall be made on the basis of the TAFM to be certified by the SLDC within 30 days from the last day of the relevant month.

(4) The transmission charges shall be calculated separately for part of the transmission system having different NATAF, and aggregated thereafter, according to their sharing by the long term transmission customers."

4.9.8 The Petition is disposed off as above.

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

Shimla

Dated: 20 June, 2026